Social Developments in the EU, *vademecum* to exit the crisis

David Natali

Research Director
European Social Observatory - OSE

“Social developments in the European Union 2012” Conference, Friday 5 July 2013, EESC, Brussels
Table of content

Paul De Grauwe
From financial to social and political risks in the eurozone

Alexander H. Trechsel and Claudius Wagemann
The EU in 2012: political and institutional tensions

Georg Feigl, Sven Hergovich and Miriam Rehm
Beyond GDP: can we re-focus the debate?

Bart Vanhercke
Under the radar? EU social policy in times of austerity

Ramón Peña-Casas
Desperately seeking the European Employment Strategy

Chiara Agostini and Giliberto Capano
Education policy: comparing EU developments and national policies

Thorsten Schulten and Torsten Müller
A new European interventionism? The impact of the new European economic governance on wages and collective bargaining

Dalila Ghailani
Vicissitudes of the social case law of the Court of Justice in times of recession
Key issues for the EU in 2012/13

• Ever changing crisis (not yet addressed), a true political crisis in the last year

• EU on the move but with a weak strategy (too much austerity and asymmetry)

• Vademecum to exit the crisis: 4 lines of action
1. The EU crisis Sandwich

- Financial and banking sector crash
- Economic recession
- Budgetary tensions
- Unemployment and social crisis
- Institutional crisis (eurozone risks)
- Political crisis
2. The crisis still to be addressed

GDP trends in the eurozone

Double dip
1. The crisis still to be addressed

Youth unemployment rates, CEC 2012

- European Union (27 countries)
- Euro area (17 countries)
1. The political crisis

EU-level crisis
- democratic deficit and lack of legitimacy (input legitimacy)
- asymmetry between sticks and carrots
- problems are still there (output legitimacy)
- ‘North-South’ divide

National-level crisis
- mass protest
- populism and anti-EU sentiments on the rise
- technocracy
2. The political crisis

Trust in political institutions (Eurobarometer)
1. The political crisis

Trust in political institutions (Eurobarometer)

- Shift of political power towards the EU (without additional legitimation)
  - Huge impact on social and employment policies and social dialogue (Memorandum)

- National policymakers still have the legitimacy to make decisions (but lack the power to do so)

- Do we need a political union?
2. EU on the move: too much and too ‘invasive’ austerity

1. Outright Monetary Transactions (OMT)

2. Full implementation of the new economic governance
   - (Fiscal Compact, European Semester)
   - Renewed focus on Wage policy (Europlus Pact)

3. EU budget 2014-20
   - Decrease in financial resources

4. New attempts for the Social dimension?
   - New packages (employment, youth employment and social investment)
   - New tools for monitoring
3. How to exit the political crisis: a vademecum

a) A Roadmap for Growth

b) An effective strategy to address the ‘North/South divide’ (solidarity?)

c) Improve the democratic legitimacy of Europe

d) A new ‘Social’ Vision for the EU
3. How to exit the political crisis: a vademecum

a) A Roadmap for Growth
   - Mobilise new resources for growth at the EU level (2007-2013 Multiannual Financial Framework of 270 billion euros are still outstanding and 134 billion euros uncommitted)
   - More balanced mandate for the ECB
   - More intelligent SGP

b) An effective strategy to address the ‘North/South divide’
   - Increase aggregate demand
   - A regime of automatic transfers (EU minimum income)
3. How to exit the political crisis: a vademecum

c) **Improve the democratic legitimacy of Europe**
   - Elect leading EU officials
   - Give the European Parliament the right to initiate legislative proposals

d) **A new ‘Social’ Vision for the EU**
   - Basic principles at the core of the European social and economic model
   - Invest in sustainable infrastructure, research and development
   - Initiatives should target young people and women in particular