

Chapter 3

'The times they are a-changin'?' The European pillar of social rights from debates to reality check

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Introduction: a new EU social policy framework¹

On 26 April 2017, after a broad public consultation involving citizens, stakeholders and public authorities in the Member States, the European Commission (EC) published a Recommendation on a 'European Pillar of Social Rights' (EPSR) (European Commission 2017a). It was accompanied by a Reflection paper on the Social Dimension of Europe (European Commission 2017b) and a broader 'Pillar Package'.

In this chapter, we consider the EPSR as a new *EU social policy framework*, i.e. a policy infrastructure putting together in a coherent manner the various elements of a public policy, from agenda setting to implementation. We argue that such an EU social policy framework could serve three functions, and that its effectiveness be assessed against them: (a) revamping the EU social agenda and revitalising the EU social policy arena; (b) steering the direction of Member State policies; and (c) influencing EU macro-economic and fiscal policies, thus rebalancing the EU social and economic dimensions.

Against this backdrop, the aim of this chapter is twofold. First, we provide a preliminary assessment of the first stages of EPSR implementation in 2017, in terms of the three functions identified above (Sections 1, 2 and 3). Second, we compare (Section 4) the Pillar with the previous EU social policy framework, namely the Social Investment Package (SIP) (European Commission 2013a). This comparison appears important in order to identify the strengths of the EPSR compared to previous initiatives and, by 'learning from the past', to address its weaknesses. Moreover, through this comparison one can clarify the relationship between the two policy frameworks: *is there continuity or rather discontinuity? Are the two frameworks rivals or do they complement each other?* As the scope of the EPSR is broader than that of the SIP (the latter essentially concerned social protection and inclusion policies), the comparison concerns only policies addressed in both frameworks, notably the Pillar's chapter on 'Social protection and social inclusion' (Chapter III) and the one on 'Equal opportunities and access to the labour market' (Chapter I)².

1. This chapter partly draws on the study 'Implementing the European Pillar of Social Right: what is needed to guarantee a positive social impact' commissioned by the Workers' Group of the European Economic and Social Committee (Sabato *et al.* 2018). The authors would like to thank Anton Hemerijck (European University Institute), Frank Vandenbroucke (University of Amsterdam) and László Andor (Hertie School of Governance) as well as the co-editors of this volume for their useful comments on previous versions of this chapter. The usual disclaimer applies.
2. We consider also the documents of the Employment Package (and Youth Employment Package), which was delivered in 2012 for the implementation of the Agenda for New Skills and Jobs, in order to compare the relationship between the SIP and the EPSR on specific aspects.

This chapter uses a qualitative research methodology based on an analysis of the relevant scientific literature and of primary and secondary documents, in addition to the findings from six semi-structured interviews with key EU-level informants, conducted between January and April 2018 (see list of interviews in Annex).

1. The Pillar as a means to revamp the EU social agenda

The first potential function of the Pillar is to revamp the EU social agenda by reinforcing social priorities, relaunching already existing debates and initiatives in the social domain and proposing new ones.

The April 2017 Package includes both legislative and non-legislative initiatives (see Sabato *et al.* 2018; Clauwaert, this volume). One example of the former is the proposed directive on Work-Life Balance for Parents and Carers. The non-legislative initiatives are the consultations of the social partners on access to social protection and on the possible revision of the Written Statement Directive.

While these initiatives are not new, their political importance should not be underestimated. As emerged from our interviews, the value-add of the EPSR consists, firstly, in having created *political momentum*, allowing the social debate in the EU to advance and accelerate (Interview 4 – ETUC).

At the time of writing (May 2018), the fate of these initiatives is uncertain. On the one hand, disagreements between the social partners during both the consultation and implementation stages of the Pillar, and their refusal to enter into formal negotiations on the initiatives mentioned above, are likely to limit EPSR implementation at both EU and national levels. On the other hand, the stance of the Commission appears determined, showing willingness to go ahead regardless of the results of the social partner consultation (the initiatives tabled so far are discussed in Clauwaert in this volume; Spasova and Wilkens in this volume).

This said, the initiatives proposed so far by the Commission mainly concern specific EPSR principles and rights: (a) principle 12 on social protection; (b) principle 7 on information about employment conditions and protection in case of dismissals; and (c) principle 9 on work-life balance. Only a few initiatives related to other principles, in particular to social inclusion (a policy domain where EU competences are limited), have been undertaken as yet (cf. Section 4.2).

In addition, the tabled initiatives are not part of a single, coherent implementation roadmap. According to one of our interviewees (Interview 3 – DG EMPL), this is a deliberate choice of the Commission, wanting to do what it can before the end of its mandate, without overstressing itself and working on too many unfinishable initiatives.

The ‘revitalisation’ of the EU social policy arena

In light of the above, one can argue that the launch of the EPSR has already contributed to revamping the EU social agenda. An important role in this respect was played by the 2016 consultation on the Pillar, characterised as broad, open and constructive. According to the European Commission (2017c: 4), the consultation included EU institutions, national governments and parliaments, experts and civil society, and the social partners. The Commission (*ibid.*) also reports that over 60 targeted events took place across Europe, involving more than 2,500 participants and that, at national level, dedicated consultation events were held in 27 Member States. Finally, more than 16,500 replies to the online consultation questionnaire were received.

