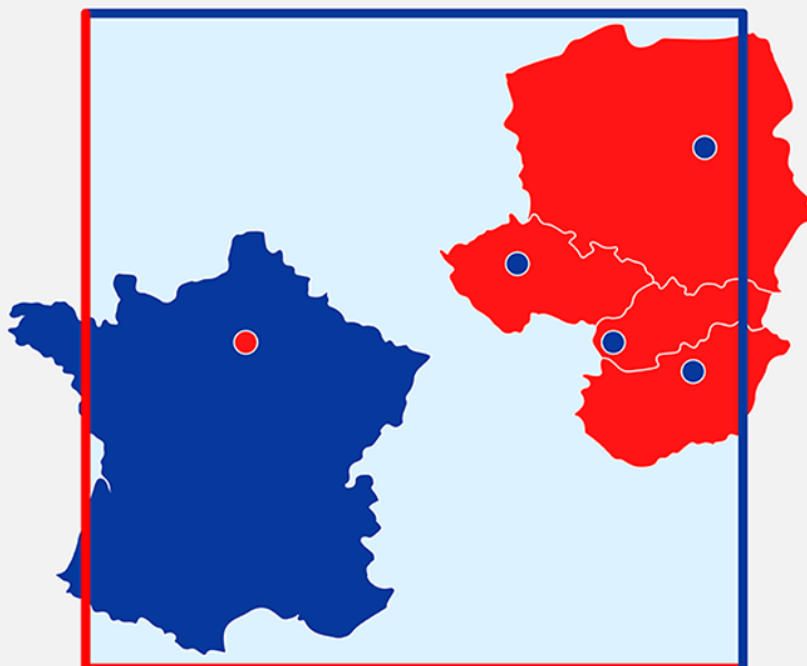


# POLICY PAPER

Social Europe: France and the V4 at ends,  
but should share same long-term objectives

Martin Michelot

- **The European elections have shown that EU leaders need to show how the EU can protect citizens from the world.-, and also that they will need to show how citizens can be protected from some of the disruptions unleashed by the EU itself.**
- **Macron's idea of a 'Europe qui protège' (Europe that protects) provides a framework under which EU governments may try to reach out to citizens who fear the economic instability of today's world and the changes that will come in tomorrow's world.**
- **This idea covers five central themes : Europe of security, Europe of growth, Europe that protects in globalisation, Europe of sustainable development, Digital Europe, that should act as focus points for policy proposals in the future.**



The EU was based on a mechanical idea that interdependence would reduce conflict, especially by linking European means of production together – first through the European Coal and Steel Community, and later through the common market and the euro.

However, popular moods make it clear that maintaining the four freedoms at the heart of the European project – the free movement of people, goods, capital, and services within Europe – will be possible only if EU governments have credible policies to protect the citizens most vulnerable to change in their societies. That will mean making significant steps forwards in improving the protection of the EU's external borders, compensating domestic 'losers' from migration and free trade, and allaying public fears about terrorism. For example, the new economic discussions at the EU level, but also across the continent in the U.S., is based around a more critical position on globalisation. Macron has talked about the need to push for reciprocity for these global tendencies, suggesting a 'Buy European Act' on public procurement and the need to enforce protective social and environmental conditions. But there is also a big internal dimension within the EU, notably regarding how to ensure that EU integration and openness to the world do not undercut the social contracts and fiscal viability of EU member states.

The notion of "Europe qui protège" is not new at European level, as it has been readily mobilized by French politicians in the past during electoral campaigns. It has become an element of political rhetoric on several occasions. As such, it has been periodically taken up by different political figures: from François Mitterrand in 1992 during the campaign for the Maastricht Referendum, to Nicolas Sarkozy in 2008 or, until today, Emmanuel Macron. The formula then serves an immediate political interest that finds its full meaning in a given political context.

Underlying the notion of a "Europe that protects" as an electoral strategy are the fears of citizens, taking into account of a weakness in the current world to which we should respond by moving to the next level of a Europe considered in turn as a "power multiplier" (Mitterrand), as a "fortress" (Sarkozy), or both, as considered in its current iteration by Macron.

