Social policy in the European Union: state of play 2023

An ambitious implementation of the Social Pillar

Edited by
Bart Vanhercke, Sebastiano Sabato and Slavina Spasova

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Twenty-fourth annual report

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European Trade Union Institute (ETUI)

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Preface

With the green and digital transitions having moved rapidly up the von der Leyen Commission agenda, the realisation is dawning that their success is greatly dependent on worker support. But this support cannot be taken for granted (*which displaced workers can be re-integrated into other sectors and occupations*?). An optimistic reading would be that Barrosian neoliberalism is being undone, replaced by a new paradigm legitimised by the European Pillar of Social Rights and its Action Plan. This ‘social turn’ in EU policymaking under the present European Commission is reflected in the efforts to cement workers’ rights and increase corporate accountability in pursuit of a planet-people-profit balance backed by a green industrial policy.

The developments during 2022 and 2023 described in this book reflect this paradigm shift. Workers’ incomes should benefit from the Minimum Wage Directive, the first-ever piece of legislation with the potential to boost (cross-) sectoral collective bargaining in Member States. Other initiatives include efforts towards pay transparency, increasing the representation of women on boards, and (admittedly watered down) legislative measures against gender-based violence. EU countries have also, albeit through ‘soft governance’, undertaken to strengthen social safety nets. This includes ensuring an adequate minimum income and a pledge to end homelessness by 2030.

Some key aspects of workplace health and safety have been restored to centre stage, after years in the background. Similarly, EU industrial policy is no longer a dirty word, but a driving force of the green transition, even if as yet there is no clear link to the European Pillar of Social Rights.

Russia’s invasion of Ukraine worsened the global ‘cost of living’ crisis, pushing the prices of energy, food, and fertilizers even higher and exacerbating energy and food shortages. Although global food and energy prices have since fallen from their peak mid-2022 levels, domestic prices and the risks to food production remain elevated in many economies, with poorer households hurt most. While an increasingly protracted – and unpredictable – war in Ukraine continues to ravage on Europe’s doorstep, a new crisis is unfolding in the Middle East, generating instability and fear. Europe is now called upon to come to terms with an enduring ‘poly-crisis’: a climate crisis, geopolitical crises and a cost-of-living crisis generating popular discontent and mobilising trade unions.

With this as background, we asked our contributors to analyse key developments in EU and domestic policies, focusing on the period between January 2022 and July 2023.

The emerging new rules for the EU's economic governance are at the heart of **Chapter 1** by Sotiria Theodoropoulou. It not only discusses the shortcomings of the previous EU framework for fiscal policies, but also the complementarities and trade-offs between national and EU fiscal, monetary and social policies. The chapter also describes the main innovations of the proposed new fiscal rules, the responses of the key institutional players and, crucially, the potential impact of the new rules on public spending in general and social investment in particular. *To what extent will social players be involved in the new macroeconomic framework*?

Chapter 2 by Tommaso Grossi and Laura Rayner analyses the socio-ecological dimensions of the proposed Green Deal Industrial Plan (GDIP). It dissects the intricate interplay between economic policies, environmental sustainability and social dynamics within the EU. The focus is on evaluating the GDIP's influence on the EU labour market, workforce dynamics and overall social cohesion. Specific attention is paid to regions burdened by heavy carbon dependence, where the imperative to align with the sustainability objectives outlined in the European Green Deal poses significant challenges. The chapter includes recommendations for strengthening the GDIP's social dimension and its link with the European Pillar of Social Rights.

Chapter 3 by Laurent Vogel provides an analysis of the main areas of activity of European occupational health policy in the period 2018-2022. It addresses the ongoing process of revising the legislation on the protection of workers against carcinogens (53% of the deaths linked to insufficient workplace prevention in the EU are due to cancers), the occupational health responses to the pandemic (some categories of workers were not covered by occupational health rules) and the new EU strategic framework for 2021-2027 (with high stated ambitions but few legislative initiatives). *Will the issue of psychosocial risks become a battleground comparable to that of cancers in the period 2004-2014?*

The newly adopted EU Directive on Adequate Minimum Wages – a milestone on the journey towards a more social Europe – is at the heart of **Chapter 4** by Torsten Müller and Thorsten Schulten. Presenting the core traits of this new piece of legislation, the chapter analyses the political process leading to its adoption, with a focus on the different interests of those involved. The chapter also sets out the Directive's potential implications for minimum wages and collective bargaining at national level, while placing it in the broader context of the EU's general approach to wages and collective bargaining. Ultimately, the concrete significance of the new Directive will be determined by its effective transposition: *its enforcement will need to be fought for at national level.*

The politics of minimum income protection in the EU are discussed in **Chapter 5** by Viola Shahini, Angelo Vito Panaro and Matteo Jessoula. Starting with a discussion of the main functional pressures that increased the relevance of anti-poverty initiatives at EU level, the chapter reconstructs the political dynamics leading to the adoption of the 2023 Council Recommendation on Adequate Minimum Income. *What practical effects can the (non-binding) Recommendation have for Member States*? The authors argue that it can serve as a catalyst for policy changes at supranational level, with its potential lying in its ability to influence, guide and stimulate action at national level.

In **Chapter 6**, Timo Weishaupt and Christian Hinrichs outline how homelessness has evolved in the EU over the course of the last three decades. They go on to trace the origins of the European Platform on Combatting Homelessness (EPOCH), present its institutional design, and assess its promise. The authors argue that EPOCH has the potential to contribute to the EU's ambitious goal to end homelessness by 2030 but faces several hurdles. To be successful, EPOCH needs not only strategic players, but also reflective policymakers willing to engage in efforts to help the most vulnerable in society. *But can the newly created European Platform on Combatting Homelessness really contribute to this ambition?*

Written by Bart Vanhercke, Sebastiano Sabato and Slavina Spasova, the **Conclusions** summarise the book's key findings and briefly discuss recent developments such as the fate of the Platform Work Directive. Attempts are underway to put European Works Councils on a firmer footing, while large companies may soon be required to enhance transparency regarding their environmental and human rights practices. Can the January 2024 Val Duchesse Social Partners Summit *end the stalemate in European social dialogue*? Finally, the Conclusions raise the question whether the 'social' paradigm shift – the EU's ambitious implementation of the Pillar – can be sustained in the context of a looming austerity and competitiveness reload as well as the possibility of a 'security transition'.

The **Chronology** by Korina Kominou and Gudsiyya Allahverdiyeva summarises the key events in the EU's social, ecological and economic affairs during 2022, beginning with France inaugurating its Presidency of the Council of the EU on 1 January 2022 and ending with the Council agreement on a temporary mechanism to limit excessive gas prices in December. The chapter discusses several ground-breaking decisions by the Court of Justice of the EU, inter alia on the rights of temporary agency workers and on the EU Council's decision to unblock Recovery and Resilience funds for Poland.

The European Social Observatory (OSE) has again worked closely with the European Trade Union Institute (ETUI) and renowned external scholars to draw up this year's edition of the *Bilan social*. Through this collaborative publication, we aim to contribute to the debate between policymakers, social stakeholders and the wider research community, while providing accessible information and analysis for practitioners and students of European integration. This year's *Bilan social* in many ways complements the *Benchmarking Working Europe 2024* report, with its retrospective assessment of the state of Social Europe over the 2019-2024 period.[1]

1. Piasna A. and Theodoropoulou S. (eds.) (2024) Benchmarking Working Europe 2024, ETUI and ETUC.

We look forward to engaging in a dialogue with you over the crucial issues addressed in this volume.

Bart Vanhercke, Sebastiano Sabato and Slavina Spasova
Editors

Chapter 1
Debating the reform of the EU's economic governance: implications for Social Europe

Sotiria Theodoropoulou

Introduction

On 26 April 2023, the European Commission presented its long-awaited package of legislative proposals for reforming the EU's fiscal framework, formally known as the Stability and Growth Pact (SGP). The package includes proposals for two regulations and one directive. Aimed at amending the so-called 'preventive arm' of the SGP (European Commission 2023d), the first proposed regulation was accompanied by a document with several annexes detailing specific points of the proposal[1] (European Commission 2023a). Subject to the ordinary legislative procedure, Council and Parliament negotiators reached provisional political agreement on 10 February 2024 on the proposal's amended content. At the time of writing[2], the agreement had been submitted for approval by the respective committees of the Council (COREPER) and the European Parliament (ECON). Once approval has been gained, it will be put to the vote in the two institutions.

The second proposed regulation is aimed at amending the 'corrective arm' of the SGP (European Commission 2023b), while the aim of the proposed directive (European Commission 2023c) is to reorient Member States' budgetary frameworks, aligning them with the new fiscal framework set out in the proposed regulations. Notable amendments regard the role and introduction of independent fiscal institutions, and the harmonisation and adaptation of national public-sector accounting frameworks so that they provide better information on the potential impact of climate change risks and adaptation to national public finances (cf. Hoflmayr 2024). Both these legislative proposals are subject to amendments by the Council, with only a consultation of the European Parliament required. The Council reached its position on them on 20 December 2023, while the vote of the European Parliament is expected at the same time as that on the regulation on the SGP's preventive arm.

In the wake of a November 2022 Communication (European Commission 2022a) previewing its 'orientations', the Commission's package of legislative proposals arrived more than three years after the launch of the review of the EU's current fiscal framework, announced in the Commission Communication of February 2020

1. In the Commission proposal, the content of these annexes concerned crucial specifications on the content of 'Fiscal Structural Plans', the conditions on the plausibility of the 'downward trajectory' of public debt ratios and the common EU priorities which nationally-proposed reforms and investments should address. The content of these annexes could, according to the proposal, be amended by Delegated Acts, thus potentially providing the European Commission with a certain discretion over important parameters of the fiscal surveillance framework.
2. February 2024.

(European Commission 2020) shortly after the launch of the European Green Deal Communication laying out the EU's growth strategy for this decade (European Commission 2019). Interrupted by the outbreak of the Covid-19 pandemic, the review was relaunched in October 2021, with a new Communication putting forward the lessons learnt from the response to the pandemic (European Commission 2021), only to be again delayed as EU leaders' political attention turned to dealing with the implications of the war in Ukraine in 2022.

This chapter examines the emerging new rules for the EU's economic governance. Section 1 briefly explores the context of the economic governance review, most notably the shortcomings of the previous rules that the review has been seeking to remedy but also the complementarities and trade-offs between national and EU fiscal, monetary and social policies and related policy frameworks. Section 2 investigates the main innovations of the proposed rules, while Section 3 reviews the positions of the main institutional players in the legislative process as well as those of the social partners. Section 4 goes on to discuss the potential impact of the new rules on Social Europe from three perspectives: a) whether they are likely to put great constraints on public spending in general; b) whether they are likely to sufficiently prioritise or even create incentives for social spending, and in particular social investment for any given level of permitted public spending; and c) the extent to which social players are involved in shaping and assessing Member States' policy plans. The last section concludes that the revision of the EU's fiscal framework is likely to be a missed opportunity for establishing a more meaningful balance among the EU's fiscal, green and social objectives.

1. The context of the economic governance review

The review was launched in 2020 partly as an opportunity to take stock of the framework at the start of a new political cycle in the Union and partly as a European Commission obligation to report on the application and effectiveness of the six-pack and two-pack reforms introduced in 2011 and 2013 respectively (European Commission 2020). In its course, however, significant events, such as the pandemic and the war in Ukraine with the energy crisis and high inflation it triggered, altered the context within which the review would eventually take place. On the one hand, social inequalities and the need for economic and social resilience while managing complex ecological, digital and geopolitical transitions (cf. Countouris et al. 2023) were further put into sharp relief, pointing to the necessity for more active government policies to effectively address them (cf. Cerniglia et al. 2023). On the other hand, rising public debt ratios and the shift in the hitherto supportive European Central Bank (ECB) policy stance from the summer of 2022 onwards rekindled concerns about public debt sustainability.

The shortcomings of the current fiscal surveillance framework are multiple and have been discussed in more detail elsewhere (Darvas et al. 2018; European Fiscal Board 2019; Dullien et al. 2020; European Commission 2020; Blanchard et al. 2021). The existing fiscal rules have had a 'procyclical' effect, constraining governments' budgetary leeway (or 'austerity'), requiring fiscal frugality when an economy is not growing, and thus undermining growth prospects and (quality) job creation. This was especially visible when large and/or long-lasting shocks hit EU economies (Darvas et al. 2018), especially those with high public debt ratios. Public investment expenditure turned out to be one of the biggest victims of this fiscal austerity: as Member States strived to comply with the EU's fiscal rules, especially in the aftermath of the global financial crisis, cuts in public investment usually met with less political opposition than cuts in public services or social security.

The surveillance framework had become overly complex and opaque, making its consistent enforcement difficult and politicised and reducing national ownership of adjustment policies, while raising important questions about the democratic accountability of the fiscal surveillance process (cf. Dullien et al. 2020; Darvas et al. 2018). The fiscal rules, in particular the weakly enforced 'preventive arm', have proved to be rather ineffective in inducing Member States to reduce their public debt ratios in line with the challenges faced (European Fiscal Board 2019, p. 30) and in helping prevent other macroeconomic imbalances (Dullien et al. 2020).

Notwithstanding the 'socialisation' of the European Semester (Zeitlin and Vanhercke 2018), the SGP in its current form has also been underpinning the asymmetry between the EU's economic and social dimensions, as recommendations for tighter fiscal policies to put public debt and/or deficits on a 'sustainable' path are more binding and take precedence over those pursuing social objectives whenever any trade-offs between the two dimensions arise. This was particularly evident in the first half of the 2010s when, in the aftermath of the global financial crisis, the then newly reformed fiscal rules put pressure on Member States to slash budgets regardless of the ensuing higher unemployment and other deteriorating labour market, inequality and living conditions indicators. Some of these cuts also hit labour market policy programmes while labour market deregulation was also pursued (see Theodoropoulou 2018 for a review of several EU countries).

The pandemic resulted in a deep recession and a public health crisis across the EU which brought to the fore and exacerbated social, labour market and gender inequalities (Bambra et al. 2020; Blaskó et al. 2020; Eurofound and European Commission Joint Research Centre 2021; European Commission DG Education, Youth, Sport and Culture 2021). The pandemic also highlighted the EU's vulnerability through its reliance on global supply chains for critical supplies. These impacts called for urgent public policy responses to strengthen economic and social resilience, including that of public healthcare systems, against the background of a twin green and digital transition and demographic change.

Application of the fiscal rules was suspended and state aid rules relaxed in Europe in March 2020 to allow Member States to deploy the massive public resources needed to keep public health systems from (completely) collapsing and their economies afloat, while economic and social activities ground to a halt to prevent the spread of the coronavirus. That same month, the European Central Bank (ECB) launched its Pandemic Emergency Purchases Programme (PEPP), whose financial envelope had reached €1.85 trillion by December 2020.

Covering both private and public sector securities, the PEPP came on top of the ECB's Asset Purchase Program (APP) launched in January 2015. Although the stated purposes of these programmes were to support the smooth functioning of financial markets (and thus the transmission of monetary policy) and to allow for further easing of the monetary policy stance against very low inflation, one of their consequences was that they kept the costs of national and EU borrowing low. This turned out to be crucial during the pandemic as, due to the recession induced by it and the subsequent policy responses, budget deficits ballooned, and public debt ratios increased almost everywhere in the EU.

In 2020, the EU also mobilised large sums of money from the EU budget and even instituted joint EU borrowing to finance crisis management tools such as the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE). In July 2020, EU leaders reached political agreement to create the *NextGenerationEU* financial pillar, complementing the EU's Multiannual Financial Framework (MFF) for the period 2021-2027 and thus acknowledging that public investment was necessary for recovery and social resilience. While marking steps forward towards establishing an EU fiscal capacity, these financial instruments were rather modest in size when considered against the backdrop of the multiple challenges and priorities needing to be addressed by EU Member States such as a fair green and digital transition, strengthening economic and social resilience, boosting territorial cohesion, reducing energy dependency and increasing defence capabilities (European Commission 2022a: 4). As also concluded in last year's *Bilan social*, the ongoing review of the EU economic governance will shape the room for manoeuvre for national fiscal spending, an aspect of crucial importance for Social Europe (Vanhercke et al. 2023: 147).

As the impact of the pandemic weakened and the EU successfully managed a second winter of weaning itself off Russian fossil fuels, the time seemed ripe for the 'general escape clause' of the SGP to be deactivated at the end of 2023. However, this entailed the risk that, if Member States started planning their national fiscal policies in line with the reactivated fiscal rules, the rate at which they would need to start making savings would stifle economic recovery and possibly prevent them from investing at the scale of public investment necessary to meet a number of EU policy priorities, such as decarbonisation and energy security, implementing the action plan for the European Pillar of Social Rights (EPSR) and pursuing upwards social convergence. According to the European Commission's autumn 2023 forecasts, six of the 27 Member States were set to have debt ratios exceeding 90% in 2024, including three of the EU's five largest economies (Italy, France and Spain).

The orientations of the Commission on the economic governance review published in November 2022 reflected these concerns by pre-announcing a framework that would put medium-term public debt sustainability but also sustainable and inclusive growth at its core, while allowing for differentiation of each Member State's fiscal adjustment, investment and reform trajectories, depending on the risks facing it and its needs. To assess whether the fiscal adjustment trajectory of each Member State was consistent with medium-term public debt sustainability, the Commission proposed in its orientations to use its Debt Sustainability Analysis (DSA) framework (European Commission 2022a). The DSA framework foresees possible paths for reducing public debt ratios over a ten-year period, using various deterministic and stochastic scenarios covering different possible shocks in variables relevant for the evolution of public debt ratio. Such shocks include reverting to the previous fiscal policy stance, a higher difference between the real interest rate and the real output growth rate, financial market turmoil and so on (European Commission 2022b).

Among the criteria for assessing proposed investment and reforms and whether they would justify a milder (i.e., longer) fiscal adjustment period, the Commission's orientations also covered the extent to which they address common EU priorities such as implementation of the EPSR and whether they would contribute to higher growth and fiscal sustainability. The prospect of explicitly including EPSR implementation as a factor to consider in fiscal surveillance created an opening for initiatives aimed at strengthening the social dimension.

In parallel with the economic governance review, moves have been made since October 2021 in the context of the Employment, Social Policy, Health and Consumer Affairs (EPSCO) configuration of the Council to introduce a Social Convergence Framework (SCF) in the European Semester, with a view to strengthening the role of the EPSCO Council as well as the social dimension of the European Semester. The deliberations to that end began at the initiative of Spain and Belgium in the aftermath of the May 2021 adoption of the 'Porto declaration' which identified the role of the European Semester as the coordination framework for monitoring progress in implementing the European Pillar of Social Rights and its headline targets for 2030 (Council of the European Union 2021). This initiative was followed up by mandates by the French, Czech and Swedish Council Presidencies to the Employment Committee (EMCO) and Social Policy Committee (SPC) to provide opinions, run pilots and assess the functioning of what was initially conceived as a 'Social Imbalances Procedure' (SIP) (cf. Sabato et al. 2022). The SCF was subsequently launched in the Autumn Package 2023 in the context of the Draft Joint Employment Report as a means to focus more on employment and social risks to upwards social convergence, even while negotiations on the economic governance review had not yet been concluded.

In July 2023, the Spanish and Belgian Presidencies of the Council set up the Informal Working Group on Social Investment to provide evidence on the potential microeconomic and macroeconomic returns of social investment and reforms, and how these could be better defined, tracked and ultimately contribute to economic growth and debt sustainability (Informal Working Group Social Investment 2024). Its findings will be discussed at a 'jumbo' EPSCO-ECOFIN Council meeting in March 2024, while work is set to continue until June 2024 with a view to arriving at Council Conclusions on the topic. A more accurate accounting of the potential returns of social investment and reforms could at the very least provide Member States with the necessary evidence for convincing the Commission and the Council to grant them milder (i.e., longer) fiscal adjustment schedules.

As the economic governance review advanced, the leeway available to EU Member States to finance new borrowing decreased as energy prices drove up inflation to levels unseen in the EU since the 1970s. Higher inflation prompted the ECB to tighten its monetary policy stance, first by phasing out its net asset purchases under PEPP as of March 2022, and then by engaging in several rounds of interest rate increases as of July 2022. The wisdom of these interest rate hikes has been widely debated. The higher budget deficits and public debt ratios in several Member States, combined with tighter financial conditions, seem to have shifted – at least partly – the perceived balance between the urgency to maintain fiscal sustainability and that to create sufficient leeway for public spending to address the aforementioned challenges (Cerniglia et al. 2023), not least climate and social ones.

Within this context, the final stages of the economic governance review have been taking place. They cover the presentation of the Commission's legislative proposals in April 2023 to the recent political agreement between the Council and the European Parliament negotiators, to which we now turn.

2. The new fiscal rules

On 10 February 2024, agreement was reached between the Council and the European Parliament negotiators on the proposed regulation on the preventive arm (Council of the European Union 2024) which, if as expected is adopted together with the regulation on the corrective arm and the directive on Member State fiscal frameworks by the Council and the European Parliament, will conclude the review of the EU's economic governance.

2.1 Key modifications to the preventive arm of the Stability and Growth Pact

The revised fiscal surveillance framework, especially the proposed regulation on the so-called 'preventive arm' of the Stability and Growth Pact, includes four important innovations vis-à-vis the existing rules[3].

2.1.1 Fiscal Structural Plans

Following a technical dialogue with the Commission, each Member State will be required to submit a medium-term 'Fiscal Structural Plan' (henceforth FSP) spelling out its fiscal, investment and reform commitments for the coming four or five years (depending on the regular length of its legislative period), including those necessary to address recommendations related to the Macroeconomic Imbalance Procedure. FSP duration (the so-called 'adjustment period') can be extended for up to a further three years (see below). Each FSP will be assessed by the European Commission and, following its recommendation, endorsed by the Council.

3. This section builds on the analysis by Theodoropoulou (2023).

2.1.2 Net expenditure as a single operational indicator for fiscal surveillance

Monitoring a Member State's compliance with the fiscal rules will, for the duration of the adjustment period, focus on the evolution (or 'path') of the nationally-financed net primary government expenditure (for brevity, henceforth, 'net expenditure') and on any deviations from this path. Essentially, this path will set a series of annual ceilings for net expenditure. The net expenditure would be 'net' of discretionary revenue measures, expenditure on EU programmes co-financed or fully matched by EU funds, while excluding cyclical unemployment expenditure, any one-offs or other temporary measures, and the interest that a government has to pay on existing debt (hence the 'primary'). This net expenditure path will be detailed in each Member State's FSP. The aim of this innovation is to shift the focus of fiscal surveillance to an observable variable within a government's control and away from a structural budget balance.

2.1.3 Prior guidance by the European Commission: the 'reference trajectory'

The European Commission will provide prior guidance to Member States regarding the underlying medium-term public debt projection framework and results, macroeconomic forecasts and assumptions, and the net expenditure path to be specified in their FSPs. For Member States whose public debt ratio exceeds 60% of GDP or whose budget deficit exceeds 3% of GDP, the net expenditure path proposed in the Commission's forward guidance will be the so-called 'reference trajectory' covering an adjustment period of four years of an FSP and its possible extension by a maximum of three years. If a Member State wishes to propose a net expenditure path allowing for higher annual net expenditure ceilings than the reference trajectory, it will have to provide sufficient justification through sound analysis, forecasts and data for that path to be considered for positive evaluation by the Commission and endorsement by the Council.

Different for each Member State, the reference trajectory will have to fulfil certain requirements. First, it should ensure that, by the end of the adjustment period at the latest, the Member State's public debt ratio will be on a 'plausibly downward path'[4] or stay at a prudent level below the 60% reference value over the medium term, even if the Member State does not take any additional policy measures (the 'DSA-based requirement'; Darvas et al. 2023: 4). A second requirement is that the reference trajectory should reduce the projected general government budget deficit to max. 3% of GDP (or maintain it at this level) over the adjustment period and ensure that it remains under this value in the medium term, even if the Member State takes no additional fiscal policy measures ('the deficit benchmark requirement'; ibid. 2023: 4).

A third requirement is that the evolution of net expenditure should be planned so that the fiscal adjustment effort (i.e., the change in the fiscal structural primary balance) is not delayed until the final years of the adjustment period (the 'no backloading safeguard'; ibid. 2023: 4). A fourth requirement is that, if the budget deficit exceeds 3%

4. The conditions determining the plausibility of the downward path of a Member State's public debt depends on risk-analysis on its evolution, hence, the 'risk-based'.

of GDP for the years of the adjustment period, the reference trajectory should ensure that an annual adjustment of at least 0.5% of GDP takes place ('the excessive deficit' safeguard; ibid. 2023: 4). This requirement is consistent with the Commission's proposal on the 'corrective arm' of the SGP (see below).

Furthermore, a 'debt sustainability safeguard' will apply to each Member State's reference trajectory and a 'deficit resilience safeguard' to its net expenditure path in its FSP. The debt sustainability safeguard postulates that the reference trajectory should ensure that the public debt-to-GDP ratio of the concerned Member State should decrease on average by at least one percentage point per year for Member States with a public debt ratio greater than 90%; and by at least 0.5 percentage point per year for those with a ratio between 60 and 90%. The period to be used for calculating these minimum changes will begin either the year before the start of the reference trajectory or the year in which an excessive deficit procedure is expected to be abrogated, whichever occurs last. In practice, this would mean that the period for monitoring compliance with this debt sustainability safeguard would only begin after Member States have reduced their budget deficits below 3% (Zettelmeyer 2023).

The aim of the 'deficit resilience safeguard' is to ensure that fiscal adjustment (i.e., is the increase in the structural primary balance) continues until a Member State reaches a deficit level providing a common resilience margin in structural terms of 1.5% of GDP relative to the 3% reference deficit. Specific to every Member State, this margin will ensure that, even if a negative shock occurs, the increase in the cyclical part of the budget balance (i.e., the increase in spending and fall in revenues due to the operation of automatic stabilisers such as expenditure on unemployment benefits and lower income tax revenues) would still not result in a headline deficit exceeding 3% of GDP. Additionally, the deficit resilience safeguard stipulates the minimum average annual rate of fiscal adjustment needed to reach that common resilience margin. For FSPs with a four-year adjustment period, the annual improvement of the structural primary balance needed to reach that margin should be 0.4% of GDP, whereas for FSPs where an extension of the adjustment period has been granted, this annual improvement should be to the tune of 0.25% of GDP.

Member States with a public debt ratio below 60% and a budget deficit below 3% may ask the Commission for technical information in the form of the structural primary fiscal balance necessary to ensure that their headline budget deficit stays below this threshold in the medium term, even if the Member State takes no additional fiscal measures. The net public expenditure path in its FSP would have to be consistent with that structural primary fiscal balance[5] and also with the aforementioned 'deficit resilience safeguard'.

5. The net expenditure path foreseen in the reference trajectory and/or eventually endorsed by the Council will correspond to (i.e., be suited to result in) a structural primary balance (i.e., a government budget balance, excluding cyclical revenues and expenditure, one-offs and interest payments) meeting the different requirements stipulated in the Regulation on the preventive arm of the Stability and Growth Pact.

2.1.4 Investment and reforms in Fiscal Structural Plans

In a nod to the notion that reforms and investment can have a positive impact on output growth and thus on public debt sustainability but also that they can be important for pursuing policy priorities other than fiscal sustainability, a fourth innovation of the revised SGP preventive arm is that each Member State, regardless of its debt ratio and/or public budget balance, will also include a set of reforms and investments in its FSP. The FSP will have to show how these address the main challenges identified in the context of the European Semester and particularly the Country-specific Recommendations issued by the Council to each Member State. Moreover, the FSP will have to explain how investments and reforms will address such common EU priorities as a fair green and digital transition (including consistency with the European Climate Law), social and economic resilience (including the European Pillar of Social Rights), energy security, and wherever necessary, the build-up of defence capabilities. The set of reforms and investment in the FSP should also be consistent with and complement planned reforms and investment to be financed by cohesion policy funds and the Member State's national Recovery and Resilience Plan (for the duration of the Facility).

A Member State may request that the baseline adjustment period of its FSP be extended by up to three years by proposing reforms and public investment for which it makes a case that, in addition to pursuing the above purposes, they will also enhance the country's growth and the resilience of its economy, support fiscal sustainability over the medium term, address the aforementioned common EU priorities, and ensure that the level of nationally-financed public investment for the duration of the FSP is no lower than the medium-term investment level before the beginning of the plan.

2.1.5 Submission and assessment of the FSPs and representation of stakeholders

Each Member State will have to submit its national FSP by 30 April of the last year of the plan currently in force. For the first round of FSPs, the submission deadline will be 20 September 2024, whereas the Commission will need to have submitted its prior guidance by 21 June 2024. From the second round of FSPs onwards, Member States should hold consultations with social partners, regional authorities, civil society and other relevant stakeholders in line with their national legislation and include the relevant information in the FSP. For the forthcoming FSPs, this consultation process *may* take place if the necessary deadlines can be respected.

The evolution (or path) of the net expenditure proposed in each Member State's FSP will be favourably assessed by the Commission and endorsed by the Council if it satisfies the DSA-based and deficit-benchmark requirements mentioned above. In addition, for Member States with a public debt ratio exceeding 60% or a budget deficit exceeding 3% of GDP, the net expenditure path proposed in their FSP will have to satisfy all the requirements and safeguards relevant to the reference trajectory in order for it to be endorsed by the Council.

Member States will have to submit an annual FSP report with information on the progress made in implementing the net expenditure path, reforms and investments in the broader European Semester context and any reforms and investments underpinning an extension of the adjustment period. They again *may* discuss the progress report in their national parliaments and with civil society, social partners and relevant stakeholders. The Commission will set up a control account to record cumulative upward and downward deviations of actual net expenditure from the net expenditure path. However, this recording would be suspended whenever a national or general escape clause is activated.

All in all, the Commission retains an important role in providing input and guidance to Member States on the composition and assessment of their FSPs. According to the agreed text of the proposed regulation on the preventive arm, the Commission will also maintain its Debt Sustainability Analysis, publishing the results and any other relevant information for replicability, predictability and transparency purposes. By contrast, the role of the social partners remains relatively limited. While Member States *should* consult them, there is no requirement for their views to be taken on board.

Last but not least, while the role of national independent fiscal institutions remains advisory and optional under the emerging political agreement on the preventive arm, a more important advisory role vis-à-vis the Commission and the Council has been reserved for the independent European Fiscal Board. However, its members, according to the Regulation, will be selected and appointed on the basis of proven experience and competences in the analysis of public finances and in macroeconomics. In that sense, there is an imbalance in the nature of expertise in favour of fiscal objectives and at the expense of other priorities (climate change, social resilience) which the review of the economic governance was supposed to provide more space for (cf. Dawson 2023).

2.2 Key modifications to the corrective arm of the Stability and Growth Pact[6]

In tandem with the proposed changes to the preventive arm of the SGP, the Commission also proposed reforming its ‘corrective arm’, forcing Member States to correct their fiscal policies when not compliant with ‘budgetary discipline’ and generating ‘excessive deficits’. The proposals would eliminate the Fiscal Compact’s 1/20th rule[7] for Member States with public debt ratios exceeding 60% of GDP. Under the proposed reform, a ratio above 60% would only be considered as not sufficiently diminishing and not approaching the 60% reference value at a satisfactory rate (i.e., the Treaty

6. The provisions discussed here assume that the proposed amendments of the Council will be approved by the European Parliament and are therefore based on the Council position reached on 20 December 2023 (Council of the European Union 2023b).

7. Under this rule, a Member State’s public debt ratio exceeding 60% would be considered sufficiently diminishing and approaching the reference value at a satisfactory pace when over the past three years it has been reduced by an annual average of 1/20th (or 5%) of the difference between the actual public debt ratio and the 60% reference value.

definition of 'excessive public debt') if the Member State's net expenditure deviates[8] from the path set out in its Council-endorsed FSP and its budgetary position is not close to balance or in surplus. This operationalisation is intended to crucially link a Member State's compliance with the public debt fiscal rule with the insights of the Commission's DSA framework but also with the various benchmarks and applicable safeguards mentioned above.

Moreover, if a Member State is found to be in breach of the 3% budget deficit criterion, its 'corrective' net expenditure path should be set so that this *structural* deficit[9] is reduced by a minimum of 0.5% of GDP per year in structural terms until the headline deficit falls below 3%. This requirement of reducing the budget deficit would be waived if, among others, a general or national escape clause has been activated.