The trade union movement has been especially active in this debate. In particular, besides presenting their position papers, the ETUC created a website³ through which national trade unions’ opinions on the Pillar and concrete proposals for its improvement were collected. As claimed by our ETUC interviewee: ‘[During the consultation] we moved the entire world’⁴. The same applies to EU-level social NGOs, which contributed greatly to the consultation with their proposals, opinions and remarks (Carella 2018; Sabato and Vanhercke 2017).

Among institutional players, the European Economic and Social Committee (EESC) and the European Parliament showed striking activism. The former conducted awareness-raising activities in the Member States, also gathering concrete proposals for the content of the Pillar. Between September and November 2016, it held debates on the EPSR in all Member States, bringing together employer organisations, trade unionists and representatives from civil society organisations (Sabato *et al.* 2018). The results of these debates were summarised in national reports.

The European Parliament similarly engaged in an in-depth debate on the Pillar (Vesan and Corti 2018), culminating in a common position (European Parliament 2017). Specific proposals for implementation were also tabled. The Parliament’s position on the EPSR is of particular interest because it is the result of a highly politicized debate, characterized by a complex interweaving of traditional forms of ‘vertical Euroscepticism’ motivated by resistance to Union interference in national welfare systems, and new forms of ‘horizontal Euroscepticism’ caused by mistrust between politicians from different Member States. As a compromise-result of this new conflict constellation, the resolution on the EPSR⁵ is of great value and legitimacy, constituting a helpful indication of how to tackle the conflicts set to hamper the development and implementation of the comprehensive agenda foreseen by the Pillar.

All in all, ownership of the Pillar by a number of institutional and social players appears rather high. These players also seem generally satisfied with the final contents of the

3. <https://socialrightsfirst.eu/>

4. According to the European Commission (2017e: 5) ‘The vast majority of online replies [to the public consultation] (more than 15,500) were a standard text in a campaign launched by the European Trade Union Confederation [...]’.

5. The EP resolution was adopted with a large majority: 396 in favour, 180 against and 68 abstentions.

Pillar, perceiving that a number of their remarks have been, at least to a certain extent, taken into consideration by the Commission in its Pillar Recommendation (Interview 1 – NGO)⁶. Nobody considers the Pillar as perfect, but it is considered at least as satisfactory, or, in any case, as the maximum result achievable in the current political situation (Interview 4 – ETUC).

The relatively high level of ownership by key players is not a secondary aspect. Indeed, the lack of ownership (especially at the national and sub-national level) was one of the key limitations of previous EU strategies (such as the Lisbon strategy) and of ongoing strategies such as Europe 2020. A high level of ownership reinforces EPSR legitimacy, which is now seemingly greater than that of other EU social initiatives and significantly enhanced by the Inter-Institutional Proclamation.

2. The Pillar as a means to steer Member State policies

As stated by the European Commission, '[...] **the Pillar establishes a framework for guiding future action by the participating Member States**' (European Commission 2017c: 6, bold in the original). Indeed, one of the key functions of an EU social policy framework is clearly to steer Member State social policies in the direction of EU orientations and recommendations. To achieve this objective, the Pillar should be integrated into other existing EU social policy instruments and processes to create a coherent EU framework promoting synergies between its various components.

Key elements of such a framework are EU legislation and social dialogue. This said, it is clear that, to ensure effective implementation, the Pillar should also be closely linked to available EU financial instruments, in particular the European Structural and Investment Funds (ESIF). For the moment, the links between the Pillar and financial instruments are limited to generic declarations on the need to mobilise EU funds. Obviously, this will depend on the new post-2020 Multi-Annual Financial Framework (MFF)⁷.

Rather surprising is the lack of links between the proclaimed Pillar and other 'soft governance' processes and instruments in the social domain. For instance, it is not clear how the Pillar will be linked to the mutual learning and reporting procedures of the Open Method of Coordination for Social Protection and Social Inclusion (Social OMC) and of the European Employment Strategy (EES), both of which have been largely integrated into the European Semester. Similarly, the links between the EPSR and the SIP have not been specified. What is more striking is the lack of any explicit connections between the Pillar and the overall Europe 2020 Strategy and, in particular, its social targets. The latter were indeed one of the main governance innovations introduced by Europe 2020 and their fate is now uncertain. In other words two questions arise: *are those targets still valid? If yes, how can the Pillar help in achieving them?*

6. For trade unions, see Sabato *et al.* (2018); for social NGOs, see Carella (2018).

7. The Commission proposal on the new MFF was presented on the 2nd May 2018 (European Commission 2018a). Despite an overall budget increase from 1.03% EU Gross National Income (GNI) to 1.11% GNI per annum, funds for cohesion policy have been cut by 7%.

Apart from its links with other social policy instruments and processes, the Pillar is not at all integrated into broader EU strategies such as the EU Sustainable Development Agenda. During the public consultation on the Pillar, a number of players raised the issue of the missing links between social and environmental rights (Frazer and Marlier 2016), but the Commission took no account of these concerns. This is an important *lacuna* since, as shown by Koch (this volume), social and environmental policies are intimately linked, representing, together with economic growth, key components of people's well-being.

All this said, the main vehicle for steering Member State policies undoubtedly remains the European Semester. In this regard, the question is: *how, precisely, will the Pillar be implemented through the European Semester, especially at national level?* So far, we have seen that the EPSR has been integrated very quickly into the first stages of the 2018 European Semester. In the following, we will assess to what extent the EPSR has been taken into account in the so-called 'Autumn package', i.e. the set of documents that kicked off the 2018 European Semester.

