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Social Europe is a myth

Why a more social EU sometimes needs protection against too much Europe

Read this article in German.

The progressive discourse on Europe is full of taboos and myths. Entering these debates requires caution. It's a challenge to clearly articulate the social consequences of European integration and, in so doing, come into conflict with the myth of 'Social Europe'. It does not take much to be inadvertently painted as a Eurosceptic. As such, speeches in the social democratic and trade union spectrum are almost always accompanied by the myth of Social Europe.

This Social Europe may be empirical or merely anticipated. In any case, you would probably agree with me that the term does not really describe the condition of the European Union. Too much has happened over the past decade or two. From the European Court of Justice (ECJ) intervening in the right to industrial action (the *Viking* and *Laval* cases), the subjugation of public infrastructure sectors to European competition law, through to the troika's policy of social bulldozing in the south of the continent. The EU's gender equality policy, frequently and not unreasonably described as an example of a desirable social EU policy, is scarcely enough to make up for all of this.

Is a Social Europe truly emerging? No, there are no signs that it is. Please do not misunderstand me: The EU could have more of a social impact than it currently does. This is no myth, and I will return to the topic in due course. However, it is a myth to suggest, as one speech after the other does, that 'more Europe' will bring us closer to a Social Europe. This traditional narrative has lost its meaning over the years, and yet it stubbornly remains a component of self-assurance among social democrats and trade unionists alike.

Economic integration did not bring a

Social Europe

Please join me in remembering the steps in the EU integration process that you have experienced at first hand. You may have followed the discussions on the internal market programme in the eighties, or you may be younger, in which case your memories may begin with monetary union and the reforms it involved. All of these were merely steps towards economic integration. Why did the social democrats and trade unions always support them? Because they were accompanied by a social promise – sometimes implicitly, sometimes quite explicitly. There was a belief that economic integration would spill over into neighbouring areas of politics and ultimately bring about Social Europe.

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All perfectly plausible, at least in theory. Political scientists also supported the idea of a spill-over, thereby appearing to confirm the plausibility of the narrative. But the story of integration has turned out differently. With each enlargement, the EU has become more and more heterogeneous. The chances of realising ambitious social harmonisation projects have declined continuously – rather than growing with the degree of economic integration. It's no longer possible to imagine a European social state that would suit both Bulgaria and Denmark even in theory, never mind the practicalities. The same is true when it comes to the hopes for ambitious, uniform, Europe-wide rules on employee co-determination regimes in companies. Many other examples could be named here.

But that's not all. The growing heterogeneity of the member states has not prevented economic integration from becoming increasingly radical and permeating into every conceivable area of politics. A spill-over really has taken place. But it has not been driven by the momentum of the supra-nationalisation of the social ethos, but by a destructive dynamic of liberalisation – taking place where social policy manifests itself for the time being: at the level of the member states.

The destructive dynamics of liberalisation

There are several different sources driving this dynamic of liberalisation:

First, *European competition law* which includes a prohibition on state aid. This frequently poses problems for public activities in sectors in which both public and private providers operate. For example, there's the question of whether the public financing of the welfare associations of Lower Saxony constitutes a breach of European competition law, on account of representing a competitive disadvantage for private providers of care services. We repeatedly encounter these conflict patterns in 'mixed sectors', such as public-sector banks, broadcasters and all infrastructure sectors. Private providers see European competition law as a means of enforcing their interests, which are geared towards liberalisation.

Second, the *freedoms of the single market*, i.e. the rights of market player to move freely throughout the internal market. The ECJ interprets these rights so extensively that they resemble individual claims to liberalisation. Freedom of services in particular has had extensive liberalisation effects, and the same can be said for freedom of establishment, for example. This is well illustrated by a current case.

Put please do not believe those who would claim that European integration is a means of protection against globalisation.