In composing the report stipulated in TFEU Article 126(3), when a Member State is in breach of either the deficit or debt criterion, the Commission should consider as key relevant factors, among others, the degree of public debt challenges facing a Member State (in line with its Debt Sustainability Analysis framework), including contingent liabilities, rises in the cost of ageing, progress in implementing reforms and investments, and especially policies to implement the EU's common growth and employment strategy, with particular consideration given to financial contributions towards achieving the EU priorities mentioned above. In that sense, while social spending on pension systems would constitute an aggravating factor for recommending whether an Excessive Deficit Procedure should be opened, investment in implementing the European Pillar of Social Rights and the European Climate Law would seemingly be considered as mitigating factors.

3. The positions of the Council, European Parliament and the social partners

Given the potential impact of the fiscal surveillance rules on Member States' capacity to meet multiple challenges, the Commission's legislative proposals prompted reactions from a wide range of stakeholders – from the institutions involved in the legislative process to civil society and the social partners – who sought to influence the positions of the (co-)legislators before final agreement was reached.

On 20 December 2023, the Council reached political agreement on its positions on each of the three legislative proposals to be negotiated with or submitted to the European Parliament for consultation (Council of the European Union 2023a,b,c). The Council positions contained several crucial amendments to the Commission's

8. When a Member State's public debt ratio exceeds 60%, the European Commission will prepare a report in accordance with TFEU Article 126(3) if, in addition to the aforementioned conditions, the deviations recorded in the control account exceed 0.3 percentage points of GDP annually or 0.6 percentage points of GDP cumulatively (Council of the European Union 2023b, p. 14).

9. The text of the Council proposal does not specify the type of structural deficit upon which the 0.5% of GDP should apply (Council of the European Union 2023b), (fiscal) adjustment is commonly measured by the change in the structural primary balance.

proposals, in particular of the preventive and the corrective arms, but also of the Commission's role in the process. These amendments reflected the divided views among groups of Member States on whether the proposed mostly risk-based approach to fiscal adjustment would be sufficient to ensure sustainable public finances across Member States, but also their position on the division of labour between the Council and the European Commission.

The Council proposed amendments to safeguards that would complement the Commission's largely risk-based approach to setting the acceptable net expenditure path of each Member State, most notably the debt sustainability and deficit resilience safeguards[10]. Its proposals sought to add some specific quantitative rules defining the pace at which a Member State's public debt and/or budget deficit should be reduced when exceeding the reference values. These additions would further distance the revised rules from the initially proposed philosophy of framing the required fiscal adjustment, originally intended to be tailored to the challenges and risks faced by each Member State. In the corrective arm, the Council proposed a potentially a more demanding adjustment, in structural rather than headline terms (see the section on the corrective arm above), than that in the Commission proposal which refers to a minimum annual adjustment of at least 0.5% of GDP as a benchmark (European Commission 2023b).

Moreover, the Council proposed (and mostly succeeded in getting) a more generic list of the EU priorities that FSPs should address. This list did *not* however explicitly refer to broader policy frameworks and governance mechanisms, such as the European Green Deal, the targets of the European Pillar of Social Rights, or the National Energy and Climate Plans.

The Council has also attempted to reduce the discretion and privileged role of the European Commission in the implementation of the preventive arm in different ways. It started by suggesting that a new Debt Sustainability Analysis framework be proposed by the Commission and approved by the Council, following an opinion issued by the Economic and Financial Committee[11]. A further suggestion involved incorporating the content of the annexes to the proposed regulation on the preventive arm into its main text. As mentioned earlier, these annexes contained specifications on crucial elements of the preventive arm, from the requirement that the 'technical trajectory'[12] would have to fulfil to the content of the FSPs, the common EU priorities and the conditions defining the plausibility of the downward trajectory to which public debt would be subject (European Commission 2023a). Their inclusion into the main text would subject any future text amendments to the ordinary legislative procedure instead of Commission Delegated Acts. Moreover, the Council placed the Commission's provision of 'technical guidance' to Member States with public debt

10. These proposals were retained in the political agreement with the European Parliament negotiators.
11. This amendment was not included in the text of the regulation reforming the preventive arm agreed with the European Parliament negotiators.
12. The technical trajectory was the term initially used for the path of net expenditure to be proposed by the Commission for the Member States not complying with the reference values of the public debt and budget deficit.

ratios and budget deficits within the reference values at the discretion of the states concerned (i.e., following their request).

The Council also sought (successfully) to weaken the role of national Independent Fiscal Institutions and strengthen that of the European Fiscal Board. It also proposed transitional provisions for Member States, most notably that, during the lifetime of the RRF, Member States can use commitments made in their approved Recovery and Resilience Plans as arguments for extending a proposed FSP's adjustment period. Moreover, the Council's proposed amendments provide for the increased interest rate payments currently faced by Member States due to the recent tightening of monetary policies to be exempted from the implementation of the annual minimum fiscal adjustment of 0.5% of GDP in the context of the Excessive Deficit Procedure under the corrective arm of the SGP until 2027 when the RRF is set to expire (Council of the European Union 2023c: 10).

Turning to the European Parliament, it adopted its position on the preventive arm to be negotiated with the Council in January 2024. Some of its main amendments went in the same direction as those of the Council, most notably in strengthening certain safeguards regarding the 'reference trajectory' of net expenditure, but also influencing the Debt Sustainability Analysis framework used for the risk-based part of the Commission technical guidance to Member States. Its proposed public debt safeguard provides for similar minimum annual reduction rates of public debt ratios for Member States not meeting the 60% reference value as the Council but for a longer period, i.e., the FSP adjustment period plus ten years after its end.

The European Parliament also sought to clarify and possibly improve the risk-based framework to be used by the Commission to assess the sustainability of public debt of each Member State. The European Parliament's position is largely in line with the conditions guiding the methodology for assessing the plausibility of the downward path of public debt originally proposed by the Commission and grants it the possibility to adopt this methodology via a delegated act. However, the Parliament would go further, specifying in the Regulation's text some of the relevant factors to be taken into account by the Commission in assessing the sustainability of public debt, including notably the evolution of sustainable growth and climate risks.

The European Parliament, even though it has no competence to negotiate a position on the proposed Regulation on the corrective arm, proposed an amendment to the preventive arm (Art.21, Monitoring by the Commission) seeking to define when a Member State is not in compliance with its net expenditure path. More specifically, it proposed that a Member State would be deemed non-compliant when the cumulated balance of the control account for the adjustment period exceeded 1% of GDP but only in years of positive GDP growth. That would, in principle, give Member States more latitude to expand their net public expenditure during economic downturns. Regarding the same article, the Parliament also proposed a derogation from this definition of non-compliance, allowing Member States to temporarily exceed their agreed net public expenditure path when the exceedance is spent on certain strategic investments addressing common EU priorities that have added value for the EU as a whole. One condition for making these deviations acceptable is that they be corrected within a maximum period of five years.

The European Parliament sought to underscore the common EU priorities by including them as part of the Regulation's 'subject matter' (Art.1), explicitly mentioning *implementation* of the EPSR as an objective and not just as a framework to be taken into account in formulating employment guidelines Moreover, it called for EPSR headline targets to be included in the article delineating the function of the European Semester (Art.3(b)). The Parliament also proposed mentioning the Social Scoreboard with both its headline and secondary indicators and a 'Social Convergence Framework' to identify and prevent social convergence risks as elements of the European Semester (Art 3(b)), an amendment that has been retained in the agreed text of the Regulation on the preventive arm. In the Parliament's view, the FSPs should explain how they will ensure consistency not only with the broad economic policy guidelines (BEPGs) for coordinating Member State economic policies but also with the employment guidelines and 'if applicable, prevent social convergence risks identified within the European Semester' under the Social Convergence Framework. Last but not least, the Parliament explicitly listed the common EU priorities that the FSPs should address, including the EPSR and its related 2030 targets. These priorities were also mentioned in the requirements for extending an FSP adjustment period.

The European Parliament also sought to modify the Commission's proposal (Art. 13(4)) for the preventive arm, with the reforms and investments included in a Member State's approved Recovery and Resilience Plan (RRP) and in its Partnership Agreement for the Multiannual Financial Framework to be taken into account when considering an extension of an FSP's adjustment period. The aim here would be to enhance complementarities between investments.

Further amendments proposed by the European Parliament concerned the FSP submission process, notably requiring Member States to establish a structured cooperation mechanism to receive input to the plans inter alia from civil society and the social partners, and to include this input as an annex to the submitted FSP (Art.9), thereby enhancing not only the democratic legitimacy of the plans and ultimately their national ownership (cf. Dawson 2023) but also enabling national social players to voice their views. This would support a better-balanced consideration of social and fiscal objectives. Moreover, the Parliament's proposal stated that Member States should discuss their annual progress report not only in their national parliaments but also with civil society, the social partners and relevant stakeholders in accordance with their national legal frameworks.

Turning to the positions of the social partners, the European Trade Union Confederation (ETUC), while appreciating the momentum that FSPs could provide for designing a policy mix packaging fiscal, industrial and employment policies in a single strategic framework, has been very critical of the emerging agreement between the Council and the Parliament, stating that it would likely result in 'Austerity 2.0' and severely hamper public investment (ETUC 2023). The ETUC would like to see greater account taken of social objectives in the definition of fiscal, economic, environmental and social policies, especially in elements of the European Semester, of which fiscal surveillance is part and in the Social Convergence Framework. In view of the emerging reform, the ETUC organised and supported large demonstrations in Brussels and elsewhere and called for an extension of the currently activated general escape clause to allow more time for negotiation.

BusinessEurope on the other hand, has been in favour of a swift agreement on the new rules. While welcoming the simplifying elements of the Commission's April 2023 proposals, it cautioned against 'too much flexibility', urging the negotiators to maintain the 3% and 60% reference values for budget deficits and public debt respectively as fiscal cornerstones. It also called for complementing the reform of the fiscal rules with completing the Banking and Capital Markets Unions and reinforcing the European Semester's role in increasing growth, competitiveness and convergence (Business Europe 2023).

In a recent policy paper, Solidar, the European network of civil society organisations advocating social justice through just transition, proposed the introduction of a golden rule exempting green and social investments from the calculation of national deficits; establishing a permanent EU fiscal capacity; reforming the European Semester to coordinate just transition; integrating the SCF; establishing a well-being economy framework to go 'beyond GDP'; and expanding the role of independent fiscal institutions to include expertise beyond macroeconomics to include green and social objectives (Grossi et al. 2023).

4. A preliminary assessment of the proposals[13]

Given the political agreement between Council and European Parliament negotiators on the Regulation reforming the preventive arm of the SGP and the expected consent of the European Parliament to the Regulation reforming its corrective arm and the Directive on Member States' fiscal frameworks, a preliminary assessment is possible. As far as the implications for Social Europe are concerned, three questions are important. First whether the emerging new rules are likely to generally constrain public spending in Member States. Second, whether, within the constraints of public spending that the new rules are likely to permit, social spending is sufficiently prioritised and social investment encouraged. And third, whether the new rules are likely to favour social player participation in economic governance.

4.1 Balancing fiscal sustainability with the risk of austerity?

First, the emerging rules would allow for some differentiation and tailoring in each Member State's fiscal adjustment path, depending on the conditions shaping the sustainability of its public debt over the medium term, as defined in the DSA framework used by the European Commission. Greatly contrasting with the mechanical public

13. This section builds on the analysis in Theodoropoulou (2024).

debt reduction rule prescribing a uniform annual rate of reduction (the notorious '1/20th rule') for all Member States with a public debt ratio exceeding 60%, this change should make any fiscal adjustment somewhat milder.

Second, the fact that net expenditure will be the key surveillance indicator should make it easier for a Member State to comply with the rules. It should also simplify multilateral fiscal surveillance, making it more transparent, as the use of this indicator itself could, all other things being equal, reduce the procyclicality of national fiscal policies (Theodoropoulou 2023).

Third, the proposed rules aim to better coordinate the multi-lateral budgetary surveillance and macroeconomic imbalance procedures by incorporating and aligning the policy actions necessary to comply with their respective recommendations into a single national plan, the FSP. That should maximise synergies between preventing and correcting fiscal and other macroeconomic imbalances which, as witnessed in the aftermath of the global financial crisis, can result in very painful and socially costly economic adjustments.

However, these improvements are subject to some important limitations.

First, there is a high risk that Member States will be forced into fiscal austerity (or pro-cyclical fiscal policy), i.e., budget cuts when their economies are slowing down or in recession, due to the 'excessive deficit safeguard'. Quantitative evidence by Zettelmeyer (2023) based on Darvas et al. (2023) suggests that, under certain assumptions (including four of the criteria that net expenditure paths should fulfil), all but four Member States would on average have to increase their structural primary balances (i.e., tighten their fiscal policies) every year between 2024 and 2028 (in the case of 4-year adjustment periods), in some cases by over 1% of GDP. Given current macroeconomic and financial circumstances, it is not unlikely that a recession will occur during that 4-year period. The fiscal adjustment that would require increasing structural primary balances would in most cases be dictated by DSA requirements.

Second, despite the stated necessity of ensuring 'an appropriate level' of public investment, the only condition in the agreed Regulation on the preventive arm regarding the level of nationally financed public investment is that it be 'no lower than the medium-term level before the period of that plan, taking into account the scope and scale of the country-specific challenges' (Council of the European Union 2024, p. 29) when a Member State seeks an extension of the adjustment period of its FSP.

This is a potentially problematic requirement for several reasons. First, not all Member States may seek an extension of their adjustment period, meaning that this is not a general requirement. Second, the Regulation refers to 'levels' of nationally financed public investment rather than investment as a share of GDP, which may not sufficiently sustain the pressure on Member State governments to maintain the public investment effort as an economy grows. Third, setting the level of investment over the medium term (assuming that this is up to ten years) before the launch of the FSP as a benchmark will mean that, at least for the 'first wave' of FSPs to be submitted in

September 2024, the benchmark will relate to the period since 2014. In many parts of Europe, most notably the South, this period was characterised by mostly lacklustre public investment levels and growth (cf. Brasili et al. 2023), thus setting the bar for public investment in the first FSPs rather low and creating the risk of trapping these high-public-debt Member States in a low public capital stock trap.

All in all, therefore, despite declarations and calls in both Regulations to plan and report on public investment for pursuing common EU priorities, the Regulation on the preventive arm does not provide strong enough incentives and capacities for Member States to maintain nationally-financed public investment spending. This is especially true when one considers the growing rather than diminishing needs generated by the challenges lying ahead in view of ensuring a just twin green and digital transition, upward social convergence and geopolitical security.

4.2 Insufficient safeguards for prioritising social spending and investment

The proposed rules acknowledge in principle and more broadly the need for public investment and reforms to meet important and specified challenges facing European economies and societies and to serve common EU priorities, while also contributing to public debt sustainability and correcting macroeconomic imbalances. Providing the possibility within the process of policy coordination to extend a Member State's adjustment period to allow more time to adjust on the basis of specified investment and reform programmes is also, in principle, a positive incentive.

Explicitly including references to a fair green and digital transition, social and economic resilience, and the European Pillar of Social Rights as common priorities that Member States' public investments and reforms will have to address and requiring that FSPs explain how this will be done in the context of a European Semester where a social convergence framework is used for identifying risks are also to be viewed positively. In a similar vein, the Regulation on the corrective arm of the SGP states that particular consideration should be given to financial contributions to achieve the common EU priorities defined in the Regulation on the preventive arm as 'relevant [that is, mitigating] factors' when the Commission has to prepare a report on a Member State (under TFEU 126(3)) that may have breached the fiscal rules.

However, at its heart, multilateral surveillance and policy coordination as spelled out in the new SGP rules remain dictated by a narrowly defined fiscal sustainability paradigm whereby climate and social risks enter the sustainability assessment framework of analysis as 'contingent liabilities' for public finances. The Commission's reliance on the DSA framework for assessing the medium-term sustainability of public debt entails a continuing one-way view of the relationship between fiscal sustainability and climate and social risks. As Zettelmeyer's (2023) analysis shows, this framework is likely to shape fiscal adjustment requirements for most Member States with public debt ratios exceeding 60%.

The potential impact of green and social investments on public debt sustainability is not featured in that framework, thus providing not only a limited focus on debt sustainability but also a limited perspective on its determinants. The likely result is that fiscal adjustment recommendations will be too tight to meet such social and green objectives. Moreover, there does not seem to be any consideration of the risks for fiscal sustainability incurred through failing to deliver the level of public investment necessary for managing the green and technological transition fairly. This imbalance is further buttressed by the absence of experts and stakeholders in the independent institutions – whether the European Fiscal Board or the national independent fiscal institutions – able to offer FSP opinions and assessments from a social and green perspective on an equal footing with fiscal policy experts (cf. Dawson 2023).

Additional public investment related to climate change and energy security alone to the average tune of 1.8% of GDP (2019) per year will be necessary in the EU for the period 2021-2030, without including any fiscal costs associated with making the transition a 'just' one (Baccianti 2022). Further investment equivalent to another 1.3% of GDP (2018 levels) will be needed annually until 2030 to close the investment gap in social infrastructure (Fransen, del Bufalo and Reviglio 2018) essential for building lifelong human capital (Hemerijck et al. 2022). Investment in these areas will have to be sustained and increased for decades in view of the EU's climate ambitions and such challenges as population ageing or higher defence spending.

Favourable provisions for investment spending on social objectives are bundled together with several other priorities to be covered by FSP investment programmes, without any clear and binding prioritisation of some over others. In that sense, FSPs could be favourably assessed for promoting priorities which are not necessarily social. At the same time, evidence from national Recovery and Resilience Plans seems to suggest that the extent of Member State eco-social policies including investments towards achieving green and social objectives is limited (Sabato and Theodoropoulou 2022; Sabato and Mandelli 2023).

While building up reserves to allow robust fiscal policy support when a shock hits an economy is in principle a sound practice, it is not clear how the optimal choice will be made between this need and other pressing policy challenges, especially as the reference value of 3% of GDP for budget deficits tips the policy scales in favour of fiscal savings. Indeed, there would seem to be no theoretical base for defining the sustainability of public finances.

4.3 A limited role for social players

Last but not least, the input of the social partners and other social stakeholders in shaping the national FSPs is limited, with only fiscal/economic experts able to participate in the European Fiscal Board, the institution that has a privileged advisory role vis-à-vis the Commission and the Council in the process of fiscal surveillance. As Dawson (2023) argues, if a real balance among fiscal, green and social objectives is to be established in the new economic governance framework, assessments and expert opinions feeding into the process should come from experts and/or representatives, not just on fiscal matters but also on social and environmental/climate issues.

Conclusion

The newly agreed rules for the EU's fiscal surveillance suggest that, while providing some improvement over the currently suspended rules, they are also likely to create pressure on Member State public investment and/or to pit it against current public spending, part of which concerns social benefits and services. Despite a shift in the core approach of the EU fiscal surveillance framework towards the risk-based practices which could allow Member States more tailored-made fiscal adjustment, the new rules continue to incorporate unduly stringent 'safeguards' likely to undermine this flexibility. This points to some backtracking among Member States in favour of fiscal sustainability at the expense of more space for governments for the handling of common EU priorities such as climate change and upwards social convergence.

No special provisions encouraging and/or shielding social expenditure and in particular social investment are included in the new rules, with the exception perhaps of including investment on the implementation of the European Pillar of Social Rights as a mitigating factor when considering opening an Excessive Deficit Procedure against a Member State. Looking ahead and as mentioned in Section 1, some steps have been taken in launching the Social Convergence Framework within the European Semester to provide more focused assessment of risk to upwards social convergence, and in making a stronger case for the macroeconomic and microeconomic returns of social investment and in providing more accurate evidence of their effects. While the outcomes of these initiatives and working groups may have not reached as far as one might have hoped in the context of this economic governance review (for example, social investment to be included in the DSA framework as a growth factor rather than a cost), the seeds have been sown.

On the other hand, the involvement of social players and experts in the process of compiling and assessing the FSPs remains limited and optional. It thus seems that the revision of the EU's fiscal rules will turn out to be a missed opportunity for establishing a more meaningful balance among fiscal, green and social objectives in the multilateral surveillance and coordination of economic, employment, structural and social policies. In light of the lessons learned in the last few years on the importance of social resilience and the need for a fair twin green and digital transition, the new rules are likely to disappoint.

Should the new rules fail to create sufficient leeway for national fiscal policies to tackle the green and social challenges and priorities facing EU Member States, the planned assessment of the new regulations may result in a new review and reform around 2030. As the challenges facing Member States and the needs for public investment are not likely to subside, an earlier opportunity to create spending capacity would be the negotiations on the EU's next Multiannual Financial Framework (MFF), scheduled to enter into force in 2028. Indeed, the definition of 'net expenditure' in the new rules may generate such incentives, as it excludes public expenditure originating in the EU or national expenditure on co-financing EU programmes. However, the current difficulties in reaching agreement on further funds for the current MFF – due to increased EU borrowing costs and the need for support for Ukraine – are not very promising in this respect. As the debate on the next MFF has already started within the European Commission, it will be important to consider the shortcomings of the new economic governance framework when making decisions.

Last but not least, the political difficulties encountered in shaping the EU fiscal rules in a way giving Member States the space to finance both public investment and current expenditure on social services as well as in expanding the EU fiscal capacity provide further reasons for rethinking the central banking rulebook in this era. Inflationary pressures are likely to persist, even if not as acutely as in 2022 (Schnabel 2021). Moreover, proposals for green Targeted Long-Term Refinancing Operations schemes might provide ways for the ECB to provide preferential interest rates for green investment and possibly social investment, both of which would require a fully-fledged green and social taxonomy of sustainable investment to be developed in the EU (see van 't Klooster and van Tilburg 2020).

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Chapter 2
The socio-ecological dimension of the Green Deal Industrial Plan

Tommaso Grossi and Laura Rayner

Introduction: the return of a policy that 'shall not be named'[1]

The rise of green industrial policy is an unmistakable trend across western economies. In 2019, Germany's Christian Democratic Union's Peter Altmaier presented a 'National Industrial Strategy 2030', in which he formulated strategic guidelines for both a German and European industrial policy (Altmaier 2019). Shortly after, France and Germany issued a Franco-German Manifesto calling for a more ambitious European industrial strategy with clear and common objectives for 2030 (Di Carlo and Schmitz 2023). In 2020, Boris Johnson announced £12 billion in spending to initiate a green industrial revolution in Britain (Allan et al. 2021), while, in 2022, Joe Biden signed the US Inflation Reduction Act (IRA) into law, a €400 billion plan to boost growth, counter China's dominance in clean energy sectors and tackle environmental injustice, marking a turning point in federal economic policy (Moschella 2023).

There is a threefold explanation for the return of industrial policy. The shocks emanating from the Covid-19 crisis and the geopolitical tensions exacerbated by the war in Ukraine have spotlighted the vulnerabilities of highly globalised and interdependent supply chains (Dullien and Hackenbroich 2022; Stiglitz 2023). This, in tandem with mounting alarm over the ecological crisis and faltering productivity levels, has underscored the limitations of market forces alone to address these pressing challenges. The confluence of these factors, or as EU observers have dubbed it, the 'permacrisis' (Zuleeg et al. 2021) – with one crisis seamlessly following another and with a permanent and pervasive sense of insecurity lingering over Europe – has effectively chipped away at governments' previously unwavering confidence in the capacity of private enterprise to singularly propel economic development. Further pushing this shift is the growing concern over the heavy reliance of Western markets on China's manufacturing capacity for clean technologies, raising apprehensions over economic vulnerabilities and the prospect of being beholden to external powers for essential goods and technologies.

The concept of industrial policy is thus experiencing a resurgence, akin to entering a second golden age, with traditionally economically liberal governments such as France, Germany and the United Kingdom justifying significant state interventionism,

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revisiting its potential to guide economic transformation, nurture domestic industries, and enhance resilience against external shocks (Zuleeg and Lausberg 2023; Allan et al. 2021). Even the International Monetary Fund recently acknowledged that, despite its bad reputation among policymakers and academics, industrial policy, or in the words of Cherif and Hasanov (2019) the 'policy that shall not be named', is gaining momentum internationally, especially in view of the success of several Asian economies.

Aware that meeting these new policy objectives and preventing future shocks to the economy would require new policy instruments, the European Commission heralded the adoption of a new industrial policy strategy in 2023 as a next step in crisis and resources management. It was only a matter of time before the European Commission acknowledged the need for a unified European strategy to respond to the complex edifice of crises the region is currently facing, and to bolster productivity levels to counter American protectionism. In 2023, the Commission trumpeted a common European strategy for a massive 'Green Deal Industrial Plan for the Net-Zero Age' (henceforth, GDIP), promising measures under the four 'pillars' of: a predictable and simplified regulatory environment; faster access to sufficient funding; skills; and open trade for resilient supply chains (European Commission 2023a).

As Europe embarks on this transformative journey, the GDIP faces its share of implications and challenges. Balancing the Commission's goals of economic competitiveness and growth with sustainable practices, addressing the social consequences of industrial transitions, and securing investments in green technologies that may otherwise be lured away from the EU by US subsidies demand careful navigation. As industries adapt to more sustainable practices, the GDIP will likely trigger significant changes in the labour market, workforce dynamics, and social cohesion. In light of this, what changes will European economies face as a result of the EU's green industrial policy? And what impact will these have on labour markets and welfare states?

The aim of this chapter is to provide a preliminary assessment of whether the European GDIP constitutes a suitable policy framework for combining environmental, economic and labour market objectives with the pursuit of social fairness, thus ensuring a just transition towards more sustainable economies and societies. Moreover, we ask what new role social protection systems should have in supporting EU Member States and individuals in the transition to stable net-zero societies. In Section 1, we describe the history of EU industrial policy and its evolution from being a mere appendix to the policy toolbox of Member States in the 1990s, to becoming an essential aspect of green economic governance. Sections 2 and 3 discuss the impact of the GDIP and green industrial policies on skills development and labour markets, assessing their potential impacts on the workforce as well as on political processes. Finally, this chapter offers recommendations for strengthening the GDIP's social dimension.

1. The Green Deal Industrial Plan: what's in a name?

Europe's revamped interest in industrial policy does not stand on its own but is part of a broader strategy. After repeatedly stating its ambition to be at the forefront of global action against climate change, in December 2019 the European Commission launched its proposal for a European Green Deal (EGD), a wide-ranging legislative package aimed at addressing climate change and ensuring a 'just and inclusive' transition in the EU (European Commission 2019a). A central tenet of the von der Leyen Commission, the EGD sets out a holistic approach towards tackling the climate and biodiversity crises via a broad range of policies ranging from agriculture and food chains to the renovation of buildings and waste management (Sabato and Theodoropoulou 2022). The EGD is a comprehensive and long-term commitment to shift towards a net-zero economy in line with the 2015 Paris Agreement. It aims to decouple economic growth from resource consumption and environmental degradation, while striving to foster a sustainable net-zero economy where greenhouse gas (GHG) emissions are reduced and biodiversity safeguarded through the principles of the circular economy (Laurent 2021; Pianta and Lucchese 2020).

Attempting to set the EU on the path to climate neutrality and enabling Brussels to lead the way globally in the net-zero industrial age, the GDIP complements ongoing efforts under the EGD: the 'Fit for 55' package should provide the regulatory framework necessary to implement and enforce the changes required for the EU to achieve its climate targets, reducing the EU's net GHG emissions by at least 55% by 2030 compared to 1990 levels and 'maintain and strengthen innovation and competitiveness of EU industry while ensuring a level playing field vis-à-vis third country economic operators' (European Commission 2021); while the REPowerEU Plan is expected to accelerate the move away from fossil fuels. The two main appendixes of the GDIP are the Net-Zero Industry Act (NZIA) and the Critical Raw Materials Act (CRMA) which respectively delineate the overarching framework for achieving carbon neutrality within industries and ensure the sustainable sourcing and management of essential raw materials.

In the words of the European Commission (2019a), the EGD, besides serving as a roadmap for decarbonising the economy and preserving biodiversity, should also serve as 'a new growth strategy that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of GHG in 2050 and where economic growth is decoupled from resource use'. The EGD is thus intricately woven into the structure of the European decarbonisation plan, transcending its role as merely a climate strategy to emerge as a building block in Europe's political economy, with economic growth unquestionably posited at its centre (Bongardt and Torres 2022; Bruyninckx et al. 2021).

While the GDIP should in principle trigger a back-shoring of manufacturing capacity in energy-intensive and strategic sectors from China, the US and other emerging markets to Europe, there is little consensus on the form that these policies should take, nor on the social and environmental impact that greening these sectors and bringing production back to Europe may have. The urgent need to simultaneously move forward with the green transition raises new questions about what future EU industrial policy should look like, this time with an additional layer of complexity due to the instability of the macroeconomic environment, an unpredictable international scene, and a lack of political and public consensus for such radical change.

2. The evolution of EU industrial policy: from neoliberalism to state interventionism and sustainability?

Historically, European industrial policy has unfolded against the backdrop of shifting economic ideologies and global dynamics. Originally aimed at creating favourable conditions for economic activities (Pianta 2014; Buch-Hansen and Wigger 2010; Rodrik 2008), after the stagflation of 1970s and the rise of neoliberal economic thinking in the 1980s, industrial policy was increasingly criticised as outdated and ineffective (Tagliapietra and Veugelers 2023; Wigger 2019). This perception gained prominence in what is often referred to as the 'Washington Consensus' (Terzi 2023), the ideology that championed a limited role for government intervention while emphasising open current and capital accounts as the pivotal drivers of swift development (Blyth 2002; Wade 2012).

The idea behind this posited that a dynamic and efficient market would serve as the bedrock for strong European industries, enabling the region to secure a prominent position on the global stage. According to this line of thinking, economic prowess would naturally translate into influence, making the active pursuit of industrial strategies unnecessary (Dullien and Hackenbroick 2022). The EU constrained Member States' industrial policies by adopting a 'horizontal' approach to industrial policy, prioritising investment in basic services, regulating markets' framework conditions or promoting research and development and support for small and medium-sized enterprise (SMEs), as opposed to a 'vertical' policy targeting specific activities, sectors, or technologies (Di Carlo and Schmitz 2023).

If, on the one hand, EU industrial policy has revolved around a horizontal approach, on the other, the greater reach and bite of EU competition law and state aid regulations since the 1980s have severely curtailed Member States' capacity to pursue selective industrial policy interventions (Pianta 2014). Instead of overseeing competition within European industries, the European Commission opted for a different strategy, targeting anticompetitive practices in the Single Market by imposing constraints on national state aid and restricting public ownership in strategic domestic sectors (Di Carlo and Schmitz 2023; Billows et al. 2021). The logic of neoliberalism also posited that if numerous firms endeavoured to enhance efficiency and productivity, and gain a competitive edge through lower prices, the overall ecosystem of enterprises and business would benefit (Wigger 2019). Politicians and policymakers were advised to take a backseat as neoliberalism gained traction within the EU, with almost all national governments kowtowing to that credo (Terzi 2023).

European integration gradually institutionalised the liberalisation of formerly 'protected' economic sectors and the privatisation of state-owned enterprises. The neoliberal trajectory persisted throughout the 1990s, as European integration was bolstered by the creation of the Single Market and the establishment of the European Monetary Union through the Maastricht Treaty. These developments further constrained the scope of industrial policy, reflecting a broader consensus highlighting the role of the state as a market regulator rather than a producer (Pianta et al. 2016; Jabko 2006; Scharpf 1998). While the 'entrepreneurial state', as termed by Mazzucato

(2013), was not fully abandoned in the EU, it faced internal criticism as being outdated and ineffective, relegated to a temporary rescue measure for declining industries or unproductive companies (Tagliapietra and Veugelers 2023; Wigger 2019; Pianta et al. 2020).

Against the backdrop of the 2008 financial crisis, widespread deindustrialisation, and the rise of the platform economy, the European Commission announced a ‘European Industrial Renaissance’ in 2014 to foster competitiveness and reboot its economy (European Commission 2014). The need for such a renaissance was mainly driven by the economic repercussions of the Great Recession which significantly accelerated the decline of European industries (Bulfone 2023). The crisis, which required many Member States to bail out domestic banks and struggling businesses, spotlighted the limitations of the neoliberal model (Bulfone 2023). Dosi et al. (2017) argue that the policy response adopted in the wake of the crisis based on fiscal austerity and structural labour market reforms caused not only high unemployment rates and social divergence across Europe, but also massive deindustrialisation, with the manufacturing sector being replaced by a knowledge economy and financial services. The reappraisal of industrial policy as part of the Juncker Plan (a broader fiscal policy intervention to get Europe out of the recession) was a concerted vision of public and public-private funding in areas considered strategic to ensure the recovery of European businesses, to revive investment across Europe, and achieve sustained, inclusive growth (Savona 2018).