The 2018 European Semester: the Pillar as a 'compass'

On 22 November 2017, five days after the Inter-Institutional Proclamation of the EPSR, the Commission released the 'Autumn Package'. This includes the Annual Growth Survey (AGS) (European Commission 2017h), the draft Joint Employment Report (JER) (European Commission 2017i), the Alert Mechanism Report (AMR), the Recommendation for a Council Recommendation on the economic policy of the euro area and the draft euro-area recommendations for 2018, with a proposal to amend the Employment Guidelines to bring them into line with the EPSR.

Moving to the AGS 2018, it explicitly refers to the EPSR as a compass to boost social rights in Europe, highlighting the EPSR principles and objectives as essential for 'fair and functioning labour market and welfare systems'. In particular, the influence of the Pillar emerges clearly from the three main areas of the AGS, reflecting the three EPSR chapters: 'Equal opportunities and access to the labour market', 'Job creation and fair working conditions' and 'Social protection and inclusion to tackle inequality and poverty'.

Under the first two headings, the AGS 2018, for example, highlights the necessity of active labour market policies as a way to reduce youth and long-term unemployment, calling on Member States to invest in training, life-long learning and re-skilling programmes and to support greater infrastructure investment in such sectors as education and health. With regard to social protection and inclusion, the AGS 2018 stresses, for example, the need for well-functioning social protection systems providing benefit schemes for the unemployed and minimum income schemes, fostering labour market participation and ensuring equal access to quality services.

As regards the proposal for new Employment Guidelines (European Commission 2017k), again the effect of the Social Pillar is significant. In Guideline 5, 'Boosting the demand

for labour', for example, the new Commission proposal stresses the redistributive effect of the taxation system and encourages Member States to set transparent and predictable wage-setting mechanisms, while ensuring fair wages that provide decent living standards. In Guideline 6, 'Enhancing labour supply: access to employment, skills and competences', the Commission proposal focuses on the importance of life-long learning and quality learning opportunities, while the new Guideline 7, 'Enhancing the functioning of labour markets and the effectiveness of social dialogue', stresses the importance of preventing labour market fragmentation, of facilitating transitions to open-ended contracts and of prohibiting abuse of atypical contracts. With regard to Guideline 8, 'Promoting equal opportunities for all, fostering social inclusion and combating poverty', the new proposal suggests three strands of active inclusion: adequate income support, inclusive labour markets and access to quality services, in order to guarantee equal opportunities to everyone, in particular to the most disadvantaged.

Finally, the influence of the Social Pillar on the new Employment Guidelines is further reflected in the draft Joint Employment Report, which explicitly mentions the Pillar in its foreword and where the Commission uses the headline indicators from the Pillar's Social Scoreboard to analyze Member States' employment and social performance (see Section 3).

This said, it seems fair to conclude that the Pillar has been integrated into the key documents of the European Semester to a fairly satisfactory degree. Yet, at the time of the writing, the extent to which the Pillar will influence the next steps of the Semester (notably the Country Reports and the Country-specific Recommendations) remains to be established. Moreover, some problems have already emerged in the first-phase documents. For example, the Social Pillar's rights-based approach is not explicitly mentioned in the AGS 2018. It is 'in the air', though only a few concrete references to the term 'rights' appear in the AGS. In addition, the relationship between the economic and social orientations of the AGS remains blurred: social priorities are visible, but stability and growth remain dominant

3. The Pillar as a means to influence the direction of EU macro-economic and fiscal policies

The third criterion against which the effectiveness of the EPSR should be assessed is its capacity to influence the direction of EU macro-economic and fiscal policies, thus rebalancing the social and economic dimensions of the Union. This raises two questions. *What will be the relationship between the EU's social policies and economic and fiscal policies under the EPSR? And is the Pillar strong enough to encourage a rebalancing of the EU's social and economic dimensions, ensuring that economic and fiscal aspects are instrumental in the pursuit of the well-being of European citizens and in the promotion of their social rights?*

In order to answer this question, we will look at the new Social Scoreboard, the set of indicators used to measure Member States' social and employment performance.

The Social Scoreboard

The new Social Scoreboard (European Commission 2017d) is made up of 14 headline indicators and 21 secondary indicators (i.e. 35 in total), divided into 12 areas in which societal progress can be measured. The Scoreboard serves as a reference framework for monitoring the 20 EPSR principles and rights, in a 'tangible, holistic and objective way, which is easily accessible and understandable to citizens'. Its indicators are used in the European Semester cycle (see Section 2).

While the decision to create a new Scoreboard to monitor Member State employment and social performance should be welcomed, concerns may be raised as to how it has been implemented so far. In this respect, we identify four main shortcomings, all of them serving to weaken it.

First, the indicators were not jointly agreed between EU-level players, notably the Commission and the Member States. As explained by one of our interviewees (Interview 2 – SPC), the decision on the new Social Scoreboard and on the indicators to be included was taken by the Commission at the highest levels, without involving the Member States through the SPC and the Employment Committee (EMCO). This resulted in the indicators sub-groups of the two committees having no time to express their views on the quality of the indicators used. As one interviewee pointed out, the problem concerns especially the secondary indicators, some of which suffer, from an SPC perspective, from comparability issues. Even more puzzling is the fact that doubts have been raised by the SPC as to the very purpose of the Social Scoreboard (Interview 2 – SPC): *is it a communication tool or an analytical monitoring tool to truly influence Semester policies? Is it intended as a way of monitoring the current situation in relation to the 20 principles of the Pillar or does it aim to monitor the evolution of the social situation and upward convergence?*

Related to the previous point, a second problem concerns the adequacy of the indicators chosen. Most of these are context-oriented but they fail to capture what each Member State government is doing to achieve the agreed EPSR objectives. The European Trade Union Institute has analysed all 35 Scoreboard indicators and their shortcomings (ETUI 2017). Its conclusion is that the Social Scoreboard indicators are either not appropriate, meaning that they fail to measure the implementation of a principle, or incomplete, i.e. they only partially succeed in grasping some principles.

