

## 4. Social Europe

Kristijan Fidanovski and Guillaume Paugam

Writing about European social policy is a complicated exercise. Social policy remains predominantly a national, welfare-state prerogative. Nevertheless, the current European Commission has put “an economy that works for all” at the heart of its strategic agenda.<sup>130</sup> This matches the strong interest of Europeans, and young Europeans in particular, in welfare and employment issues and their desire to see European institutions more involved in these areas.

### What young Europeans want Europe to do

Studies conducted over the last five years show that young Europeans are concerned with social and employment issues. They increasingly want the EU to tackle social issues, in collaboration with national governments. According to the 2018 Eurobarometer, the two main challenges for Europeans were unemployment (41% of respondents) and social inequality (37% of respondents).<sup>131</sup> Employment concerns were the highest among young Europeans. In the 15-24 age bracket, 44% named unemployment as the main challenge for the EU. Our March 2020 poll found that young Europeans stood out in mentioning inequality as the second biggest threat.<sup>132</sup> This is consistent with findings from another European survey from 2019, which show that young Europeans are disproportionately concerned with job insecurity, even compared to people above the age of 46.<sup>133</sup>

Since employment and social issues rank high among young Europeans' worries, it is not surprising that they also identify them as policy areas that are crucially important

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<sup>130</sup> European Commission, “An economy that works for people”, *European Commission*, n.d., [https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people_en); European Commission, “Ursula von der Leyen”, *European Commission*, 9 Oct 2019, [https://ec.europa.eu/commission/commissioners/2019-2024/president\\_en](https://ec.europa.eu/commission/commissioners/2019-2024/president_en).

<sup>131</sup> Directorate-General for Communication, “Special Eurobarometer 479: Future of Europe”, *European Commission*, Oct-Nov 2018, [https://data.europa.eu/data/datasets/s2217\\_90\\_2\\_479\\_eng?locale=en](https://data.europa.eu/data/datasets/s2217_90_2_479_eng?locale=en).

<sup>132</sup> Garton Ash and Zimmermann, 6 May 2020.

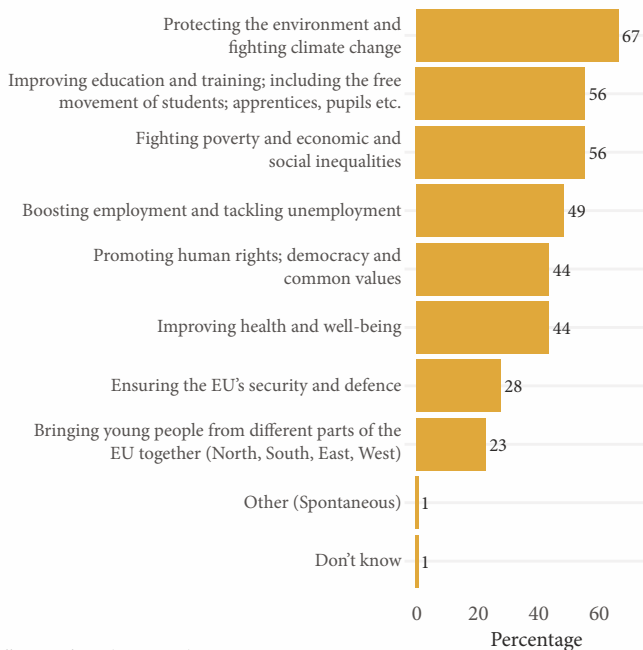
<sup>133</sup> de Vries and Hoffmann, “Great expectations”, 2019.

for the EU. The 2019 Eurobarometer report on the views of young people highlights that: fighting poverty, economic/social inequalities and boosting employment all rank in the top five of young Europeans’ desired priorities for the EU.<sup>134</sup> They are named by 56% and 49% of respondents respectively, well ahead of security and defence at 28%, and rank third, below only the protection of the environment (67%) and improving education and training (56%).

**Figure 14**

**Priorities of young Europeans (aged 15-30) in 2019**

*Which of the following topics should be a priority for the EU in the years to come? (Max 5 answers)*



Base: all respondents (N=10,786)

Source: Eurobarometer 2019.<sup>137</sup>

The 2018 European Youth Eurobarometer corroborates the importance of social policy to young people.<sup>135</sup> However, this is less true of the “very young” age subgroup, which is more likely to identify environmental protection and education as more important. This discrepancy between the young and the very young is also confirmed by

<sup>134</sup> Directorate-General for Education, Youth, Sport and Culture and Directorate-General for Communication, “Flash Eurobarometer 478: How do we build a stronger, more united Europe? The views of young people”, *European Commission*, Apr 2019, <https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/ResultDoc/download/DocumentKy/86163>.

<sup>135</sup> Directorate-General for Education, Youth, Sport and Culture and Directorate-General for Communication, “Flash Eurobarometer 455: European Youth”, *European Commission*, Jan 2018, <https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/ResultDoc/download/DocumentKy/82294>.

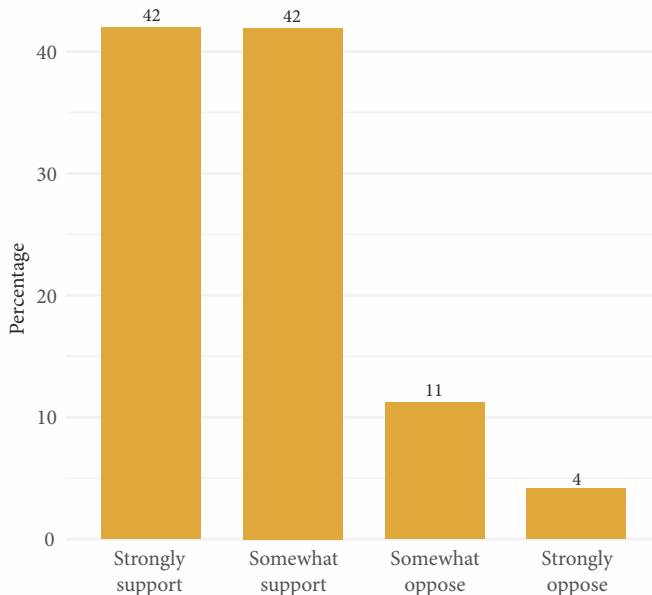
eupinions and suggests that the primacy of social policy for young people might be a cohort effect.<sup>136</sup> As previously marginal concerns come to the fore, especially in the green and digital realms, it will not be surprising if the prioritisation of social concerns begins to decline once today’s children become the young people of tomorrow.