The efforts to reindustrialise Europe, with an emphasis on mainstreaming industrial competitiveness in all policy areas and increasing industry’s contribution to GDP to 20% by 2020, were deemed ambitious but lacking consistency by many economists. Dosi et al. (2017) criticised the Juncker Plan for being inadequate in delivering the desired outcomes of investment-led growth and for lacking a clear, ‘mission-oriented’ (see Mazzucato 2018) approach to industrial policy. Others (see Wigger 2019) identified a strong internal devaluation component in the 2016 European Council strategy on the economic policy of the euro area, depreciating real wages, inducing further labour market reforms, intensifying inter-company competition to lower prices, and lowering the overall level of corporate taxation (European Council 2016).

However, the major deficit of this attempt to boost post-crisis European economic performance was its lack of an accompanying green framework, raising concerns about the potential environmental and sustainability implications of the reindustrialisation drive. To ensure a successful and sustainable recovery, it was argued, it was imperative to address this challenge by integrating a robust green framework into the industrial policy initiative. A new EU-wide industrial policy, according to Pianta (2014), could become a major tool for addressing the urgent need for an ecological transformation of Europe.

Seeds of change were sown in the form of a ‘New Industrial Strategy for Europe’ in March 2020. This strategy – aiming to manage the ‘twin transition’ while reducing dependences – was a direct response to the challenges posed by the green revolution and the digital transformation. As the Covid-19 pandemic raged on, the European Commission further refined its industrial strategy, emphasising strengthening the

Single Market and enhancing Europe's 'open strategic autonomy' in critical industrial ecosystems, while avoiding external dependences, especially as China was already considered a 'systemic rival' in 2019 (European Commission 2019b). In short, the European Commission aimed to build up Europe's own industrial capacity, diversify its suppliers and thereby limit excessive dependence on single-trade partners for sectors (or raw materials) considered to be of strategic importance. To achieve open strategic autonomy, an active, green industrial policy was deemed to be an essential part of the strategy (Terzi et al. 2023).

Though state support for industries is not a novel concept, with practically all governments having engaged in industrial policy to a certain degree, e.g., Germany's 'aggressive' green growth policies focusing on wind energy, renewable energy systems and solar thermal power plants (Rodrik 2014), scholars have viewed the EU's recent upscaling of industrial policy as a clear 'break with past EU treaty law and ideological principles' (Gabor 2023). This transformative shift has prompted not only regional but also global observers to pronounce the demise of neoliberalism and financial hegemony (Durand 2022; Gerbaudo 2021). The shift from market-driven neoliberalism to a resurgence of state interventionism has been posited as the victory of 'Bidenomics' over 'Reaganomics' and 'Thatcherite' economic thinking. The very nature of neoliberalism, with its inherent weaknesses such as exacerbating inequality, consolidating corporate influence, and undermining environmental and social welfare, has fuelled a perhaps long overdue reaction (Rodrik 2023).

However, many EU observers worry about the lack of ambition and efficacy of a new European industrial strategy (Pianta and Lucchese 2020; Terzi et al. 2023; Zuleeg and Lausberg 2023), or worse, the potential return to internal devaluation with the aim of intensifying competition (Wigger 2019). This involves cost-cutting measures, often through wage cuts and labour market reforms, to enhance competitiveness. While such strategies might succeed in the short term, they also have the potential to trigger social unrest, dampen domestic demand, and lead to economic imbalances, thus undermining the broader objective of the GDIP. Furthermore, Hausman and Ahuja (2023) have argued that Europe's efforts to decarbonise may be slowed down by increased prices of scarce resources, including lithium, copper and cobalt. This could lead to subsidy races for raw materials between governments pursuing industrial policy aims, resulting in slower global decarbonisation efforts. Further concerns regard the additional environmental costs of extraction in countries rich in raw materials for the production of goods for the European market, or even possible 'greenwashing' practices, raising ethical questions about the industrial transition (Gabor 2023).

Finally, McNamara (2022) warns of the potential clashes between the Commission's different directorates and their respective priorities. This is particularly evident in the contrasting stances between the free-market orientation of Margrethe Vestager's Directorate General (DG) Competition and the interventionist approach of Thierry Breton's DG Internal Market, Industry, Entrepreneurship and SMEs. Similarly, the free trade focus of DG Trade faces challenges in aligning with the decarbonisation priorities of DG Climate Action, potentially challenging the EU's capacity to move towards a sustainable economic path. Moreover, while we acknowledge that the GDIP is only a preliminary document paving the way for a more detailed and complex industrial strategy, there is a glaring lack of any reference to the European Pillar of Social Rights (henceforth the Pillar) with its employment, skills and social protection benchmarks. Although reference is made in the GDIP to the Council Recommendation on ensuring a fair transition to climate neutrality as well as other Council recommendations on skills, it would be beneficial for the Pillar to be clearly integrated, with the Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) assuming a stronger role in the design, implementation and assessment of the new green industrial strategy. While DG EMPL did play a role in the debate around the GDIP, in particular around the Skills Agenda, its role in advancing higher employment and social standards should be enhanced in the upcoming phases of the debate on the GDIP.

Debating to what extent one can view the upscaling of European industrial policy as a genuine post-neoliberal endeavour is beyond the scope of this analysis. However, Rodrik (2023) rightfully points out that if the new turn to productivism is to be successful, it will have to move beyond the mainstream macroeconomic management that characterised the neoliberal era of industrial policy, internalising lessons learned from past failures and adapting to the new challenges to ensure that green industrial policy not only coexists with but also advances social justice. In the following sections, we direct our focus towards a comprehensive exploration of the social and environmental implications of the GDIP.

3. Navigating green skills: challenges and opportunities

The ongoing efforts to transform industry and economies from ‘brown’ to ‘green’, as encapsulated in the GDIP, is anticipated to have a critical impact on the EU social landscape, bearing historical parallels with the Industrial Revolution (Terzi 2022), and inevitably entailing a massive reallocation of labour and capital. While the extent of this shift is still uncertain, the current uneven distribution of resources, capabilities, and readiness across different social groups, sectors, and regions within and amongst Member States is likely to shape the outcomes of the GDIP in a suboptimal manner (OECD 2023a; Vona 2021). The form of this structural change hinges on the extent to which workers are engaged in either polluting or green processes, products, and technologies, as well as the skillset associated with their respective job roles and the degree to which these match future skills requirements. The eventual level of ambition of the transition will also determine the accompanying degree of structural change.

According to Rodrik (2014), green industrial policy should focus on fostering the development of green technologies. The Commission’s stance on this matter is evident:

> The starting point for the [GDIP] is the need to massively increase the technological development, manufacturing production and installation of net-zero products and energy supply in the next decade, and the value added of an EU-wide approach to meet this challenge together. This is made more difficult by the global competition for raw materials and skilled personnel. (European Commission 2023a)

Paying welcome attention to skills development, the NZIA adds that ‘net-zero technologies are at the centre of strong geo-strategic interests’ and the ‘global technology race’. It thus sets a headline benchmark for the manufacturing capacity of strategic net-zero technologies to meet at least 40% of the EU’s annual deployment needs by 2030.

However, despite recent progress in the development and installation of heat pumps, solar and wind technologies across the EU, skills shortages threaten any sustained delivery upscaling. According to Zwysen (2023), ongoing labour shortages in the EU at both professional and technician levels reflect a crisis of high-quality jobs, with Member States grappling with skills gaps across their value chains. If the labour force does not have the numbers of skilled workers necessary to meet the increased labour demand brought about by the transition, inflationary pressure may arise within the wider economy, with the limited number of available workers using their bargaining power to achieve higher wages. Similarly, projects could be postponed and/or cancelled, with a subsequent loss of the benefits potentially arising from their successful completion. Katris (2023) has argued that wage competition and external price pressures due to shortages of skilled workers may have a knock-on inflationary impact on production costs, prices and cost-of-living.

Workforce reallocation to support the GDIP is set to occur in various ways, including shifts across sectors, regions or occupational roles (OECD 2023a). Yet, while the Commission has acknowledged the need for vocational education and training (VET) systems to support these shifts and has also published a taxonomy of green skills considered most relevant for a greener labour market (European Commission 2022), a significant source of uncertainty lies not only in determining which technologies will dominate the pursuit of a cleaner future but also in understanding how Member States, sectors, and businesses will effectively deliver such training. Several limitations warrant consideration.

First, with the green transition unfolding at a rapid pace, the potential arises for a significant mismatch between the skills available and those required (OECD 2023a; Tagliapietra et al. 2023). Indeed, existing skills development initiatives may struggle to keep up with the demands of green labour markets, leaving both the current and the future workforce unprepared or underprepared for emerging roles, and worsening a skills gap hampering the effective functioning of the labour market. The evolving landscape of green technologies adds complexity to this challenge, as demand for specific skillsets may fluctuate based on the trajectory of technological adoption. However, quantifying these developments is a daunting task due to the ever-present market volatility and the accessibility of key raw materials. Such factors introduce an element of unpredictability further complicating any skills assessment. Therefore, it is not only essential to anticipate the evolving skills requirements of the green economy but also to ensure that skills development programmes are sufficiently agile, adaptable and responsive to equip individuals with the expertise needed for a rapidly changing environment.

Second, the implementation of training programmes across Member States with different economic structures and labour markets could encounter logistical challenges and discrepancies in resource distribution. Differences in the experience and ability of Member States to support upskilling and reskilling programmes may result in increased divergence across the EU, despite EU support structures such as the Technical Support Instrument. The European Skills Agenda and the allocation of substantial funds like the European Social Fund+, the Just Transition Fund, and the Recovery and Resilience Facility (RRF) all strive to develop green and digital skills, education and training, and activation policies for those impacted by the transition. Yet, all too often the overall socio-ecological dimension of these funding streams remains constrained (Sabato and Theodoropoulou 2022; Stapper 2023). To ensure a coherent approach, it is therefore crucial for public funds allocated to support European industry through initiatives like the 'Fit for 55' Package and including the establishment of a new Social Climate Fund (SCF) and the GDIP, to be backed by robust social conditionalities. These should encompass various aspects of industrial and employment relations, ensuring that recipient companies comply with labour law and collective bargaining as well as providing adequate skills training.

Third, while monitoring the supply of and demand for green skills and jobs is crucial, the effectiveness of this approach may hinge on the accuracy and timeliness of data collection, as well as on the ability to translate such insights into informed policy decisions and up-to-date education and training programmes. Ensuring that these programmes reach all segments of the workforce, including marginalised groups, presents an intricate challenge in terms of accessibility, inclusivity, and overcoming potential resistance to upskilling and reskilling efforts. The GDIP recognises the importance of developing green and digital skills and the inclusion of women and young people in the workforce, promoting initiatives to help acquire and develop skills required for the green transition in all EU regions. While the GDIP indirectly aligns with the Pillar, some concerns arise. Indeed, lessons can be learned from looking at past economic shifts and the management of skills.

Notwithstanding any differences, the transition of European societies and economies from Fordism to the knowledge economy raised similar concerns. In Germany in the early 2000s, for instance, the introduction of new technologies led to employers calling for the deregulation of labour markets and industrial relations, in turn weakening social protection standards (Diessner et al. 2021). Looking at the German context of market liberalisation and technological change, Diessner et al. (2021) noted how employers and firms pushed for better wages and non-wage benefits for high-skilled workers whose skillsets were complementary to technology and who were key to firms' production strategies in the knowledge economy to the detriment of lower-skilled workers, thereby deepening labour market dualisation and inducing conflicts with trade unions. This dynamic, known as 'skill-biased liberalisation', emphasises the significance of workers with skills compatible with the knowledge economy's technological demands. Although limited, evidence exists that the net-zero transition is 'skill-biased', with Marin and Vona (2019) finding a bias towards higher skills for green jobs. If employers and training agencies continue to push for a more competitive workforce without updated social protection standards, a skill-biased scenario threatens to further polarise labour markets to the detriment of the low-skilled.

The key policy question stemming from these concerns thus goes beyond merely supplying sufficient green skills to existing and prospective employees. As articulated by Vona (2021), the question is now to determine 'which types of qualifications, educational and training programs, including on-the-job training, are better suited to provide the skills specifically required in expanding technologies'. This mandate necessitates the active involvement of not only Member States and training agencies but also employers and trade unions in fostering workers' advancement and making job attractiveness a key priority. A robust, harmonised definition of 'good jobs' based on social sustainability frameworks such as the Pillar must be included to make the assessment criterion for strategic projects in the GDIP and NZIA more practicable.

4. Eliminating old jobs, creating new ones

The GDIP is not solely about creating new employment. It also addresses the necessity to phase out jobs and activities contributing significantly to a country's GHG footprint. Moreover, the rapid obsolescence of certain technologies and products is poised to have a profound effect on the composition of labour demand, potentially leading to redundancies in certain sectors and the corresponding loss of human capital even in less polluting ones (Vandeplas et al. 2022; OECD 2023b). For instance, as older manufacturing methods become obsolete due to more efficient and sustainable alternatives, jobs centred around them are set to dwindle. This is particularly true for sectors relying more on labour than capital. Unsurprisingly, according to OECD (2023b) modelling, fossil fuel industries are anticipated to face significant employment cuts, while renewable energy sectors are projected to witness substantial growth. Nevertheless, there is concern that newly created jobs (e.g., retrofitters or heat pump installers) may not be sustainable in the longer term as the numbers needed in the initial phase will drop off once all buildings have been upgraded to a good energy efficiency standard and/or have heat pumps installed. Thereafter, workers will only be required for maintenance and new-build projects (Stewart et al. 2022).

Conversely, Vona (2019) argues that the 'job-killing' argument linked to the green transition is an exaggeration and panders to political and economic forces with vested interests in non-renewable sectors. The effect of job-killing on total employment is thus likely to be modest. However, the general assessment does not downplay the fact that substantial shifts are expected within various parts of the labour market, whether sectors, firms, occupations or regions. The seemingly modest impact on overall employment numbers resulting from the GDIP can be attributed to the distribution of jobs across different sectors within the EU and is closely linked to the carbon intensity of various economic activities. The EU's employment landscape is dominated by 'white' sectors[2], such as construction, wholesale and retail trade, and various service

2. While it is difficult to provide an exact taxonomy of white jobs, according to Vandeplas et al. (2022), these are jobs in sectors that produce few CO_2 emissions.

industries, collectively employing over 75% of the workforce, but accounting for less than 12% of the EU's CO_2 emissions. By contrast, high-carbon sectors like electricity production, transport, manufacturing, agriculture and mining, while responsible for around 90% of the EU's total CO_2 emissions, account for less than 25% of total employment (Vandeplas et al. 2022).

Moreover, major manufacturing plants, as stressed by Gomory and Baumol (2022), play a crucial role in shaping the welfare of nations. Inevitably, the transformative potential of the GDIP brings forth considerable challenges for regions heavily dependent on industries not aligned with Europe's green agenda. Such regions do not always have the financial or administrative capacity to diversify away from these industries, making them potentially unable to transform climate policies from a constraint into an opportunity (Vona 2019). For instance, Poland, as a nation with a significant reliance on coal-based energy, faces the imperative of aligning its economic structure with the EU's climate goals while ensuring a just and equitable transition for its workforce, within the bounds of the EU's economic governance architecture. Its historical, cultural, and political context significantly influences public discourse on achieving the transition towards a zero-emission economic framework, particularly considering the need to address potential socio-economic disruptions in its coal-dependent regions (Jaworski and Kulesza 2023). In analysing the potential impact of the transition on the mining workforce, Frankowski et al. (2021) estimate that phasing out coal by the end of this decade could potentially result in 36,000-37,000 individuals becoming unemployed by 2030.

But even for those Member States with greater fiscal room for manoeuvre and with relatively recent experience of such industrial shifts, such as Germany, challenges remain. Germany is the world's sixth-largest carbon emitter, the largest consumer of coal in Europe and the largest producer of lignite worldwide, with coal and lignite consumption levels of 222 million tonnes per year (Crippa et al. 2020). Historically, Germany's coal regions have already navigated significant restructuring. In West Germany, the decline of coal mining due to economic challenges from the 1960s onwards resulted in the gradual phasing out of the sector. This led to the loss of approximately 350,000 jobs between 1960 and 2000, culminating in the closure of the last mine in 2018. While generally perceived as a successful transition, the Ruhr region continues to grapple with high unemployment rates, earning it the label of Germany's 'poorhouse' (Kalt 2022; Galgóczi 2014).

Many regions are now having to grapple with the formidable costs of transitioning to environmentally friendly practices, overhauling established systems, retraining the workforce, and investing in new technologies. While this can present an immense opportunity for transformation, it is accompanied by significant challenges in terms of maintaining public approval and political support (Fröck 2023). There can be no doubt that, for some workers, sectors and regions, job reallocation may be particularly challenging and complex, especially in regions economically dependent on coal and the vested interests of coal-related activities (Kalt 2022). Industry, trade unions and civil society are best placed to signal the needs, concerns and fears of workers and the wider community with regard to the transition. Fora can be created where these concerns can be discussed, while policy responses developed collaboratively have been important tools in some regions already grappling with significant industrial transformations, such as Canada, Germany, and Scotland. These ‘Transition Commissions’ are also exploring the potential impact of industrial transitions across multiple sectors as well as considering aspects such as regional cohesion, economic development, quality of work and social inclusion (Vandenbussche 2021).

Finally, as with every major social transformation, the green transition is not gender-neutral. The gender and age distribution of employment in brown sectors points towards a particular impact on men aged 25-49. Within these sectors, women and young people are underrepresented, particularly in blue-collar coal and lignite mining jobs (Vandeplas et al. 2022; OECD 2023a). However, historical instances of significant structural shifts, like the United Kingdom’s coal mine closures, revealed spillover effects on other sectors. According to Aragón et al. (2018), there is robust evidence that mine closures increase numbers of male workers but decrease those of female workers in typically female-dominated sectors such as manufacturing. These observations underscore the need for nuanced strategies to address collateral gender- and age-based spillovers possibly arising during the transition.

5. Environmental and economic governance

The intricate interplay between the GDIP, its political-economic implications, and the redistributive effects it entails on income, labour markets and social security, makes the link between industrial, environmental, and social policies even more obvious. The notion that every economic and social policy should inherently function as a climate policy thus becomes particularly relevant. While, historically, the social and environmental consequences of industrial capitalist production have received significant attention (Polanyi 1944), researchers have only recently produced contributions attempting to answer the dilemma of reconciling climate change mitigation policies with sustainable, well-functioning welfare states (Laurent 2021; Mandelli 2022; Zimmerman and Graziano 2020). This effort is deemed even more challenging in the context of the industrial upscaling anticipated by the European Commission.

Proponents of so-called eco-social policies have developed an integrated approach to policymaking where sustainability aspects are factored into policy design. In this policy mix, eco-social policies can be reactive when aiming to socialise environmental duties, or preventive when aiming to green the welfare state (Mandelli 2022). Within this framework, fiscal and economic governance takes centre stage, now being tested against environmental benchmarks. The very core of this challenge is encapsulated in what has been termed the ‘eco-social-growth trilemma’, an intricate balance where the preservation of the environment, the enhancement of societal welfare, and the pursuit of economic growth intersect (Sabato and Mandelli 2018).

Moreover, the EGD aims to promote an inclusive vision of sustainability, emphasising a ‘just transition’ that ensures that no one is left behind (European Commission 2019a).

To achieve this, the Commission has outlined various funding streams to be integrated into the social and economic fabric of the EU to support the development of net-zero technologies and to address the differences in Member States' fiscal power with a view to preventing two-speed decarbonisation. The Technical Support Instrument and cohesion funds, like the European Regional Development Fund (ERDF) which aims to enhance the growth, competitiveness and job creation ability of SMEs, and the Just Transition Fund (JTF) which provides targeted support to regions facing socio-economic challenges in transitioning to a green economy, are pivotal in this effort. The Commission's evaluation (2023b) estimates that up to €8 billion could be activated from existing funding programmes to bolster net-zero manufacturing capacities, while Member States can access €225 billion in loans under the RRF to support net-zero technologies.

Despite these efforts, the current EU funding programmes fall short of achieving the ambitious goals outlined in the NZIA. The GDIP also lacks an even distribution of incentives for the development of clean technology value chains across Member States. While firms in less-developed regions are eligible for higher subsidies (European Commission 2023b), especially if they are at risk of relocating outside of the EU, regions that are already well-positioned to adapt to the green transition are expected to benefit more substantially from new industrial policies. These regions, often possessing advanced infrastructure, technological know-how, and sufficient (human) resources, might experience accelerated growth in sectors aligned with the plan's objectives and are, therefore, at less risk of any transition-induced backlash. This scenario may also trigger a subsidy race between Member States, while the dependence on individual national industrial strategies may give rise to a two-tier Europe.

Furthermore, both the GDIP and the EGD aim to increase the EU's gross domestic product (GDP) while reducing GHG emissions. Both rely on GDP as a growth indicator, though many have warned that GDP is an inadequate measure, lacking the capacity to gauge inequalities or environmental deterioration (Laurent 2021), and that a 'growth-first' approach continues to dominate governance of the economic, social, and environmental spheres (Mandelli 2022). This inherent drawback underscores the need for alternative metrics to be formulated and broader scoreboards to be adopted to effectively evaluate the effectiveness of the EGD. While the European Commission's Transitions Performance Index provides a significant contribution, it needs to be further integrated into policymaking processes for its value to be fully realised. Similar doubts emerge regarding the existing fiscal and economic regulations of the EU. Neither the EGD nor the GDIP describe the roles to be assumed by the European Semester and the Stability and Growth Pact (SGP) in connection with the new green growth approach. It remains to be seen whether the current reform of EU economic governance will alter this perspective.

To meet the demands of the transition, the EU requires massive and coordinated strategic investment well exceeding the limits currently set in the SGP. The new industrial framework presented by the GDIP could present an opportunity to move away from the austerity policies and strict fiscal limits that have played a role in Europe's economic stagnation (Pianta et al. 2020; Theodoropoulou, this volume).

In this context, continuing economic disparities among Member States need to be reduced by addressing the existing imbalances in industrial and fiscal influence. The current high levels of state aid approval by the Commission, with 77% of aid accounted for by France and Germany, should be monitored to ensure that those Member States with limited fiscal firepower are not penalised and that imbalances between Member States do not widen further (EPRS 2023). Led by the DG for Structural Reform Support (REFORM), the funding ingredient of the GDIP should play a role in strengthening technical support with a view to enhancing on-the-ground administrative capabilities. Allocating around 1% of the investment to capacity-building in Member States requiring additional assistance is a proactive step toward achieving this goal (E3G 2023).

6. The losers of the transition?

Transforming an economy is not solely an economic endeavour; it is deeply entwined with political processes. While past transitions of a similar nature have been driven by market forces, this one is policy-driven. As such, its success hinges on securing the support of all stakeholders (Vandenbussche 2021). Inadequate handling of class dynamics and failing to garner the backing of both social partners and other stakeholders have historically undermined industrial policy efforts (Inglehart 1977; Allan et al. 2021; Büchs et al. 2011). The paradigm shift represented by the GDIP and its far-reaching consequences will inevitably create both ‘winners and losers’, especially in the short term. But this is nothing new: Kriesi et al. (2008) describe how globalisation and denationalisation created a division between winners and losers in Europe, with the latter bearing the brunt of adverse socio-economic consequences as the economy increasingly pivoted towards globalisation.

The experience of the *gilets jaunes* (‘yellow vests’) movement in France serves as a poignant reminder that strategies centred solely on discouraging the use of fossil fuels and increasing carbon prices for consumers can encounter strong popular resistance, undermining the overarching goals of sustainability and climate transition (Tyson and Zysman 2023). As previously mentioned, as the economy pivots toward a more environmentally conscious model, and as European sectors adapt, it is inevitable that certain traditional industries, often integral to local economies, will encounter substantial headwind (OECD 2023b). Rosés and Wolf (2018) show that regions with a higher proportion of energy-intensive industries and mining were the main losers of European deindustrialisation in the twentieth century. As past experience has shown, any rapid phasing-out of industries without timely reorientation and social support induces severe job losses and community breakdown, potentially leading to social unrest (Vandenbussche 2021).

Moreover, both the NZIA and CRMA, while acknowledging that land use can be a barrier in the planning and deployment of strategic projects, lack an impact assessment of the social consequences of de-polluting whole swathes of industry (Bez et al. 2023). The geography of polluting industries across Europe tells the story of stratified socioeconomic and environmental inequalities and of ‘left behind’ places (Hill 2021). Despite past predictions of firms flocking to such economically distressed regions, taking advantage of lower labour costs, or conversely of people moving away to more productive parts of the country for work (Blanchard et al. 1992), this has rarely occurred (Kaufman 2023). The risk of a backlash from such ‘left behind’ communities could pose a significant barrier to a smooth transition and exacerbate poverty in areas already struggling.

Place-based investments are receiving increasing recognition for their potential to support regions through the transition, although successful case studies remain few and far between (Kaufman 2023). Nevertheless, future policy tools for affected areas must be designed explicitly to redress past wrongdoings, with resources distributed progressively and through environmental restoration. Aforementioned ‘Transition Commissions’ and community wealth-building practices can be useful tools not only in terms of identifying skills gaps and developing policies, but also as a vehicle to engage communities affected by the transition, providing an opportunity for people to design transition pathways in a way suiting local specificities, to regenerate local economies and to build community engagement and relationships.

If the EU does not provide a unified response to buffer the negative externalities of the GDIP and if social protection weakens on a national level, those negatively affected may become disillusioned with European integration, spawning increased Euroscepticism, a shift towards nationalism, and the rise of radical-right populist parties. In essence, the plan’s focus on the green transition, without adequate mechanisms to handle regional and class disparities, may strain the cohesive fabric of European integration. The pressure coming from these challenges, as well as from new competitors, should lead political forces to rethink strategic alliances and their social policy agendas, as well as to foster more wide-ranging and inclusive eco-social policies addressing the concerns of ‘left behind’ regions and workers. Trade unions play a crucial role in mitigating social conflicts and supporting the green transition, with well-functioning collective bargaining institutions aiding the transition by anticipating climate policy adjustments, formulating suitable policy solutions, creating coalitions with environmentalists, and allowing bottom-up participation (OECD 2023a; Kalt 2022).

Conclusion

Against the complex and interrelated backgrounds of the green transition, the re-industrialisation of Europe, and their accompanying social and economic implications, the need to adapt traditional welfare provisions to ensure adequate and sustainable buffers for citizens is increasingly pressing. This chapter has pointed to several social-ecological and economic policy challenges brought about by the Commission’s proposal for a GDIP that require immediate attention.

The GDIP emerges as a pivotal initiative aiming to diminish the EU’s reliance on imported clean technologies and raw materials. However, its narrow focus on skills, jobs and growth overlooks the potential of the EU’s new industrial agenda to become a channel for the just transition and for achieving the region’s social ambition. There is no clear link yet between the GDIP and the Pillar, especially in such crucial policy areas as lifelong learning, training, and gender equality which should be a central element of any industrial strategy. As such, co-negotiators from the Council and the Parliament should work to strengthen the GDIP's social dimension.

The challenges highlighted here underscore the necessity of adopting a holistic, long-term view in policy design, especially regarding economic decision-making. The challenges posed by climate change cannot be viewed in isolation from economic processes; rather, they should be woven into the fabric of policy formulation and implementation. An integrated approach combining environmental goals with measures to alleviate social and economic disparities is imperative to sustain both the European project and the aspirations of its citizens. Scholars and activists are pressing governments and policymakers to take a proactive role in introducing innovative eco-social policies, in an attempt to align the welfare state with climate mitigation policies, while striving to achieve a harmonious coexistence with economic growth, and even more radically, fostering a transformative shift towards a post-growth paradigm (Mandelli 2022).

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Chapter 3
Occupational health policies in turbulent times (2018-2022)

Laurent Vogel

Introduction

The purpose of this chapter is to provide a succinct analysis of European occupational health policy from 2018 up to 2022[1]. This period has been one of the most complex since the beginning of the European integration process. Brexit, the Covid-19 pandemic and the war in Ukraine all had a profound impact and helped to highlight the strengths and weaknesses of the European system. These multifaceted crises interact with the environmental crisis which will dominate the future of our planet in coming decades and seems to become more overwhelming, more sombre, more urgent with each passing day.

This chapter focuses on the main areas of activity of European occupational health policy. It will address the ongoing process of revising the legislation on the protection of workers against carcinogens (Section 1), the impact of Covid-19 and the occupational health responses to the pandemic (Section 2) and the new European Union strategic framework for 2021-2027 (Section 3). It will not discuss developments in the Single Market legislation, although we should bear in mind the considerable interaction between this and the social policy legislation governing occupational health (Vogel 2015).

1. Revision of the Carcinogens Directive

Since 2016, the main thrust of legislative activity in the field of occupational health has been the process of revising the Carcinogens Directive. This work has also been extended to revise the Asbestos at Work Directive. The particular feature of this process is that it has a complex scientific and technical foundation, while also having links to two priority political aspects: health inequalities in society, and the transition to an economy with significantly reduced dependence on toxic chemical substances in order to protect human health and the environment.

1. The previous article in ‘Social Policy in the European Union: state of play’ *(Bilan social)* on this important field of European social policy covered the period 2014-2017 (Vogel 2018).

1.1 A lengthy process

The most important legislative work during the period 2018-2022 was the ongoing revision of the Carcinogens Directive. This priority was highly justified, given that, in the European Union, 53% of the deaths linked to insufficient workplace prevention are due to cancers (Takala 2015). There are more than 100,000 preventable deaths of this type per year, disproportionally affecting the less privileged socio-professional categories and thus contributing to significant social inequalities in health (Marchand 2022).

Our contribution to the book 'Social Policy in the European Union: State of Play 2018' analysed the first two stages of this revision, between 2015 and 2017 (Vogel 2018). The Commission opted for a lengthy, even permanent, revision process, marked by the adoption of several directives amending the 2004 Directive[2]. It does not wait for a proposal to be adopted before drafting the next proposal. This results in overlapping discussions and legislative processes.

This stage-by-stage approach allows the European Parliament to upgrade the initial proposals, without blocking the legislative process with amendments which the Council is not ready to accept. Ambitious amendments have been introduced gradually over several stages. For example, the principle of extending the scope of application to reprotoxic substances was raised during the first phase, but the substantive change was only made during the fourth phase, when the Parliament realised that the Commission would go no further in the direction it wanted. On other issues where the Parliament could not push through its position, evaluation clauses were added, allowing for an occupational exposure limit value (OEL) enhancing health protection to be adopted at a later date.

The period 2018-2022 saw the revision process continuing. The first four stages have now been completed, while the main thrust of the next two phases is known[3].

In addition, revision of the Asbestos Directive has begun[4]. Since the ban on asbestos in the European Union, the risks are no longer linked to new uses of this substance. They stem from the huge quantities of asbestos found in buildings, facilities and materials, and from various repair, conversion and demolition activities during which workers come into contact with asbestos, as well as asbestos removal processes. In this area

2. The original text is Directive 90/394/EC of 28 June 1990. It has been amended several times. The legislation was consolidated in Directive 2004/37/EC of 29 April 2004.

3. The fifth phase of legislative work began with the publication of a Commission proposal on 13 February 2023. It tackles the issue of diisocyanates (substances present in many products used in large quantities in, particularly, the construction and automotive sectors), as well as lead and its inorganic compounds. An agreement was reached between the European Parliament and the Council on 14 November 2023. We will not discuss this phase of the revision, since it falls outside the timeframe of this chapter.

4. The original directive on the protection of workers exposed to asbestos dates back to 1983 (Directive 83/477/EEC of 19 September 1983). This directive has been revised several times, and a consolidated version has been published (Directive 2009/148/EC). The proposal to amend the text was published by the Commission on 28 September 2022 (doc. ST 12863/22). The directive was adopted on 22 November 2023.

too, the European Parliament has shown leadership[5]. On the trade union side, the European Federation of Building and Woodworkers played a key role. For the last two decades, it has viewed the issue of asbestos as an absolute priority. Current cases of exposure, now limited to fewer areas of work, are nevertheless associated with high levels of risk. Asbestos is now seen to be a sort of time bomb which will remain a threat until it has been largely eliminated. Under the 'Green Deal', significant funding will be made available to renovate buildings, making them more energy-efficient. This renovation wave urgently raises the issue of protecting workers against asbestos, and of the need for introducing registers of buildings containing asbestos, so that a health and safety plan can be adopted beforehand, taking account of this risk.