In the *Polbud* ruling, the ECJ decided that – to use the technical term – isolated cross-border transformation falls within the protection offered by freedom of establishment. In future, this will make it even easier for companies to shed their current legal form and adopt a different one represented within the EU. They will not have to relocate their administrative headquarters or their other activities in order to do so. This is explosive in terms of the social aspect as it will now be easier to circumvent employee co-determination at the level of management bodies. The threat of such circumventions will appear more credible in disputes with employee representatives. Rulings like this are increasingly turning employee co-determination from an obligation into a voluntary arrangement.

All of this is still far overshadowed by the *macroeconomic monitoring and adjustment mechanisms* established in the wake of the eurozone crisis and the socially highly destructive *interventions by the troika* in the economic, social and budgetary policies of member states covered by the European safety net. In addition to the widely known demands to make savings and cutbacks to social programmes, these provisions include the deliberate weakening of trade unions, e.g. through targeted intervention in the

legally binding nature of regional collective agreements.

Intra-European globalisation squared

This list is limited to liberalisation dynamics directly imposed by supranational organisations – the European Commission, the ECJ, the European Central Bank, the International Monetary Fund. European integration generates additional momentum for liberalisation by intensifying economic competition between EU member states, just consider the realm of taxation. Of course, the very purpose of the internal market is to increase competition within Europe – that cannot be denied. But please do not believe those who would claim that European integration is a means of protection against globalisation, in other words: against transnational competition. That, too, is a myth. In reality, European economic integration serves to amplify globalisation. To a certain extent, it's a kind of intra-European globalisation squared.

What does this all mean for our hopes for an EU that, if nothing else, might have more of a socially advantageous impact than in the past? I do not wish to make the case for rejecting visionary projects at the European level. For example, one good project would be the provision of aid for establishing minimum social security in the poorer EU nations where there is still no such protection. It ought to be worth fighting for this and similar ideas – which are quite rightly categorised as 'more Europe'.

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However, this does not change the fact that it would be irresponsible to raise false hopes of harmonisation, i.e. social unification throughout Europe, in the foreseeable future. This may change further down the line, of course. Until then, however, we will have to learn to accept a peculiar multi-level system. Competition, the freedoms of the single market and compliance with certain fundamental euro convergence requirements are protected at a European level. At the same time, the regulations and redistribution mechanisms required to realise social rights remain decentralised at member state level.

The end of the myths

This insight is extremely relevant when it comes to formulating coherent strategies. Merely coming up with visionary concepts for future European social policy is not enough. These concepts must be accompanied by a

complementary secondary strategy that provides better protection for social concerns at member state level in the face of the European dynamic of liberalisation. One central element is the concept of *sector-specific exemptions* that has been developed by some trade union-affiliated lawyers. Its aim is to remove the work and welfare regulations of the member states from the scope of the freedoms of the single market, European competition law and corrective actions with their accompanying sanctions.

And this is where the circle closes when it comes to the myth of the Social Europe that can be achieved through ever 'more Europe'. The urgent need to provide greater protection for work and welfare regulations against the destructive European dynamic of liberalisation cannot be integrated into the traditional narrative. The fact that a more social EU sometimes needs 'more Europe' but sometimes also needs 'protection against too much Europe' remains a taboo among social democrats and trade unionists even today. The result is a dangerous void. There's a risk that the demands will continue to lag behind what they could actually achieve. It's difficult for viable solutions to reach progressive agendas because they come into conflict with myths that have become effectively useless, but that nevertheless continue to be perpetuated.

Myths may be a necessary aspect of political self-assurance. As we have seen from the myth of the emerging Social Europe, however, too many myths can be destructive. If we want to discover how the EU can become more socially just, we must be prepared to detach ourselves from myths and taboos. To date, however, any such readiness is rudimentary at best. We must pay attention to the risk of empirical insights being forced out of progressive debates on Europe – in favour of persistent myths. In my experience, the best approach is to explicitly call myths by their name and actively scrutinise them.



Martin Höpner
Köln

Martin Höpner is a political scientist and heads a research group on the

political economy of European integration at the Max Planck Institute for Social Research in Cologne. Höpner is a Professor at the Faculty of Economics and Social Sciences at the University of Cologne.