However, the pandemic might have further increased the salience of employment and social affairs for all young people. The 2020 Standard Eurobarometer finds that people aged 15-24 would spend the largest share of the EU budget on employment and social affairs, just above climate change (cited by 49 and 48% of respondents respectively).<sup>137</sup> Several Eurobarometers, such as in 2018 and 2021, paint a similar picture, with young people being more concerned about wages, comparable living standards, education and job training than older demographics.<sup>138</sup> It remains to be seen whether this trend is a mere period effect or whether it might persist after the end of the pandemic.

**Figure 15**

**84% of Europeans support a mandatory minimum wage**

*To what extent do you support or oppose the EU’s plans to make a minimum wage compulsory in all member states?*



*Source: eupinions survey, conducted in March 2020*

<sup>136</sup> de Vries and Hoffmann, “Great expectations”, 2019.

<sup>137</sup> Directorate-General for Communication, “Standard Eurobarometer 93: Public opinion in the European Union”, *European Commission*, Summer 2020, [https://data.europa.eu/data/datasets/s2262\\_93\\_1\\_93\\_1\\_eng?locale=en](https://data.europa.eu/data/datasets/s2262_93_1_93_1_eng?locale=en).

<sup>138</sup> Directorate-General for Employment, Social Affairs and Inclusion, Directorate-General for Communication, “Special Eurobarometer 509: Social Issues”, *European Commission*, Mar 2021, [https://data.europa.eu/data/datasets/s2266\\_94\\_2\\_509\\_eng?locale=en](https://data.europa.eu/data/datasets/s2266_94_2_509_eng?locale=en); Directorate-General for Communication, “Special Eurobarometer 479: Future of Europe”, 2018.

This desire for social justice is also evident on the issue of a minimum wage. Our March 2020 polling wave found that 84% of young Europeans would favour an EU proposal to introduce a mandatory minimum wage in member states, with a similar level of support among all age groups.<sup>139</sup> This is consistent with results from the 2020 Eurobarometer.<sup>140</sup> This strong preference for social protection at the EU level among both the general population and young people is reflected further in the desire for a free-market economy combined with a high level of social protection and fair taxation of large technology companies in the EU.<sup>141</sup>

In other respects, however, young Europeans stand out from the general population much more starkly. While the general population identifies “fighting corruption” as their main priority for their economic security, young Europeans highlight the need to “provide jobs for everyone”. Similarly, in the March 2021 Special Eurobarometer, when asked which elements are the most important for the EU’s economic and social development, respondents aged 15-24 prioritised equal opportunities and access to the labour market.<sup>142</sup>

**“I hope that [...] the EU is a beacon of civility and progressive socialism”**

Where young people particularly stand out is not only in terms of their focus on jobs but also in the desire to combine them with a certain degree of equality. In the 2018 Future of the EU report, they are more likely than average to cite gender equality as part of the ideal future for the European

Union (named 36% of the time, as opposed to 26% for all age groups).<sup>143</sup> This matches findings in the 2020 Eurobarometer, where they are more likely than average to support EU-level measures to improve gender equality in the workplace.<sup>144</sup> Similarly, the March 2021 Special Eurobarometer shows that young people are more likely than older age groups to mention the rights of minorities and protection against discrimination as crucial issues within social policy.<sup>145</sup>

They are also more likely than the general population to support the introduction of a universal basic income (UBI), as well as an increase in welfare benefits for those with financial difficulties.<sup>146</sup> Our analysis of the European Social Survey (ESS) also shows that in the surveyed EU countries, support for UBI was 60% among young

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<sup>139</sup> Garton Ash and Zimmermann, 6 May 2020.

<sup>140</sup> Directorate-General for Communication, “Standard Eurobarometer 93”, 2020.

<sup>141</sup> *Ibid.*

<sup>142</sup> Directorate-General for Employment, Social Affairs and Inclusion, Directorate-General for Communication, “Special Eurobarometer 509: Social Issues”, 2021.

<sup>143</sup> DG COMM, “Special Eurobarometer 479: Future of Europe”, 2018.

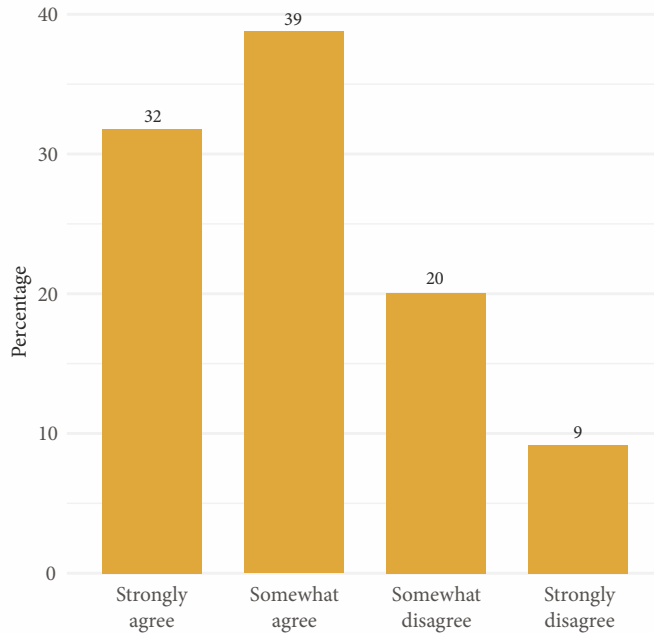
<sup>144</sup> DG COMM, “Standard Eurobarometer 93”, 2020.

