

Extract from:
David Rinaldi, "A new start for Social Europe",
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EXECUTIVE SUMMARY

- A number of critical hurdles and societal change call into question the effectiveness and long-term sustainability of social policies in Europe. Globalisation, technological change, population ageing, the economic and financial crisis, as well as the increase of skills mismatch, pose **serious threats to the very foundations of national welfare states**.
- One single policy orientation could offer a valid framework to respond to all of these challenges: **a sound push for investment in human capital and social investment could in fact be beneficial in multiple ways**. It can push economic growth through enhanced competitiveness, resilience and innovation, and it can promote social justice and inclusion by reducing inequalities, both within and across countries.
- **The benefits of a social investment strategy are not only social**. It brings economic benefits as it leads to improvements in the productivity of the labour force and it has a positive impact on public finances, as spending for activation and inclusion leads to increasing revenues and diminishes the demand for social protection.
- The European Union introduced the goal of promoting human capital in the Lisbon Strategy and later launched a Social Investment Package (SIP). Nevertheless, the emphasis on social investment is retracting. **The SIP remains a series of non-binding documents and not a real strategic pact**. The Youth Employment Initiative, which provides a framework for member states to launch initiatives against youth unemployment, does not envisage a common strategy and give rise to heterogeneous initiatives, that can eventually increase divergence.

- In the framework of existing policies, it is feasible to increase the effectiveness of EU-led initiatives for social policy. For instance, specific efforts could be addressed to support member states to **widen access to early childhood education and care**, as the uptake of these services is very low among disadvantaged households. Likewise, the Erasmus initiative could be expanded to promote a real alliance for apprenticeships.
- **European decision-makers are facing a twofold challenge with regard to labour mobility:** on the one hand, labour mobility must be strengthened to create a genuine European labour market; on the other hand, they must ensure that increased mobility won't exacerbate the risk of disintegration, create tensions between mobile and local workers or add an additional burden to member states already experiencing fiscal imbalances.
- **Labour mobility is limited by the range of social security systems and obstacles to the recognition of qualifications;** it is therefore recommended to work on the coordination of welfare provisions in order to create a real system of facilitation for the portability of social rights to improve on the automatic recognition of degrees, qualifications and social rights.
- To avoid the expansion of tensions linked to social dumping, the European Union should put emphasis on the implementation of agreed upon principles. **Compliance with the principle of an "equal pay for equal work in the same place" must be ensured.**
- **Creating a Europe with a 'Triple-A Social Rating' requires fighting the alarming divergence** among member states and revising the economic governance of the Union and of the EMU. Social imbalances put at risk the economic, financial as well as political stability of the entire Union.

- Three main reasons demand **a prompt and comprehensive strengthening of the social dimension of the EMU**: 1) the need to right social imbalances as much as fiscal imbalances; 2) the lack of means to address cyclical shocks; 3) the opportunity to strengthen the legitimacy and sustainability of the EMU and of the EU. These three arguments, which are more pressing for the euro area, remain valid for the whole Union.
- The means should be found to grant more room to manoeuvre and secure appropriate financing to those member states that have excessive social and macro-economic imbalances; the Union should make sure that national policies, in line with the guidelines of the Social Investment Package and the Youth Employment Initiative, remain a priority and are matched by sufficient budget.

A summary of policy recommendations specific to the three topics treated in this report is available at the end of each chapter.