

Extract from:  
David Rinaldi, "A new start for Social Europe",  
*Studies & Reports No. 108*, Jacques Delors Institute, February 2016

## FOREWORD

*by Jacques Delors*

**I**n recent years, European and national leaders have gone through a sort of day-to-day crisis management, with actions guided by the pursuit of survival. Indeed, efforts to prevent the euro area from falling apart are welcomed, but our Union crucially needs to progress along long-term aspirations. Aspirations that speak to social progress and prosperity for all. As I have already mentioned on certain occasions, Europe needs the hard work of firemen, but it crucially needs architects too.

Architects are essential to find that sense of common purpose that can mobilize both member states and their citizens. Passing through these years of financial, economic and political crises should have taught us a lesson: **if European policy-making jeopardises cohesion and sacrifices social standards, there is no chance for the European project to gather support from European citizens.**

This report clearly identifies the three aspirations which can fuel European integration and restore both confidence and economic recovery. First, **socio-economic convergence in the EMU and in the EU**, to be realized, for instance, by means of automatic stabilization mechanisms; second, **a real European labour market**, with increased intra-EU mobility and social rights available throughout Europe; third, **a vigorous push for social investment** to set the basis for inclusive growth and competitiveness. It is around these three pillars that we can lay the foundations of a Social Europe. Let me spend a few words on each of these aims.

In the aftermath of the crisis, the unprecedented widening and deepening of divergence in Europe has been characterized not only by macroeconomic imbalances but notably by social imbalances, which are to be regarded as *excessive imbalances* as well. **How to reconcile social and macroeconomic**

**objectives** is probably the greatest challenge which needs a definitive response. The big question is how to promote upward convergence in a framework that does not undermine fiscal consolidation.

The Institute and I have already been quite vocal on the need to reform the EMU promptly and endow it with a social dimension and stabilization mechanism<sup>1</sup>. There is overwhelming evidence supporting the creation of an automatic anti-cyclical tool, which could prevent acute and persistent disparities in economic and social outcomes across EU member states. It could make the euro area more resilient and sustainable and could also reconcile Europeans with the European project. To promote unity and give a sense of common purpose, it must be an automatic stabilizer based on a sense of solidarity and reciprocity; what is the value of being in a *Union* if there is no solidarity and reciprocity in case of negative shock to one of the members? Academics and professionals have done their work, plenty of proposals have been outlined, with temporary or permanent transfers, based on unemployment insurance or on cyclical output gap arrangements; it is now time for politicians to do their work and come up with a shared solution.

One thing I would like to add to the discussion on convergence: the reinforcement of convergence should not be restricted to the euro area solely. It is the Union that needs to be cohesive and resilient. Embracing a social dimension is essential for the survival of the euro area, but it would be desirable for the entire Union. It should not be forgotten that we all agreed that: “in defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of

1. Works of the Jacques Delors Institute, co-signed by President Jacques Delors: “After the Greek deal: why it is urgent to complete EMU”, *Tribune*, July 2015; “Endowing the EMU with a Social Dimension”, *Tribune*, October 2013; “Completing the Euro: A road map towards fiscal union in Europe”, Report of the “Tommaso Padoa-Schioppa group”, *Studies & Reports* n° 92, June 2012. And by others authors: David Rinaldi, Eulalia Rubio and Emmett Strickland, “Redesigning EMU: What agenda after the Greek negotiations?”, *Synthesis*, November 2015; Henrik Enderlein and Jörg Haas, “What would a European Finance Minister do? A proposal”, *Policy Paper* n° 145, October 2015; Yves Bertoncini, Henrik Enderlein, Sofia Fernandes, Jörg Haas and Eulalia Rubio, “Improving EMU: Our recommendations for the debate on the five Presidents report”, *Policy Paper* n° 137, June 2015; Sofia Fernandes, “Completing the Economic and Monetary Union”, *Synthesis*, January 2014; Sofia Fernandes and Kristina Maslauskaitė, “Deepening the EMU: How to maintain and develop the European social model?”, *Studies & Reports* n° 101, November 2013; Sofia Fernandes and Kristina Maslauskaitė, “A Social Dimension for the EMU: Why and How?”, *Policy Paper* n° 98, September 2013; Henrik Enderlein, Lucas Guttenberg and Jann Spiess, “Blueprint for a Cyclical Shock Insurance in the euro area”, *Studies & Reports* n° 100, September 2013.

human health<sup>2</sup>". The horizontal social clause enclosed in the Article 9 of the Treaty on the Functioning of the European Union is a core part of our acquis; it determines the need to mainstream social objectives throughout all European initiatives, including, as this report recommends, the European Semester and the Growth and Stability Pact.