As regards incompleteness, this refers to the relationship between the 35 Scoreboard indicators and the 20 EPSR rights. Some EPSR principles and rights are not monitored at all, including principle 7, 'Right to information about employment conditions and protection in case of dismissals', principle 8, 'Right to social dialogue and involvement of workers', principle 10, 'Right to healthy, safe and well-adapted work environment and data protection' and, partially, principle 12, 'Right to social protection'. As regards appropriateness, this refers to the incapacity of the Social Indicators to fully measure the content of some of the principles of the Pillar.

Finally, the fourth important shortcoming of the Social Scoreboard concerns its obvious overlapping with the existing set of social indicators used at European level, namely the indicators used for the Europe 2020 strategy, the Employment Performance Monitor (EPM), the Social Protection Performance Monitor (SPPM) and the ‘auxiliary social indicators’ in the MIP. So far, there is no indication of how the Social Scoreboard relates to these existing scoreboards, i.e. whether it will replace them or is to be considered as an exercise summarising the monitoring exercises mentioned above. Their co-existence is likely to lead to further confusion and inefficiency. This weakness of the Social Scoreboard is aggravated by the absence of a clear set of benchmarks and a related assessment methodology, which could have been a useful tool for providing a straightforward political and normative interpretation of the new indicators. The overall confusion as to the role of the new Scoreboard and the lack of a sound methodology to interpret the *rationale* behind the new indicators are likely to weaken, not strengthen, the monitoring of Member State employment and social protection performance, thus reducing the impact of the social indicators *vis-à-vis* the macro-economic indicators used in the European Semester.

Against this backdrop, there seems to be a need to beef up the Social Scoreboard, enhancing the visibility and the impact of social indicators and social monitoring in the Semester, in order to give it more weight compared to the MIP scoreboard (Interview 2 – SPC).

4. The Pillar and the Social Investment Package between change and continuity

This section compares the EPSR and the previous EU social policy framework (the SIP) with regard to the three dimensions discussed above. The question to be answered is: *is the EPSR (potentially) more effective than the SIP when it comes to revamping the EU agenda, steering Member State policies and influencing the direction of EU macro-economic and fiscal policies?* Answering this question is important, insofar as one can identify the strengths of the EPSR compared to previous initiatives and, by ‘learning from the past’, address its weaknesses.

The starting point of our analysis is the observation that, since the announcement of the EPSR, the attention paid to the SIP has decreased drastically, a circumstance highlighted in many contributions to the EPSR consultation. What is more, the SIP and, more generally, the whole notion of social investment is not even mentioned in key documents related to the 2017 Pillar Recommendation. Against this backdrop, and before assessing how the two frameworks perform with regard to the three functions listed above, one question needs to be answered: *has the social investment approach really been forgotten – thus marking a clear-cut break between the SIP and the EPSR – or is there (concealed) continuity/complementarity between the two policy frameworks?*

Comparing the SIP and the Pillar: preliminary considerations:

Procedural and substantive differences

A comparison between the SIP and the EPSR should cover two aspects: the *process* leading to the drafting of the two frameworks and ‘*substantial*’ aspects (see Table 1 in Annex).

As for the process, the *genesis* of the two frameworks differs significantly. The SIP was an attempt by the Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) – and, in particular by the then Social Affairs Commissioner László Andor – to raise the importance of social policies in a period of ‘fiscal consolidation’, making clear that, if framed as ‘social investment’, social policies can contribute to growth, jobs and competitiveness. In order to justify this claim, the SIP identifies policy areas and measures that are particularly linked to the ‘investment function’ of social policy, providing scientific evidence of their effectiveness. In this sense, the SIP can be understood as a ‘*technical*’ *policy framework* aimed at indicating how social policies can be reformed in a social investment direction and why this should be done. Importantly, such an initiative was undertaken by DG EMPL in relative isolation not only from other parts of the Commission and other EU institutions but also from social stakeholders. Indeed, both EU institutions and bodies and social stakeholders reacted with their comments and proposals only after the publication of the Communication on the SIP, while being barely consulted before (Sabato and Vanhercke 2014). *A posteriori*, one can say that this was a political mistake, entailing limited ownership of the Package by social, institutional and political players and thus limiting its legitimacy.

The situation is completely different when it comes to the drafting of the EPSR. First, the initiative was personally announced by Commission President Juncker in his State of the Union speech in September 2015. Consequently, the Juncker cabinet and the Secretary General (SG) took the lead in drafting the Pillar and in raising its ambitions, with DG EMPL remaining to some extent in the background (Interview 3 – DG EMPL). In other words, it was the Commission President himself who acted as a policy entrepreneur pushing for the EPSR, a circumstance that increased its political weight. Second, in great contrast to the SIP, the consultation process on the Pillar was broad, with the EPSR receiving the endorsement of a wide range of institutional and political players such as the Commission, the European Parliament and national governments in the Council, which solemnly proclaimed the Pillar. While the consultation process increased EPSR ownership among social and institutional players, the Proclamation gives it strong political legitimacy. Finally, the SIP was enacted in a ‘rather difficult’ period for social policies, in a context characterised by the crisis and fiscal consolidation measures. Conversely, the EPSR was established in a context where the future of Social Europe is an integral part of the high-level political debate on the future of the EU after Brexit⁸.