With regard to institutions, the Scientific Committee on Occupational Exposure Limits (SCOEL) was disbanded in 2019. Its tasks are now being carried out by the Risk Assessment Committee (RAC), part of the Helsinki-based European Chemicals Agency (ECHA). There were no major objections to the disbanding of SCOEL. Two factors were behind it: a transfer of leadership of the management of chemical risks from the European Commission's Directorate-General for Employment, Social affairs and Inclusion (DG EMPL) to DG Environment (ENV) and DG Enterprise and Industry (ENTR), and the insufficient surveillance by DG EMPL of conflicts of interest in the functioning of SCOEL. The links between many SCOEL members and the chemical industry were generating legitimate concerns as to their independence. Fifteen of the twenty-two SCOEL experts had links with companies concerned by the substances put to the committee for evaluation (Horel 2017). Overall, the disbanding of this body was a positive decision.

1.2 An ambitious strategy for the European Parliament

Between 2016 and 2022, the first four phases of the revision of the Directive can be assessed largely positively for occupational health. While the content of the directives requires the bringing to bear of extensive technical and scientific knowledge, the European Parliament played its role to the full, calling in sufficient expertise to formulate alternatives ensuring better health protection. The European Trade Union Institute, which supports the unions in their work, contributed to this task, providing scientific counter-expertise (Musu and Vogel 2018a). As soon as the revision process was launched, a group of MEPs from different parties emerged within the European Parliament intent on stepping up the fight against occupational cancers. Coming to grips with the technical aspects of the issue, these MEPs learnt to follow, from one phase to the next, the priority questions not resolved in the previous phases. This ability to steer the revision process was not hampered by the change of legislature after the May 2019 European elections.

5. The elements of an overall strategy to protect workers against asbestos-related risks were identified in the European Parliament resolution of 20 October 2021, containing recommendations to the Commission on protecting workers against asbestos.

Parliament's influence was even greater because very broad alliances had been forged. Most of the amendments voted through were supported by between 80 and 85% of MEPs. Almost all the Parliament amendments were based on provisions which had been in force for several years in particular Member States. This enabled MEPs to reject the argument that the costs of implementing the Directive would be disproportionate.

The general lines of the revision process can be described as follows.

The Commission makes proposals based on a minimalist approach. Most often, it justifies this approach by saying that it only repeats proposals which have received unanimous support in the Luxembourg-based Advisory Committee for Safety and Health at work (ACSH) whose task is to advise the Commission. As this is a tripartite committee (social partners and governments), these proposals are often minimalist compromises. Generally, both the worker and employer groups refer to their own positions in annexes to the ACSH opinions. The purely advisory nature of the ACSH does not affect the right of the Parliament and Council to amend the legislative proposals put to them. Neither the trade union nor the employer organisations wish to replace the European legislator by themselves negotiating the content of the directives on occupational cancers. Requiring the Parliament to go no further than the unanimous positions of the advisory committee would, ultimately, amount to granting a right of veto to the employer representatives and reducing Parliament's autonomy.

The Commission proposals mainly concern the annexes to the Directive: the list of substances, preparations or processes involving exposure to carcinogens during a work process[6] (Annex 1) and the occupational exposure limit values (OELVs) set for a number of substances (Annex 3).

The European Parliament has had amendments adopted to the body of the Directive – its scope and specific provisions concerning health surveillance. It was also able to improve some of the proposed OELVs, thereby reducing the residual risks. The Parliament's amendments broadly reflect the trade union priorities set out in detail in two documents adopted by the European Trade Union Confederation (ETUC) in the second half of 2017 (Musu and Vogel 2018: 273-307)[7].

The Council finds it difficult to define majority positions. Depending on the questions addressed, the number of Member States supporting the amendments proposed by Parliament can vary. The final compromises represent real improvements on the Commission's initial proposals. The nature of the topic, cancer, means that the six-monthly presidencies try to have the negotiations concluded during their mandate, while the Parliament defends its main amendments quite firmly. On issues where the Parliament and Council have not been able to reach agreement, provisions concerning a potential future revision (with or without a binding timeframe) are added.

6. Wood, for example, is not a carcinogen, but wood dust, produced when wood is sawn or otherwise processed, is carcinogenic.

7. These are responses to a European Commission consultation on a revision of the 2004 directive. These documents summarise the ETUC strategy on workplace cancers.

The progress made can be explained by a combination of factors. The very broad alliances forged in the European Parliament were possible because combatting cancer was seen as a priority by a number of MEPs on the right or centre of the political spectrum; though not particularly keen on social legislation in general, they were aware of the serious impact of this disease on our societies. The same tendency can be seen in the voting of the Member States in the Council. Countries such as the Netherlands or Sweden, engaged in deregulatory campaigns in other areas, nevertheless support ambitious legislation against workplace cancers.

1.3 The main achievements

We will now describe the main elements introduced during the four first phases, now completed, of the revision. We will also consider the still unresolved questions.

The scope of application of the original directive covered carcinogens. In 1999, it was extended to mutagens[8]. In all Community legislation concerning chemical risks, carcinogenic, mutagenic and reprotoxic (CMR) substances are subject to the same rules. The reasons for this are simple: these are substances which can seriously and irreversibly harm human health (including from one generation to the next). Such effects often have a long latency period between the time of exposure and the development of any disease or symptoms. For a large number of these substances, there is no exposure level corresponding to zero risk. Scientific knowledge on life-long exposure tends to demonstrate synergistic interaction between multiple exposures, either simultaneous or at different points in time.

The field of occupational health was the only exception to this overall approach to CMR in European legislation. In the workplace, reprotoxic substances were only regulated by the general Chemical Agents Directive adopted in 1998. The preventive rules it sets are less binding than those in the Carcinogens Directive.

In 2002, the European Commission launched a consultation of the social partners with a view to revising the Directive on the protection of workers from the risks related to exposure to carcinogens and mutagens (CMD). The idea was, in particular, to extend its scope to reprotoxic substances. Ten or so years were wasted here as the revision was held up during the two terms of office of José Manuel Barroso (2004-2014). On several occasions, the European Parliament spoke out in favour of including reprotoxic substances in the scope of the CMD, supported by the trade union organisations as well as some Member States[9].

When the European Commission finally relaunched the revision in 2016, it completely changed direction on the issue of reproductive risks. In May 2016, Marianne Thyssen, the European Commissioner responsible for Employment and Social Affairs, declared

8. Directive 1999/38/EC of 29 April 1999.
9. Six European Union countries had already included reprotoxic substances in their national legislation on workplace cancers: Germany, Austria, Belgium, Finland, France and Czechia.

that the impact assessment ordered by the Commission 'did not sufficiently clarify the costs and the potential benefits' of extending the Directive to reprotoxic substances.

In 2017, as part of the first phase of the revision of the Directive, the European Parliament voted through an amendment extending the scope of application to reprotoxic substances. The Council did not follow suit. The compromise between the two co-legislators required the Commission to give its view on the possible inclusion of reprotoxins by, at the latest, 31 March 2019.

Given this precise deadline, the Commission merely published on its website a second 'impact study' to justify its passive stance (RPA, FOBIG, Mayer-Brown and Verisk 3E 2019).

Faced with this passive attitude of the European Commission, the European Parliament submitted another amendment during the fourth phase of the revision, based on data provided by the European Trade Union Institute (ETUI 2020a)[10]. The Council supported the main thrust of the amendment. The text finally adopted[11] transforms the Directive on the protection of workers against carcinogens and mutagens into a Directive protecting workers against carcinogens, mutagens and reprotoxic substances (CMRD). The Council, however, entered a derogation exempting certain reprotoxic substances from the obligation for continuing reduction below the OELV, subject to two conditions: a European OELV must have been set in Annex III of the Directive; this OELV must not leave room for any residual risk. This provision could facilitate rapid adoption of binding OELVs.

Other important points on which progress was made include a provision calling on Member States to organise extended health surveillance beyond the exposure periods; inclusion of diesel engine emissions in the scope of the Directive; and the inclusion of hazardous medicinal products, as well as stipulating specific prevention measures concerning exposure to these.

The original Commission proposals had been silent on all these points.

During the first phase of the revision[12], Parliament put forward an amendment whereby all Member States should establish health surveillance of people who had been exposed to carcinogens 'after the end of exposure'. This provision should be interpreted in conjunction with Article 5 of International Labour Organisation (ILO) Convention 139 of 1974 which calls for health surveillance of exposed workers 'during the period of employment and thereafter'. This Convention has been ratified by 16 Member States.

10. Based on a mandate from the ETUC, the European Trade Union Institute has regularly produced notes arguing in favour of a number of amendments. These notes were sent to members of the European Parliament's Social Affairs Committee and to the national authorities involved in the work on this directive in the Council.

11. Directive (EU) 2022/431 of 9 March 2022 amending Directive 2004/37/EC on the protection of workers from the risks related to exposure to carcinogens or mutagens at work.

12. Directive (EU) 2017/2398 of the European Parliament and of the Council of 12 December 2017 amending Directive 2004/37/EC on the protection of workers from the risks related to exposure to carcinogens or mutagens at work.

Diesel engine exhaust emissions were included, with no intermediate stage, during the second phase of revision of the Directive[13]. There was a great deal at stake. Around 3.6 million workers are exposed to these emissions in their work. Having considered extending the scope of application of the Directive to these emissions, the Commission ultimately decided not to do so. It referred to an argument with no scientific basis (ANSES 2017): that emissions from diesel engines meeting the most recent standards were not carcinogenic. The Parliament adopted two amendments. The first brings these emissions into the scope of the Directive, by creating a new entry in Annex I. The second sets two OELVs calculated for specific components of these emissions (the chemical composition of which varies considerably): elemental carbon and carbon dioxide.

The inclusion of hazardous medicinal products in the Directive's scope (ETUI 2020b) was also an important issue. In the European Union, around 12.7 million health workers are potentially exposed to hazardous medicines. This is a sector with an extremely high proportion of women. During the fourth phase of the revision, two deadlines were set in an agreement reached between Parliament and the Council. By 31 December 2022, the Commission was to draw up EU guidance on the preparation, administration and elimination of hazardous medicinal products in the workplace[14]. By 5 April 2025, the Commission was to 'develop a definition and establish an indicative list of hazardous medicinal products or the substances contained therein, which meet the criteria for classification' as a category 1A or 1B carcinogen, mutagen or reprotoxic substance. In October 2022, the European Trade Union Institute published a list of hazardous medicinal products which could be used as a basis for the future European indicative list (Musu and Lindsley 2022).

Article 18a of the Directive contains a set of provisions related to the evaluation of issues not satisfactorily resolved during the phase when the provisions were adopted. This is a new technique to steer the Commission's work. By setting specific deadlines for the Commission to submit proposals to them, the two institutions – acting as co-legislators with no right to initiate legislation – create a sort of 'requirement to propose', presented as a possible outcome of an evaluation. These provisions are generally accompanied by specific guidance in the Directive's recitals. If the Commission does not submit a proposal by the deadline set, Parliament and the Council may automatically submit an amendment to address this failure to act. Though not legally binding[15], this technique is highly effective politically.

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13. Directive (EU) 2019/130 of the European Parliament and of the Council of 16 January 2019 amending Directive 2004/37/EC on the protection of workers from the risks related to exposure to carcinogens or mutagens at work.

14. This guidance was published in April 2023 (European Commission 2023). We shall not comment on it here, as it is outside the timeframe of this article (2018-2022).

15. With regard to endocrine disruptors, the Court of Justice, in a judgment of 16 December 2015 (Case T521/14, Sweden v European Commission), ruled against the Commission. On adopting Regulation (EU) No. 528/2012 of 22 May 2012 on biocidal products, Parliament and the Council set a deadline (December 2013) by which the Commission should specify scientific criteria enabling identification of endocrine disruptors. The Commission did not meet this deadline. The action for failure to act was brought against the Commission by Sweden, supported by Denmark, Finland, France, the Netherlands, Parliament and the Council. It should, however, be noted that in the regulation on biocidal products the obligation on the Commission is formulated in non-conditional terms, whereas the various deadlines set out in Article 18a of the CMR directive are qualified by the phrase 'where appropriate'; this leaves the Commission a degree of discretion which it did not have in the case of endocrine disruptors.

1.4 Problems still pending

On the issue of occupational exposure limit values, the first four phases of the revision have been positive, though major problems remain. Quantitively speaking, the initial aim of having 50 European OELVs adopted by 2020 was not achieved. As of 2015, there were only five binding OELVs for CMR substances in European legislation. Between 1997[16] and 1999[17], a further three OELVs were adopted under the CMD. The process of adopting mandatory OELVs was interrupted for 18 years. Between 2017 and 2022, OELVs for more than thirty substances (or groups of substances) were added, and three of the five existing OELVs tightened. The difference in the number of workers exposed is significant. Until 2015, the existing OELVs covered fewer than 20% of situations of worker exposure to CMRs, whereas some of the new OELVs affect hundreds of thousands, even millions of workers in Europe. With regard to trade union action, the ETUC tasked the ETUI to draw up in 2016 two lists of substances or groups of substances for which an OELV should be set, thereby giving more effective momentum to this preventive action. The list for carcinogens and mutagens (Wriedt 2016b) identifies more than 70 substances or groups of substances, while that for reprotoxic substances (Wriedt 2016a) identifies 66.

There are two main qualitative aspects of this process.

The first concerns the choice of substances (or groups of substances) for which an OELV is set. Up to now, the Commission has taken the initiative and made a referral to the competent scientific committee. The trade union organisations and a majority of Member States would like to establish a priority-based multiannual programming system, making it possible to improve coordination between the European and national bodies developing OELVs.

The first step towards multiannual programming has now been taken. On 16 December 2022, the Commission published a working document[18] in which it refers to 28 substances (or groups of substances) which should be considered as priorities over the next few years. This list includes five substances for which an OELV was set in one of the four amendments already adopted. This is a major concession to the European Parliament which had expressed its wish to reduce the risk levels associated with these OELVs.

The second question concerns the methodology followed. In practice, the Commission relies on impact assessments which prioritise a cost-benefit analysis[19]. This is based on very random calculations, insofar as the information on the real levels of exposure and the number of workers exposed is not collected systematically, either at European level

16. Directive 97/42/EC of the Council of 27 June 1997 introduced a OELV for benzenes.

17. Directive 1999/38/EC of the Council of 29 April 1999 introduced two OELVs, for hardwood dusts and for vinyl chloride monomer.

18. Commission Staff Working Document, List of substances to be scientifically assessed for the purposes of Article 18a, third paragraph, of Directive (EU) 2004/37/EC on presenting an action plan to achieve new or revised occupational exposure limit values for at least 25 substances, groups of substances or process-generated substances, SWD(2022) 438 final, 16 December 2022.

19. Historically, this model is very close to that adopted in the United Kingdom.

or in most Member States. There is, however, an alternative method. It is applied, in differing ways, in Germany and the Netherlands. Underpinning the OELVs established in France and the Nordic countries, this methodology starts from a general objective to be reached and may include intermediate levels if, for reasons of technical feasibility, the target cannot be met immediately. In Germany, the level of intolerable risk (which no OELV can exceed) is set at four cases of cancer per 1,000 exposed workers, while the target is a risk of four cancer cases per 100,000 exposed workers (Wriedt 2018). This latter level of residual risk corresponds to the level used in environmental legislation. Such a system makes political decision-making easier, as decisions are not taken on each individual OELV. Any decision concerns the risk levels on which all OELVs must be based. In practice, Germany, France and the Netherlands often set OELVs ensuring a higher level of protection for workers and their health than that in the European directives or in the legislation of other countries.

No significant progress has been made in this area to date. Some of the OELVs adopted enable the continued presence of a level of risk which would be unacceptable in the regulation of other areas (the environment, road safety, air safety, water quality, etc.). The most striking cases are crystalline silica and hexavalent chromium. The number of workers exposed to both these substances is very high. According to European Commission estimates, between 2010 and 2069 there will be more than 340,000 deaths among workers exposed to crystalline silica at the level of the European OELV. This figure is underestimated, as it only considers deaths from lung cancer, while many deaths also occur from other lung diseases and kidney ailments. In the case of hexavalent chromium, the OELV initially proposed by the Commission was tightened by Parliament and the Council. Even this most recent OELV represents a huge risk. One out of every fifty workers exposed to this level of the substance throughout his or her professional life will suffer from lung cancer.

The new OELV proposed by the Commission for asbestos posed the same problems, and still left a considerable residual risk. The agreement finally reached between Parliament and Council strongly reduced the level of risk[20].

2. Tested by Covid

A major global event, the Covid pandemic was very revealing in many areas. Apart from totally disrupting lives and exacerbating social inequalities (Lambert and Cayouette-Remblière 2021), it highlighted a serious lack of preparation for a foreseeable event, and the absence of prior experiments in managing such a crisis politically. In this chapter, we will only address the links between the Covid pandemic and European occupational health policy, focusing on two questions: what has the pandemic taught us concerning occupational health policies; and what specific issues does it raise regarding the Directive on the protection of workers against the risks related to biological agents?

20. Directive (EU) 2023/2668 of 22 November 2023 is a major improvement on the initial Commission proposal.

We should state at the outset that public health still falls mainly within the competence of the Member States. From the outbreak of the Covid pandemic, differing policies were put in place. Sweden, for example, never adopted mandatory lockdown measures, while vaccination rules varied from one country to the next.

2.1 What role for occupational health during the pandemic?

Work was a huge vector for spreading the virus (Purkayashta et al. 2021). Though seemingly obvious today, throughout the crisis this issue was not addressed in many public policies. These were adopted without taking account of their very varied effects in social contexts characterised by severe inequalities. Policies were drafted in a top-down fashion, with no major participation from society as a whole. With this authoritarian form of governance, it was not possible to define specific and consistent work-related policies.

The lockdown measures completely redesigned the sphere of work during 2020 and, to a lesser extent, 2021. Generally speaking, we can divide them into three groups. Activities considered 'core', or essential, continued, irrespective of whether or not real preventive measures were taken at these workplaces. Other activities could continue through teleworking. When work was not considered 'essential' and could not be done remotely, various forms of temporary unemployment were put in place. Regarding these latter formulae, prior employment conditions resulted in severe inequalities of treatment.

The gendered division of labour played an important role in this division of work into three groups of activities. Women made up around two-thirds of the workforce engaged in core activities (Eurofound 2022), with even higher spikes in some of the most vulnerable areas of work (hospitals, care homes, domestic services to individuals, etc.). These were mostly sectors in which working conditions had deteriorated considerably even before the pandemic. The systematic devaluing of 'care' work in the capitalist economy was revealed as a factor considerably weakening the capacity of our societies to respond to the pandemic. The transformation of many elderly care homes into places of death was the most brutal manifestation of this.

When we consider occupational health policies in terms of this division of activities, a number of factors are important in our view.

The definition of 'core' activities was a controversial point. Governments adopted criteria which were too broad, with a view to keeping industrial sectors such as aircraft production running, or allowing giant e-commerce companies such as Amazon to further develop their business. Infection clusters soared in specific sectors such as care facilities, schools and colleges, abattoirs, seasonal agricultural work, public and freight transport, etc. As lockdown measures were gradually eased in workplaces, the prevention policies adopted were generally limited to a sort of health and hygiene imperialism, whereby it was deemed sufficient in the workplace to apply the rules established for public spaces, such as disinfection measures, social distancing, possible physical barriers, and mask-wearing. These rules were applied to real work situations and were, in some cases, difficult to reconcile with the requirements of the tasks themselves.

For some activities, telework was made mandatory or highly recommended, depending on the country. While teleworking provides effective protection against circulation of the virus, it can also generate significant psychosocial risks (Eurofound 2023): serious inequalities in whether or not the work itself could be done remotely, in housing conditions and access to adequate equipment and high-speed connections, difficulties combining paid work and unpaid family work. This latter factor affected women in particular. School closures, the stopping of many services to the disabled, sick or elderly made women's double working day a lot longer and harder. The psychological tensions and the full-time presence of men in the family home helped exacerbate domestic violence. Moreover, as society gradually came out of the exceptional Covid regime, it became clear that teleworking would remain on a much larger scale than pre-pandemic. This raises the question of how to introduce far more precise health and safety regulations for this category of workers.

The Covid experience demonstrated the validity of the general prevention principles set out in European occupational health law. These are based on a broad understanding of the set of factors able to negatively affect health. Beyond infection with Covid, working conditions surveys reveal a set of factors deteriorating such conditions (Eurofound 2022 and 2023).

This crisis also highlighted the fact that some categories of workers were not covered by occupational health rules. For some, this was the result of legal barriers linked to a restrictive definition of the scope of legislation: domestic workers, platform workers in countries where they are not on a par with employees. Sometimes, this lack of coverage was due to situations of particular vulnerability preventing workers from exercising their rights effectively: undocumented workers, seasonal workers (Raznaca 2020), posted workers, those with no form of collective representation on occupational health issues, or in other types of precarious work.

2.2 Pertinence and limitations of the Biological Agents Directive

European occupational health legislation addresses the specific risks related to biological agents in a directive dating back to 1990. After several amendments, it had been replaced by Directive 2000/54/EC[21] on biological agents.

21. Directive 90/679/EEC. After various amendments, it was repealed by Directive 2000/54/EC. The successive amendments did not substantially change the original directive. They added to the list of biological agents. Just before the pandemic, a new purely technical amendment had been made to the annexes of the directive, via a Commission directive of adaptation to technical progress (Commission Directive (EU) 2019/1833 of 24 October 2019).

The BAD organises prevention by classifying biological agents into four groups, based on the level of risk they present. Some of the prevention requirements are modulated between the levels.

In April 2020, the Commission decided to place SARS-CoV-2 (the virus responsible for Covid) in group 3, corresponding to a moderate level of risk. This decision, supported by all Member States, was opposed by the European Trade Union Confederation. In the European Parliament, a majority of MEPs in the Social Affairs Committee supported the ETUC's critical stance. Following tense negotiations, the MEPs dropped their opposition to the Commission's directive (a vote against would have meant that the text could not have been adopted), while the Commission adopted a statement[22] meeting a number of the wishes voiced by the MEPs.This statement refers to a revision of the BAD to establish specific rules in the case of a pandemic.

The debate on where to classify the virus is no longer of any practical importance, since vaccination and improved treatments have strongly reduced the threat it poses. We shall not further analyse this question[23].

What is still relevant is the realisation that the BAD is not suited to pandemic situations when every worker is exposed to a biological risk at his or her workplace. The Directive sets out general rules on prevention, together with more detailed provisions geared to work with an inherent biological risk specific to the activities involved (in a laboratory, a farm, the food industry, etc.).

The lack of specific provisions to apply in the event of a pandemic was inevitable when the first Directive was adopted in 1990. In the intervening years, the world experienced two pandemic situations, highlighting the need for specific workplace prevention in the event of a pandemic: SARS in 2003 and H1N1 flu in 2009-2010.

On several occasions, the European Agency for Safety and Health at Work (EU-OSHA) drew attention to the need to address the risk of a pandemic. The impact assessment of the BAD, in 2015, referred to this issue without making any particular recommendation for a revision of the Directive on this point (Milieu, IOM, COWI 2015).

Based on the experience with Covid, our view is that the BAD could be amended to require all companies to draw up a temporary pandemic emergency plan, respecting the hierarchy of preventive measures and taking account of the specific work of the company, to adapt general public health measures to its specific circumstances.

22. Commission Statement, following the presentation of Commission Directive (EU) 2020/739 to the European Parliament and the Council, in respect of the prevention and protection of the health and safety of workers that are or can be occupationally exposed to SARS-CoV-2, OJEU, C212/8, 26 June 2020.

23. To understand the discussions which took place between April and June 2020 on this subject, see the ETUI Brief of 5 June 2020 (https://www.etui.org/sites/default/files/2020-09/ETUI%20Brief%20-%20Classification%20of%20SARS-CoV-2.pdf), as well as Horel (2020).

Another legislative priority is to strengthen the requirements concerning air quality at work. This issue, of course, goes beyond prevention of biological risks. It would have an equally positive impact on reducing chemical risks.

3. The new occupational health strategic framework

On 28 June 2021, the European Commission adopted a strategic framework on health and safety at work for the period 2021-2027[24]. This Communication is accompanied by a working document[25] describing the consultation process prior to the drafting of the strategy.

The actions foreseen are grouped under three objectives. There is a huge contrast between the objectives as such, which are ambitious, and the specific actions, which are limited in scope.

The objectives are the following:
— To anticipate and manage change;
— To improve prevention of work-related diseases and accidents;
— To increase preparedness and react speedily to health threats.

As these are cross-cutting objectives, the initiatives envisaged are divided between them.

The most positive element is certainly the continued revision of the Directive on carcinogens[26], although the Communication is leading a rearguard action as to the scope of application of the CMD. The Communication referred to neither the inclusion of reprotoxic substances, nor the adoption of binding legislation on hazardous medicinal products.

The issue of the working conditions of digital platform workers (Bérastégui 2021) is rightly considered a priority, given the rapid expansion of this sector. According to Commission estimates, the number of workers using these platforms in the European Union will increase from 28 million in 2021 to 43 million in 2025. On 9 December 2021, the Commission presented a series of measures set out in a Communication on the general orientation adopted by the European Union[27], a proposal for a

24. European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, EU strategic framework on health and safety at work 2021-2027. Occupational safety and health in a changing world of work, COM/2021/323 final */ https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=CELEX%3A52021DC0323&qid=1693936410702

25. Commission staff working document, stakeholder consultation. Synopsis report accompanying the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. EU strategic framework on health and safety at work 2021-2027. Occupational safety and health in a changing world of work, SWD/2021/149 final, 28 June 2021, https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=CELEX%3A52021SC0149

26. The adoption of OELVs for lead and diisocyanates is mentioned in the context of the Chemical Agents Directive. However, since the extension of the CMD to reprotoxic substances, these OELVs will be set in the CMRD.

27. Communication from the Commission, Better working conditions for a stronger social Europe: harnessing the full benefits of digitalisation for the future of work, COM(2021) 761 final, 9 December 2021.

directive[28] and a set of draft guidelines[29] designed to avoid competition law opposing collective agreements negotiated by platform workers without employee status.

In other areas, the only legislative initiatives are related to sexist violence against women and domestic violence, on which proposals were to be made by the end of 2021[30], and updates of the Workplace Directive and the Directive on Display Screen Equipment, by the end of 2023.

This lack of ambition contrasts with the scale of the existing problems, rightly highlighted by the Communication. It clearly identifies the need to dovetail environmental policies with occupational health, and the challenges posed by robotisation and artificial intelligence.

The second objective lists health problems significantly affecting workers in Europe. These include circulatory diseases related to work[31], the gender aspect of occupational health, the importance of psychosocial factors and musculoskeletal disorders.

For all these problems, the level of action chosen is weakened by deregulation approaches. However, even aside from the discussion on the role of legislation as a vector of change, the proposed content oscillates between primary prevention, involving a transformation of working conditions by eliminating risks, and a view of health promotion which emphasises encouraging healthy individual choices. According to the Communication, it is necessary to ‘improve health literacy on cancer risks and determinants to give people, including workers, the information and tools they need to make healthier choices’. Such an approach comes up against the issue of power within a company. However good the quality of information communicated, the choices of substances, production processes and how work is organised are not individual choices made by the workers.

In the same vein, tension can be felt between the acknowledgement of psychosocial risks, and insistence on individual mental health. These, however, are issues which have been abundantly discussed in recent years and could usefully have been analysed in greater depth. Many discussions focusing on workplace mental health tend to attach secondary importance to social and organisational factors, contributing little to primary prevention (Scandella 2017; Bérastégui 2022b).

The Communication tries to avoid this problem by passing the buck to the employers’ organisations and trade unions which, it implies, should conduct cross-sectoral and

28. European Commission, Proposal for a directive of the European Parliament and of the Council on improving working conditions in platform work, COM/2021/762 final, 9 December 2021.

29. European Commission, Proposal for guidelines on applying EU competition law to collective agreements regarding the working conditions of solo self-employed persons, Annex to the Communication of 9 December 2021.

30. The heralded legislative initiative was merely a proposal for a Council decision authorising the Member States to ratify, in the interest of the European Union, the 2019 ILO Violence and Harassment Convention (no. 190). On 13 October 2023, the Council gave its agreement in principle.

31. Sultan Taieb et al. (2023) underline the importance of psychosocial elements in cardiovascular diseases.

sectoral negotiations concerning the situation of platform workers, telework and the right to disconnect.

Experience shows that, in the field of occupational health, collective bargaining alone is not sufficient. It can however play an important role when a legislative framework sets obligations to comply with and objectives to be reached. One of the missing links in the strategy is a reflection on the power issues involved in health problems linked to work organisation. These issues are particularly sensitive in the area of preventing musculoskeletal disorders and psychosocial risks.

On 3 October 2022, EU-level negotiations started on updating the autonomous agreement on telework, the content of which, all parties agreed, was very out of date[32]. Unlike the agreement of 16 July 2002, the new agreement should have been implemented as a binding directive. This would have been the first health and safety agreement transformed into a directive since 2010[33], when an agreement concerning the hospital sector was transformed into a directive on the prevention of sharp injuries.

Musculoskeletal disorders are still the occupational health problem most frequently mentioned by workers in surveys on working conditions. Around a quarter of workers in Europe suffer from musculoskeletal disorders. There is a very strong correlation between this health problem and workers' perception that they cannot carry on in the same work after the age of 60. These health problems are directly linked to the way work is organised, its intensity and insufficient account being taken of ergonomic criteria. The drafting of a proposal for a directive was almost completed, with the support of several Member States, when, in 2012, the Commission gave way to pressure from the employer organisations and announced that it would not be adopting legislation on this point. The current strategy does not announce any legislative initiative on this extremely important issue.

The initiatives listed under the third objective – increasing preparedness for future health threats – are more innovative and could result in a structural consolidation of occupational health policies. Particularly worthy of support is the launching of 'an in-depth assessment of the effects of the pandemic and the efficiency of the EU and national OSH frameworks to develop emergency procedures and guidance for the rapid deployment, implementation and monitoring of measures in potential future health crises, in close cooperation with public-health actors'.[34]

The key factor will be the specific initiatives following on from this assessment. Will they be hampered by deregulation, or will improvements to the occupational health legal framework, at both national and EU level, be accepted?

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32. These negotiations ended in failure. On 9 November 2023, the employers' organisations rejected the compromise proposal. The European Trade Union Confederation has now asked the Commission to launch a legislative initiative.

33. Directive 2010/32 (EU) of 10 May 2010 implementing the Framework Agreement on prevention from sharp injuries in the hospital and healthcare sector, concluded by HOSPEEM (European Hospital and Healthcare Employers' Association) and EPSU (European Federation of Public Service Unions).

34. This issue was discussed in the Advisory Committee on Safety and Health at work (ACSH), which adopted a joint opinion on 30 November 2022.

The reference to the 'Vision Zero' campaign is surprising in this Communication. It seems like a last-minute addition, with no logical link to the rest. The terminology 'Vision Zero' expresses a laudable objective underlying the prevention requirements in European law. However, the campaign, largely organised by the International Social Security Association (ISSA), around this term has shaky foundations. It follows on from approaches adopted in the past by multinational companies, the best known being the 'Zero Accident' campaign by the chemical company DuPont. Revelations about DuPont's complete negligence regarding long-term health issues (cancers, risks to reproductive health, in particular) justify critical reflection on this approach[35].

The documents for the Vision Zero campaign promote a top-down understanding of health and safety largely determined by employers, while neglecting the collective and independent contribution of workers. By promoting leadership by employers, the campaign proposes a sort of 'see-through company' in which all questions concerning work organisation depend on corporate management benevolence. There are two major flaws in this understanding. It ignores developments in ergonomics which underline the deep divide between real work and prescribed work, and overlooks the conflict between profit and occupational health.

Conclusion

The period under examination has been one of the most troubled in the history of European integration, featuring Brexit, the Covid-19 pandemic and Russia's large-scale aggression against Ukraine.

Work on occupational health continued on two main fronts. Firstly, the action taken to combat occupational cancers continued, with important outcomes in terms of legislation. Secondly, the responses to Covid seemed, in an emergency situation, to ignore some of the essential principles of occupational health. This contrast could be seen both at EU level and in individual Member States. It can be traced back to methods of governance in which the immediate responses made to urgent problems show little consistency with longer-term objectives.

The difficulties encountered in many sectors to re-establish a sufficient workforce after the pandemic reveal a certain malaise about work as currently organised, with the question of the meaning of work emerging strongly (Coutrot and Perez 2022). This question is directly linked to occupational health when we adopt a broad approach refusing to separate physical from mental health, and attempts to evaluate the long-term effects of working conditions, as well as their sustainability over a whole working life. The serious shortage of workers in some sectors has multiple causes. One of them is a health defence strategy geared to the sustainability of working conditions. The issue of psychosocial risks may become a battleground comparable to the area of cancers in the period 2004-2014. Nobody denies the importance of the problem and its serious

35. The movie *Dark Waters* helps us understand the approach to long-term risks taken by the multinational DuPont. See also a trade union critique (USW 2005).

consequences for human health (Sultan Taieb 2023). Insofar as these are risks related to management methods and the exercise of power in companies, employers are extremely reticent towards any legislative initiative, although the legislation already adopted in various European countries shows that such an approach is possible and yields results (Cefaliello 2021).