<sup>145</sup> Directorate-General for Employment, Social Affairs and Inclusion, Directorate-General for Communication, “Special Eurobarometer 509: Social Issues”, 2021.

<sup>146</sup> DG COMM, “Special Eurobarometer 479: Future of Europe”, 2018.

**Figure 16****71% of Europeans believe the state should give all citizens a basic income**

To what extent do you agree or disagree that EU member states should pay all citizens a basic income, regardless of their employment status?



Source: eupinions survey, conducted in March 2020

people aged 15–30, as opposed to 53% of those over 30. Support for UBI is confirmed by our March 2020 polling wave, finding that 71% of people aged 16–29 support the introduction of UBI, although this time no more than other age groups.<sup>147</sup> Even the 2020 YouGov/WeMove poll contains very similar conclusions.<sup>148</sup> Interestingly, however, in a rare instance of being *less* enthusiastic about social policies at the EU level, young people are less likely to support increased job protection by the EU in the light of increasing automation.<sup>149</sup> This finding is particularly paradoxical in the context of Covid-19, as young people working in the service sector have been disproportionately more likely to lose their jobs.

**“Build the infrastructure to protect incomes across member states for those who are in need”**

<sup>147</sup> Garton Ash and Zimmermann, 6 May 2020.

<sup>148</sup> WeMoveEurope, “Results of the YouGov Poll about UBI”, *WeMove and YouGov*, n.d., <https://www.wemove.eu/it/results-yougov-poll-about-ubi>.

<sup>149</sup> Garton Ash *et al.*, 25 May 2021.

Overall, however, young people in Europe share similar concerns about job training, wages, active support for employment, social protection, in addition to a greater desire for gender equality than older age groups. Our qualitative data from interviews with some 200 Europeans also reflect this, albeit in a somewhat less resounding fashion. In fact, our young interviewees did not discuss social policy as often as they discussed some other areas, which suggests that they might view social concerns as too obvious to highlight. Those interviewees who *did* cite social policy concerns made several compelling arguments. In an expert interview with us, a Greek politics professor focused on the importance of “build[ing] the infrastructure to protect incomes across member states for those who are in need”.<sup>150</sup> A 28-year-old Polish IT specialist took an even bolder approach and suggested the creation of a common European healthcare as a means of creating “something similar to the United States of the EU”.<sup>151</sup> A 30-year-old Hungarian communications expert made a value-driven appeal by arguing that “we shouldn’t allow [poverty] to be happening within the EU”.<sup>152</sup> A 52-year-old British-Romanian teacher expressed his wish for the EU as follows: “I hope that [...] the EU is a beacon of civility and progressive socialism, where the health and happiness of people are prioritised over profit and the natural environment is protected, expanded, and treasured.”<sup>153</sup>

So far, we have described young Europeans’ concerns, policy priorities and desire for more EU-level action in the realm of social policy and employment. A distinct—but related—dimension of Social Europe is European social solidarity between member states. Young people (84%) are more likely than all age groups (79%) to agree that EU member states should help another member state guarantee a minimum living standard for its population.<sup>154</sup> This shows a desire for European social solidarity beyond more conventional areas, such as a natural disaster or a terrorist attack.

Other surveys, including those by *eupinions*, confirm this finding.<sup>155</sup> When asked how they would use a potential Eurozone budget, millennials at all levels of education prioritised supporting economically weaker countries (over 40%) and the unemployed (over 30%). Young Europeans also stood out from older generations in wanting a Eurozone budget to support people moving to another country for work. Finally, their solidarity transcends borders, as both our own March 2021 polling and the ESS indicate that young Europeans support disproportionate taxation of wealthier member states.<sup>156</sup>

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<sup>150</sup> Europe’s Stories, “Interview with Spyros Kosmidis”, *europeanmoments.com*, 2020, <https://europeanmoments.com/stories/spyroskosmidis>.

<sup>151</sup> Europe’s Stories, “Interview with Aleksander Baworowski”, *europeanmoments.com*, 2021, <https://europeanmoments.com/interviewees/aleksander>.

<sup>152</sup> Europe’s Stories, “Interview with Diana Zsoldos”, *europeanmoments.com*, 2020, <https://europeanmoments.com/interviewees/diana>.

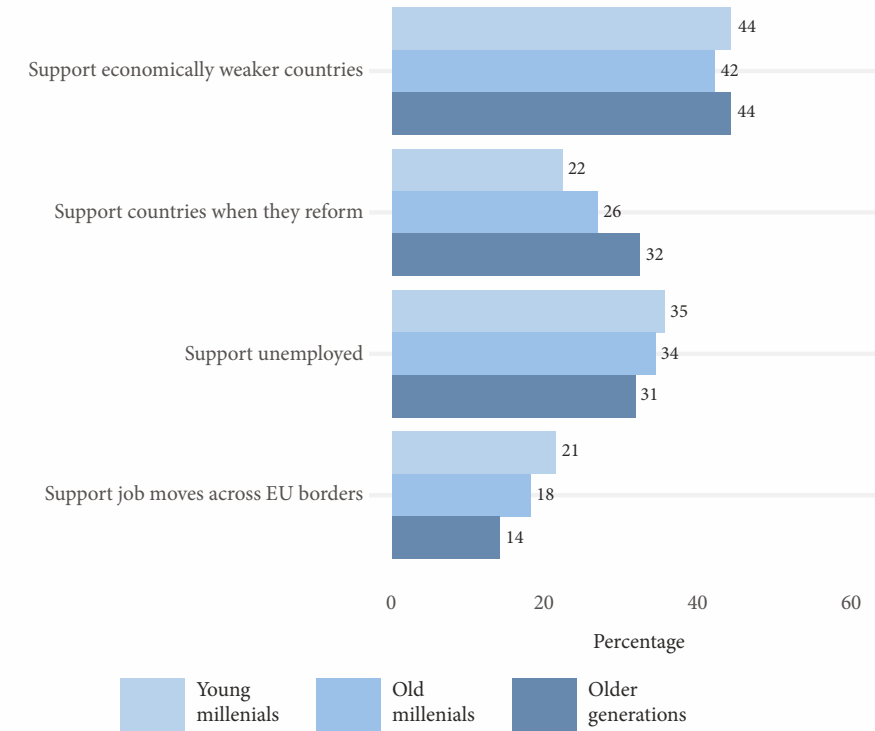
<sup>153</sup> Europe’s Stories, “Interview with Douglas Williams”, *europeanmoments.com*, 2020, <https://europeanmoments.com/interviewees/douglas>.