8. See the Rome Declaration, the White paper on the future of Europe (European Commission 2017i) and the Reflection paper on the social dimension of Europe (European Commission 2017b).

Taking all this into account, the EPSR appears as a *political framework* endowed with greater political *legitimacy* than the SIP.

Coming to more ‘substantial’ aspects, the different political weight and ambition of the initiative is also exemplified by the *objectives* and *discourse* of the two policy frameworks. As for the SIP, its primary objective was to enhance the effectiveness and efficiency of social policies, thus ensuring their fiscal sustainability, underpinning and emphasising the aspects of social policies that could contribute to economic objectives. For its part, the EPSR aims to ‘deliver new and more effective rights to citizens’ (European Commission 2017c:4): explicit references to ‘social policy as a productive factor’ on which the social investment approach relies⁹, have disappeared¹⁰. In term of *discourses*, while the contents of the SIP are framed in terms of principles and concrete measures, the EPSR explicitly uses the language of ‘rights’.

Summing up, looking at the nature, legitimacy, objectives and discourses of the two policy frameworks we find a number of fundamental differences between them. On this basis, one could (too) easily conclude that there is a complete discontinuity between the SIP and the EPSR. However, we claim, the situation is more complex since links and complementarities between the two policy frameworks emerge when considering the issue areas included and the approach followed by the two frameworks.

Complementarities and continuity after all

As for the *issue areas*, the SIP, consistent with the social investment approach, prioritises policies ‘preparing’ people to cope with challenges arising at various stages of their lives (rather than simply ‘repairing’ the consequences of adverse circumstances). Consequently, in the SIP, the European Commission (2013a: 6) identifies an array of priority policies with a higher social investment orientation, including policies targeting children, active labour market policies, education, training and lifelong learning, housing support, rehabilitation, healthcare and long-term care services. This said, while insisting on the ‘investment function’ of welfare states, the SIP recognises that social policies also have a ‘protective function’ and act as a stabiliser of the economy (European Commission 2013a). Consequently, minimum income and unemployment benefits are part of the Package, even though the emphasis is on activation. The same policy areas are included in the EPSR (Chapters I and III). However, the latter gives a greater emphasis to social protection¹¹. In a certain sense, this correspondence means that, while the SIP had already identified the social policy issues on which to focus in

9. Cf. Morel *et al.* (2012).

10. While this notion was explicitly recalled in the 2016 Commission Communication on the Pillar, it cannot be found in the 2017 Recommendation and related documents (European Commission 2016, 2017a, 2017c, 2017h).

11. In this respect, consideration of the ‘boundaries’ of social investment is needed. On the one hand, some scholars enlarge this notion by including policy areas and measures related to the protection function of the welfare state (see, for instance, the notion of ‘buffers’ proposed by Hemerijck 2014). Other scholars limit the notion of social investment to a reduced number of policy areas with a strong investment (‘enabling’) component (e.g. childcare), distinguishing them from policies providing the stabilizing-protective functions of welfare states (e.g., unemployment and minimum income benefits) (see Vandenbroucke 2017). We do not go into the scientific debate on the notion of social investment here. However, since our focus is on the SIP which also contains ‘protective’ measures such as unemployment and minimum income schemes, we de facto adopt a position closer to the former approach. We would like to thank Frank Vandenbroucke for directing our attention to this point.

order to modernise social protection systems, the EPSR has accorded them the status of 'rights' for all EU citizens. Moreover, when it comes to defining the constitutive elements of these rights and how concrete policy measures should be designed in order to ensure their implementation, the social investment approach taken in the SIP (implicitly) reappears in the EPSR, thus attenuating the risk of the latter being a simple declaration of rights without any practical implication¹².

For its part, with the reference to the notion of 'rights', the EPSR potentially contributes to attenuating some of the risks of the social investment approach: its strong emphasis on social policy as a productive factor instrumental in achieving the objectives of economic growth and competitiveness and characterised by a marked 'work first' approach. As for the latter, for instance, the principles of the Pillar related to labour market participation and activation should be read in relation to the rights and principles of Chapter II on 'Fair working conditions'. Thus, the focus should not simply be on jobs but, instead, on good-quality jobs: secure but 'adaptable' jobs (e.g. encouraging open-ended contracts), fair wages (to ensure a 'decent standard of living'), adequate protection in case of dismissal, and healthy, safe and well-adapted work environments.

All this considered, in terms of *policy approach*¹³, the EPSR displays neither a pure social investment approach relying on the notion of social policy as a productive factor and stressing the contribution of social policies to growth, jobs and competitiveness, nor a pure (ideal) rights-based approach based on decommodification and prioritising the promotion of social rights irrespective of their economic and fiscal implications. The EPSR, we claim, mixes the two approaches. We define such a *hybrid approach* as a *rights-based social investment* approach. While its primary objective is the promotion of social rights, when it comes to the actual measures and policy orientations through which these rights are to be implemented, the reference point is social investment.

A final element of comparison concerns the *governance arrangements* through which the two EU social policy frameworks are (to be) implemented. These basically include, with regard to social protection and inclusion policies, the European Semester and other soft governance instruments and EU funds.

