Social Developments in the EU: a ‘Paradox’ and a proposed ‘Funeral’

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Key issues for the EU in 2011

1. The Paradox
   • EU ran fast to stand still (what risks)

2. The proposed funeral (to the European Social Model)
   • EU needs austerity (what risks)

3. The risks at stake
   • Global irrelevance, Tensions between Members, Populism and danger for democracy

4. How to exit the crisis
   • ‘Competition, cooperation, solidarity’
Social Developments in the EU (2011)

Giuliano Amato and Yves Mény (with Cécile Barbier and David Natali)
Is the EU becoming more like the UN? Paradoxes around EU institutional developments in 2011 and risks for future integration

Patrick Diamond and Roger Liddle
‘Step by step’: the EU and Eurozone’s fitful search for better economic governance through the aftershocks of the financial crisis

Christophe Degryse and Philippe Pochet
Worrying trends in the new European governance

Marjorie Jouen
Cohesion policy and the role played by structural funds in austerity

Christophe Degryse and Stefan Clauwaert
Taking stock of European social dialogue: will it fade away or be transformed?

Ramón Peña-Casas
Europe 2020 and the fight against poverty and social exclusion: fooled into marriage?

Rita Baeten and Sarah Thomson
Health care policies: European debate and national reforms

Dalila Ghailani
Römer, Casteels, Prigge: overview of a number of judgments delivered by the Court of Justice of the European Union in 2011
1. The Paradox

*EU ran fast in 2011*

- European Stability Mechanism (ESM) Treaty and the development of rescue plans
- EU Economic governance through
  - EURO PLUS PACT, Six Pack, Two Pack, Euro summits
- Further agreement of December 2011
1. The Paradox

*EU stood still in 2011*

- Recourse to international law
- Intergovernmentalism plus Community method
- Lack of clear strategy (strike the deal that is reachable)
- UN-ification of the EU, defence of national interests (G. Amato and Y. Meny)
1. The Paradox

*Key Risks*

- Increased tensions/incoherence between Germany and the rest of Europe
- Lack of legitimacy (Increased tensions between élite and public opinion)
- More acute tensions with social partners (trade union movement)
2. The (proposed) funeral

• ‘The *European Social Model* has already gone!’
  - M. Draghi interviewed by *The Wall Street Journal*

• ‘the Europeans are so rich they can afford to pay everybody for not working’ (Dornbush) – for Draghi it no longer applies;

• Austerity is the occasion for gaining efficiency and competitiveness through deregulation and flexibility
2. The Proposed funeral, What risk for the ESM?

- Is austerity the end of the ESM as we knew it?
  - the ‘Frankfurt-Brussels consensus’ an attack to social rights?

- Is EU integration a further risk for the ESM?
  - ‘Keynes at home, Smith abroad’ no more the case
  - ‘Smith at home and Smith abroad’, does it work?
  - Need for a new deal to strike (capitalism and democracy in need for balance)
3. Major Risks (Reminding what we said for ‘Social developments in the EU, 2009’)

• Economic risks
  • The risk of having an uneffective strategy against sovereign debts (no financial stabilisation, who’s next? Spain?)
  • The risk of ‘blind strategy’, focused on austerity and cost-reduction (with marginal role of sustainability and inclusiveness), ‘double dip’ recession

-Political risks
  - for the EU with limited legitimacy
  - for the trade union movement (cul de sac)
4. How to exit the crisis?

EU based on ‘Competition, Cooperation and Solidarity’, J. Delors

- CAP; Territorial solidarity; Solidarity for the workers
- EFSF and ESM not enough;
- What could be added….
  - resources to boost economic growth (euro bond; new tasks for the stabilisation mechanisms)
  - EFSF and ECB to buy national debt
  - true EU public policy and solidarity (material and social investments)
Social developments in the EU
Social Developments in the EU: The Round Table

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Key issues for the EU in 2011

1. *What beyond Austerity?*

2. *What future for EU and its legitimacy, a new political context?*

3. *What about Germany?*
What about Germany?
Current account balance % GDP