<sup>154</sup> Directorate-General for Communication, “Special Eurobarometer 479: Future of Europe”, 2018.

<sup>155</sup> Anna auf dem Brinke, Katharina Gnath and Philipp Ständer, “What Millennials Think about the Future of the EU and the Euro”, *eupinions*, 1 Dec 2016, <https://eupinions.eu/de/text/what-millennials-think-about-the-future-of-the-eu-and-the-euro>.

Figure 17

## Young Europeans' ideas on how to spend a potential Eurozone budget



Source: *eupinions*, 2016.<sup>157</sup>

Young Europeans also exhibit a certain degree of optimism with regards to the future of European social policy. They are more likely (72%) than average (62%) to think that, by 2030, there will be a more social Europe and that social rights issues will play a significant role in building a stronger EU. Finally, the ESS shows that, when asked if benefits would be higher or lower if more decisions about social benefits were made by the EU, 35% of young people think they would be higher, while 30% think they would be lower.<sup>158</sup> This stands in stark contrast to people above the age of 30, only 31% of whom think benefits would be higher, compared to 39% of whom believe they would be lower.

<sup>156</sup> Garton Ash *et al.*, 25 May 2021; European Social Survey, “ESS Round 8 (2016/2017) Technical Report”, London: *ESS ERIC*, 2017, [https://www.europeansocialsurvey.org/docs/round8/survey/ESS8\\_data\\_documentation\\_report\\_e02\\_1.pdf](https://www.europeansocialsurvey.org/docs/round8/survey/ESS8_data_documentation_report_e02_1.pdf).

<sup>157</sup> Anna auf dem Brinke, Katharina Gnath and Philipp Ständer, “What Millennials Think about the Future of the EU and the Euro”, *eupinions*, 1 Dec 2016, <https://eupinions.eu/de/text/what-millennials-think-about-the-future-of-the-eu-and-the-euro>. ‘Young millennials’ refer to those aged 14–25 and ‘old millennials’ to those aged 26–35 at the time of survey.

<sup>158</sup> European Social Survey, “ESS Round 8 (2016/2017) Technical Report”, 2017.

Overall, the strong support among young people for different aspects of European social policy is not only significant in and of itself, but also hints at the salience of this topic for young Europeans compared to other policy areas. Young Europeans regularly rank social issues as paramount in polling different policy areas. Furthermore, a significant proportion of young Europeans (compared to older cohorts) support specific European social policies; this is not the case for other policy areas. Many young Europeans support higher tax rates for wealthier member states—even if it applies to their own countries. Overall, the evidence suggests that young Europeans have a high commitment to social equality. As indicated throughout this chapter, young Europeans attribute high importance to social issues, often (albeit not always) more so than the general population, and are usually at least as likely as the general population to support more action on these issues at the EU level.

Interestingly, despite the enthusiasm of young people for more social policy at the EU level, there is limited knowledge of what the EU already does in this realm. When asked about the European Pillar of Social Rights, introduced by the EU in 2017, people aged 15-24 are even less likely than the general population to be able to describe it (6% versus 8%).<sup>159</sup> The following section turns to specific EU initiatives in social and employment policy.

### **What the EU is and is not doing**

In the aftermath of the 2008 financial crisis, the social aspect of the EU came second to the need for fiscal emergency and austerity measures. However, the gradual overcoming of the Eurozone crisis restored social policy to the EU's agenda. In his 2015 State of the Union speech, former European Commission President Juncker set out his vision for the aforementioned European Pillar of Social Rights. In 2017, his initiative was formally embraced by the European Parliament, the Council and the European Commission.

The pillar consists of 20 principles meant to guide the work of the European Commission on employment and social policy. The current Commission, led by Ursula von der Leyen, was quick to commit to the pillar.<sup>160</sup> While President von der Leyen's proud, pre-Covid-19 proclamation that Europe possessed "some of the highest social protection and welfare standards in the world" hinted at some complacency in this area, her recent leadership on the Covid-19 Recovery Fund cemented the centrality of social justice for her Commission.<sup>161</sup>

Beyond Brussels, social policy has also been firmly embraced in the rhetoric of European leaders. Solidarity has been portrayed as a signature EU value, with French President Emmanuel Macron positing that "Europe is where social security was

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<sup>159</sup> European Commission, "European Pillar of Social Rights", *European Commission*, 2021, [https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights_en).