Revamping the EU social agenda

As argued in Section 1, the EPSR is already performing well in re-vitalising the EU social policy arena and revamping the EU social agenda. Besides the legislative initiatives already undertaken (see Clauwaert in this volume), debates and initiatives have been launched in the domain of social protection and inclusion, a policy area in which the EU has no legislative competence. Some of these proposals stem from the consultation

12. Table 2 in Annex provides several examples of this.

13. Armstrong (2010: 75) identifies two policy paradigms coexisting under the Social OMC: a 'citizenship paradigm' and a paradigm of social policy as a productive factor. Hemerijck (2013) refers to social investment as a policy paradigm. Conversely, Vandenbroucke (2017) maintains that social investment cannot be considered as a fully-fledged policy paradigm. Referring to 'paradigms' has relevant implications and would require a different kind of analysis than the one performed here. For this reason, we prefer to use the notion of 'policy approach'.

debate (Sabato and Vanhercke 2017; Sabato *et al.* 2018), including the European Parliament proposal for establishing a Child Guarantee (European Parliament 2017)¹⁴. Furthermore, old debates have been relaunched, such as the one on a common European unemployment scheme (Fichtner 2014) or the possibility of enacting a Framework Directive on minimum income.

As for the SIP, the 2013 Commission Communication was accompanied by a roadmap for its implementation, thus giving it the concrete chance of relaunching EU action in the social domain. However, this roadmap had two important shortcomings. First, it lacked ambition and only concerned the short term (it was annual). Second, its drafting was a top-down initiative of DG EMPL, not shared with other institutional and social stakeholders. The first SIP implementation roadmap concerned 2014 (European Commission 2014) and most of the initiatives included were not original, overlapping with the 2010 European Platform against Poverty and Social Exclusion (EPAP) (Sabato and Vanhercke 2014). Furthermore, actions foreseen were especially related to the compilation of studies and reports, methodologies (e.g. on reference budgets) and communications, to the setting-up of platforms (e.g. the European Platform on Investing in Children), the organisation of conferences (e.g. the Annual Convention of the Platform against Poverty and Social Exclusion) and to the identification of topics for future calls for tenders (e.g. on social innovation).

The second SIP roadmap (European Commission 2015), drafted in 2015, was little different to the previous one, mainly concerning actions included in the 2014 document and not yet completed. After 2015, no new SIP roadmaps were proposed and attention at EU level was diverted to the debate on the EPSR. According to Ferrera (2017), this was a political mistake annulling the efforts made to promote and give visibility to a precise policy orientation (social investment), thus creating confusion in the Member States. This said, attention to a full implementation of the SIP had already been diverted towards other initiatives before the appointment of the Juncker Commission and the launch of the idea of an EPSR. Indeed, new initiatives and debates only tenuously linked to the SIP (or not linked at all) gained visibility, notably the Youth Guarantee and the debate on a possible common unemployment scheme for the euro-area. All in all, the SIP's lack of ambition, its limited ownership by stakeholders and the changed political circumstances (the appointment of a new Commission) limited its capacity to have a significant and long-lasting impact on the EU social agenda.

Two key lessons for the EPSR can be drawn from the discussion above. First, the need to 'stick to the point' and continue with the new approach followed in the Pillar. Admittedly, this will be difficult given the European elections in 2019 and the consequent appointment of a new Commission. On the one hand, it is possible that the new Commission will undertake a new initiative on social policy, differentiating it from the previous Commission. On the other hand, it is likely that the new Parliament and Commission will be less inclined to further advance EU-level initiatives in the domain of social policy. The question is: *will the Inter-Institutional Proclamation be a sufficient guarantee against the risk of setting aside the Pillar?* We claim that such

14. The Commission launched a preparatory action on a Child Guarantee in August 2017

a risk could and should be attenuated by the drafting, before the end of the current Commission's term, of an EPSR implementation roadmap. Such a roadmap should be ambitious, realistic and include long-term actions. Even more important, and this is the second lesson to be drawn from the fate of the SIP, this roadmap should be drafted in conjunction with the competent EU and Member State institutions, the social partners and civil society. This would constitute an important legacy, difficult to be simply ignored by the new Commission and Parliament.

Steering Member States' policies

As shown in Section 2, both light and shadow emerge when looking at the governance arrangements for EPSR implementation. On the one hand, more coherence is needed when it comes to the relationships with existing strategies and instruments in the social domain and beyond. On the other hand, and crucially, the concrete arrangements for its implementation through EU funds are still to be defined.

The problem of policy coherence also concerned the SIP, whose relationship with processes and initiatives such as the EPAP and the Social OMC and, more broadly, the Europe 2020 Strategy was never clarified (Sabato 2016). Such clarification is needed for the EPSR, since all these processes and instruments are important pieces for assembling the jigsaw puzzle of a future 'European Social Union' (see Ferrera, this volume).

This said, as was the case with the SIP, EPSR implementation will mainly take place through the European Semester and EU funds. Here, two paradoxes emerge from the comparison of the two policy frameworks. First, while clear mechanisms to include SIP implementation in the Semester had already been established soon after the publication of the Commission Communication on the SIP in 2013, the social investment approach is only to be found implicitly in the Semester documents. Explicit references to social investment were solely included in the AGS 2016 (Sabato 2016). By contrast, explicit references to the Pillar already characterise the 2018 Autumn Package (Section 2), even before clearly defining the concrete arrangements for linking the EPSR with the Semester. This constitutes further evidence of the considerably higher political weight of the EPSR compared to the SIP. The second paradox concerns EU funds. Besides many references to the role of EU funds in promoting EPSR implementation, the European Commission's proposal (2018a: 40) for the next Multiannual Financial Framework (MFF) explicitly refers to the efficiency gains available through 'social investments' and, when it comes to the budget allocations for 2021-2027, the reference is to 'Social investment and skills' (European Commission 2018a:9). This confirms the close, albeit implicit, links between social investment and the EPSR.