While the content of the strategy does little to satisfy workers' main expectations, we should not resign ourselves to another period of little progress. The current context is resulting in serious instability. To risk a comparison, the European strategy for 2014-2020[36] announced no specific new initiatives concerning the revision of the Carcinogens Directive. Nevertheless, the process was launched and has continued until now. Only after the event did a new Commission Communication give its blessing, retroactively, to this priority, in January 2017[37].

Political developments, both in the European Union and in the rest of the world, are far less stable than for decades. The environmental crisis, the shock of the pandemic, the increase in social inequalities, the triggering of a large-scale war in Europe, the heightened international rivalry between the United States and China are all factors which should recommend caution in putting forward any hypotheses as to the future evolution of European policies.

This instability is sometimes used as an argument against social rights and the right to health to justify emergency measures. This explains, for example, the backtracking in the regulation of chemical substances, as demonstrated by the Commission's November 2023 renewal of the glyphosate approval for a further ten years[38]. To date, European occupational health legislation has not been affected by this pressure.

How will this instability be reflected in the next Parliament and the forthcoming Commission? Among the negative factors, we cannot ignore the rise of the extreme right and variants of radical right-wing parties which could, with the traditional right, constitute a new majority in the European Parliament, as is already the case in a growing number of Member States[39].

To what extent will social organisations be able organise joint action on working conditions? This question remains unanswered. Among the positive factors, the discussions on the meaning of work are no longer theoretical reflections: feeding into

36. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on an EU Strategic Framework on Health and Safety at Work (2014-2020) /* COM/2014/0332 final */ 6 June 2014.

37. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Safer and Healthier Work for All – Modernisation of the EU Occupational and Health Legislation and Policy/* COM/2017/12 final */ 10 January 201

38. The lobbying campaign by glyphosate producers used, notably, the argument of food self-sufficiency to call for a reprieve for this substance.

39. The very close outcome of the vote of 12 July 2023 on the Nature Restoration Regulation has rightly been seen as an important test of the hypothesis that the 2024 European elections will result in a right-leaning block dominating the Parliament. For the first time in the history of the European Parliament, a coalition was formed of parties from the EPP to the far right which called for rejection of this proposal, despite many amendments already restricting its initial scope.

a wide range of collective practices, they have the potential to repoliticise a central aspect of everyday life. Will the trade union movement be able to take a proactive approach to these issues and respond to workers' new expectations?

We deem it wiser to close this article with these open questions, rather than trying to make predictions about the future.

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Chapter 4
The European Minimum Wage Directive: a milestone for EU social policymaking

Torsten Müller and Thorsten Schulten

Introduction

The adoption of the European Union (EU) Directive on adequate minimum wages in the European Union (European Parliament and Council of the European Union 2022) on 19 October 2022 marks a milestone on the journey towards a more social Europe. The Directive is historic in several respects: first, it represents the first-ever piece of EU legislation explicitly aimed at ensuring adequate minimum wages and strengthening collective bargaining, thus marking a turning point in the decades-long debate on the possibilities and limits of a European minimum wage policy (Schulten 2008). Second, with regard to the European integration process, it is one of the most significant expressions of the shift in the discourse over the EU's social dimension. For decades, European integration was dominated by a neoliberal policy of liberalisation primarily aimed at integrating markets and thus putting existing industrial relations and social systems under pressure (Soukup 2019). During the economic and financial crisis in the early 2010s, these policies became even more radical with the emergence of a 'new European labour policy' (Syrovatka 2022), under which the European Commission intervened directly in national industrial relations and collective bargaining systems, for instance together with the European Central Bank and the International Monetary Fund as part of the so-called 'Troika' (Schulten and Müller 2013). A much-cited report by the Directorate General for Economic and Financial Affairs (DG ECFIN) at that time praised, among other things, the reduction of minimum wages, the decentralisation of collective bargaining and the reduction of collective bargaining coverage, as well as the general weakening of trade unions' wage-setting power as 'employment-friendly reforms' (European Commission 2012). The European Commission's view was based on the neoliberal belief that strong institutions of collective wage regulation hindered the functioning of 'free' markets, limited companies' flexibility and adaptability, and therefore negatively impacted growth and employment.

Since the mid-2010s, however, the European discourse on the importance of strong labour and social systems has shifted, acknowledging the fact that the handling of the economic and financial crisis in the early 2010s had been dysfunctional for the EU in every respect (Van Gyes and Schulten 2015). Socially, it contributed to increased poverty and precariousness among employees and to a further increase in social inequality in the EU as a whole. Economically, it further weakened domestic growth in many countries and significantly increased economic dependence on the export sector. Finally, politically, it fostered Eurosceptic attitudes among European citizens and undermined the legitimacy of political systems, both at national and

EU level, ultimately contributing to Brexit and the electoral successes of right-wing populist and anti-European parties (Armingeon et al. 2016; Syrovatka 2022).

The new discourse emerging since the mid-2010s rediscovered ‘Social Europe’, emphasising the need for a socially regulated capitalism in which strong social institutions ensure social cohesion and political stability. Exemplary for this is the demand of former EU Commission President Jean-Claude Juncker that Europe should not only achieve an economic and financial but also a social ‘triple A’ rating. However, apart from the amendment of the EU Posting of Workers Directive in 2018, any upgrading of the social dimension initially remained essentially symbolic-declaratory, as clearly demonstrated by the adoption of the European Pillar of Social Rights (EPSR) in 2017 which, contrary to its name, does not contain any enforceable ‘rights’ but only non-binding political principles (Barnard 2020).

This changed in 2019 with the new EU Commission President Ursula von der Leyen and her declared intention to go beyond symbolic declarations in the area of labour and social policy. Several initiatives and concrete legislative projects were included in the Action Plan for implementing the European Pillar of Social Rights adopted in March 2021 (European Commission 2021). Presented in October 2020, the proposal for a Directive on adequate minimum wages is explicitly understood as the implementation of EPSR Principles 6 and 8. Principle 6 states that ‘Adequate minimum wages shall be ensured, in a way that provides for the satisfaction of the needs of the worker and his / her family in the light of national economic and social conditions’ (European Parliament et al. 2017), while Principle 8 encourages employers and trade unions ‘to negotiate and conclude collective agreements in matters relevant to them’ (ibid.).

The EU Minimum Wage Directive is the European Commission’s first-ever legislative initiative for an EU-wide coordination of national minimum wage policies. It aims to significantly increase the level and scope of minimum wages and collective bargaining in Europe. The explanatory part in the recitals of the adopted Directive reads like a complete counter-programme to the management of the financial crisis. Adequate minimum wages and comprehensive collective bargaining are no longer seen as obstacles to competitiveness and economic growth, but as an important institutional prerequisite for sustainable and inclusive economic development. According to the European Commission, an adequate minimum wage ensures a decent living for workers, promotes domestic demand, creates incentives to work and reduces in-work poverty and inequality at the bottom of the wage distribution (European Commission 2020a). Moreover, it promotes gender equality, as more women than men earn wages at or near the minimum wage. This new perspective on adequate minimum wages became even more apparent during the Covid-19 crisis when it became clear that many so-called ‘essential workers’ were being paid low wages. Against this background, the Minimum Wage Directive marks a paradigm shift in European labour and social policy (Schulten and Müller 2021).

The present chapter is structured as follows: Section 1 presents the core traits of the adopted EU Minimum Wage Directive. Section 2 analyses the political process leading to its adoption, focusing on the different interests of those involved. Section 3 sets out the Directive's (potential) implications for minimum wages and collective bargaining at national level. The concluding section places the Minimum Wage Directive in the broader context of the EU's general approach to wages and collective bargaining.

1. Core elements of the Minimum Wage Directive

The explicit objective of the Minimum Wage Directive is to improve living and working conditions in the European Union by establishing a framework for adequate minimum wages and promoting collective bargaining for wage-setting, thereby promoting social convergence and combating wage inequality and in-work poverty (European Parliament 2022a). What is particularly noteworthy about this objective is the commitment to promote collective bargaining in particular at (cross-)sectoral level. Not part of the original Commission documents, this objective was only introduced after the consultation phase with the European employers' associations and trade unions. The inclusion of a strong collective bargaining component represents a significant expansion of the original focus of the legislative initiative on statutory minimum wages. The Minimum Wage Directive, therefore, explicitly acknowledges the fundamental importance of collective agreements for establishing appropriate (minimum) wages (Müller and Schulten 2024).

The Minimum Wage Directive is explicitly not about setting a uniform minimum wage level across the EU, but about specifying criteria to ensure adequate minimum wages at national level. Article 5(2) lists four criteria that Member States shall take into account when setting statutory minimum wages (European Parliament and Council of the European Union 2022): (a) the purchasing power of statutory minimum wages, taking into account the cost of living; (b) the general level of wages and their distribution; (c) the growth rate of wages; and (d) long-term national productivity levels and developments. Member States are to formulate transparent rules for setting minimum wages, but are free to decide on their relative weight.

The most important provision for setting national minimum wages, however, is Article 5(4), which states that Member States 'shall use indicative reference values to guide their assessment of adequacy of statutory minimum wages. To that end, they may use indicative reference values commonly used at international level such as 60 % of the gross median wage and 50 % of the gross average wage, and/or indicative reference values used at national level'. The Directive thus de facto establishes a double 'decency threshold'. Although this threshold is not legally binding, it represents a strong normative benchmark for setting minimum wages at national level (see Section 3.1 below).

To strengthen collective bargaining, the Directive also contains various provisions aimed at strengthening the role of trade unions. For example, Article 3(3) explicitly confirms that collective bargaining is the prerogative of trade unions – and not of 'workers' organisations' as envisaged in the Commission's original text (European

Commission 2020a). Furthermore, Article 4(1) guarantees the right to collective bargaining on wage-setting and protects workers and their representatives who participate (or wish to participate) in collective bargaining from discrimination.

Article 4(2) obliges Member States with a collective bargaining coverage of less than 80 per cent to take measures to increase it. This includes national action plans that contain a clear timetable and concrete measures to gradually increase bargaining coverage. These plans must be developed in cooperation with trade unions and employers' organisations, reviewed regularly and updated at least every five years. In addition, Article 9 of the Directive calls on Member States to consider criteria that guarantee basic trade union rights and compliance with collective bargaining standards when awarding public contracts and concessions.

2. The adoption of the Minimum Wage Directive as a contested political process

However, the adoption of the Minimum Wage Directive was by no means a foregone conclusion. On the contrary, it was a highly contested process with at least three key fault lines. The first encompasses the traditional conflict between capital and labour. In recent decades, the prevailing form of European integration has contributed to a considerable shift in the balance of power in favour of capital. The Minimum Wage Directive is therefore a political initiative aimed at partly correcting the imbalance of power between capital and labour. The second fault line reflects the different systems of minimum wage setting. It is essentially between countries where minimum wages are set exclusively through collective agreements and those with statutory minimum wages. The third fault line results from the different political and socio-economic orientations of the governments involved. While left-leaning governments tended to take a more positive stance on the Directive, more conservative governments were more sceptical. These three fundamental fault lines shaped two further – in a sense derived – fault lines: that between the European institutions, i.e., the European Commission, the European Parliament and the Council of the EU; and the legal debate on the European Treaty and the resulting regulatory competence of the EU. Overall, three phases can be distinguished on the journey towards the adoption of the Minimum Wage Directive (Table 1), in which the respective fault lines came to bear to varying degrees.

Table 1 **Three phases on the journey towards the Minimum Wage Directive**

Phase 1: January-September 2020	
14.01.2020	Publication of the first consultation paper and start of the first phase of the social partner consultation on 25.02.2020 (European Commission 2020b)
03.06. 2020	Publication of the second consultation paper and start of the second phase of the social partner consultation on 04.09.2020 (European Commission 2020c)
Phase 2: October 2020-December 2021	
28.10.2020	Publication of the Commission's proposal for a Directive on adequate minimum wages in the EU (European Commission 2020a)
09.03.2021	Legal opinion of the legal service of the Council (Council of the European Union 2021a)
28.09.2021	Legal opinion of the legal service of the Parliament
25.11.2021	Vote on the report of the European Parliament (2021) in the plenary session
06.12.2021	Common position of the Council of the EU
Phase 3: January-October 2022	
13.01.2022	Start of trilogue negotiations
07.06.2022	Draft agreement in trilogue (European Parliament 2022b)
14.09.2022	Approval of the Directive by the European Parliament
04.10.2022	Approval of the Directive by the Council of the EU
19.10.2022	Adoption of the Directive by the co-legislators
25.10.2022	Publication of the Directive in the Official Journal of the European Union

Source: author's own compilation.

2.1 Phase 1: consultation of the social partners (January-September 2020)

The start of the Commission's initiative to adopt a Minimum Wage Directive was marked by the 'government programme' presented by Ursula von der Leyen after her appointment as Commission President in July 2019. This included the announcement that, within the first 100 days of her term of office, she would launch a legal instrument guaranteeing every worker in the EU a fair minimum wage that allowed for a decent standard of living (von der Leyen 2019). Less than halfway through the first 100 days, the Commission published a first consultation paper on 14 January 2020 (European Commission 2020b), launching the two-stage consultation with trade unions and employers' organisations provided for in Article 154 of the Treaty on the Functioning of the European Union (TFEU) to seek their views on the need for and possible content of an EU initiative. At this early stage of the political process, the main fault line was between capital and labour. While the European trade unions – despite numerous criticisms in detail – overwhelmingly supported an ambitious European regulation through the adoption of a framework directive (ETUC 2020a, 2020b), the employer side rejected in principle the need for specific European legislation on minimum wages (BUSINESSEUROPE 2020a, 2020b).

The employers justified their rejection of the initiative *inter alia* with the formal argument that the EU had no competences to introduce legally binding instruments in the area of minimum wages and collective bargaining. A legally binding regulation would therefore represent an inadmissible encroachment on the competences of the

Member States and in particular on the collective bargaining autonomy of the national bargaining parties (BUSINESSEUROPE 2020b). In terms of content, the main point of criticism from the employer side was that the criteria for setting minimum wages proposed by the Commission were biased towards the social interests of employees and that economic aspects such as the impact of minimum wages on employment and competitiveness were not sufficiently considered.

On the workers' side, support for a framework directive by the European Trade Union Confederation (ETUC) was not unconditional. It was linked to a European legal initiative effectively leading to adequate minimum wages, not interfering with the collective bargaining autonomy of national bargaining parties and, in particular, providing sufficient protection for well-functioning national collective bargaining systems (ETUC 2020b). In addition, the ETUC called for specific regulations: a) to ensure a minimum wage not below the double threshold of 60 per cent of the gross median wage and 50 per cent of the gross average wage; b) to promote sectoral collective bargaining, including concrete measures to protect the right to organise and bargain collectively, as well as the obligation for Member States with a collective bargaining coverage below 70 per cent to draw up an action plan with concrete measures to continuously increase coverage; and c) to abolish all variations and deductions from the statutory minimum wage.

2.2 Phase 2: discussion of the Commission's draft directive (October 2020-December 2021)

After a second phase of consultation with European trade unions and employers' organisations, the European Commission (2020a) published a draft directive on 28 October 2020. This took up several of the trade union demands, especially those regarding the promotion of collective bargaining. Accordingly, the ETUC welcomed the draft (ETUC 2020c), while the very fact that the Commission had chosen the legally binding instrument of a directive was sharply criticised by the employer side (BUSINESSEUROPE 2020c; CEEP 2020; SMEunited 2020). Referring to it as a 'disaster' and a 'legal monster', BUSINESSEUROPE (2020c) rejected the entire draft in principle. This fundamental opposition essentially meant that the employers left the game outright; as a consequence, they played no significant role in the ensuing discussions on the Directive's concrete content. However, it is important to note that there were also different or at least nuanced views in both camps. On the employee side, the trade unions from Denmark, Iceland, Norway, and Sweden were strongly opposed to a directive as they saw it as a threat to the voluntaristic Nordic industrial relations systems based on self-regulation (Saco 2020; Risgaard et al. 2020). But there were also different positions on the employer side. For example, both Medef (the top employers' organisation in France) (De Comarmond 2021), and the SGI (the former CEEP, the European Centre of Employers and Enterprises providing Public Services) were less dogmatic in rejecting a binding European minimum wage framework (European Commission 2020c).

The different positions within the European trade unions and employers' associations revealed that the basic conflict between capital and labour was partly overshadowed by the institutional logic of the respective collective bargaining and minimum wage systems. The same applied to the discussion of the draft in the European Parliament and the Council of Ministers. This is significant because, with the publication of the draft directive by the Commission, the ball was now formally in their court, since according to the ordinary legislative procedure laid down in the Lisbon Treaty, the adoption of a directive requires the joint consent of the European Parliament and the Council.

In this second phase of the political decision-making process, the European Parliament played a crucial role, in particular because the two co-rapporteurs – Agnes Jongerius from the Progressive Alliance of Socialists and Democrats (S&D) and Dennis Radtke from the European People's Party (EPP) – succeeded in bringing about a majority in the European Parliament for their joint report which was even more ambitious than the Commission draft (European Parliament 2021). The most important improvements called for in their report covered two areas: a) strengthening the role of trade unions by explicitly stating that collective bargaining was the prerogative of trade unions and not of 'workers' organisations' as in the Commission proposal; and b) including specific measures to promote collective bargaining and to protect the right to organise and to bargain collectively, including a ban on discrimination against workers and their representatives who exercise these rights. The report furthermore called for a higher collective bargaining coverage threshold of 80 per cent (instead of the Commission's proposed 70 per cent), below which Member States would be obliged to draw up an action plan to increase coverage (European Parliament 2021).

Against this background, the adoption of the Parliament report on 25 November 2021 by a large majority was an important step towards a more ambitious Minimum Wage Directive. However, the large majority with which the report was adopted should not obscure the fact that the discussion in Parliament was very controversial. Both basic political-ideological orientations and the institutional logic of the different national collective bargaining systems played a role, whereby the latter partly overshadowed the former.

In parallel with the discussion in the European Parliament, the Council of Ministers also discussed the draft directive. Unsurprisingly, the strongest criticism came from Denmark and Sweden where the social democratic-led governments were in agreement with almost all social players – from employers to trade unions and all major political parties from the right to the left – in their rejection of the draft directive. Initially, a critical position was also taken by the more right-wing populist governments in Hungary and Poland, primarily based on a generally Euro-critical stance. The more neoliberal governments in Austria and the Netherlands were also initially critical. By contrast, more leftist governments, for instance in Portugal and Spain, strongly supported it, as did governments in countries without a statutory minimum wage, such as Finland and Italy. However, there were also many governments – including Germany – that did not initially take a clear position, partly because they wanted to wait for a legal analysis of the proposed directive.

The frequent reference by governments to the need for an analysis of the proposed directive's legality points to another legal fault line traversing the three main fault lines mentioned above. All critics of the directive, whether employers, trade unions, political parties or governments, were of the opinion that the EU had no regulatory competences in the field of wages and collective bargaining. Their argument was based on Article 153(5) of the TFEU which explicitly excludes the determination of pay from the EU's regulatory competences in the social policy field. Accordingly, they argued that the Directive contradicted this article and violated the EU's principle of subsidiarity. The European Commission, on the other hand, argued from the outset that the Directive was fully covered by Article 153(1b) which gave it regulatory powers in the area of working conditions and, procedurally, did not require unanimity but only a qualified majority for it to be adopted in the Council. Since the Directive did not require Member States either to set a statutory minimum wage at a specific level or to establish a specific system for setting minimum wages, the exclusion of competences in Article 153(5) TFEU did not apply. European regulations that only indirectly influenced wage developments were permissible under European law and were also covered by the case law of the European Court of Justice.

Against this background, the legal services of both the European Parliament and the Council of the EU prepared an expert opinion which in each case confirmed the position of the European Commission (Council of the European Union 2021a). Although this fundamentally derailed the argument of the Directive's critics, it posed a fundamental dilemma for its supporters and in particular for those – such as the European Parliament and the trade unions – demanding a much more ambitious regulation. According to these players, to ensure the greatest possible effectiveness and efficiency, the Directive's provisions should be as precise and binding as possible. As regards minimum wage setting, for instance, the double decency threshold of 60 per cent of the median wage and 50 per cent of the average wage should be a binding criterion for adequate minimum wages. However, the more binding the requirements for adequate minimum wages are, the greater is the legal burden of proof that the regulations remain covered by EU law. The same applies to the demand for more far-reaching regulations to promote collective bargaining. This difficult balancing act for the Commission characterised the trilogue negotiations.

2.3 Phase 3: inter-institutional trilogue negotiations (January-October 2022)

The inter-institutional trilogue negotiations began on 13 January 2022. The basic function of the trilogue is to bring about a political agreement between the Council and Parliament on a legislative proposal, with the Commission acting as mediator. While the Parliament sought the most far-reaching and specific regulation possible at European level – within the limits of the scope defined by the European Treaties –, the Council's main interest was to achieve the most flexible regulation possible, leaving as much room for manoeuvre as possible for national governments (Council of the European Union 2021b). In other words, while the Parliament aimed at beefing up the Commission's draft, the Council aimed at watering it down. Against this background, it is not surprising that the negotiations initially turned out to be very difficult. Following a series of meetings at technical and political level, the actors involved reached a preliminary agreement on 7 June 2022. This was confirmed by a large majority of the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO Council) of national Labour and Social Affairs Ministers on 16 June 2022.

In the trilogue, the Parliament prevailed on central points of the Directive. These concerned in particular strengthening the role of trade unions, including more far-reaching provisions to strengthen collective bargaining, anchoring the double decency threshold in the final legal text as a guideline for assessing the adequacy of statutory minimum wages, and extending the conditions for awarding public contracts. However, the Parliament was unsuccessful in its demand to have the provisions on variations and deductions in minimum wages deleted.

On 14 September 2022, the compromise trilogue draft was passed first in the European Parliament and then on 4 October 2022 in the Council. In the latter, only Denmark and Sweden voted against it, while Hungary abstained. This paved the way for the Directive's official adoption by the co-legislators on 19 October 2022. The policy-making process ended on 25 October 2022 with the publication of the Directive on adequate minimum wages in the EU in the Official Journal of the EU. Member States now have two years to transpose it into national law. Finally, on 18 January 2023, the Danish government sent a formal request to the Court of Justice of the European Union (CJEU) to have the Directive annulled (Case C-19/23). Considering the broad legal support for the Directive, however, it is unlikely that the CJEU will repeal it.

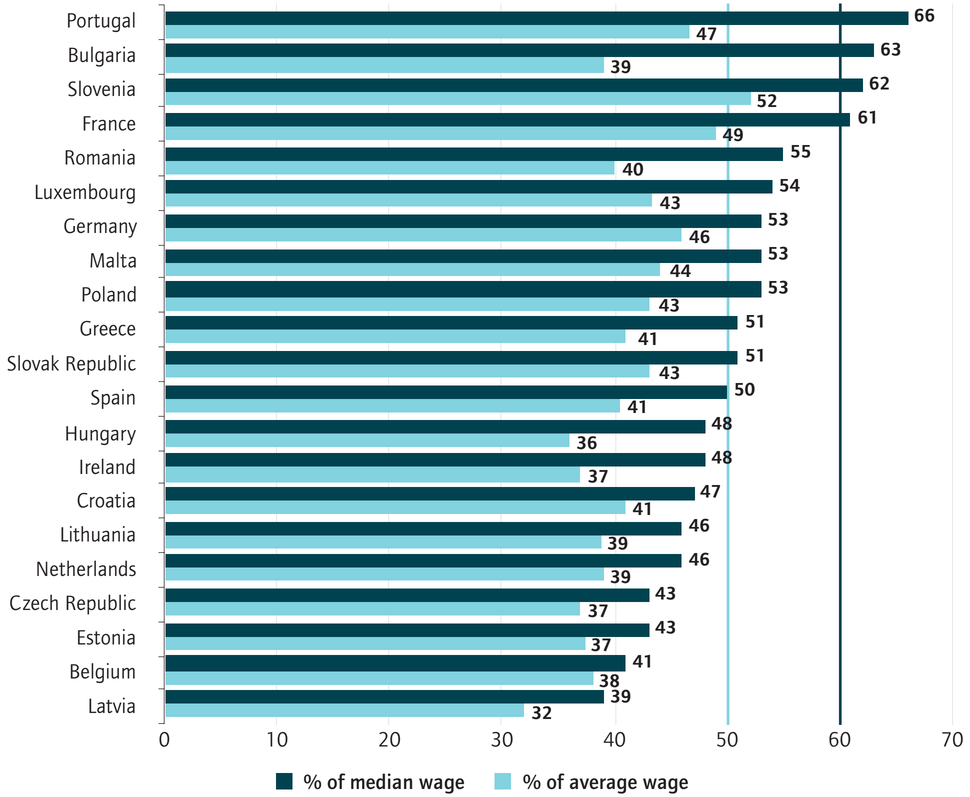
3. Implications of EU Minimum Wage Directive

The concrete effects of the EU Minimum Wage Directive at national level depend primarily on how national actors implement its procedural requirements in line with their substantive objectives. This applies to ensuring both an adequate level of (statutory) minimum wages and collective bargaining coverage. Developments in various EU countries indicate, however, that even before its transposition into national law the Directive is already influencing political debates on national reforms to ensure compliance with the Directive's objectives.

3.1 Effects on statutory minimum wages

With respect to adequate minimum wages, the most important and concrete provision in the Minimum Wage Directive with the most far-reaching impact on national developments is the call for Member States to take into account the internationally recognised reference values of 60 per cent of the median and 50 per cent of the average wage when setting minimum wages. As Figure 1 illustrates, to date, only Slovenia fulfils the double decency threshold. In all other EU Member States, therefore, more or less substantial increases in statutory minimum wages are necessary to reach this double threshold. If all EU Member States were to raise their minimum wages accordingly, up to 25 million employees across the EU would benefit (European Commission 2020d).

Figure 1 **Statutory minimum wage as % of full-time median and average wages (2022)**



Source: OECD Earnings Database, for Malta the data for the percentage of the median wage in 2022 and for Bulgaria the data for the percentage of the median wage in 2018 were taken from Eurostat (2023).

As already stated, even before the Directive's transposition into national law, the double decency threshold is influencing national developments in various countries. In Bulgaria, for instance, the amendment to the Labour Code adopted on 1 February 2023 stipulates that in the future the statutory minimum wage will be set at 50 per cent of the national average gross wage on 1 September each year. The amendment also states that the new rate cannot be lower than that of the previous year (Aumayr-Pintar et al. 2023). In Ireland, the government has announced that it will gradually raise the minimum wage to a living wage level equivalent to 60 per cent of the Irish median wage by 2026 (Government of Ireland 2022). Furthermore, in Germany, the extraordinary increase of the minimum wage to €12 on 1 October 2022 anticipated the Directive's implementation. The increase was justified by explicitly referring to the draft Minimum Wage Directive and the fact that the new level would bring the minimum wage closer to 60 per cent of the national median gross wage (Müller and Schulten 2022). The new level furthermore boosted the political debate about inserting the reference value of 60 per cent into the German minimum wage law (Herzog-Stein et al. 2023).

Further examples of how the double decency threshold has influenced the debate on minimum wage levels are Belgium and the Netherlands. In Belgium, the labour minister acknowledged that the country's minimum wage failed to meet European standards and would have to be raised to €12 per hour to reach the target of 60 per cent of the median wage (Carter 2022). In the Netherlands, the trade union federation FNV is campaigning for a fair minimum wage of €16, explicitly referring to the Directive's decency threshold of 60 per cent of the median wage (FNV 2023). Other countries are also linking the statutory minimum wage to the national median or average wage but going even further than the Directive's double decency threshold. The current minimum wage law in Slovakia, for instance, stipulates that the minimum wage should be set at 57 per cent of the average wage as long as employers and trade unions do not agree on a different minimum wage. In Spain, the government has committed to raise the minimum wage to 60 per cent of the average wage by 2023.

It can be expected that, within the next two years, the Directive's transposition into national law will lead to discussions on an adequate minimum wage in all EU Member States with statutory minimum wages. The examples mentioned above illustrate that, even though the double decency threshold is not a legally binding standard, it will most likely become the accepted benchmark in these discussions.

Although the Directive's rules and criteria for adequate minimum wages apply exclusively to countries with a statutory minimum wage, they are also already influencing discussions in countries with minimum wage regimes so far based exclusively on collectively agreed regulations. The most prominent example is Cyprus which, in view of its relatively low level of collective bargaining coverage, has switched from a regime based on negotiated minimum wages and statutory minimum wages for only a few occupational groups to a regime based on a general national statutory minimum wage. On 1 January 2023, Cyprus introduced a new national statutory minimum wage set at €940 per month, i.e., 60 per cent of the median gross wage (European Commission 2022).

Italy is another example where the introduction of a statutory minimum wage has been discussed intensively for several years (Garnero and Lucifora 2020). Although collective bargaining coverage in Italy is formally very high, there are several areas, especially in the informal economy, not de facto covered by collective agreements. In addition, collectively agreed minimum wages are very low in many sectors (Di Raffaele 2023; Orlandini and Meardi 2023). Against this background, the Minimum Wage Directive has given new impetus to the debate on a statutory minimum wage. Opposed to any kind of statutory minimum wage, the new Meloni government stalled the debate after coming to power in autumn 2022 (Aumayr-Pintar et al. 2023). More recently, however, opposition parties with the support of the trade unions CGIL and UIL have submitted a proposal for a statutory minimum wage of €9 per hour.

Finally, despite a very high level of collective bargaining coverage guaranteeing an almost nationwide sectoral minimum wage, Austria also has a relatively large low-wage sector (Geisberger 2021). This is because in several industries – especially in the private service sector – the minimum wages set by collective agreements are rather low, remaining below the low-wage threshold. Against this background, Austrian trade unions have repeatedly demanded an adequate minimum wage to be included in all sectoral collective agreements. In September 2022, the Austrian unions agreed that the monthly minimum wage in all collective agreements should be at least €2,000 (ÖGB 2022), an amount roughly corresponding to 60 per cent of the national median wage. As some employers persistently reject this demand for collectively agreed adequate minimum wages, the ÖGB is now calling for a national collective agreement (*Generalkollektivvertrag*) on a national minimum wage of €2,000 per month.

Compared to Austria, Cyprus and Italy, the situation is different in Denmark and Sweden where high collective bargaining coverage goes hand in hand with high collectively agreed minimum wages of 70 per cent and more of the median wage. In Sweden, for instance, the proportion of employees working at collectively agreed minimum wages below 60 per cent of the median wage is negligible – less than one per cent (Hällberg and Kjellström 2020). Thus, while the influence of the Directive on the level of collectively agreed minimum wages in countries such as Denmark and Sweden is likely to be small, it could well gain in importance in countries such as Austria, Cyprus or Italy where the double decency threshold of 60 per cent of the median and 50 per cent of the average wage could also serve as benchmarks for a general minimum level for collectively agreed minimum wages or even the introduction of a statutory minimum wage.