<sup>160</sup> *Ibid.*

<sup>161</sup> Ursula von der Leyen, "Mission Letter to Nicolas Schmit", *European Commission*, 1 Dec 2019, [https://ec.europa.eu/commission/commissioners/sites/default/files/commissioner\\_mission\\_letters/mission-letter-nicolas-schmit\\_en.pdf](https://ec.europa.eu/commission/commissioners/sites/default/files/commissioner_mission_letters/mission-letter-nicolas-schmit_en.pdf).



created.”<sup>162</sup> Macron’s sentiment has been shared by German Chancellor Angela Merkel, who has unambiguously described “[European] economic and social affairs [as] two sides of the same coin.”<sup>163</sup>

These pronouncements have given rise to firm social policy commitments. Chancellor Merkel has placed particular emphasis on youth, advocating for the European Youth Work Agenda and calling for an enhanced Youth Guarantee during the German presidency of the European Council. Despite criticisms of his social record at home, Macron has spoken of a “social shield for all workers, east to west and north to south” at the European level. In this regard, he frequently mentions France’s revision of the posting-of-workers directive, including the creation of the European Labour Authority.<sup>164</sup>

To grasp the centrality of social policy for the current Commission, one needs to look no further than the established six strategic priorities for its term.<sup>165</sup> Three of these priorities are tied to jobs and social policy: “a Europe fit for the digital age”, “a European Green Deal” and “an economy that works for people”. The first two include spending programmes designed to equip people with the skills to work in a greener and more digitalised world while alleviating the socioeconomic pressure on those left behind by the green and digital transitions. The EU confirmed its dedication to a smooth digital transition by placing strong emphasis in the Covid-19 Recovery Fund on the “digitalisation of services, the development of digital and data infrastructure, clusters and digital innovation hubs and open digital solutions”. Overall, member states are expected to allocate 20% of their share of the Recovery and Resilience Facility to digital issues.

However, it is the third strategic priority of the EU that best embodies the notion of “social Europe”.<sup>166</sup> Providing a social component to its fiscal and trade policy, the European Commission has an Executive Vice-President for “an Economy that Works for People”, Valdis Dombrovskis. Additionally, the EU has a separate Commissioner for Jobs and Social Rights, Nicolas Schmit, whose mission is to “strengthen Europe’s social dimension”.<sup>167</sup>

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<sup>162</sup> Emmanuel Macron, “For European renewal”, *Élysée*, 4 Mar 2019, [https://www.elysee.fr/emmanuel-macron/2019/03/04/for-european-renewal.en?fbclid=IwAR1RjOqe1IsbX-zHeqMfr6hOYZJ\\_siby3lEvuIHA-LwWHu1Rzx\\_r9GqHmrI](https://www.elysee.fr/emmanuel-macron/2019/03/04/for-european-renewal.en?fbclid=IwAR1RjOqe1IsbX-zHeqMfr6hOYZJ_siby3lEvuIHA-LwWHu1Rzx_r9GqHmrI).

<sup>163</sup> Angela Merkel, “Speech by Federal Chancellor Angela Merkel on Germany’s Presidency of the Council of the EU to the European Committee of the Regions on 13 October 2020 (videoconference)”, *Europa Nu*, 13 Oct 2020, [https://www.europa-nu.nl/id/vlcx6v908dum/nieuws/speech\\_by\\_federal\\_chancellor\\_angela?ctx=vg9hm2g38wdd&tab=0](https://www.europa-nu.nl/id/vlcx6v908dum/nieuws/speech_by_federal_chancellor_angela?ctx=vg9hm2g38wdd&tab=0).

<sup>164</sup> Élysée, “Trois ans de travail pour l’Europe”, *Élysée*, n.d., <https://www.elysee.fr/emmanuel-macron/europe>.

<sup>165</sup> Ursula von der Leyen, “A Union that strives for more: My agenda for Europe”, *European Commission*, 2019, [https://ec.europa.eu/info/sites/default/files/political-guidelines-next-commission\\_en\\_0.pdf](https://ec.europa.eu/info/sites/default/files/political-guidelines-next-commission_en_0.pdf).

<sup>166</sup> *Ibid.*

<sup>167</sup> *Ibid.*

An important example of the efforts towards “an economy that works for people” is the minimum wage directive proposal of October 2020, which aims to steer member states towards collective bargaining in wage-setting.<sup>168</sup> It could also help bridge the current gaps between EU member states, some of which have minimum wages as many as seven times higher than others.<sup>169</sup>

Yet, to provide just one illustration of how long the road ahead is, implementing the minimum wage directive discussed earlier would require tectonic shifts in most EU member states. Currently, only two EU member states, France and Portugal, have minimum wages that are (barely) above 60% of the national median wage. In most countries, this figure even fails to reach 50%. Unfortunately, the EU’s room for action on this issue has been constrained by strong opposition from several member states.

Beyond its (mixed) record on ensuring a higher minimum wage, the EU is mostly focused on what scholars of social policy have called “active labour market policies”. The word “active” is understood in opposition to “passive” policies—for instance, traditional income support for jobless people, such as unemployment benefits. The European Union has been a long-time champion of “social investment” or using social policy to enhance the employment capacity of people, rather than merely compensating them *ex post* for social risks. Together with UBI-related proposals, which will be discussed later, these novel policies constitute a genuine watershed moment in the history of EU social policy. Interestingly, they do so in somewhat opposite ways, as UBI bypasses any job-related conditionality, while active labour market policies reaffirm the importance of jobs.

More specifically, active labour market policies can include counselling and training for the unemployed, close monitoring of their job search activities, as well as, to paraphrase the economist Dani Rodrik, investment in technologies that augment rather than replace labour.<sup>170</sup> The European Pillar of Social Rights contains the right to unemployment benefits, which must be “of a reasonable duration” and “must not have disincentivising effects on a quick return to employment”.

This commitment to transcending traditional welfare-state interventions seems to be shared by von der Leyen, who has spoken about “creating opportunities for the world of tomorrow and not just building contingencies for the world of yesterday”.<sup>171</sup> Efforts at reconfiguring labour markets to fit a dynamic global economy were included in von der Leyen’s inaugural letter to the Jobs Commissioner, with special emphasis on

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<sup>168</sup> European Commission, “Questions and answers: Adequate minimum wages”, *European Commission*, 28 Oct 2020, [https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_20\\_1967](https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_1967).