Finally, certain considerations regard the actual impact of the EU social investment strategy in the Member States. A study by the European Social Policy Network (Bouget *et al.* 2015) identifies both light and shadow. First, the social investment orientation of Member State social policies varies considerably across countries, with the same applying to the direction of recent reforms. Second, reform patterns since the publication of the SIP vary across countries and policy areas. Third, the economic crisis and fiscal

consolidation have heavily impacted the implementation of social investment strategies. Fourth, the concept of social investment is little-known at national level, a situation that did not change after the publication of the SIP. Indeed, even in those countries where recently implemented reforms and initiatives have a clear social investment flavour, the notion is not explicitly used in domestic debates.

The last finding appears to be a particularly important ‘lesson learnt’ for EPSR implementation. Visibility seems a *sine qua non* for impact. Besides continuing to give visibility to the Pillar in the Semester documents, building partnerships with national players to form national constituencies in favour of EPSR implementation appears crucial. This was not done with the SIP. Indeed, according to Ferrera (2017), on that occasion the Commission failed to duly involve local authorities and national civil society organisations in the implementation of the Social Investment Package, thus losing precious, potential allies. This mistake should be avoided in the implementation of the EPSR.

Influencing the direction of EU macro-economic and fiscal policies

The SIP can be understood as a strategic attempt by DG EMPL to convince its economic counterparts in the Commission that, if framed as social investment, social policy is not a burden on growth but, on the contrary, can support growth, jobs and competitiveness (Ferrera 2015: 5). The SIP can be considered as a ‘defensive move’ of DG EMPL in a period of crisis and austerity policies, characterised by significant cuts in social policies in most Member States. This attempt basically failed. First, as reported by ESPN (Bouget *et al.* 2015), fiscal consolidation measures heavily impacted the implementation of social investment strategies in the Member States: in some cases, cuts in social expenditure targeted existing investments in human capital, resulting in reductions in the availability and quality of programmes, or in new social investment policies being shelved or cancelled. Second, proposals to exclude social investment-oriented expenditure from the calculation of national deficits (the ‘golden rule’) were never seriously considered in EU economic circles.

The Pillar appears to be a more assertive policy framework, given its emphasis on the notion of social rights compared to such notions as efficiency and fiscal sustainability, notions characterising the SIP¹⁵. The question is: *has it been decided to promote social rights irrespective of their implications in terms of fiscal sustainability?* Certainly not. On the one hand, quite apart from the fact that such an approach would not be realistic, ‘balanced budgets’ are among the objectives of the AGS. On the other hand, since the devil is in the details, a fundamental reference to budget constraints can be found in a paragraph of the Staff Working Document accompanying the Communication on the

15. Fiscal concerns were more evident in the 2016 Communication on the Pillar and in the first preliminary outline (Sabato and Vanhercke 2017). For instance, the original title of the third chapter of the Pillar was ‘Adequate and sustainable social protection’. Again, the related principles, in their original formulation, state that the cost-effectiveness and financial sustainability of healthcare systems should be preserved as well as the sustainability and the future adequacy of pension systems. All these references to financial sustainability and efficiency were dropped in the 2017 Recommendation and related documents.

Pillar, which states: 'the Pillar should be implemented according to available resources and within the limits of sound budgetary management and Treaty obligations governing public finances' (European Commission 2017h: 4).

The key question then is: *how to prevent the Pillar succumbing to the same fate as the SIP, whose full implementation was hampered by fiscal consolidation policies?* In our view, first, it should be made clear that, while efficiency gains are possible, full EPSR implementation will not be cheap: significant fiscal room for manoeuvre will be needed. Second, to ensure such room for manoeuvre, both the excessive deficit procedure (EDP) and the MIP should be reformed to take better account of the social implications of macro-economic and fiscal policies. Ideally, in the future, a 'Social Imbalances procedure' should be set up with a view to ensuring that social imbalances¹⁶ are detected at an early stage and corrected properly.

All these are politically sensitive choices that cannot be made without a serious reflection on the relationship between economic growth and competitiveness on the one hand and social policies on the other. *Are the former objectives per se to be pursued irrespective of their social (and environmental) consequences? Or, on the contrary, should economic growth and competitiveness be at the service of citizens' well-being, of which social aspects are a key dimension?* In the former case, we can continue with business as usual, with all the political risks deriving from a further deterioration of the social situation in some Member States. In the latter case, a deep reform of EU macro-economic and fiscal policies would be needed to facilitate the promotion of the social rights codified in the EPSR. Otherwise, the Pillar risks becoming cheap talk, betraying the high expectations raised by its publication. This is a risk that, given the current political and social situation in some Member States, the EU cannot afford.