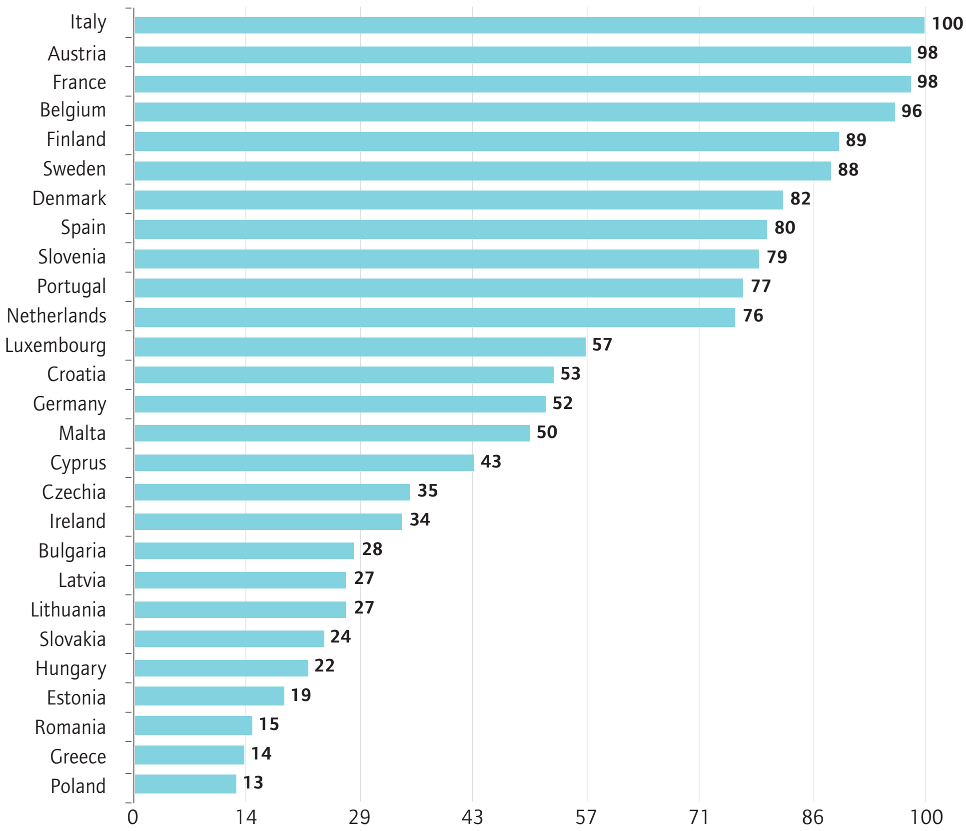
However, the use of the double decency threshold as a criterion for adequate minimum wages can be a problem when a country's overall median and average wage levels are very low in the first place. Such a constellation exists for example in Bulgaria or Portugal. In both countries, though the minimum wage, measured against the double decency threshold, is very high (see Figure 1), it still does not represent an adequate wage. Therefore, the criterion of the purchasing power of the minimum wage, also mentioned in the Directive, is very important. The so-called basket of goods approach, as used in many living wage initiatives (Schulten and Müller 2019), can be used to ensure that minimum wages set in line with the double decency threshold are adequate. Under this approach, the minimum wage must be high enough for employees to be able to afford a certain basket of goods and services ensuring an adequate standard of living. Such a basket approach would, as a complementary approach, subject the minimum wage set according to the double decency threshold to a reality check (Müller and Schulten 2020).

3.2 Effects on collective bargaining systems

In addition to enforcing an appropriate minimum wage, the second major objective of the Minimum Wage Directive is to strengthen collective bargaining systems. The two are closely related in that a high level of collective bargaining coverage usually correlates with significantly lower wage inequality and correspondingly higher minimum wages (Keune 2021). A high level of collective bargaining coverage is also an important prerequisite for ensuring proper wages for larger employment groups and thus creating a sufficiently high median wage which in turn can serve as a benchmark for adequate minimum wages.

Within the EU, collective bargaining coverage varies considerably (Figure 2). While in countries like Italy, France or Austria almost all employees are covered by a collective agreement, in some Central and Eastern European countries this is the case for only a minority of employees. In addition, collective bargaining coverage in many European countries has been decreasing for more than two decades (Müller et al. 2019).

Figure 2 **Collective bargaining coverage (2021*) (in % of employees covered by collective agreements)**



*2021 or the most recent year available.
Note: the collective bargaining coverage of 100 % for Italy in the OECD/AIAS database reflects the fact that judiciary courts routinely extend the minimum wage rate of national sectoral collective agreements to all employees in a certain sector. Thus, the 100% coverage rate for Italy only refers to the minimum wage rates and not to all elements of national sectoral agreements.
Source: OECD/AIAS (2023), for Germany: IAB Betriebspanel in Ellguth and Kohaut (2022).

With the Minimum Wage Directive, the EU has for the first time formulated a clear commitment to a high level of collective bargaining coverage, seen as an essential instrument for strengthening social cohesion and promoting inclusive economic development (European Commission 2020a; European Parliament 2022a). By calling on all Member States with less than 80 per cent bargaining coverage to develop a national action plan to promote collective bargaining, a target is also indirectly defined for an adequate level of collective bargaining coverage. According to the OECD/AIAS ICTWSS database (OECD/AIAS 2023), collective bargaining coverage is currently below the 80 per cent mark in 19 of the 27 EU Member States (Figure 2). In the remaining eight, countries such as Italy or Spain formally report a very high level of bargaining coverage due to *erga omnes* regulations, but in practice this figure is probably significantly overstated. Even in Denmark, some studies assume a bargaining coverage of less than 80 per cent and, thus, a corresponding need for political action (Bech 2022).

With the transposition of the Minimum Wage Directive into national law, the majority of EU Member States will be required to establish an action plan with concrete measures to gradually increase collective bargaining coverage. Although the Member States have two years until October 2024 to transpose the Directive, its provisions on the strengthening of collective bargaining are already shaping policies in EU countries, as the following examples illustrate (Müller and Schulten 2024). In Ireland, a tripartite High-level Working Group was set up in March 2021 with the explicit objective of developing recommendations to fulfil the Directive's obligation of gradually increasing bargaining coverage from its current level of 34 per cent to the 80 per cent threshold set by the Directive (LEEF 2022).

Germany is another example where this threshold has become a major point of reference in the debates on how to reverse the continuing decline in collective bargaining coverage. After adoption of the Directive, representatives from trade unions and political parties called on the German government to immediately set up an action plan for strengthening collective bargaining and not to wait until the Directive's formal transposition. The German Ministry of Labour has announced that it will be presenting a legal package for the promotion of collective bargaining in autumn 2023 which among other things will include a draft for a new federal public procurement law. Following the example of many regional governments, such a '*Bundestariftreuegesetz*' would be aimed at ensuring that public contracts at national level are only awarded to companies which apply the provisions of collective agreements (Schulten 2021).

The obligation to promote collective bargaining will most likely have the most far-reaching consequences in Central and Eastern Europe where collective agreements, with the exception of Croatia and Slovenia, cover only one third of the workforce – or even less. One example of the Directive's potentially strong impact on national bargaining regimes is Romania, where a new law on social dialogue was passed in December 2022 just two months after adoption of the Directive. Aimed at strengthening collective bargaining at all levels and promoting unionisation, the new law essentially reverses most of the measures introduced in 2011 with the explicit aim of decentralising and weakening collective bargaining (Müller and Schulten 2024). Ironically, both reforms were triggered by pressure from the EU. While the neoliberal reforms in 2011 were imposed by the Troika as a precondition for financial assistance in the context of the economic and financial crisis, the recent reforms were the result of a social conditionality. This time, the reform strengthening social dialogue and collective bargaining was linked to receiving financial support from the Recovery and Resilience Fund (RRF) in the context of the Covid-19 pandemic (De Spiegelaere 2023). However, for most Central and Eastern European countries a significant increase in their collective bargaining coverage would require a regime change from a primarily company-based to a more sector-based collective bargaining system (Müller and Schulten 2024).

The extent to which the Directive can effectively contribute to promoting collective bargaining at national level is dependent on whether the relevant political players take up the initiative and are able to implement appropriate measures. The European monitoring process provided for in the Directive and the accompanying permanent comparisons between EU countries will support the position of those national players advocating stronger collective bargaining systems. The more countries that develop good practices to promote collective bargaining, the greater the political pressure will be on those countries with low collective bargaining coverage.

In a best-case scenario, an upward dynamic could be set in motion leading to a structural increase in collective bargaining coverage throughout Europe and thus significantly boosting the institutional power of trade unions. However, this development is by no means a foregone conclusion. Just as the Minimum Wage Directive was rejected by large swathes of European business and the political spectrum, its implementation in some countries could also be hampered by the same political forces. Strengthening collective bargaining in Europe is thus the part of the European Minimum Wage Directive that is much more difficult to implement, but at the same time also the part that could shift the balance of power between capital and labour most permanently.

Conclusion

The last two years have seen a whole range of EU-level legal initiatives in the field of wages and collective bargaining. In addition to the Minimum Wage Directive, these notably include: a) the September 2022 Guidelines on the application of EU competition law to collective agreements which aim to remove legal barriers to collective bargaining for solo self-employed workers; b) the proposal for a Council Recommendation on strengthening social dialogue in the EU published by the Commission in January 2023; and c) the Pay Transparency Directive which the Council of the EU adopted in April 2023 and which in particular aims to address the gender pay gap. All these initiatives illustrate the paradigm shift in the EU's approach to wages and collective bargaining.

However, the initiative with the potentially most far-reaching implications is the Minimum Wage Directive. It has the potential to become a real game changer in the fight against in-work poverty and social inequality. This is not only due to the measures laid down in the Directive which directly aim at securing adequate (statutory) minimum wages based on clear reference values, but above all due to the measures laid down to promote collective bargaining and the associated strengthening of trade unions' institutional power.

The paradigm shift towards a more social Europe marked by the Minimum Wage Directive and other recent initiatives (Vanhercke et al. 2022, this issue) proves that the often lamented 'structural asymmetry' (Scharpf 2010) of the European integration project is not set in stone. It shows that under favourable political conditions a change of course can take place, driven by a social re-embedding of previously liberalised markets. In the case of the Minimum Wage Directive, the considerable loss of legitimacy of the European integration project within the European population, as manifested by the rise of right-wing populist forces with a clearly nationalist and anti-European attitude, played a particularly important role, creating a political momentum for a more social orientation of EU policy. The Commission in particular realised that it had overstepped the mark in its neoliberal crisis management in the early 2010s and that significant corrections were now necessary to turn around the increasingly Euro-critical mood among European citizens. The Covid-19 pandemic reinforced this momentum by promoting a kind of 'emergency pragmatism' in the EU that has made possible many policies considered unthinkable only a short time ago (Urban 2020). The same is true for the crisis processes triggered by the war in Ukraine. Above all, high inflation rates make a stabilisation of lower incomes particularly urgent and thus provide additional arguments for raising minimum wages.

Finally, a specific political constellation existed in the Council of the EU, with the French government having a manifest interest in bringing the Minimum Wage Directive to a successful conclusion within its Council Presidency in the first half of 2022. At the same time, the change of government in Germany in autumn 2021 set the course for the German government to actively contribute to the success of the initiative. In this respect, the Franco-German political locomotive helped to guide the Directive train safely to its destination.

The concrete significance of the Minimum Wage Directive will ultimately be determined by its implementation at national level. The Directive does not define legally binding standards but creates an important political frame of reference that strengthens those positions and players at national level who advocate adequate minimum wages and strong collective bargaining. However, their enforcement will need to be fought for at national level, not only in countries with a statutory minimum wage, but also in countries where minimum wages are set by collective agreement.

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Chapter 5
The politics of minimum income protection in the EU: the long road to a Council Recommendation

Viola Shahini, Angelo Vito Panaro and Matteo Jessoula

Introduction: the European Union coping with social gaps in an unstable context

Over the last decades several factors have created strong pressure to open discussions on a minimum income initiative at European Union (EU) level. The global economic and European sovereign debt crises had a significant impact on individuals' well-being, leading to increased poverty and material deprivation rates in many Member States (Raitano et al. 2021; Panaro et al. 2022). These crises revealed the limitations of national social protection schemes which were generally unable to effectively address growing social challenges. The Covid-19 pandemic further exposed gaps in social protection systems (Baptista et al. 2021), while external factors such as the Russian invasion of Ukraine and inflation rising faster than wages have added urgency to the social protection challenges. These, in turn, have highlighted the need for robust social protection measures.

With the fight against poverty and social exclusion a longstanding priority on the European agenda, the Juncker and von der Leyen European Commissions proposed innovative measures deviating from the previously dominant austerity policy framework. Importantly, the 2017 launch of the European Pillar of Social Rights (EPSR) and its Principle 14 advanced a 'rights-based' discourse (Sabato and Corti 2018; Vanhercke et al. 2020; Panaro et al. 2022) on adequate minimum income (AMI), opening a window for action. This labelling of principles as 'rights' represented 'institutional signalling' for key stakeholders to call for binding EU legislation in the field of anti-poverty and minimum income policies (Shahini et al. 2022).

Despite the increased level of poverty and the relevance of anti-poverty measures at EU level, endorsement of a directive on AMI was not feasible, and only a Council Recommendation was adopted in January 2023. Even though this can be seen as a step forward in the implementation of the EPSR and its Principle 14, it faced overt criticism from proponents of a more binding instrument, who argued that, by setting enforceable standards, a directive on adequate minimum income would be more effective in ensuring a more consistent level of protection against poverty and social exclusion across Member States.

The aim of this chapter is to reconstruct the political dynamics behind the EU-level initiatives on AMI, while providing important insights on the future impact of the Recommendation for Member States. We answer the following two questions: a) can the national and supranational players calling for binding EU legislation in this field still turn the tide in favour of a directive on the topic?; and b) will the Council Recommendation, including the suggestion for Member States to develop a 'minimum income framework', have any practical effects?

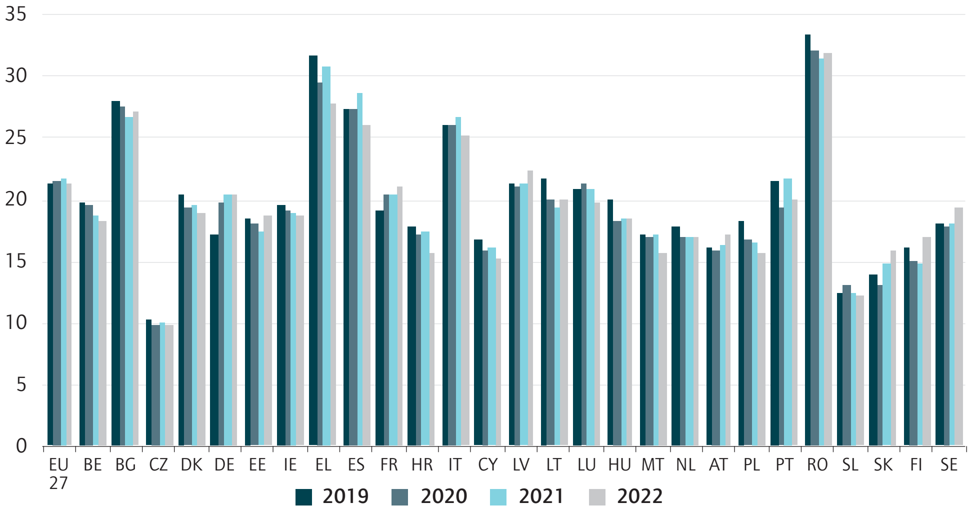
To answer these questions, this chapter draws on qualitative research analysing EU documents, legislative acts, press reviews, parliamentary minutes and publications from key players, along with 13 semi-structured interviews with supranational stakeholders, including representatives from the European Commission, social partners and civil society organisations (see Annex for a full list). The chapter is structured as follows. Section 1 outlines the main functional pressures increasing the relevance of anti-poverty initiatives at EU level. Section 2 addresses the persistent challenges in terms of the institutional settings of existing national schemes across EU Member States and the urgent need for an EU framework in this field. Section 3 reconstructs the political dynamics that led to the adoption of the 2023 Recommendation on Adequate Minimum Income, identifying the main lines of conflict among the key stakeholders and tracing the political exchange dynamics between national and supranational players. The chapter concludes by providing an overview of the possible effects of the Recommendation for Member States. We argue that the Council Recommendation can serve as a catalyst for policy change at supranational level and that its potential lies in its ability to influence, guide and stimulate action at national level, contingent upon the deliberate use of the Recommendation by domestic players (cf. Jessoula 2015; Jessoula and Madama 2018; Vanhercke et al. 2020; Brooks et al. 2021; Raitano et al. 2021).

1. Current trends in poverty, social exclusion, and in-work poverty

Looking at the most recent Eurostat data on poverty and social exclusion, we observe three trends. First, the AROPE (at risk of poverty and social exclusion) rate has remained consistently high over the last years, with over one in five people among the EU working age population (16 to 64) at risk of poverty or social exclusion in 2022. However, the EU average conceals great disparity: Figure 1 shows that Bulgaria, Greece, Romania and Spain reported the highest AROPE rates (27.2%, 27.8%, 31.9% and 26% respectively) in 2022, while Czechia and Slovenia had relatively lower ones (below 15%).

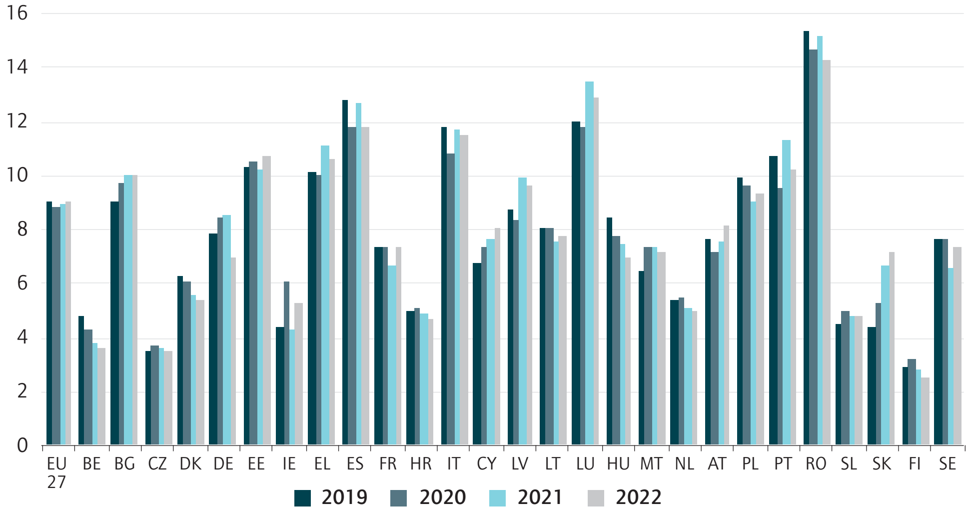
Second, the most recent trends in in-work-poverty (IWP) indicate that simply having a job is not always sufficient to overcome poverty and social exclusion. In fact, the increase in IWP rates in several European countries between 2019 and 2022 highlights the ongoing challenges faced by individuals and households despite being employed. As seen in Figure 2, IWP rates increased in Austria, Cyprus, Estonia, France, Ireland, Lithuania, Poland, Slovakia and Sweden, with a significant proportion of workers in these countries nowadays facing challenges in achieving a decent standard of living. Furthermore, IWP rates remain high in Italy, Luxembourg, Romania, and Spain, with respective rates of 11.5%, 12.9%, 14.3% and 11.8%.

Figure 1 **AROPE rate in the EU Member States, 16-64 year-olds, as a share of the population (%)**



Source: Eurostat online, last accessed July 2023.

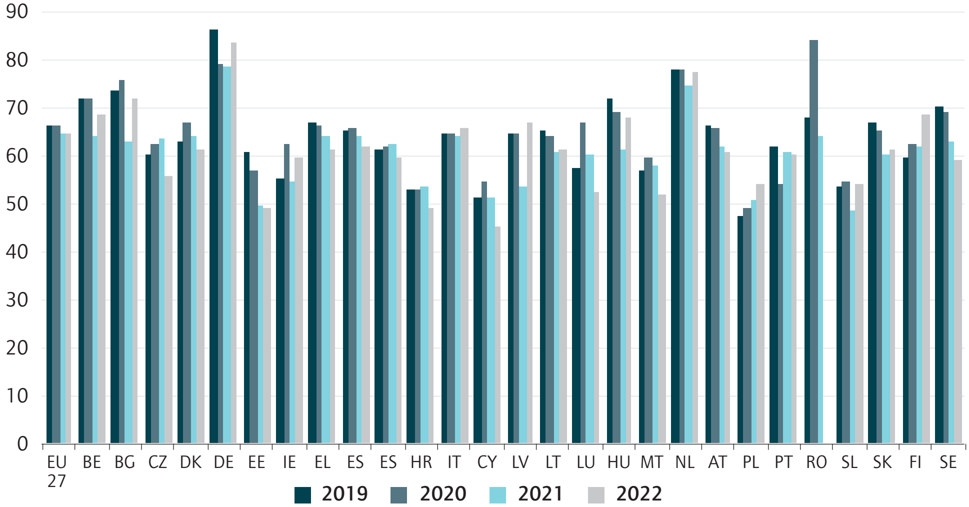
Figure 2 **In-work at-risk-of-poverty rate, 18-64 year-olds (%)**



Source: Eurostat online, last accessed July 2023.

Third, the protective capacity of social protection schemes is limited. Figure 3 shows that in all Member States the AROPE rates are significantly higher among the unemployed than among the overall working age population, averaging 65.4% in 2022. Bulgaria, Germany and the Netherlands have the highest share of unemployed at risk of poverty, 72%, 83.8% and 77.6% respectively, while Croatia (49.4%), Cyprus (44.7%) and Estonia (49.1%) report the lowest shares.

Figure 3 **At risk of poverty or social exclusion rate, unemployed 18-64 year-olds (%)**



Source: Eurostat online, last accessed July 2023.

2. The ineffectiveness of minimum income schemes and the need for EU intervention

2.1 The shortcomings of national minimum income schemes

Even though most EU Member States have either introduced or improved access to minimum income schemes with the aim of providing income support and protecting households from income shocks and poverty risks, there are notable differences in their design, generosity and accessibility across countries.

According to a 2022 study conducted by the Social Protection Committee (SPC) and the European Commission on the state of AMI in the EU, challenges persist in terms of accessibility, adequacy and enabling capacity (SPC and European Commission 2022). First, identifying accessibility as a challenge, this study argues that certain barriers may prevent eligible individuals and households from accessing minimum income benefits, including age requirements (e.g., Cyprus, France, Spain), minimum length of legal residence (e.g., Austria, Denmark, France, Italy), complex application processes (e.g., Lithuania, Portugal, Spain), limited outreach efforts (e.g., Croatia, Greece, Romania) and administrative obstacles (e.g., Austria, Cyprus, Sweden) (SPC and European Commission 2022). Ibáñez et al. (2023) add that, when national governments regard a household as the unit of assessment, they tend to underestimate women's potential economic dependency on their families (e.g., Estonia, Germany, Italy and Spain), possibly triggering different modes of social exclusion due to complex bureaucratic procedures hindering access for potential recipients (Ibáñez et al. 2023).

Second, the study highlights that minimum income adequacy, i.e., the level of benefits provided, has remained largely unchanged over the past decade. Moreover, benefits are not sufficient to lift individuals and households out of poverty or ensure a decent standard of living. According to the report, substantial variations in the adequacy of minimum income benefits persist across EU Member States. In countries like the Netherlands and Ireland, the level of benefits provided to single-adult households exceeded or was very close to 90%-100% of the national income poverty threshold (SPC and European Commission 2022), indicating a high level of adequacy. In Italy, the benefit for a single-member household was equivalent to 58% of the relative poverty threshold, though was around 90% when housing benefits were included (Panaro et al. 2023). At the other end of the scale, countries such as Bulgaria, Estonia, Hungary and Romania provided minimum income benefits that were approximately 20% (or below) of the income of a low-wage earner and the poverty threshold in 2019, suggesting that the benefits provided were ineffective in lifting people out of poverty.

In addition, a European Commission Joint Research Centre report argues that AMI coverage across EU Member States presents significant heterogeneity (Almeida et al. 2022). Applying an extreme poverty criterion[1], this study shows that most EU countries fall short in providing coverage to a substantial portion of the poorest population. Only eight countries have coverage rates above 50%, indicating that a significant proportion of the poorest individuals are not benefiting from minimum income support. Among the countries with higher coverage rates are France, Cyprus, Ireland, and Slovenia. By contrast, Estonia, Bulgaria, and Latvia show the lowest coverage rates, with as many as 90% of the poorest individuals not receiving minimum income support, highlighting the significant gaps in coverage and the limited reach of these schemes.

Third, the enabling capacity of such schemes is also mentioned as an area of challenge (SPC and European Commission 2022), as already highlighted by previous studies pointing to the low participation rates of minimum income beneficiaries in active labour market policies as well as inadequate coordination between different institutions providing complementary services and benefits.

2.2 A framework for adequate minimum income: a key component of the EU's social dimension

Acknowledging the disparities in the adequacy and coverage of minimum income schemes across different countries and regions, advocates of a European framework on adequate minimum income argue that establishing common guidelines and criteria at EU level would help ensure a more consistent level of protection against poverty and social exclusion across Member States (cf. Caritas Europa 2022; EAPN 2020; Eurodiaconia 2020; Social Platform 2020; ETUC 2020). They stress the importance of a comprehensive approach combining adequate income benefits, employment opportunities and accessible social services in fostering inclusive societies that leave

1. The extreme poverty criterion sets the poverty line at 40% of median equivalised disposable income (cf. Almeida et al. 2022).

no-one behind. By closely linking AMI with key social rights and services, policy measures can address the multifaceted challenges of poverty and social exclusion. Such a comprehensive approach recognises that financial support alone is insufficient and that individuals also require access to essential services and opportunities to fully participate in society. The demands put forward in a 'Joint Statement' by supranational civil society organisations and trade unions for a framework directive on minimum income highlight the importance of the above-mentioned policy tools (Joint Statement of 12.11.2020[2]). First, acknowledging that the current level of minimum income benefits in EU Member States is insufficient to lift people out of poverty, the signatories argue that a supranational measure should target at least 60% of the median wage in each Member State and include indicators aimed at reducing the gender pay gap and gender inequalities (cf. Caritas Europa 2022; EAPN 2020; Eurodiaconia 2020; Social Platform 2020; ETUC 2020). This benchmark would effectively lift single-member households above the relative poverty line, providing them with a more adequate standard of living. Moreover, the need is recognised for minimum income benefits and minimum wages to operate in synergy to ensure effective income security for both employed and non-employed individuals. Second, the call for a supranational tool in the field of adequate minimum income emphasises the need to improve the accessibility of national schemes for all individuals (ibid.). The principle of 'equal access for everyone who needs it and as long as it is needed' is highlighted (Shahini et al. 2022). This underscores the importance of ensuring that all individuals who require support have equal and unhindered access to minimum income benefits. Third, both social non-governmental organisations (NGOs) and trade unions emphasise an active inclusion approach within AMI (cf. Caritas Europa 2022; EAPN 2020; Eurodiaconia 2020; Social Platform 2020; ETUC 2020), arguing that minimum income benefits should be accompanied by the availability of services facilitating full participation in society and ensuring a decent standard of living. Services such as affordable and accessible healthcare, childcare, housing, and education, as well as active labour market policies, are seen as essential for alleviating poverty, promoting social inclusion, and ensuring a decent standard of living for all. Moreover, the European Trade Union Confederation (ETUC) called for an anti-poverty strategy that would rely on the implementation of the Gender Equality Strategy and the fight against gender pay and pension gap that determine the high rate of women, of all ages, in poverty (ETUC 2020).

Considering the diverse needs of different groups of recipients, with a focus on gender and vulnerable groups, social services linked to AMI should be designed accordingly. This implies distinguishing between those able to work and those not. Social services should be tailored to address the specific objectives of 'social' and 'labour market' (re-) integration, in line with recipients' different needs and circumstances (Cantillon and Vandenbroucke 2014; Natili 2019).

2. Titled 'Following the Council Conclusions on Minimum Income, it is time for the European Commission to respond with courage and propose a legally binding EU framework for Minimum Income' and signed by Caritas, EAPN, Eurodiaconia, CES/ETUC and the Social Platform.

2.3. Anti-poverty measures at EU level

Reflecting its overarching goals of reducing inequalities, improving access to essential goods and services, and promoting social inclusion across Europe, the EU has embarked on a series of actions in the field of anti-poverty policies over the last two decades.

In a nutshell, the Lisbon Strategy initiated policy coordination mechanisms via 'soft law' tools within the framework of the Open Method of Coordination (OMC), laying the groundwork for EU initiatives on minimum income and social protection convergence among Member States. Importantly, the European Commission (2008) Recommendation on the active inclusion of people excluded from the labour market urged Member States to combine adequate income support with active labour market policies and access to quality services, promoting an integrated active inclusion strategy at EU level.

Two years later, in 2010, the Europe 2020 strategy upgraded the salience of poverty and social exclusion at EU level (Jessoula 2015; Jessoula and Madama 2018). The increased EU involvement materialised in a governance approach featuring a new 'hybrid' model (Jessoula 2015), combining 'soft-law' mechanisms with the supranational 'hard' quantitative target of 'lifting 20 million EU citizens out of poverty by 2020' and the use of Country-specific Recommendations (CSRs) in the new European Semester framework linked to dedicated European social funds (cf. Jessoula 2015; Zeitlin and Vanhercke 2015, 2017; Bekker 2018; Jessoula and Madama 2018; Verdun and Zeitlin 2018; Vesan et al. 2021).

Building on the Europe 2020 strategy, the EPSR proclaimed in 2017 laid the foundation for further EU-level action in the field of anti-poverty and social exclusion, with its Principle 14 specifically emphasising the importance of adequate minimum income benefits and access to essential goods and services for all individuals in Europe:

> Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market. (EPSR, Principle 14)

Importantly, a 'Social Scoreboard' was also established to monitor and assess EPSR implementation at national level and help embed the Pillar into the Semester (Vesan et al. 2021). It contains a set of 14 indicators, identifying and rating areas where improvements can be made in terms of implementing the EPSR principles (European Commission 2017).

All these actions can be interpreted as institutional signals of increased EU intervention in the field of poverty and social exclusion (Shahini et al. 2022). In addition to the renewed focus on social issues and policies, scholars point to the empowerment of social players within the EU governance structure (Agostini et al. 2013; Vesan and Corti 2019; Vanhercke 2020), leading to a growing political salience of minimum income initiatives in the political debate at supranational level. Moreover, the language used in these discussions has shifted towards a 'rights-based' approach (Sabato and Corti 2018; Vanhercke et al. 2020), recognising minimum income as a fundamental right for those lacking sufficient resources. This shift in discourse has set the stage for future discussions and actions aimed at strengthening the EU anti-poverty framework and promoting social inclusion throughout Europe in the context of an increasingly 'socialised' European Semester (Zeitlin and Vanhercke 2015; Sabato et al. 2018).

Overall, we observe a noticeable shift in policy development towards strengthening the EU framework addressing poverty and social exclusion since the end of the Lisbon Strategy (cf. Vanhercke et al. 2018, 2020; Pochet 2020; Garben 2020). In particular, the EPSR has played a significant role in stimulating policy initiatives related to minimum income, including the 2020 Council Conclusions on strengthening minimum income protection (Council of the European Union 2020), and the 2021 Action Plan to implement the EPSR, with its target of reducing the number of people at risk of poverty or social exclusion by at least 15 million by 2030. Yet, despite the increased relevance of anti-poverty policies at EU level, policy changes in the field have been piecemeal, as EU interventions have remained limited in scope and implications for Member States (cf. Shahini et al. 2022).

3. Minimum income politics at EU level

3.1 The road towards a Commission proposal: main lines of conflict

In 2019, supranational civil society organisations and trade unions, including the Social Platform, the European Anti-Poverty Network (EAPN), Caritas Europa, Eurodiaconia and the ETUC, formed a united front to push for having the minimum income dossier included on the agenda of the new Commission, as evidenced by the aforementioned 'Joint Statement' (Shahini et al. 2022). To support their case, they referred to the EU's current legal framework, arguing that Articles 153(1)(h) and 175 of the Treaty on the Functioning of the European Union (TFEU) could together accommodate an EU legal instrument on minimum income covering all persons, irrespective of gender, age or labour market activity as proclaimed by EPSR Principle 14 (Van Lancker et al. 2020). Referencing these articles, they highlighted the need for a framework directive cementing three policy criteria: a) *accessibility*, i.e., ensuring that everyone in need has access to minimum income support; b) *adequacy*, meaning that the level of support is sufficient to meet basic needs; and c) *enabling capacity*, allowing individuals to participate fully in society and the labour market.

However, the views of employers' organisations contrasted notably with those of trade unions and social NGOs regarding the proposal for a binding EU minimum income directive. Seeing AMI as a tool to facilitate employment rather than a component of a comprehensive rights-based approach to fighting poverty, BusinessEurope strongly opposed a binding EU framework in this field (BusinessEurope 2021). Among other reasons supporting its position, it emphasised the importance of national financing and contextual considerations, the uniqueness of national social safety nets and the link between AMI and labour market activation. It favoured leaving the design and implementation of AMI to individual Member States while carefully monitoring the fiscal impact and ensuring alignment with labour market objectives (BusinessEurope 2021).