<sup>169</sup> Sofia Fernandes and Klervi Kerneis, “A move towards adequate minimum wages in the European Union?”, *Institut Jacques Delors*, 18 Nov 2020, <https://institutdelors.eu/en/publications/a-move-towards-appropriate-minimum-wages-in-the-european-union-2/>.

<sup>170</sup> Martin Sandbu, “Interview with Dani Rodrik: ‘We are in a chronic state of shortage of good jobs’”, *Financial Times*, 15 Feb 2021, <https://www.ft.com/content/bf760159-4933-4fa1-bedd-d8f77accb858>.

<sup>171</sup> Ursula von der Leyen, “State of the Union Address by President von der Leyen at the European Parliament Plenary”, *European Commission*, 16 Sep 2020, [https://ec.europa.eu/commission/presscorner/detail/en/SPEECH\\_20\\_1655](https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_20_1655).

social innovation and “updating our skills agenda”.<sup>172</sup> In a similar vein, Macron has proposed “giving the new European Innovation Council a budget on a par with the United States”, perhaps hinting at a systematic focus on boosting entrepreneurialism in the years to come.<sup>173</sup>

Merkel has also echoed this productivist approach to social policy, as she has refused to see the Covid-19 Recovery Fund as a “short-term crisis management”, but rather as a boost to the EU’s “capacity to tap into new economic opportunities”.<sup>174</sup> In the same speech during her presidency of the European Council, Merkel proclaimed that “European solidarity is not just a humane gesture but a lasting investment. European cohesion is not just a political imperative but also something that will pay off.” The strategic nature of Merkel’s social policy thinking is also evident in her recognition that “a socially and economically just Europe is crucial for democratic cohesion.”

However, this does not mean that European political rhetoric around social policy is completely devoid of more traditional appeals to empathy and humanity. For instance, Macron has expressed a preference for “convergence rather than competition”, as well as “genuine, chosen, organised and concerted solidarity”.<sup>175</sup> He has also lamented that “while we have talked at length over the past ten years about responsibility in Europe, we have neglected the solidarity between us.” Von der Leyen has been equally unequivocal in her call for “dignified, transparent and predictable working conditions”, accompanied by the proclamation that “in our Union, the dignity of work must be sacred.”<sup>176</sup>

The justification for the minimum wage directive did contain some social rhetoric.<sup>177</sup> It was highlighted that 10% of workers in the EU live in poverty or that low wages did not increase as much as other wages in recent years. But the vocabulary of productivity was still very prominent: the European Commission argues that minimum wages can “boost productivity and competitiveness.” In a similar vein, von der Leyen has portrayed them as a win–win measure: “dumping wages destroys the dignity of work, penalises the entrepreneur who pays decent wages and distorts fair competition in the Single Market.”<sup>178</sup>

Predictably, social policy efforts have recently been bolstered by the Covid-19 pandemic, which has provided an opportunity for both change and continuity. The EU’s NextGenerationEU recovery instrument commits the EU to raise €750 billion on

<sup>172</sup> Ursula von der Leyen, “Mission Letter to Nicolas Schmit”, 2019.

<sup>173</sup> Emmanuel Macron, “For European renewal”, *Élysée*, 2019.

<sup>174</sup> Angela Merkel, “Speech by Federal Chancellor Angela Merkel on Germany’s Presidency of the Council of the EU to the European Committee of the Regions on 13 October 2020 (videoconference)”, 2020.

<sup>175</sup> Emmanuel Macron, “For European renewal”, *Élysée*, 2019.

<sup>176</sup> Ursula von der Leyen, “State of the Union Address by President von der Leyen at the European Parliament Plenary”, 2020.

<sup>177</sup> *Ibid.*

<sup>178</sup> *Ibid.*

financial markets of ‘free’, non-debt-creating money for member states. Importantly, however, they cannot spend it as they wish.<sup>179</sup> In particular, the ‘centrepiece’ of NextGenerationEU, the Recovery and Resilience Facility (RRF, €672 billion), is meant to support public reforms and investment in the areas of green and digital transitions. The RRF is expected to sustain the economy by stimulating labour demand, especially in cleaner industries. However, the plan also seeks to support the education and training of workers by equipping them with the skills to be reallocated to digital-intensive industries, thus stimulating labour supply.<sup>180</sup>

Aside from the RRF, NextGenerationEU raises €47.5 billion for a project called REACT-EU. These funds have a direct job and social policy usage, especially through the European Social Fund (ESF+).<sup>181</sup> They support jobs directly by financing projects enabling employment, especially projects linked to education and training. In the process, they also seek to include marginalised groups, make public services for jobseekers more efficient, support youth employment or promote social enterprises. Again, they focus primarily on the ‘active’ side of social policy.

Another important social initiative emerging from the Covid-19 crisis initiative is SURE (Support to mitigate Unemployment Risks in an Emergency)—as part of which the European Commission raised €100 billion to finance short-time work schemes in member states.<sup>182</sup> The operation was counter-guaranteed by member states to ensure the solvability of the Commission in the eyes of investors. In a show of European solidarity, all member states, even those not benefiting from SURE, contributed to this counter-guarantee. Moreover, through EASE (Effective Active Support to Employment), one of its most recent initiatives, the Commission seeks to incentivise member states to transition slowly from emergency to more permanent recovery measures.<sup>183</sup> These include job creation, re-skilling the workforce, and modernizing employment services by making potential funding conditional on these reforms.