Conclusions

In this chapter, we first assessed the effectiveness of EPSR implementation almost one year after its launch. We draw three main conclusions. First, the EPSR has already been able to 'revitalise' the European arena for social policies and to revamp EU initiatives in the social domain, even though the fate of these initiatives remains uncertain. Second, the EPSR has the potential to steer Member States' social policies, mainly through the European Semester and if provided with adequate EU financial resources. However, the amount earmarked for its implementation is still uncertain, being dependent on the next Multi-Annual Financial Framework currently being negotiated. Furthermore, while the EPSR has already been integrated into the first stages of the 2018 Semester, arrangements for its integration into other EU social instruments and processes (as well as with broader EU strategies) are still defined only weakly. Third, when it comes to its potential to influence orientations and decisions in the domains of EU macro-economic and fiscal policies, the Pillar appears inadequate.

16. Vandenbroucke *et al.* (2013: 5) define excessive social imbalances as '[...] a set of social problems that affect Member States very differently (thus creating 'imbalances') but should be a matter of common concern for all Eurozone members', given their spill-over effects. Examples include youth unemployment and child poverty.

We went on to compare the EPSR with the previous EU social policy framework, the SIP, aiming to identify elements of both continuity and discontinuity (in the areas of social protection and inclusion and labour market integration). It emerged that there is overall continuity between the two frameworks with regard to their contents (in terms of issues and policy areas included) and to the governance arrangements for their implementation. Three elements of discontinuity, however, appear potentially fundamental for the future of the Pillar: its political nature, its high degree of legitimacy and the introduction of a rights-based discourse. All these elements are likely to increase the ‘political weight’ of the EPSR compared to the SIP, thus potentially facilitating its implementation. When it comes to the policy approach taken in the two frameworks, we find a situation of ‘continuity in discontinuity’: the EPSR takes a hybrid policy approach that we have defined as one of rights-based social investment.

When comparing the EPSR with the SIP with regard to the three functions that an EU social policy framework should perform, the former appears stronger than the latter when it comes to revamping the EU social agenda, while the two frameworks appear equally weak when it comes to the possibility of influencing the direction of EU economic and fiscal policies (see Table 3 in Annex). While it is obviously too early to assess the ability of the Pillar to steer Member State policies, however, its inclusion in the first steps of the 2018 Semester is a promising sign and a pre-condition for impact.

The question is: *is the EPSR truly a game changer for (social) Europe and, more generally, for the process of European integration?* Our answer is: *potentially yes*. However, the degree of these changes is not yet well defined. Political and social forces supporting the European integration project need to take action to ensure that the changes made encourage the development of a more unified, cohesive and fair Union, able to ensure the social rights of its citizens. Full support of the Pillar is the first step in this direction.

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Annexes

List of interviews

Interview 1	NGO	Representative of an EU umbrella non-governmental organisation (NGO) operating in the social domain, January 2018, Brussels
Interview 2	SPC	Member of the Social Protection Committee (SPC), January 2018, Brussels
Interview 3	DG EMPL	Official from the Commission's Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL), January 2018, Brussels
Interview 4	ETUC	Representative of the European Trade Union Confederation (ETUC), February 2018, Brussels
Interview 5	MEP	Member of the European Parliament (S&D group), March 2018, Brussels
Interview 6	DG EMPL	Official from the Commission's Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL), January 2018, Brussels

Table 1 The SIP and the EPSR (selected principles): a comparison

Dimension	SIP	EPSR
Nature	Technical	Political
Legitimacy	Low	High
Objectives	Effectiveness and efficiency of Member States' social policy	Delivering new and more effective rights for citizens
Discourse	Social investment	Social rights
Contents	Social inclusion/social protection/ Equal opportunities and access to the labour market	Social inclusion/ social protection/ equal opportunities and access to the labour market
Approach	Social investment	Rights-based social investment
Governance arrangements	European Semester + soft governance instruments + financial instruments	European Semester + soft governance instruments + financial instruments

Source: authors' own elaboration.

Table 2 A comparison between the SIP and the EPSR: 'rights in practice'

Issue area	SIP	EPSR
Childcare and support to children (Pillar principle n. 11)	The Commission urges the Member States to implement the Recommendation on 'Investing in Children: breaking the cycle of disadvantage' in an integrated way through a combination of cash and in kind benefits, and access to quality early education, health and social services . Address childhood inequalities through eliminating school segregation and the misuse of special needs education. Make early childhood education and care (ECEC) more visible and available [...]	Children have the right to affordable early childhood education and care of good quality . Children have the right to protection from poverty . Children from disadvantaged backgrounds have the right to specific measures to enhance equal opportunities.
Unemployment benefits (Pillar principle n. 13)	In assessing adequate income support , it is important to distinguish between two levels of safety net for the working age population. The first level of safety net is mainly represented by the unemployment benefit system . [It] is reviewed regarding the coverage, adequacy and labour market friendliness (presence/absence of financial disincentives) of benefits	The unemployed have the right to adequate activation support from public employment services to (re)integrate in the labour market and adequate unemployment benefits of reasonable duration, in line with their contributions and national eligibility rules. Such benefits shall not constitute a disincentive for a quick return to employment.
Minimum income (Pillar principle n. 14)	The Commission urges the Member States to fully implement the Commission Recommendation on Active Inclusion (2008) without further delay [...] integrating its three pillars: adequate income support, inclusive labour markets and enabling services .	Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services . For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market .

Source: authors' elaboration on European Commission 2013a and European Commission 2017a.

Note: in bold, the common orientations and wording between the two policy frameworks.

Table 3 Effectiveness of the SIP and the EPSR alongside the three functions of a EU social policy framework

Function	SIP	EPSR
Revamping the EU agenda	Medium/low	High
Steering Member State policies	Low	Medium
Influencing the direction of EU macro-economic and fiscal policies	Low	Low

Source: authors' own elaboration.