However, resistance to a potential EU minimum income directive was reported to be even stronger within certain Directorates-General (DGs) of the European Commission, within the European Parliament (EP) and among Member States (Shahini et al. 2022). While the European Commissioner for Jobs and Social Rights, Nicolas Schmit, was perceived as largely supportive of a more binding EU minimum income framework, opposition came particularly from the Cabinet of Executive Vice-President Valdis Dombrovskis. Reflecting these internal divisions, the Commission's official position on this matter was outlined in the Action Plan for implementing the EPSR and the Commission Work Programme for 2022, which clearly stated that the Commission intended to propose a Council *Recommendation* on minimum income by September 2022. In their study, Shahini et al. (2022) concluded that the Commission's decision to propose a recommendation rather than a binding instrument such as a directive was a deliberate political choice based on the initiative's political feasibility rather than its legal feasibility. The reasoning behind this choice was the belief that broader support and cooperation among Member States would be obtained for a non-binding instrument (ibid.). In the words of a Commission representative:

> As a matter of fact, we did consider what would be the best nature of the initiative. It was on the agenda of the decision-makers whether it should be a directive or a recommendation. The decision to opt for a recommendation was more based on the political environment. The decision took into account what is politically feasible, not legally feasible. The joint mutual support [from Member States] could be achieved if we said that it will not be a binding instrument. (Interview European Commission)

Within the EP, opinions differed on the need for a binding EU framework. While the initiative for a directive received support from the Greens and the Progressive Alliance of Socialists and Democrats (S&D) – which specifically call for a framework directive ensuring an adequate minimum income with 100% coverage to protect the right to a decent life and eradicate poverty (European Parliament 2020a: 39) –, the European People's Party (EPP) was divided on the issue, with some members supporting a binding initiative and others opposing it (European Parliament 2020a: 36-40). Centre-right and right-wing groups, in particular the European Conservatives and Reformists (ECR), Identity and Democracy (ID), and Renew Europe were against a binding EU framework. Consequently, the resolution put forward by the EP called for an initiative to strengthen minimum income support, without explicitly calling for it to have a binding nature (European Parliament 2020b; Raitano et al. 2021).

The major source of resistance to binding EU legislation on minimum income support was, however, rooted in Member States' desire to safeguard national sovereignty in the welfare sector. While all Member States recognised the importance of the issue, they shared different views on the nature of an EU initiative. Shahini et al. (2022) identified two opposing fronts. Initially against the poverty target introduced in 2010 under Europe 2020 (Jessoula 2015; Jessoula and Madama 2018), Germany shifted its position, emphasising in its government agreement the need to achieve higher social standards and overcome social protection gaps at EU level. Italy, Portugal, and Spain were also in favour of binding EU legislation, as evidenced by a joint letter published by Belgium, France, and Greece (Pereira 2020) calling for a common minimum income framework to combat poverty and social exclusion. On the other front, Central and Eastern European countries, first and foremost Hungary and Poland, were seen as the key blockers, fearing that a binding EU framework would subject them to a higher fiscal burden. The Nordic countries were generally sceptical of binding EU actions but for a different reason, fearing that an EU directive would set lower standards than their national average.

This opposition from several Member States in the Council significantly limited the political feasibility of stronger EU initiatives. The gatekeeping role played by these countries dampened the momentum, especially after the launch of the proposal for an EU Directive on Minimum Wages (see Müller and Schulten, this volume). In fact, both the European Commission and the Portuguese presidency of the Council of the EU prioritised the proposal for a Directive on Minimum Wages, placing the minimum income initiative on hold. As argued by a representative of the European Commission:

> One thing was very clear within the Commission, that with the Minimum Wage Directive on the table since October 2020, there would be no way, or it would be completely unwise politically to try in parallel to do something on minimum income, because in the Minimum Wage Directive already many would have to make a lot of compromises. The message was that you cannot ask a Nordic Member State or Nordic trade unions, or employers (anyway they oppose everything), especially Denmark and Sweden, to make a compromise on a legal minimum wage and at the same time on minimum income. So, there was no political will to do these in parallel. (Interview European Commission)

Similarly, trade unions gave priority to the debate on the Minimum Wage Directive, even though there was less internal consensus on this issue within the ETUC (Interview Pochet).

3.2 From the Commission's proposal to a Council Recommendation (September 2022 – March 2023)

On 28 September 2022, the European Commission presented a proposal for a Council Recommendation on Adequate Minimum Income, with the objective of promoting active inclusion and providing guidance to Member States on how to modernise their AMI (European Commission 2022). The proposal was presented by the European Commission to the Social Questions Working Party[3] on 7 October 2022. After thorough examination and discussion within the working party, a compromise text was agreed

3. A preparatory body of the Council of the EU responsible for all legislative matters related to employment and social policy, including the financial aspects of these policies.

upon under the Czech presidency of the Council of the EU. A political agreement on the text was reached by the Permanent Representatives Committee (COREPER) on 30 November 2022, and further endorsed at the Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council formation on 8 December 2022 (Council of the European Union 2022). Finally, the Recommendation was formally adopted as an A-item at the Council meeting on 30 January 2023, without discussion (European Commission 2022). This suggests that the Council acknowledged and approved the Recommendation without further deliberation.

The 2023 European Council Recommendation on Adequate Minimum Income represents an important step forward in the implementation of the EPSR and its Action Plan, demonstrating a stronger EU commitment in the social field. The Recommendation focuses on addressing poverty and social exclusion through various measures, including income support, access to essential services and active labour market integration. One of its key aspects is the promotion of adequate minimum income. It recognises the importance of providing a basic level of income to individuals and households to ensure their well-being and prevent them from falling into poverty. Adequate minimum income schemes can play a crucial role in guaranteeing a decent standard of living and reducing inequality. Moreover, the Recommendation emphasises the need for effective access to enabling and essential services, acknowledging that income alone is not sufficient, and that individuals and families also require access to services such as healthcare, education, housing, and social support. By addressing these essential needs, the Recommendation aims to enhance social inclusion and improve the overall well-being of vulnerable groups. Furthermore, it is aligned with the active inclusion approach advocating a comprehensive strategy to combat poverty and social exclusion. Combining income support with policies promoting employment and social participation, active inclusion recognises that not everyone can participate in the labour market but encourages the active inclusion of those able to work by providing them with the necessary support and opportunities.

3.2.1 Response of supranational players

The Commission's proposal for a Council Recommendation was welcomed by social NGOs such as Caritas Europa, Eurodiaconia and the EAPN which saw it as a positive step towards addressing poverty and social inclusion. Nevertheless, they expressed their belief that the Commission's proposal fell short of ensuring adequate minimum income for individuals. While they appreciated that some elements of their position papers had been incorporated in the proposal, they argued that the document did not guarantee the necessary level of adequacy for minimum income as it failed to set common targets for Member States. Moreover, they considered the Commission's proposals for ensuring the Recommendation's implementation at national level to be weak. Hence, they continued to call for a European framework directive on adequate minimum income, believing it would be more effective in implementing EPSR Principle 14 (EAPN, Caritas Europa and Eurodiaconia 2022). Their position reflects the ongoing demand for a more comprehensive and binding approach to minimum income protection at EU level to address the needs of individuals experiencing poverty and social exclusion.

Following the formal adoption of the Council Recommendation on 30 January 2023, social NGOs raised several concerns and regrets regarding its content and effectiveness in addressing poverty. In particular, the EAPN expressed disappointment over various aspects of the Recommendation, including the lack of an explicit universal rights-based approach, the absence of a common EU-wide framework and methodology on reference budgets, as well as the insufficient measures on AMI financing (EAPN 2023). It also criticised the use of proportionate duration of legal residence as a basis for access, potentially excluding certain vulnerable groups such as refugees or undocumented migrants. Moreover, the EAPN emphasised that current minimum income schemes were failing to lift people out of poverty, which they viewed as a violation of fundamental rights, arguing that social protection was not only a matter of social justice and human rights but also an economically beneficial investment (EAPN 2023). It reiterated its urgent call for a binding EU framework directive on adequate minimum income, stressing the need for meaningful participation of civil society organisations and people experiencing poverty in its design, and calling on all EU Member States to guarantee the right to minimum income for everyone throughout their lives, ensuring it is adequate, accessible, enabling and underpinned by social and human rights (EAPN 2023).

The ETUC similarly demanded a directive, arguing that a binding instrument was necessary to implement effective strategies in the fight against poverty. It emphasised that the aim of Article 2 of the Treaty on European Union (TEU) was to ensure that everyone has the financial resources to live a life of dignity. Highlighting the disproportionate impact of rising prices on people living in poverty, it questioned why those living in poverty should have to wait until 2030 for the recommendations to be implemented (ETUC 2022).

Employers' associations continued to argue against any binding EU framework, stating that social policy reforms were a national competence and any EU actions in this field should be in line with the principle of subsidiarity (BusinessEurope 2022). While acknowledging that existing national minimum income schemes needed to be reviewed and adapted to demographic and labour market changes, BusinessEurope argued that 'unconditional and/or too generous minimum income most often results in negative incentives to work' (ibid.). It therefore called for simple and conditional 'activation minimum income schemes' designed at national level with the participation of social partners (ibid.). In addition, BusinessEurope noted that, as taxes on labour were already high in Europe, any further tax increase to finance national social protection systems would be detrimental to competitiveness and job creation (ibid.).

Within the European Parliament, the European Greens and S&D were vocal about the need for comprehensive social protection measures and called for a binding legal instrument as a necessity to ensure consistent and effective protection for individuals at risk of poverty and social exclusion. In September 2022, the Committee on Employment and Social Affairs (EMPL) took the lead in addressing the issue of adequate minimum income, starting work on a motion for a resolution which was eventually adopted in January 2023 by the EMPL Committee (European Parliament 2023a). The draft resolution called on the European Commission to propose an EU directive on adequate minimum income. It also suggested that this should include common definitions for minimum income and guarantee upward social convergence. The resolution was adopted in the plenary on 15 March 2023, with 336 votes in favour, 174 against and 121 abstentions (European Parliament 2023b). Its adoption by a considerable majority indicates a broad consensus within the EP, adding momentum to the ongoing discussions and initiatives aimed at improving social protection systems and promoting social inclusion. By calling for an EU directive on minimum income, the Parliament has signalled its intent to push for stronger and harmonised measures to protect individuals against poverty and social exclusion. It is important to note that the EP's adoption of the resolution is politically significant but largely symbolic, as it does not guarantee the adoption of an EU directive on minimum income. Nevertheless, it is a strong signal to the European Commission and Member States to take action and consider the establishment of such a directive. If adopted and implemented, such a directive would establish a common AMI framework and set binding standards for Member States to promote social inclusion, reduce inequalities and enhance minimum income scheme accessibility, adequacy and effectiveness throughout the EU.

4. Potential effects and limitations of the Recommendation

Representing an important step in implementing the EPSR and its Action Plan, the Council Recommendation on Adequate Minimum Income has the potential to trigger policy change. Despite its non-binding nature, akin to previous initiatives in this field, the Recommendation is significant, with the combination of increased salience of the anti-poverty issue and growing stakeholder mobilisation offering a unique opportunity for progress in addressing poverty and social exclusion across the EU. In fact, governments and social stakeholders can strategically leverage it as a catalyst for policy changes at national level: its potential lies de facto in its ability to influence, guide and stimulate action (cf. Verdun and Zeitlin 2018; Vanhercke et al. 2021). As suggested in its text, the Council Recommendation can contribute to the advancement of adequate minimum income and active inclusion policies across the EU through reliable monitoring, regular policy impact assessments, mutual learning, benchmarking and exchange of best practices and financial support (European Commission 2022). Additional mechanisms through which the Council Recommendation could have a potential effect include policy influence and awareness-raising.

Monitoring and reporting: the Recommendation encourages Member States to monitor and report on their progress in implementing adequate minimum income and active inclusion policies, thereby promoting transparency and accountability within countries and allowing experiences and lessons learned to be shared among Member States. This can in turn help identify challenges and areas for improvement, leading to more effective policy responses. Contributing to the implementation of the EPSR, the Social Scoreboard is an essential tool for monitoring social developments. It provides a comprehensive overview of the social situation in Member States, allowing comparisons and identifying areas that require attention and improvement. It helps policymakers, researchers and stakeholders to track progress, identify trends, and make informed decisions to effectively address social challenges.

Benchmarking and the sharing of best practices: the Recommendation encourages Member States to exchange information and best practices regarding AMI. It also enables countries to compare their minimum income schemes, identify successful strategies implemented by others, and learn from their experiences. This can facilitate peer learning and the identification of effective approaches to ensure adequate minimum income and active inclusion. By highlighting successful implementations and positive outcomes in other countries, the EU can encourage reluctant Member States to reconsider their approach and adopt measures in line with EU recommendations. This exchange can contribute to improving national policies and adopting effective approaches.

Financial support: besides sharing best practices, the EU can also use various mechanisms to encourage Member States to align their policies with EU recommendations, including providing financial support and technical assistance (European Commission 2022). Funds are available to support the Recommendation's implementation, including the European Social Fund Plus (under which each Member State should allocate at least 25% of such funding to combat social exclusion), the European Regional Development Fund, InvestEU and the Technical Support Instrument and the Recovery and Resilience Facility (European Commission 2022).

Policy influence: the Recommendation can influence and shape the design and implementation of national minimum income schemes, serving as a reference point and a basis for dialogue and cooperation in addressing the issue of minimum income across the EU. By providing a framework, guiding criteria, and promoting cooperation, it assists Member States in considering relevant factors – including income support adequacy, access to essential services, and active labour market integration – when designing or revising their minimum income schemes. In this respect, the role of the European Commission in bilateral interactions within the European Semester seems to play a key role in encouraging Member States to strengthen national minimum income schemes.

Furthermore, the EU's endorsement adds credibility and legitimacy to the measures proposed, thus contributing to greater consistency and progress in ensuring adequate minimum income for all. This can influence public perceptions and increase political support for adopting similar policies at national level.

Awareness-raising: the Recommendation can contribute to raising awareness about the importance of adequate minimum income and active inclusion at EU level and in Member States. Highlighting the need to address poverty and social exclusion, it can stimulate public debates and discussions. Supporters of minimum income schemes can leverage the Recommendation to advocate policy changes within their respective countries, using it as a reference and demanding steps forward from their national governments.

Overall, the practical effects of the Recommendation on Adequate Minimum Income may vary among Member States depending on their commitment and political context. Indeed, the EU's ability to ensure compliance with the Recommendation ultimately depends on domestic political dynamics and national government willingness (cf. Jessoula 2015; Jessoula and Madama 2018; Vanhercke et al. 2020; Brooks et al. 2021; Raitano et al. 2021). Recent events in Italy are exemplary in this regard. Elected in October 2022, the new Italian government completely dismantled the national minimum income scheme – *Citizenship Income* – and replaced it with two less well funded and less inclusive measures: the *Inclusion Allowance* (AdI, *Assegno di Inclusione*) and *Support for Training and Employment* (SFL, *Supporto per la Formazione e il Lavoro*) (see Sacchi et al. 2023). As such, while the Recommendation can provide guidance, set standards and offer mechanisms to encourage compliance, national political dynamics will ultimately dictate whether the EU guidelines are complied with or defied.

Importantly, the weakness of Council's Recommendation lies not only in its non-binding nature but also in its vagueness. While outlining three main principles – accessibility, adequacy and enabling capacity –, the Recommendation establishes no specific, common benchmarks for Member States. This vagueness hinders its ability to ensure an all-inclusive level of protection against poverty and social exclusion across the EU and may result in variations and inconsistencies in the implementation of minimum income schemes among Member States.

In a nutshell, the Council Recommendation represents a step forward in the realm of anti-poverty measures compared to previous policy initiatives in this field (e.g., the 2008 Commission Recommendation on Active Inclusion). It introduces novel policy and financial instruments designed to support the implementation and reform of national minimum income schemes, facilitate the exchange of best practices among Member States and enhance the importance of adequate minimum income schemes in public discourse. However, akin to preceding initiatives in this domain, the Recommendation remains a soft law instrument not legally binding for Member States.

For its part, the EU can enhance the practical effects of the Recommendation by ensuring its effective implementation through the Semester, pushing Member States to strengthen the adequacy of their schemes. Moreover, it is crucial to foster engagement and dialogue with national stakeholders involved in minimum income policies. This can be achieved by systematically disseminating information about EU-level developments and involving national players in minimum income discussions. Finally, the EU can make the provision of European funds conditional on policies aimed at strengthening national AMI.

Conclusions

This chapter discusses the steps that led to the adoption of the Council Recommendation on Adequate Minimum Income – instead of a directive, as the Commission had initially intended – and maps the positions of key stakeholders on the agreement reached, assessing whether advocates of a binding framework can still turn the tide in favour of a directive. It provides important insights on the future impact of the Recommendation on national minimum income schemes.

Overall, our analysis has revealed that, despite rising problem pressure and strong political demand, the feasibility of a binding instrument, as discussed in supranational policy debates, has failed to materialise due to conflicting interests in different institutional settings: the left-wing versus the right-wing within the European Parliament; state versus market positions between social stakeholders and BusinessEurope; an ambivalent position within the European Commission; and the opposition of some key Member States in the Council which play a strong gatekeeping role in defence of the subsidiarity principle and national sovereignty. This, in turn, highlights the contentious nature of the issue and explains also why some countries have invested only limited resources in minimum income schemes at national level. As a result, although the Recommendation has the potential to guide and stimulate action at national level through policy influence, benchmarking, monitoring and awareness-raising, its practical effects may vary among Member States due to its non-binding nature and vague content.

Several players have raised concerns about the nature and fuzzy content of the Recommendation in addressing poverty and social exclusion and have continued mobilising for a directive instead. The advocacy efforts by various supranational stakeholders and the adoption of a resolution by the European Parliament in March 2023 in support of such a binding framework indicate growing momentum and support within the legislative body. While it is still difficult at this stage to predict policy output, the growing support for a directive, coupled with the need to address poverty and social exclusion across the EU, may create opportunities for advancing the proposal.

However, as argued throughout the chapter, Member States share various concerns regarding the nature and level of EU intervention in the field of minimum income protection. The Nordic Member States with their more comprehensive social safety nets and higher minimum income standards are wary of their sovereignty being infringed, and thus prefer to maintain control over these areas of governance to address their specific needs and circumstances, while Eastern European Member States characterised by limited resources or different policy priorities are concerned about the potential external imposition of further tax burdens.

These disparities make it challenging to achieve consensus on a unified approach to minimum income protection at EU level. While legally feasible within the current European legal framework (Van Lancker et al. 2020), the level of integration and harmonisation in this area has been limited due to political unfeasibility. Though the path towards a binding instrument for minimum income protection in the European Union may be challenging and marked by differing concerns and interests among Member States, it is essential that stakeholders view the new Council Recommendation on Adequate Minimum Income as a valuable tool, rather than dismissing it as 'too weak' or 'second-best'. By strategically leveraging it, governments and social stakeholders can foster collaboration, share best practices and work collectively to strengthen minimum income protection across the EU.

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Annex List of interviews

- BusinessEurope – 8 April 2021, e-mail correspondence
- Caritas Europa – 13 April 2021, Skype interview
- ETUC – 13 April 2021, Microsoft Teams interview
- EAPN – 14 April 2021, Microsoft Teams interview
- Philippe Pochet, General Director of the ETUI – 14 April 2021, Microsoft Teams interview
- Social Platform – 14 April 2021, Microsoft Teams interview
- FEANTSA – 15 April 2021, Microsoft Teams interview
- Mathias Maucher, minimum income expert – 21 April 2021, Microsoft Teams interview
- European Commission, DG EMPL – 18 February 2022, Microsoft Teams interview
- European Commission, DG EMPL – 9 March 2022, Microsoft Teams interview
- Josée Goris, Minimum Income Network (MINET) – 10 March 2022, Microsoft Teams interview
- Expert – 21 March 2022, Microsoft Teams interview
- Expert – 6 April 2022, Microsoft Teams interview

Chapter 6
The European Platform on Combatting Homelessness: delivering the goods against the odds?

J. Timo Weishaupt and Christian Hinrichs

Introduction[1]

Homelessness has been a topic discussed – more or less intensely – at European level for at least 30 years. Yet despite repeated efforts by numerous key European Union (EU) players such as the Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council formation, the European Parliament, and the European Committee of the Regions (CoR), responsibility for tackling homelessness has long remained almost exclusively in the hands of Member States. With the proclamation of the European Pillar of Social Rights (EPSR) in 2017, this began to change, as its Principle 19 makes housing and assistance for the homeless a European concern. With the adoption of the so-called 'Lisbon Declaration on the European Platform on Combatting Homelessness' (EPOCH) in 2021 – reinforced by a pledge to end homelessness in the EU by 2030 –, the stage was set for coordinated action, including European-level data collection, mutual learning, and the mobilisation of EU funding (European Commission 2021a). Yet, the Platform is a *sui generis* institution and the pledge not legally binding. This raises the question of whether EPOCH can deliver on its promise – *or is it just window-dressing with little or no real consequences*?

In this chapter, we seek to provide an answer to this puzzle in several steps. We start by outlining how homelessness has evolved in the EU over the course of roughly the last three decades. We then carefully trace the history of EPOCH, focusing on the key players and events that made its launch possible in 2021. The historical process is divided into two sections, one tracing various (unsuccessful) attempts to make homelessness a European responsibility, and the other honing in on the successful launch of EPOCH in 2021. In a fourth step, we outline EPOCH's governance structure and sketch its evolution in 2022 and 2023. Fifth and finally, we assess whether and how EPOCH could contribute to the EU's ambition to end homelessness by 2030. The evidence in this chapter is based on desk research, six expert interviews with close observers of the process (see Annex), as well as numerous informal conversations with additional stakeholders and experts during and after the European Federation of National Organisations Working with the Homeless (FEANSTA) Forum held on 1 - 2 June 2023 in Stockholm.

1. We would like to thank the six interview partners for sharing their valuable insights and the anonymous reviewers as well as the editors of this volume for their excellent comments. Any mistakes are our own. This research has been funded by the German Science Foundation (DFG), project number 441782944.

1. Setting the stage: the homelessness challenge in the European Union

Many EU Member States have experienced an increase in homelessness in recent years. Although it is difficult to make EU-wide comparisons over longer periods due to definitional problems, inconsistent measurement methods and local data gaps, the trend is clear. According to FEANTSA and the Abbé Pierre Foundation (2023), at least 895,000 homeless people are sleeping rough or in emergency/temporary accommodation on any given night in the EU – almost 200,000 more than estimated in 2019 and a 70% increase over ten years. While the causes for homelessness are often complex and manifold, we identify the two key drivers of this upward development (although the recent Russian invasion of Ukraine has undoubtedly added momentum to the humanitarian crisis of precarious housing and homelessness in the EU).

First, Europe was hit hard by the Great Recession following the global financial crisis of 2007/2008 which triggered massive increases in unemployment, inequality, and poverty. In response to continuous falls in interest rates dictated by central banks across the globe, the recession triggered the financialisation of the housing sector, in turn leading to rapidly rising real estate and rental costs and making affordable housing increasingly a challenge, especially for low-income groups (Dauderstädt 2022: 25). Likewise, the regularly published European Index of Housing Exclusion (2021) clearly shows a trend of 'ten years of steadily escalating housing costs', going on to state that '10.1% of households and 37.1% of poor households in the EU28 were overburdened by housing costs in 2019' (FEANSTA 2021: 81). Coupled with shortages of affordable housing for low-income households, the general shortage of social housing across the EU has further hampered the reintegration of persons experiencing homelessness, as 'demand for social housing was often significantly higher than the supply' (Pleace et al. 2011: 8).

A second driver of homelessness in Europe has undoubtedly been migration – both from within and from outside the EU. In 2004, the EU welcomed ten new Member States, eight of which belonged to Central and Eastern Europe, followed by Bulgaria and Romania in 2007 and Croatia in 2013. EU accession gave EU citizens – in some countries after a grace period – free mobility within the EU, including access to all Member State labour markets. The sharp differences in income and wealth between the old and new Member States triggered strong labour mobility from east to west. Although the vast majority of the '10.2 million mobile EU citizens' (European Commission 2023) are securely housed, a minority are unable to find gainful employment or only perform low-paid and temporary work entirely without or with only limited access to social insurance. Their precarious labour market situation, typically coupled with rather limited access to the welfare state, engenders a high risk of becoming homeless and experiencing extreme forms of poverty (FEANTSA 2019)[2]. But it is not only internal EU mobility that has contributed to an increase in homelessness. Crisis-driven

2. It is difficult to come up with an exact number of homeless EU citizens due to data limitations (see below). However, scholarly insights into the varying local situations, based on the observations of local homelessness services, exist (Hermans et al. 2020: 16).

migration from non-EU countries, triggered by wars, terrorism, violence, persecution, natural disasters and climate change, has also played a significant role. In 2015 alone, 1 ,321,600 asylum seekers and refugees found refuge in the EU. The top five countries of origin were Syria (29%), Afghanistan (14%), Iraq (10%), Kosovo and Albania (5%) and Pakistan (4%) (Baptista et al. 2016: 14).

The most recent development and similarly a trigger for rapidly rising homelessness is Russia's invasion of Ukraine in February 2022 which caused millions of Ukrainians to flee from their homes. By summer 2023, more than 4.1 million Ukrainians had found refuge in the EU, including 1,153,865 persons in Germany, 971,080 in Poland, and 357,540 in the Czech Republic (European Council 2023). In contrast to previous war-related migration, the EU not only showed solidarity, but for the first time in its history adopted a Temporary Protection Directive setting out legal rules for Ukrainian refugees to cross borders freely. Especially for the Eastern European Member States which tend to be more restrictive, this represented a dramatic shift in policy (Drazanova 2022). Even though there are no specific studies to date on the effects of the war on European homelessness, its impact clearly exists – albeit to varying degrees across the EU. While many Ukrainians have been put up temporarily in private households rather than public shelters, some have not found a new home and thus need (often rare) shelter space. Likewise, even those Ukrainian refugees who had access to privately organised forms of temporary accommodation overstayed their welcome and eventually had to find their own housing in already tight rental markets. In the face of additional pressure from war-related energy price hikes and inflation, the permanent sense of crisis for low-income households has certainly not eased, while also affecting providers of services for the homeless and raising new fears of heightened socio-political tensions in Europe (Barbu 2022: 5).

2. From the creation of FEANTSA to a call for 'concerted action': the thorny road to a European response to homelessness

It has taken rather a long time for homelessness to become a European-level issue. Arguably, the journey began as far back as 1989, when the Commission supported the creation of, and has since co-funded FEANTSA. While FEANTSA acts as a European NGO – and thus has been a vigorous advocate for policy change – its 'European Observatory on Homelessness', created in 1992, conducts policy-focused research on the issue. In 1995, the Eurobarometer survey included for the first time an item on homelessness, upgrading the issue to the European level. The Commission, in turn, supported research by funding EUROHOME, a project which ran from 1996 through 1998 and addressed questions related to surveying and measuring homelessness, services for the homeless, vulnerable groups, and best practices.

While homelessness was indeed recognised as an extreme form of poverty in the 1990s, it was only in the 2000s that it 'moved higher up the European political agenda' (Brousse 2004: 4). In March 2000, the European Council launched the so-called Lisbon Strategy, interpreted by some as a 'double breakthrough' in Social Europe (Barcevicius et al. 2014: 19). At that time, the mostly Social Democratic Member State governments not only hoped to alter the European integration process by treating economic, employment, and social issues on an equal footing (Armstrong 2010), but also introduced a new governance instrument, the Open Method of Coordination (OMC). This sought – and still seeks, mostly as part of the European Semester (see below) – to bring about social progress *not* through conventional ways such as EU legislation (Vanhercke and Pochet 2022). Instead, it 'is based on mutual agreement of policy objectives by the Member States; development of common guidelines, indicators, and targets; benchmarking of performance and exchange of "best practices"; formulation of national action plans; [and] peer review and joint monitoring in an iterative, multi-year cycle' (Zeitlin 2003: 5). This new form of governance has also been described as 'soft law' (Trubek and Trubek 2005) and 'experimentalist' (Sabel and Zeitlin 2012).

The subsequent Nice Summit in December 2000 officially launched the OMC for Social Inclusion, in which access to housing and the prevention of homelessness featured as objectives (Edgar et al. 2002: 3). In June 2001, the then 15 EU Member States were required to submit their first National Action Plans (NAPs) against Poverty and Social Exclusion to the Commission. However, Finland was the only country able to provide reliable estimates on homelessness. Other Member States either *chose* not to include national statistics, as was the case with Ireland and the UK, or were *unable* to 'provide even the most rudimentary estimates of homelessness at national level (Germany, Greece, Netherlands, Belgium, Spain, Portugal, France)' (Edgar et al. 2002: 7). It thus became clear that data would be the Achilles heel of any European-wide effort to tackle homelessness.

In light of the need for reliable and comparable data, EUROSTAT established a Task Force on Statistics on Homelessness later in 2001. This group was supported by a feasibility study carried out between 2001 and 2004 by the French National Institute of Statistics and Economic Studies (INSEE) which had previously conducted a 'survey of the Parisian homeless in 1995' and had concluded a national survey in 2001 (Marpsat 2008: 39). The main question for the Task Force to tackle was whether the surveys conducted in France could be extended to the whole of the EU (Brousse 2004: 13). In the end, the INSEE method was – presumably due to its high costs – not adopted and the Task Force discontinued.

In parallel, FEANTSA also worked on the data issue, publishing its first annual *Review of Statistics on Homelessness in Europe* in 2002 (Edgar et al. 2002). To harmonise data collection and enhance comparability, FEANTSA began to develop a European Typology of Homelessness and Housing Exclusion (ETHOS) which was published in its fourth annual review in 2005 (Edgar and Meert 2005). Subsequently, the European Commission, following a FEANTSA proposal, financially supported the continuation of this process through the Mutual Progress on Homelessness through Advancing and Strengthening Information Systems (MPHASIS) programme (2007-2009). The efforts to agree on a common definition on homelessness – the very basis for data collection – and build knowledge culminated in 2010 when the Belgian Presidency of the Council of the EU – again following a FEANTSA suggestion (Spinnewijn 2009: 314) – hosted the 'European Consensus Conference on Homelessness' where leading experts discussed and published a joint document with key research findings (O'Sullivan et al. 2010).

A jury, headed by Social Democrat Frank Vandenbroucke, then Belgian Minister for Social Affairs and Pensions and a key player in promoting the launch of the Social OMC back in 2000, also recommended using the ETHOS typology as a common framework for the EU (Develtere 2023: 210), while reiterating that 'homelessness can be gradually reduced and ultimately ended' (Jury of the European Consensus Conference on Homelessness 2011: 2).

The decade of the Lisbon Strategy can thus be interpreted as a leap forward in advancing a common language, improving data collection, and making homelessness a European issue. Not all, however, went smoothly. While the first phase lasting until 2005 facilitated the inclusion of homelessness in the EU agenda on social inclusion, the post-2006 'streamlining' of the OMC process – i.e., the merger with the better resourced OMC on Social Protection which includes pensions and healthcare (Barcevicius et al. 2014) – was considered a setback as the reference to homelessness was dropped from the new political goals, dubbed 'Common Objectives' (Gosme 2014: 291). Despite, or possibly because of this step backwards, individual Member States, NGOs and other EU-level bodies stepped up to the plate. Spinnewijn (2009: 303), for instance, argued that '[i]t was as if Member States wanted to compensate for the lack of focus in the revised common objectives by increasing their thematic focus in the NAPs'. Besides Member States, FEANSTA also reached out to other civil society stakeholders to build a broad alliance on the issue in 2006. In response to increased lobbying, the European Parliament then published its first written declaration on 'ending street homelessness' in 2008, while calling 'upon the Commission to be active and ambitious on the issue of homelessness in the Inclusion OMC' (Spinnewijn 2009: 309). These calls were well received and the Social Protection Committee (SPC), the Treaty-based engine of the Social OMC process, then decided to make homelessness a thematic focus – a so-called 'Light Year' of this OMC strand – for 2009 (Spinnewijn 2009: 311). As a direct consequence, the 2010 *Joint Report on Social Protection and Social Inclusion* included homelessness among the main issues featured, calling for 'the development and implementation of national or regional homelessness strategies' (European Commission 2013: 3).

In 2010, the newly launched Europe 2020 Strategy paved the way for a revision of the EU's governance structures, leading *inter alia* – due to the worsening European debt and financial crisis – to the introduction the European Semester cycle in 2011 (Zeitlin and Vanhercke 2018). Under this, the Joint Reports on Social Protection and Social Inclusion had to give way to thematically much broader Annual Growth Surveys (AGS) (Vanhercke 2020: 111). Some observers interpreted this change as a 'subordination' of social objectives to economic and fiscal goals (Crespy and Menz 2015), while others stressed that over time social issues had slowly reemerged on the agenda, not least due to the new headline target to lift at least 20 million people out of the risk of poverty and social exclusion by 2020 (Zeitlin and Vanhercke 2018). Moreover, the Europe 2020 Strategy launched the European Platform against Poverty (EPAP) as one of seven so-called Flagship Initiatives (for a critical assessment, see Sabato and Vanhercke 2014).