However, it remains an open question whether and to what extent the EU can synchronise the social policy endeavours of its member states. In line with their wider disagreement on the future direction of the EU, Merkel and von der Leyen have been much more reserved than Macron in this regard. On various issues from Covid-19-related assistance to the minimum wage, Merkel has underlined the importance of

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<sup>179</sup> European Commission, “Recovery plan for Europe”, *European Commission*, n.d., [https://ec.europa.eu/info/strategy/recovery-plan-europe\\_en](https://ec.europa.eu/info/strategy/recovery-plan-europe_en).

<sup>180</sup> European Commission, “The Recovery and Resilience Facility”, *European Commission*, n.d., [https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility\\_en](https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en).

<sup>181</sup> European Commission, “Recovery plan for Europe”, n.d.; European Commission, “EUROPEAN SOCIAL FUND”, *European Commission*, n.d., <https://ec.europa.eu/esf/home.jsp>.

<sup>182</sup> European Commission, “SURE”, *European Commission*, n.d., [https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure\\_en](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_en).

<sup>183</sup> European Commission, “Questions and Answers: Effective Active Support to Employment following the COVID-19 crisis (EASE)”, *European Commission*, 4 Mar 2021, [https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_21\\_971](https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_971).

ensuring that the “economically strong member states are not excessively burden[ed].”<sup>184</sup> Similarly, von der Leyen has committed to “fully respecting the subsidiarity principle” of reaching policy decisions at the local or national level wherever possible, hence also “fully respect[ing] national competences and traditions.”<sup>185</sup> As demonstrated in this section, the EU has stepped up its social efforts and recognised their essential role as drivers of wider economic growth. A vital challenge now is to devise a mechanism to convert this recognition into specific policy commitments for its member states.

The other challenge, of course, is for the EU to ensure that it can exploit whatever few opportunities it gets to demonstrate its ability to act decisively on behalf of its member states. In contrast to the success of the NextGenerationEU, both in terms of its size and relatively speedy adoption, the EU was much less successful in the procurement of Covid-19 vaccines for its member states, although the speed of the rollout has recently picked up.<sup>186</sup> Despite lacking the relevant institutional framework and experience for a purchase effort of this magnitude, in the face of such an unprecedented crisis, the EU stepped in to avoid separate procurement efforts at the national level. As the latter would have likely led to large inequalities in vaccine availability and concomitant social disillusionment, it can be argued that the pandemic only reaffirmed the EU’s indispensability as a collective European actor, especially in light of the success of the NextGenerationEU.

## What we think the EU should do

Social policy scholars often describe the conservative Otto von Bismarck as the founder of the welfare state. Far from any love of the proletariat, his motivation for social insurance schemes in 1880s Prussia was to co-opt the population and fight the spectre of communism. Our approach is not as cynical—social protection is invaluable. However, the Covid-19 crisis does provide President von der Leyen and other European leaders with a window of opportunity to strengthen ties between the EU and Europeans. They should seize it.

For young Europeans, the European project cannot exist without a social dimension. In their view, the EU does not spend enough on employment and social affairs. Yet, they are optimistic about the future of social rights. Unfortunately, their optimism seems little founded on any detailed knowledge, as they can barely name the specific actions already taken by the EU.

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<sup>184</sup> Angela Merkel, “Speech by Federal Chancellor Angela Merkel on the German Presidency of the Council of the EU 2020 to the European Parliament in Brussels on 8 July 2020”, *Bundesregierung*, 8 Jul 2020, <https://www.bundesregierung.de/breg-en/news/speech-by-federal-chancellor-angela-merkel-on-the-german-presidency-of-the-council-of-the-eu-2020-to-the-european-parliament-in-brussels-on-8-july-2020-1768008>.

<sup>185</sup> Ursula von der Leyen, “State of the Union Address by President von der Leyen at the European Parliament Plenary”, 2020; Ursula von der Leyen, “Mission Letter to Nicolas Schmit”, 2019.

<sup>186</sup> The Economist Briefing, “Why the EU’s COVID-19 Vaccination Programme Went Wrong”, *The Economist*, 31 Mar 2021, <https://www.economist.com/briefing/2021/03/31/why-the-eus-covid-19-vaccination-programme-went-wrong>.

Even their support comes with a caveat. Jobs are important to younger Europeans, but the younger the respondents, the more the environment is prioritised over jobs. In polls that separate jobs from social security, young people see jobs as *much* more important, while older Europeans see jobs and social security as almost equally important.

Therefore, ***the EU should keep its current focus on welfare, as well as on making jobs and the green transition mutually reinforcing rather than opposing issues.*** Job creation, together with facilitating people's access to the labour market, is what young people want. And since young people also want a more ambitious environmental policy, EU programmes that combine jobs, skills and the environment are crucial. They should also be as ambitious as possible: the Just Transition Mechanism is a great example. Another area young Europeans strongly care about is gender equality. Luckily, the recent directive proposal by the European Commission about equal pay and pay transparency matches the desire for action expressed by young Europeans, who are dissatisfied with the gender pay gap of 14.1% in the average EU member state in 2019.<sup>187</sup> Overall, there is also a need to experiment with novel policy approaches—including ones that exist on paper but have not been implemented yet in a real-life setting.<sup>188</sup>

As the EU finances the economic recovery of its member states, it will need to be more transparent. The details of the recovery effort should not be concealed in bilateral funding agreements with member states. Instead, the EU should make clear not only to member states but also to all Europeans that the funding is earmarked for specific objectives. This will enable Europeans to move away from their traditional images of European conditionality: the austerity reforms in post-2008 bailout packages. The EU must reframe itself as an institution that gives, not one that imposes, but it must also get citizens to recognise that any conditions in place are in their own best interest, thus avoiding future disappointment if said conditions are not met. For the EU to achieve new social milestones, it must first learn to reap some well-deserved political credit for its existing ones.

