The Europeanisation of Social Policy

Europeanisation/German Politics
Outline

Intro
  Recap
  Intro
The EU and Social Policy
  Positive Integration
  Negative Integration
  Indirect Pressure
Summary
  Summary
  Your turn

Carl Wilhelm Hübner: Silesian Textile Workers, 1846
Last week: Europeanisation & the Bologna process

- German HEP a particularly complex policy domain
- Problems of HE reform linked to problems of co-operative federalism reform
- ‘Bologna’ brought about single most comprehensive set of changes since 1970s
- ‘Bologna’ not an EU initiative, more a tool for national policy makers
Today: Social policy

- EC often depicted as a highly integrated FTA
- Supplemented by political union from 1992
  - CFSP
  - JHA
  - EMU
- Until recently, few people aware of EU’s effect on social policy
What is social policy?

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▶ Closely linked to other, not strictly “social” public policies
  ▶ Education
  ▶ Health
  ▶ Housing
  ▶ Labour market regulation
  ▶ Subsidies
  ▶ …
What is social policy?

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- Closely linked to other, not strictly “social” public policies
  - Education
  - Health
  - Housing
  - Labour market regulation
  - Subsidies
  - ...
- Social policy is about the welfare state, “an aggregate of public institutions that provide social policies with the aim of achieving a better quality of life for citizens and to facilitate equal opportunities among them” (Moreno 2011)
The famous “Three Worlds of Welfare Capitalism” 
(source: Leibfried et al. 2011)

<table>
<thead>
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<th>TABLE 1: THE THREE WORLDS OF WELFARE CAPITALISM ACCORDING TO GØSTA ESPING-ANDERSEN</th>
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<td>Dominant values in society</td>
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<td>Access to social security system via</td>
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<td>Type of program</td>
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<td>Predominant mode of financing</td>
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<td>Type of benefits offered</td>
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<td>Programs run by</td>
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<td>Decommodification</td>
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<td>Stratification</td>
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<td>Strong reliance in welfare production on</td>
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<td>Examples</td>
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How can the EU affect national social policy?

1. “Positive” integration: EU initiatives
2. “Negative integration”:
   - De-regulation/market building
   - Conditional financial support ("Troika")
3. Spill-over
“Activist social policy”

- Meaning: EC/EU initiatives (from the late 1950)
  - Commission
  - ECJ
- MS defending their autonomy with national welfare state at core
- Very limited success
- 1980s onward: Introduction of relatively high standards for health and safety (workplace)
- 1990s onward: Gender equality / non-discrimination (pay)
- Also: cohesion and other funding, subsidies
More recent developments

- ToA includes Social Chapter (UK), QMV on health & safety, gender
- Worker information and integration, QMV but no monies
- Subject to unanimous decisions: social security, worker protection etc.
- “Off limits”: Pay, right of association, strike & lock-out
- Shifting balance of power: Northern and Eastern enlargements
- Dominance of centre-right MS governments, “flexibility”, consolidation but no new initiatives, OMC
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- Will this change over the next 2-3 years?
The impact of the Single Market program

- Single market at the core of EC since its beginnings
- Mid-1980s initiative to “complete” SEM
- Driven by large business interests
- “Negative integration”
  - De-regulation
  - Privatisation
  - Mutual recognition
- Focus on free enterprise and competition – Com and ECJ as guardians
- “Four freedoms”: Goods, workers, capital, services
Freedom of movement for workers

- EU citizens can work/live anywhere in the EU w/o permit
- Allegedly, states cannot limit benefits to nationals (but see recent debates in Germany, UK)
- Difficult to limit “territory of benefit consumption”
- Difficult to impose social security contributions/minimum wages
- Compared to US, very modest migration of EU citizens within EU
- No central regulation, no universal harmonisation, but slow and incremental process driven by courts/litigants
Freedom of services

- Framers had financial services in mind
- ECJ ruled that freedom of services also implies
  - Right of social policy ‘consumers’ to ‘buy’ in other countries
  - Right of social policy ‘producers’ to sell in other countries
- Social policy: “economic activity or solidaristic action”?
- Core arena: European market for health
  - Private producers of services/goods in most/many countries
  - Growing importance in rich, ageing societies
  - Growing number of European companies (hospitals, medical equipment, medical drugs)
- Are national welfare states compatible with the EU’s market-based regime?
“Social dumping” and race to the bottom

- Social standards and wages
  - After Eastern enlargement, EU companies can move to low-wage, low-standard countries w/o moving beyond Single market
  - Race to the bottom?
  - But: companies also care about infrastructure, human capital, working institutions, productivity
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- **EMU, Maastricht criteria, fiscal pact . . .**
  - Maastricht criteria required (in theory) budgetary discipline & structural adjustment
  - Cheap credit, but devaluation no longer an option
  - Sovereign debt crisis: Greece, Ireland, Portugal, Cyprus, (Spain) had to accept “Troika’s” control of welfare/fiscal policies
  - (Implications for Germany?)
Tax systems and public utilities

- **Tax**
  - Fiscal policies are always re-distributive, therefore social policy
  - EU not in charge of taxes and direct benefits (but: farmers), but harmonisation of VAT necessary
  - Constrains member states, up to a point
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- **Public utilities**
  - 1970s: all sorts of national & local services provided by the state (train, bus, air travel; gas, sewer, electricity; mail, telephone, banking; TV etc.)
  - EU push for de-regulation, liberalisation, (European) market building, competition
  - Constant conflict over state-owned/-backed German banks (Landesbanken + Sparkassen)
Summary

- (Single market program a huge success in many ways)
- Indirect effects of economic policies on social policies
- Three inroads for “Europe”
  - European social policy (so far, quite limited to regulation) – change likely?
  - Negative integration reducing leeway for national social policy makers
  - Spill-over
- (German governments often able to resist/slow down Europeanisation of German social policy)
Class questions

In teams of five students (max), discuss these two questions:

1. How will the current economic and political crisis affect the Europeanisation of social policy over the next five years? What impact will Brexit have? Structure your ideas/arguments using the three-pronged classification (positive integration, negative integration/conditionally, spill-over)

2. Take home question: Is the current separation of economic/monetary policies on the one hand and fiscal/budgetary policies on the other sustainable?