Yet, even in this limited political use, this expression has a much broader ambition. This formula contains a partially incomplete geopolitical doctrine that still needs to be fully explained and thus, when addressing the question of a "Europe that protects", it becomes important to understand whether its use has an immediate political purpose or whether it contributes to the development of a more articulated doctrine over time. In a more immediate perspective, protecting European citizens has become a commonplace in national and European policies, and this notion will be unpacked in the paper.

It is hard to say whether this notion has created any emotional connection with voters. The idea of a "Europe that protects" is directly linked to the desire of having Europe exercise that protection, and can be seen as a far-fetched way to create a connection between the EU and its citizens, when citizens generally express their desire to improve the connection with the national level rather the EU one. Often seen as too distant and technocratic, at least on the surface, Europe seems ill-equipped to respond to a desire for protection that often involves a stronger attachment to the local against a global that has become of the utmost concern because of the lack of control.

This is the very big picture that underlines the real challenges of implementing the "Europe qui protège", and Macron so far has had difficulties ensuring a concrete translation of this desire at the political level: the fall 2018 proposal for a Eurozone budget, one without a stabilisation mechanism especially, was the product of an unhappy compromise with Germany and there are questions about resources, especially in the absence of the proposed digital tax that will remain a national initiative.

The economic and social divergence of the EU Member States that we observe since the 2008 crisis has been exacerbated by social dumping and the deregulation of national protection provisions in social law and is one of the main reasons for the political disintegration of the EU. A perfect internal market that guarantees free movement of services, goods and capital is in opposition to a disparate body of European labour and social law and a provisional monetary structure without a communitarised fiscal policy. On this basis, integration is less and less possible - on the

contrary, the formation of a south-north block along monetary issues and of an east-west divide concerning wages and social issues immediately have done nothing but increase the divisions that fracture the EU, which have culminated in the ongoing process of the UK leaving the EU.

Blindly pursuing the single market agenda, while the social agenda remains sidelined for the foreseeable future, will most feed the further dissatisfaction of EU citizens. The abolition of national laws on protection, the privatization of public functions of general interest and the stabilization of the euro by national debt brakes controlled by Europe are of specific concern to citizens. Some reforms are certainly necessary, and even if it comes at the cost of amending treaties, the conditions following the European elections seem to be ripe to start the debate on these reforms, as has been proposed by various European leaders, including Emmanuel Macron.

There is a need to establish the means to implement priorities in three key areas linked to the social agenda for Europe: promoting upward convergence in social standards and social performance, ensuring fair and just mobility, and investing further in human capital.

The first question is whether the Single Market and the Monetary Union require a social dimension to function well - this is not a new question but it does need to be re-emphasized, as the systemic shocks of the past have put this notion further away from consideration. This implies a degree of convergence, which, we must add, is not synonymous with harmonisation, as has often been (purposefully?) misunderstood in both the west and east. Moreover, whilst convergence is needed with regard to some key features of national Welfare States, it is not either needed in all domains of social policy.

As the heterogeneity between Member States increased dramatically with enlargement, a point that has been repeated by Emmanuel Macron more than once, and that represents a fundamental feature of the French political debate about the EU, a social dimension has become increasingly important. Trade and competition should not lead to downward pressure on the social standards of the most advanced countries, as is Macron's main point.

Although the much-vaunted spectre of large-scale social dumping has never truly materialized, some cases of illegal working conditions and exploitation do occur, as shown by the abuses of the Posted Workers directive, as the consequence of a coaction of weaknesses in the domestic implementation of social and employment protection, the reduced legal sovereignty of the Member states, and mostly the absence of common social standards in the 28 Member States.

A full-fledged European Labor Authority (ELA) could strengthen cooperation between institutions in the implementation of European law, in particular through joint inspections, to serve as a mediator between national authorities or in the event of disruptions on the labour markets, and to facilitate access for individuals and employers to information on the rights and duties of cross-border situations and facilitate access to services related to cross-border labour mobility. If well designed, such an authority could act in similar ways than Europol, as a coordinator in cross-border labor infringement cases and to support national authorities in their efforts to bring forward legal proceedings. EU action should be planned precisely in the areas where labor and social law cannot be developed by a purely national protection policy, because the latter effectively stops at national borders, the very reason why it is failing precisely in the fight against wage and social dumping. Based on the model of the Eurozone finance minister, the ELA could be led by an EU labor minister that would have the responsibility to move forward the agenda at the Commission level.