Speaking of new accomplishments, ***the EU should not miss the occasion to become the great stabiliser—and protector—of young Europeans' jobs and livelihoods.*** It can achieve this by securing social stabilisation through financial stabilisation to cushion the effects of future economic downturns. For instance, if states struggle to cope with a sudden demand for unemployment benefits or short-time work schemes, the EU can help. It can do so because of its ability to raise money on financial markets in very favourable conditions. It can then redistribute this money to struggling member states. This is exactly the idea behind SURE, which the EU has used to finance short-time work schemes in 18 member states, relieving them of the immediate fiscal pressure they were facing. The EU should use the momentum to transform the temporary SURE

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<sup>187</sup> Klervi Kerneis, "How to close the gender pay gap in the European Union?", *Jacques Delors Institute*, 2 Mar 2021, <https://institutdelors.eu/en/publications/how-to-close-the-gender-pay-gap-in-the-european-union/>.

<sup>188</sup> Sandbu, 15 Feb 2021.

instrument into a permanent mechanism for exceptional crises and use the success of SURE to move forward with the idea of a European Reinsurance Scheme, to support national unemployment benefit systems when overwhelmed by an economic crisis. At present, however, the EU appears reluctant to preserve SURE beyond the pandemic, with Commissioner for Jobs and Social Rights Nicholas Schmit arguing for a focus on employment rather than joblessness.<sup>189</sup>

Another area in which this European insurance mechanism could work is social assistance/minimum income schemes. In some countries, like France, young people cannot receive social assistance. Yet, in other countries, this is the principal payment they receive if they are jobless, as they have not had time to build entitlements to social insurance schemes. Young people in Europe are disproportionately likely to have lost their jobs during the pandemic. ***The EU should be adamant in encouraging member states to adopt appropriate minimum income schemes for young people.***

The next crucial priority must be to alleviate the massive gaps in minimum wage provisions across EU member states discussed earlier. The EU should do this gradually, yet resolutely. The first step is to prompt the six member states with no mandatory minimum wage to finally introduce one. The second step is to ***ensure that the minimum wage is set at over 40% of the average wage, which is currently missing in three member states. Finally, the EU should seek to push the minimum to a dignified 50% in the long run,*** even though this would require increases in another seven member states.<sup>190</sup>

Action is also needed in the most dynamic realm of contemporary social policy: research on new policies. As the impact of technological and green transitions on jobs is likely to increase in the next decade, ***increased funding for trials focused on new ways of organising social and employment policies will be needed. The EU can play an essential role in trialling policies such as universal basic income that individual member states would otherwise deem utopian.*** As demonstrated earlier, there is a strong demand for UBI in Europe, so it seems unlikely that member states could credibly resist EU-financed trials of UBI. At the very least, the EU should tweak its legal regulations to ensure they do not *prevent* these trials, as was the unfortunate fate of the Finnish UBI trial in 2018.<sup>191</sup>

Another area in which the EU could increase its protection role is the future of work. The size of the EU's European Globalisation Adjustment Fund for Displaced Workers (EGF), tasked with helping workers who have lost their jobs due to global trade patterns, declined from €500 million to €150 million in 2014-2020.<sup>192</sup> Most Europeans think that many jobs will be lost or transformed by automation and digitalisation.

<sup>189</sup> The Economist, "The EU is trying to become a welfare superstate", *The Economist*, 15 May 2021, <https://www.economist.com/europe/2021/05/15/the-eu-is-trying-to-become-a-welfare-superstate>.

<sup>190</sup> Sofia Fernandes and Klervi Kerneis, "A move towards adequate minimum wages in the European Union?", *Institut Jacques Delors*, 18 Nov 2020, <https://institutdelors.eu/en/publications/a-move-towards-appropriate-minimum-wages-in-the-european-union-2/>.

<sup>191</sup> Jon Henley, "Finland to end basic income trial after two years", *The Guardian*, 23 Apr 2018, <https://www.theguardian.com/world/2018/apr/23/finland-to-end-basic-income-trial-after-two-years>.

<sup>192</sup> European Commission, "European Globalisation Adjustment Fund (EGF)", *European Commission*, n.d., <https://ec.europa.eu/social/main.jsp?catId=326&langId=en>.

The EU is working towards increasing not only the budget but also the scope of the EGF to cover more workers, including those who lose their jobs due to automation. Amidst the current crisis, ***the EU should do its utmost to adopt this upgrade of the European Globalisation Adjustment Fund as quickly as possible.***

This points towards deeper questions. As with the relationship between federal monetary policy and national fiscal policies in the Eurozone, one might argue that European social policy is hindered by an odd division of tasks. The EU provides the tool for a competitive, free-market economy, which is undeniably a source of prosperity. But it also has its downsides: workers losing their jobs to member states with a cheaper workforce, atypical employment linked to flexible labour markets and rising inequality. The European Social Fund was created as a corrective mechanism, and indeed does a lot. But correcting for these downsides remains predominantly a member state duty, which they increasingly struggle to fulfil. Welfare states already represent a large share of countries' GDP in terms of taxation and spending, yet increasingly struggle to protect new workers, including women and young people and new forms of work. One piece of reform that could protect these new forms is the proposed EU-wide social security number, which would oblige companies that send workers to other countries to contribute to the budgets of those countries, but also help those workers receive social benefits more promptly.<sup>193</sup>

Moreover, in the context of global competition, countries seek to bring labour and taxation costs down. The window of opportunity for European social policy in the current context needs to trigger significant reflection, including efforts that go beyond the current way of doing things. One must also keep in mind the myriad of political benefits from increased social spending both at national and EU level. If social issues rank so highly among young people, then satisfying their preferences will become not only a moral imperative but also a political one. It will contribute to diminishing the future appeal of populist and anti-EU forces, which tends to feed on socioeconomic disillusionment.

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<sup>193</sup> *The Economist*, 15 May 2021.