The second ambition is a **truly European labour market based on stronger intra-EU mobility flows and enhanced portability of rights**.

Now, mobility is one of the very cornerstones of the European single market; it yields benefits to individuals, who can grow culturally and professionally, and to our economy, as it serve as a stabiliser and it helps fill shortages of skills. Nevertheless, serious obstacles to intra-EU mobility are still present and an alarming denigrating stance is growing in some member states. The risk of youth drain is probably the greatest worry for countries of origin, but the negative image of mobility is more tangible in host countries, which are concerned about the risk of social competition. To this end, I subscribe to the call for a European Labour Inspectorate, which is put forward in this report as one of the key recommendations of the group of experts intervening at the seminar 'A new start for Social Europe?'. The enforcement of agreed-upon regulation on posted workers is necessary to prevent the risk of social dumping.

But besides ensuring a fair application of employment law there is much more to be done. First and foremost, specific efforts must be addressed to solve the plight of youth unemployment. On the one hand, the Youth Guarantee must be strengthened and better coordinated so that member states' initiatives are scaled up by the support of EU institutions; on the other hand, we need to close the gap between schooling and the labour market by reinforcing apprenticeship schemes promoting mobility. On this respect, I already had the chance to support the call for a million young European apprentices by 2020<sup>3</sup>.

Moreover, in order to establish favourable conditions for the mobility of workers, we should aspire to a Social Union: a Union where social rights protected by

2. Art. 9, TFEU.

3. See the proposal of the Jacques Delors Institute Working Group on Youth Employment: Jacques Delors, Henrik Enderlein, Pascal Lamy, Enrico Letta, François Villeroy de Galhau, António Vitorino, Jean-Michel Baer and Sofia Fernandes, "Erasmus Pro: for a million 'young European apprentices' by 2020", *Tribune*, Jacques Delors Institute, May 2015.

member states are easily enjoyable disregarding one's domicile. Having a Social Union does not mean that we should have a single European welfare system, it does not mean interfering with domestic welfare provisions, but it does mean setting up a Union of 28 welfare states. That is essential to promote mobility and strengthen European identity and citizenship. As put forward by D. Rinaldi in this report, a real system of coordination to make effective the portability of rights, coupled with a clear narrative about "Your Rights in Europe" could boost intra-EU mobility and give some bite to Social Europe.

The third ambition is a **Union that invests in its people**. It would be a mistake to abandon completely the objectives and approach set out in the Lisbon Strategy; particularly, we should not forget about the value of social investments for the long-term goal of shared and inclusive growth. We should recognize once more the productive and economic value of social policies such as activation, early childhood care, and lifelong learning.

Nowadays, with the action plan on the Capital Markets Union and the creation of the European Fund for Strategic Investment, the European Commission is extremely active in promoting and facilitating investment opportunities. However, a narrative on investment in our human capital is missing. Maybe it is worth recalling that it is people who make the economy and it is people who innovate, create, work and run businesses. Europe's strength is its people, a strength which we must act to preserve.

To conclude, I would like to commend the Ministry of Labour, Employment, Social Economy and Economic Solidarity of Luxembourg for its efforts and dedication to bringing back the discussion on Social Europe to the European agenda.

The stakes are high. The threats of disintegration and divergence, social exclusion, long term unemployment and increasing Euroscepticism are real. A strong push on Social Europe can help on all these subjects. I wish that our European leaders could see it and convincingly revise EU architecture to ensure the achievement of shared social objectives. The cost of non-progressing towards a Social Union may be otherwise too high.

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