Secondly, the concern with the stability of the Eurozone goes hand in hand with adopting a few policy principles in order to sustain an effective national stabilisation capacity: sufficient unemployment benefits, notably in the short-term and for independent workers whose numbers have increased all over Europe and decreasing the amount of labour market segmentation that leaves part of the labour force poorly insured against unemployment. These principles, among others, are an integral part of the Pillar that was adopted by the 28 Member States in Gothenburg in November 2017.

It has also become necessary to make an attempt to reconcile the free movement of people with the internal social cohesion of our welfare states, both in the countries of origin as well as the host countries. Therefore, the challenge is not only to define what “a level playing field” looks like, but also to start creating the conditions for effective upward social convergence across the continent. Indeed, the structural funds and cohesion policy remain the most important instruments to promote upward convergence, but increasing attention should be put on the Member States’ social policy. In complement, there is also a case to be made for adequate education and training policies in each and every Member State. The need to improve workers’ productivity and adaptability in the face of globalisation and digital transition underscores the imperative of investment in human capital, especially in countries such as the V4 states that are most at risk from such transitions. Beyond the immediate social benefits, this could contribute to countries’ economic performance and also benefit the EU politically, in creating a lasting impression that the EU has a concrete bearing on citizens’ lives and socio-economic well-being.

Therefore, investment in human capital could be a core priority in the upcoming negotiation of the next multi-annual financial framework, one that France will certainly put forward in accordance with the very ambitious speech given by Macron in Gothenburg, and that would also fit an identified domestic necessity to accompany the economic transition of the part of the French population that may have recognized itself in the grievances of the Gilets Jaunes movement. The strong social safety net and high rates of employment (and safety of employment) and growth in central Europe make this less a priority in the region, but the economic downturn in Germany and its knock-on effects on the region could lead to reprioritizing these long-term issues. For the time being, it seems that V4 governments are rather focused on preserving the current package of structural and Common Agricultural Policy funds, and are reluctant to focus on new priorities such as the elements of Social Europe.

Overall, in all of this package, there is some overlap in the long-term priorities of France and the V4 countries,

especially, for example, in ensuring that citizens who leave their home countries can benefit from a sufficient social safety net in their new country, and creating new investment capacities in many realms, such as energy transition, transport and specific value-added sectors of industrial production (especially items of the digital agenda and artificial intelligence). In the short term, France will however have to be clear in how non-eurozone countries can be engaged in shaping these elements of Social Europe, and limit any language that moves toward a “multi-speed” or “two-speed” Europe, which has been received extremely critically in all of central and eastern Europe.

Drawing on the five central aspects of “Europe qui protège” (Europe of security, Europe of growth, Europe that protects in globalisation, Europe of sustainable development, Digital Europe), the balance sheet is so far lackluster. The field of defense and security is the most promising one, with progress being clear in the realm of CSDP and the elements of progress in the years to come being identified. This shall not hide the fact that cooperation in the field of information exchange in Schengen frameworks is still a problem, and that there is still a whole European-wide doctrine to build regarding the fight against terrorism. The other fields will require, as was mentioned above, financing in the next MFF, also as regard the Digital Agenda of the EU (financing of start ups and of the digital single market) and especially projects that favor ecological transition and food safety. Finally, the idea of “Buy European” is so far inoperative, even if it has become increasingly attractive given the potential impacts of trade conflicts with the U.S. and the overall reluctance to move forward with international trade agreements. In terms of protecting its own economic interests, the EU is still not speaking in a united or strong voice, as shown by the examples of the investment screening mechanism, which not all countries have joined, or the relative lack of funding that has been put into the special purpose vehicle in order to favor investment in Iran despite U.S. sanctions. There is therefore important ground to cover between translating hard-fought political agreements into financial commitments; so far, the very elements of Social Europe seem to be far away from even reaching a baseline political