The momentum for finding European answers to homelessness continued to grow year after year: the Committee of the Regions adopted an Opinion on Combating Homelessness in October 2010, while the European Parliament followed suit in December of that same year with another Declaration that called upon the European Council to commit to ending street homelessness by 2015. In 2011, the European Economic and Social Committee (EESC) issued an Opinion on Homelessness, while in 2012 the EPSCO Council invited Member States and the European Commission to 'develop and promote adequate schemes for persons who are homeless' (Bennett and Ruxton 2015: 25). In February 2013, the Commission then launched a Social Investment Package (SIP) which – in reaction to increasingly loud appeals[3] – also included the issue of homelessness. It also published an accompanying Commission Staff Working Document containing a call for 'concerted action' on the issue (European Commission 2013: 2).

3. The breakthrough: from the emergence of the Pillar to the launch of EPOCH

When Christian Democrat Jean-Claude Juncker became President of the Commission in 2014, he quickly set out a new agenda for 'Europe to be dedicated to being triple-A on social issues, as much as it is to being triple-A in the financial and economic sense' (Mazotte 2015). This he deemed necessary after the social repercussions of the Great Recession and years of austerity. In 2015, he presented his plans to develop a European Pillar of Social Rights (EPSR) as a means to advance Social Europe. While in the first drafts of the EPSR there was no mention of homelessness, it became a key issue later in 2015 due to the 'great migration' caused by wars and terror in the Middle East, Afghanistan, and Africa. With more and more people seeking asylum in the EU, homeless people were increasingly in competition with refugees for temporary accommodation; in some countries they were even 'pushed out of the shelter system to make space' (Interview 2)[4]. A further effect was that 'homelessness became much more visible in many European cities' (Interview 6). At the end of 2015 and again in early 2017, FEANTSA, now in cooperation with the Abbé Pierre Foundation, published its first and second (respectively) annual Overview of Housing Exclusion. These reports not only showed that homelessness was generally 'on the rise' (Abbé Pierre Foundation and FEANTSA 2015: 56), but also painted 'a "map of alarming trends", bringing to light worrying facts and figures from most European Union Member States' (Foundation Abbé Pierre and FEANTSA 2017: 12).

In November 2017, the Council of the EU, the Commission, and the European Parliament proclaimed the EPSR at the Gothenburg Summit. Homelessness now

3. In numerous informal conversations at the FEANTSA Forum of June 2023 in Stockholm, close observers of the process shared the impression that there had been a lack of guidance by the European Commission's Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) in those times, while they welcomed the more recent support by the Commission.
4. This is the case as asylum seekers have an enforceable right to accommodation due to the Reception Conditions Directive, while the homeless do not (cf. European Parliament and the Council of the European Union 2013).

became a European problem, with Principle 19 (of 20) clearly defining the following goals and social rights:

— access to social housing or housing assistance of good quality shall be provided for those in need;
— vulnerable people have the right to appropriate assistance and protection against forced eviction;
— adequate shelter and services shall be provided to the homeless in order to promote their social inclusion.

Even though the EPSR might be criticised as mainly a symbolic act, it is nevertheless a breakthrough in various ways. Politically, the EPSR is a flagship initiative which 'is hard to ignore' (Interview 2), 'anchored the topic [of homelessness] as a European issue' (Interview 4) and served as a 'point of reference for all social action in the EU' (Interview 3). Research supports these views, highlighting that the EPSR has been 'mainstreamed into the European Semester cycle' (Dura 2023: 342), 'has already contributed to revamping the EU social agenda' (Sabato and Corti 2019: 53) and 'can be used as an authoritative lever for demanding more social rights for its citizens' (Vanhercke et al. 2019: 153). This mainstreaming has the potential to affect the EU's social priorities, shape EU discourses on social issues, and ultimately require new data for evidence-based policymaking. Moreover, the EPSR has the potential for 'justiciability' as it could become a reference for national courts, the Court of Justice of the EU (CJEU), or in transnational debates on social rights (Dura 2023: 340). In other words, even though the EPSR is not directly legally binding, it can have an impact on courts' decisions and legislation through the back door. Lastly, the EPSR has also changed the internal workings of the European Commission with regard to homelessness. For Commission President Juncker, it was clear that the EPSR alone would not suffice to end homelessness (Interview 5). Following the proclamation of the EPSR, Juncker thus requested the launch of an *Inter-service Working Group on Homelessness and Housing Exclusion* to assess 'how the different services of the Commission that were dealing with housing and poverty issues could streamline, coordinate and intensify their efforts to combat homelessness' (Leterme and Develtere 2023).

With the onset of the Covid-19 pandemic in 2020, homelessness became an even more salient issue for several reasons (Interview 3). First, there were severe social consequences for the homeless who could not simply 'stay at home' during lockdowns. Moreover, many homeless services had to severely reduce or even completely terminate their contact with those in need of assistance, further exacerbating social exclusion and extreme poverty (Pleace et al. 2021: 51). In many cases, this also led to inadequate Covid-19 vaccines provision for the homeless. Moreover, public administrations considered unvaccinated persons a health risk, potentially enhancing the spread of the virus in the general population (Interview 3). In this context, many cities and municipalities became interested in what others were doing, as explained by the interview partner from Eurocities:

> Many member cities called and asked: the Italians went through that some months ago before us. Can we call them? Can they tell us what worked, and what

> didn't? And then they asked: How do we find money for all of that? Or: How do we coordinate at EU level? (Interview 3)

In December 2019, shortly before the outbreak of the Covid-19 pandemic, Social Democrat Nicolas Schmit from Luxembourg took office as the new European Commissioner for Jobs and Social Rights. As a member of the European Parliament (from 2 July through 30 November 2019), Schmit had already had an interest in homelessness, meeting with FEANTSA staff to deepen his knowledge on the issue. As Commissioner and head of the DG EMPL, Schmit was thus not only 'personally motivated [and] even angry about this issue' (Interview 2). He also pledged to continue the course set by the previous Commission by highlighting homelessness within an Action Plan for the EPSR (Interview 5). When, on 1 January 2021, Portugal took on the presidency of the Council of the EU for six months, Commissioner Schmit would then find a key ally in Socialist Ana Mendes Godinho, the Portuguese Social Affairs Minister, to promote the successful launch of EPOCH (Interview 2). On 21 June 2021, the Member States *unanimously* signed the Lisbon Declaration on the European Platform on Combatting Homelessness at a high-level conference in Lisbon. In addition to the national ministers present at the meeting, the declaration was also signed by representatives of the European Commission, the European Parliament, the Economic and Social Committee, the Committee of Regions, a variety of civil society organisations (FEANTSA, the Social Platform, the European Social Network, Housing Europe, Social Economy Europe), the social partners (ETUC, SGI Europe) as well as Eurocities and the Council of European Municipalities and Regions (CEMR). The political support could hardly have been stronger. Through the signing of this Declaration, a wide spectrum of high-level EU players pledged to work together under the umbrella of the Platform and to take action within their respective competences. In addition, due to Schmit's and Godinho's agency, EPOCH was also included in the EPSR Action Plan (European Commission 2021b: 28).

Building on the EPSR, EPOCH strives to work towards the following objectives (European Commission 2022: 5):

- no one sleeps rough for lack of accessible, safe and appropriate emergency accommodation;
- no one lives in emergency or transitional accommodation longer than is required for successful move-on to a permanent housing solution;
- no one is discharged from any institution (e.g., prison, hospital, care facility) without an offer of appropriate housing;
- evictions should be prevented whenever possible and no one is evicted without assistance for an appropriate housing solution, when needed;
- no one is discriminated due to their homelessness status.

By setting these objectives, the EU Member States pledged to end homelessness by 2030, albeit not as an 'absolute zero' but rather a 'functional zero' (Develtere 2023). The difference is that homelessness will never disappear completely. Rather, it will become a manageable social problem addressed by all cities and municipalities with adequate tools, making a spell of homelessness as brief as possible, while minimising social hardship (Leterme and Develtere 2023).

4. The institutional design of EPOCH: *a sui generis governance structure*

On 28 February 2022, less than a year after the Lisbon Declaration and under the French Presidency of the Council of the EU, national ministers, EU bodies as well as civil society organisations and social partners officially formalised EPOCH's governance structure. Appointed by Schmit, a key architect of its design was Belgium's former Christian Democrat Prime Minister, Yves Leterme. He was not only a political 'heavyweight' and served as Goodwill Ambassador for FEANTSA but would also serve as chair of EPOCH's steering board (Interview 5).

The governance structure specifies mandatory ministerial meetings every two years and the convening of plenary meetings with Member State representatives under every Presidency of the Council of the EU. It also provides for a steering board and a secretariat. The latter, located at DG EMPL, is responsible for managing daily operations, while the former 'provides guidance, supports the delivery of the Work Programme and ensures oversight of progress in the fight against homelessness' (Danau 2022: 8). EPOCH's chair plays a central role in connecting EPOCH members, enhances its mission, liaises with the rotating Presidencies, chairs the meetings, provides advice on the work programme, and supports the network's mutual learning activities (European Commission 2022: 4). The other members of the steering board include the Commission, the Trio of Presidencies of the Council of the EU, representatives from the European Parliament, the EESC, the CoR, as well as civil society representatives, *inter alia* from FEANSTA and Eurocities[5].

EPOCH's first Work Programme (2022-2024) outlines three streams: a) measurement and monitoring; b) mutual learning; and c) enhancing access to existing EU funding. The *first* stream gives the Commission a mandate to collect data on homelessness (a so-called 'Point in Time Count'). Implementation is made possible *inter alia* through an initial (pilot) budget proposed by the European Parliament, intended to stimulate regular data collection at local level and thus enable the collection of EU-wide, comparable data[6]. The European Commission, in collaboration with the SPC Indicators Subgroup (ISG) and the Organisation for Economic Co-operation and Development (OECD), will also seek to develop a common monitoring framework. As Member States differ in their definition of homelessness, or do not have an official definition for statistical or policy purposes, the challenge will be to collect clear, regularly available, and comparable data (Develtere 2023: 210). Another data source will be the EU-SILC 2023 survey, which – after extensive lobbying by FEANTSA – includes a question

5. Since the launch of EPOCH, the International Union of Tenants and Eurodiaconia have joined EPOCH (but are not on the steering board), while many more organisations have expressed interest in joining. This begs the question of how to best organise EPOCH as a platform and who should be a member of the steering board.

6. The European Parliament proposed this pilot prior to the launch of EPOCH and the linkage only happened after the budget had been approved.

on whether a person has experienced homelessness in the past[7]. In the medium term, it is envisioned that data on homelessness will be complemented by other EU social indicators. At the time of writing, only two indicators – the housing cost overburden rate (as a headline indicator) and the severe housing deprivation rate (as an auxiliary indicator) – are part of the Social Scoreboard.

The remit of the *second* stream of the Work Programme is to organise and promote mutual learning and to develop an evidence-based, hands-on toolkit to support national efforts to combat homelessness. In 2022, two mutual learning sessions were organised (in June and October), while three more sessions followed in 2023 (in March, June and October)[8]. Each two-day event was organised around a specific topic and included Member States representatives, NGO and city delegates, DG EMPL, academic experts, as well as other relevant stakeholders such as the OECD when relevant to the issues discussed. In addition, a website to improve EPOCH visibility and transparency and an award to recognise good practices in combatting homelessness are planned. In early 2023, the Commission launched an action grant which was subsequently awarded to the Technical University of Vienna in the autumn of that same year. This provides the necessary funds to organise future mutual learning events and make mutual learning more effective.

The task of the *third* stream of the EPOCH's Work Programme is to identify and promote the use of existing EU funding, including the newly streamlined ESF Plus[9], as well as the European Regional Development Fund (ERDF), InvestEU and the European Union Recovery Instrument (*NextGenerationEU*) intended to assist with the post-Covid-19 recovery (Leterme and Develtere 2023). The Council of Europe Development Bank (CEB), which is not (yet) a member of EPOCH, has been tasked with running this work stream.

5. Can EPOCH deliver on its promise? Lessons from the past, visions for the future

In many ways, the way in which EPOCH has been designed resembles the governance features of the Social OMC: an overall objective has been formulated (ending homelessness by 2030), progress toward reaching this goal is being monitored (at least indirectly through the close involvement and reporting of the Foundation Abbé Pierre and FEANTSA), and regular mutual learning events are being organised to encourage the exchange of good practices and thus stimulate progressive change. With the publication of National Action Plans to Fight Homelessness and Housing Exclusion in

7. As the focus of the question is on lifetime prevalence, it remains of limited use for monitoring the current situation.
8. More information can be found here: https://homeless-platform-events.eu/
9. In the 2021-2027 funding period, the previous ESF (funding period 2014 to 2020), the previous European Aid Fund for the Most Deprived (FEAD), the Youth Employment Initiative (YEI) and the measures for employment and social innovation (ESF Plus direct Employment and Social Innovation (EaSI)) will be brought together under one roof to strengthen Social Europe.

many Member States, there is also a component of national reporting and goal-setting. As previous research has shown, forms of soft governance such as the Social OMC can be an effective instrument for policy change, especially in those contexts where Member States are hesitant to transfer national autonomy to the European level. Yet, as such processes are not legally binding, much depends on what players make of them (*their strategic use*), and on how open players are to mutual learning and thinking outside the box (*reflexive learning*) (e.g., Weishaupt 2013; Weishaupt 2014). Being entirely voluntary with no reporting duties and – at least as yet – only indirect (via third parties) or limited (only on headline and one auxiliary indictor) scoring, EPOCH is institutionally weaker than the Social OMC. Hence the question why and how can we expect EPOCH to contribute to ending homelessness?

Current conditions are in many ways propitious for EPOCH to become an effective instrument. Most importantly, it was launched with strong, indeed *unanimous* political support at EU level and a clear mandate for action. Moreover, pressure to tackle homelessness is increasing, not least due to a continuing influx of refugees fleeing from war, violence and climate change, intra-EU migration caused by persistent economic inequality within the Single Market, stubbornly high rental and housing prices, and a lack of social housing in most Member States. Perhaps equally important is the fact that existing approaches to tackling homelessness are in many ways 'of poor quality, expensive, and ineffective' – as one observer pointedly observed. Hence, the potential for learning seems high[10].

The potential benefits of EPOCH are thus manifold. First, due to its regular meetings and continuous high-level inputs from Member States (especially those presiding over the Council of the EU), FEANSTSA and other EU-level organisations, academics and other stakeholders, EPOCH can certainly contribute to *raising awareness* of the problem and *sustaining the momentum* to act. It can also help create a *common conceptual framework* (knowledge about the causes of and effective solutions for preventing/combatting homelessness) and progress towards a *common language* (so that those involved at all levels of governance can discuss the same phenomena effectively). Moreover, EPOCH will promote *evidence-based learning* by *sharing good practices*. One example of 'innovative and fresh approaches' (Interview 4) is the Finnish approach, focusing strongly on Housing First, a tool which has proved to be effective for the sustainable reintegration of even the most vulnerable homeless people (Busch-Geertsema 2013)[11].

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10. One example to illustrate this assessment, which the authors of this chapter share, is the widely used policy of placing homeless persons in emergency shelters. Most shelters are 'poor quality', lacking *privacy* (using shared rooms with multiple beds), *sanctuary* (as people do not feel safe), and the very basic elements for *dignified living* (due to overcrowding, restrictive rules, unqualified staff not equipped to address clients in a trauma- and gender-sensitive way, etc.). They are also expensive to operate, as many security staff are needed when a wide range of vulnerable persons are housed in very confined spaces, and ineffective, as these shelters do not provide the sort of environment needed for people to heal, recover and reintegrate into society (Hinrichs and Weishaupt forthcoming).

11. While Housing First is an important instrument, Finland also invests heavily in preventing homelessness in the first place, in particular through generous housing benefits (Interview 6).

Second, by making more data available and working towards a common definition and measurement of homelessness, EPOCH will also be able to highlight the need for urgent action, set priorities, and monitor progress towards ending homelessness. As one panellist at the FEANTSA Forum in June 2023 rightly pointed out: 'You can't end what you can't measure'.

Third, while not officially part of EPOCH's institutional design, numerous EU Member States have begun to publish – and often update – National Action Plans (NAPs) to Fight Homelessness and Housing Exclusion. Other countries like Germany are currently in the process of publishing their first NAP. These plans help define national agendas, bring together a wide range of stakeholders, and can serve as a lever for them to push the agenda – especially at local levels where homelessness needs to be addressed by policymakers and public administrators.

Fourthly and relatedly, the workings of EPOCH could trigger a domino effect, creating, sustaining or strengthening not only local efforts by municipal players or NGOs to tackle homelessness on the ground, but also incentivising Member States that have not yet been actively engaged in EPOCH events to support efforts to end homelessness. In the words of one observer: 'If EPOCH can lead to changes at local level, and if we can communicate that EPOCH has helped improve the homelessness situation in some Member States, then others will see that EPOCH works and will be encouraged to participate' (Interview 6).

Last but certainly not least, implementing policy changes on the ground can be very costly. If EPOCH can help to identify and access EU funding more easily – and provide technical support to meet often difficult funding and investment requirements –, some municipalities might be able to venture onto new pathways that seemed previously impossible.

While the launch of EPOCH comes with high hopes, there are nevertheless several *hurdles* to overcome, including: a) finding a compromise on common data; b) mobilising the political will at all levels of governance to implement change; and c) increasing the supply of housing. We address these three challenges in turn.

First, data collection is crucial for the success of EPOCH, yet involves certain challenges. Strikingly, though the ETHOS typology was defined almost 20 years ago, there is no commonly used standard (Baptista and Marlier 2019: 24). Despite being adopted at the 2010 Consensus Conference, the ETHOS typology lacks endorsement. One reason could be that it is politically difficult to embrace due to its broad scope which includes not only roofless or houseless persons, but also those living in 'insecure' or 'inadequate housing'. There are also other, more technical challenges to adopting any common typology: some countries, especially those with poor infrastructures to assist the homeless, have yet to start collecting data. In others, data remains patchy and incomplete (i.e., data is missing from some regions, municipalities, or cities) or is collected irregularly through local surveys. In France and Spain, for instance, surveys do not cover rural areas and smaller towns, thus underestimating the phenomenon (Pleace and Hermans 2020: 47). Likewise, refugees with a right to stay but forced to stay in shelters due to a lack of privately available housing options are in many Members States not counted at all or underestimated.

In addition to definitional problems and patchy or incomplete data collection, a major reason for data challenges is that homelessness is often 'invisible', as many homeless people – at times deliberately – choose not to get into contact with local shelters or welfare offices. In most cases the under-aged, women (in abusive relationships), queer persons, or migrants without legal residency statuses, they have no contact with NGO staff and thus do not find their way into surveys. Another, and certainly related, issue is 'data fluidity', as people may experience a spell of homelessness, followed by a phase in an institution (such as a mental health clinic, assisted living or even prison), followed by time spent staying with an acquaintance. Statistics often only ever capture 'points in time', while prevalence data is rare and more difficult to collect. Finally, statistics may suffer from 'double counting' as those concerned may frequent various services at the same time (Develtere 2023: 221). While this list is far from exhaustive, it highlights how difficult it is to collect and interpret data on homelessness. Yet, without data, EPOCH cannot fully deliver on its promise to end homelessness.

Second, while national-level players may be very devoted to the cause[12], the local level is where homelessness needs to be tackled. In some – perhaps many – municipalities there may be a lack of political will to change course or even to take action on homelessness. This may be due to strategic considerations (tackling homelessness is not a major concern for many voters), structural reasons (a shortage of available rental property, both public and private) or financial considerations (other topics are higher on the list of priorities). It could also be for ideational, or even ideological reasons: a belief that homeless persons are to blame for their situation ('sin talk') or simply ill ('sick talk') (Gowan 2010). This generally raises the question of whether, and if so how, municipalities can be incentivised to act on homelessness, especially in contexts where national governments do not have the means to support them financially. While certainly not all cities need to participate in EPOCH events, a large-scale effort by many, if not all, cities is needed to successfully end homelessness (absolutely or functionally) in the EU by 2030. Besides these political hurdles, there are also practical challenges involved in taking municipalities fully onboard. They may find it difficult to be represented at mutual learning events where participant numbers cannot be too high if an event is to be effective. There are 'limits to growth' when it comes to hosting and organising such events – although excluding local and civil society players who want to join mutual learning events may impair their motivation and jeopardise local momentum.

Besides engaging with and incentivising local authorities, DG EMPL's role could also be strengthened. As the process tracing exercise has shown, the drivers of both the inclusion of homelessness in the EPSR and the launch of EPOCH were EU-level NGOs, primarily FEANTSA, individual Member States, and various EU bodies such as the

12. The national level, however, may also lack commitment, as one observer pointed out: 'Folks in ministries have lots of issues on the table and they might have to prioritise other issues… I don't think that homelessness is a top priority' (Interview 1).

European Parliament or the CoR. The role of the Commission, in turn, can mainly be traced to individuals such as President Juncker and, more recently, Commissioner Schmit[13]. For EPOCH to be successful, the European Commission as a whole, especially DG EMPL, could engage more proactively and strategically as a broker and policy entrepreneur, proposing, lobbying for, selling, and enabling solutions to (re-)current problems in Member States (cf. Pollack 1997: 125).

Third, the elephant in the room impeding any successful tackling of homelessness is the *lack of available housing*. In many EU Member States, especially in larger cities, housing and rental prices have risen much faster than wages, with demand for affordable housing exceeding supply. EPOCH can assist in homing in on the reasons for this apparent mismatch, due *inter alia* to the commodification and financialisation of housing (e.g. Lima et al. 2022), state withdrawal from social housing (Scanlon et al. 2014), and migration from both within and outside the EU. At the same time, the stock of housing when measured in square metres per capita is in many cities higher than ever (e.g. Holm et al. 2021). This suggests that the provision of housing is also a question of distribution, misallocation, and inequality, and not only a question of building ever more homes – which is not only expensive and takes a long time, but also entails heavy environmental costs due ever more land consumption. A systematic review of these reasons is hardly available in the literature (but see Weishaupt 2024). Moreover, if regulation of the (housing) market is part of the problem, then EPOCH can help in identifying and highlighting alternative, non-market and non-profit ways of providing homes (cf. Weishaupt 2023).

Conclusions

Homelessness as a European issue has a long history, going back to at least the late 1980s. Despite repeated calls for a European effort to tackle homelessness, it took the proclamation of the EPSR to provide the foundation for action, and a multitude of persistent, powerful, and often high-ranking officials – some more visible than others – to finally make EPOCH a reality in 2021. While EPOCH is a *sui generis* institutional framework, and indeed an ‘experiment’ in the view of many observers, it has the potential to become a very successful instrument for tackling the humanitarian crisis of homelessness in the EU. EPOCH has a solid political mandate, a clear objective, a Work Programme, lots of expertise to draw from, and a budget – taken together, the key ingredients to deliver results. It needs, however, political will at all levels of governance – the European Commission, national officials, and local authorities – to tackle an issue that is highly complex, cuts across many policy areas and thus jurisdictions, lacks a strong lobby, and is hardly rewarded through electoral votes or additional tax revenues. From its inception, however, the EU has tried to morally distinguish itself from other advanced economies through its emphasis on Social Europe. Assisting the poorest and most vulnerable citizens of Europe and thereby achieving the goal to

13. The upcoming European elections in June 2024 will reshuffle the Commission, potentially including the position of the Commissioner on Social Affairs. As Commissioner Schmit was crucial to getting EPOCH off the ground, his departure could jeopardise its future course (Interview 4).

end homelessness puts this promise to the test[14]. Failure will result not only in (the continuation of) human misery, but ultimately endangers the very foundation upon which Europe is built.

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14. While homelessness has been on the rise, also the count of hyper-rich billionaires in the EU has set a new record in 2021. Cf. https://www.forbes.com/sites/daviddawkins/2021/04/06/europes-billionaires-are-1-trillion-richer-than-a-year-ago/?sh=2e4784ad76e5.

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Annex **Interview details (in chronological order)**

No.	Institutional affiliation	Position	Date interview	Code
1	National ministry of housing	Civil servant	19 April 2023	Interview 1
2	FEANTSA	Representative	2 May 2023	Interview 2
3	Eurocities	Representative	1 June 2023	Interview 3
4	European Parliament	Special advisor to a Member of the European Parliament	6 June 2023	Interview 4
5	Professor	Member of Steering Board	7 June 2023	Interview 5
6	Committee of the Regions	Representative	27 June 2023	Interview 6

Conclusions
A 'social' paradigm shift in the shadow of austerity and competitiveness reload

Bart Vanhercke, Sebastiano Sabato and Slavina Spasova

Introduction[1]

As the chapters of this book show, over the past year the von der Leyen European Commission has continued to pursue an ambitious social policy agenda – championed by Commissioner for Jobs and Social Rights Nicolas Schmit. These social policy initiatives were implemented in an unexpectedly favourable economic context. Indeed, despite the ongoing permacrisis, the economic and labour market situation improved for the countries in the European Union (EU), with the unprecedent EU-level solidarity measures put in place during the Covid-19 pandemic (Vanhercke et al. 2022a) as well as national measures to tackle the energy crisis driving the positive development of the main economic and labour indicators.

Overall, the European economy indeed avoided recession in 2023, while the EU-27 Gross Domestic Product (GDP) again slightly increased, as has been the trend since 2020. The 2023 employment rate registered a record high, while unemployment dropped to a record low (as was the case just before the pandemic in 2019). In 2023, the average employment rate (20-64 years-old) was 75.3% while unemployment stood at 6.1% (Eurostat). However, when looking at specific population groups, the situation is not that rosy. While the share of young people neither in employment nor in education or training (NEETs) decreased considerably in 2021 and 2022 compared with 2020, in terms of youth unemployment, the situation remains alarming in several Member States, with Spain (a youth unemployment rate of 28.5%), Greece (26.7%) and Italy (22.7%) as the most prominent examples.

The employment rate of women continued to be a cause of concern. Although the gender employment gap slightly decreased for the EU-27 (from 10.7% in 2022 to 10.3% in 2023), there are major differences between Member States, with the gap ranging between 0.2% in Finland to over 19% in Greece and Romania (in most Member States the gap is between 5 and 8%). Shahini et al. (this volume) demonstrate that the most recent trends in in-work poverty (IWP) confirm that having a job is not always sufficient to overcome poverty and social exclusion. Worryingly, IWP rates increased in several European countries between 2019 and 2022, with the rate remaining high

1. The authors would like to thank Christophe Degryse and Philippe Pochet for their suggestions to improve the narrative of the concluding chapter. We are grateful to Mehtap Akgüç, Francesco Corti, Benjamin Dessy, Aline Hoffmann, Hester Houwing, An-Sofie Leenknecht, Peter Lelie, Silvia Rainone and Wouter Zwysen for their detailed feedback and suggestions for specific sections. Pilar Muñoz, Mees Bots and Giorgia Fleischmann (OSE Research interns) provided indispensable research assistance. The usual disclaimer applies.

(well above 10%) in Italy, Luxembourg, Romania and Spain) (ibid.)[2]. Despite the EU's solemn declaration to reduce the number of people at risk of poverty or social exclusion (AROPE) by at least 15 million by 2030, national social safety nets in place are far from meeting the standard of support that is needed. This is reflected in an AROPE rate which has remained consistently high over the last years (Shahini et al. this volume). In 2023, it stood at 21.5% for the EU as whole (i.e. 0.6 points higher than in 2022).

In this economic and social context, the year preceding the European Parliament elections (scheduled for June 2024) saw the development of high-level debates on the future of Europe, with a view to identifying the priorities of the Union and discussing its functioning in the context of a more complex geopolitical situation and a possible further enlargement[3]. Indeed, as was the case for 2022, 2023 was a year characterised by severe geopolitical challenges. While a protracted and unpredictable war of aggression waged by Russia against Ukraine is still ongoing on Europe's doorstep, a war in the Middle East – which has in turn led to a humanitarian crisis in the Gaza Strip – is adding further tensions to an already tense international situation.

Against this background, discussions on the future of the EU characterised the second half of 2023, spurred by the European Commission, the European Council and Member States. While this debate touched upon several themes and identified several 'grand challenges' for the future, two interrelated topics emerged as top priorities: the geopolitical situation and EU enlargement. These issues indeed represent the overarching frameworks set to crucially affect (facilitating or constraining) the EU's ability to respond to the challenges of the future and the possibility to draft and implement ambitious EU agendas such as the pursuit of the green and digital transitions.

According to Commission President von der Leyen (2023), recent circumstances such as the EU's support for Ukraine after the Russian invasion, its stance towards an assertive China, and its activism in developing global partnerships can be seen as 'the birth of a geopolitical Union'. In October 2023, EU heads of state or government also agreed on the 'Granada Declaration' aimed at initiating the process of defining the Union's general political directions for the years to come and identifying key priorities and actions needed 'for a strong, dynamic, competitive and cohesive Europe in a changing world' (European Council 2023).

The geopolitical situation and EU enlargement were two issues also in the reflections on the future of the EU launched by France and Germany[4]. The perspective of welcoming

2. A more detailed analysis of the trends in terms of labour markets within the EU can be found in the recent 'Benchmarking Working Europe' report (Piasna and Theodoropoulou 2024) of the European Trade Union Institute (ETUI).
3. Kosovo is a potential candidate after applying in 2022. Georgia was granted candidate status in 2023. Membership negotiations are ongoing with Albania and North Macedonia (since 2022). In late 2023, the European Council opened accession negotiations with Ukraine, Bosnia and Herzegovina and Moldova.
4. A 'working group on EU institutional reforms' was convened by the French and German governments. In September 2023, 'The Group of Twelve' independent experts submitted the results of its work, recommending a flexible EU reform and enlargement process (Group of Twelve 2023: 5).

new Member States and the need to take decisions in a more flexible, fast, and effective way due to the uncertain and quickly changing geopolitical scenario came on top of more traditional issues related to the complexity of EU decision-making. Substantial reforms – including preparations for Treaty revisions – would therefore need to be implemented during the new EU legislative term (Group of Twelve 2023).

Regarding the EU's social dimension, a discussion was triggered by the publication, in January 2023, of the report of the High-Level Group on the future of social protection and of the welfare state in the EU (2023) commissioned by the European Commission. While this report is a promising starting point, further work is needed to figure out how to adapt EU social policies and domestic welfare states to the green, digital and demographic transitions, in the above-mentioned context (an uncertain geopolitical scenario and future EU enlargement). Such a discussion, to be backed up at the highest political level and to be conducted in an open and inclusive way, would provide crucial input to the assessment of the implementation of the European Pillar of Social Rights (EPSR) Action Plan planned in 2025.

The remainder of this chapter is structured as follows. Section 1 presents the highlights of the French and Czech Presidencies of the Council of the EU, both of which managed to advance the EU social policy agenda in 2022, prompting a selective implementation of the Action Plan on the European Pillar of Social Rights. Section 2 presents the key findings of the social policy developments assessed in the substantive chapters of this edited volume, tracing the ambitious implementation of the Pillar Action Pan in 2022 and the first half of 2023. Section 3 discusses some of the more recent social policy developments, during 2023 and early 2024, thus completing the picture of the paradigm shift that has taken place regarding Social Europe during the present EU legislature. Section 4 glances beyond the European elections, discussing four items set to top the EU agenda during the next legislature. The final section raises the question of whether the 'social turn' in EU social policymaking is sustainable in the shadow of austerity reload. Moreover, the return of narratives on the future of the Single Market, EU competitiveness and open strategic autonomy that leave little scope for the social dimension may imply that a reverse paradigm shift is in the making for the EU.

1. The French and Czech EU Presidencies: selectively implementing the Social Pillar

As the Chronology by Korina Kominou and Gudsiyya Allahverdiyeva (this volume) illustrates, both the French and Czech Presidencies of the Council of the EU (during the first and second half of 2022, respectively) were able to achieve progress on key social policy initiatives agreed at the Porto Social Summit (May 2021) through the 'Action Plan' on the European Pillar of Social Rights (European Commission 2021a).

France's 'social' programme promised to focus on working conditions in digital labour platform work, the social impact of the climate and digital transition on the labour market, lifelong learning and social dialogue, the rights for people with disabilities and gender equality, notably the principle of 'equal pay for equal work' (French Presidency of the Council of the European Union 2022). In a turbulent geopolitical context, the French Presidency prioritised and effectively reached a ground-breaking agreement on an EU Directive on Adequate Minimum Wages (Müller and Schulten this volume). It also secured rules to enhance gender equality on corporate boards: 40% of non-executive director posts in large companies should go to the 'under-represented sex'. The agreement was reached ten years after the 'Women on Boards' proposal was first made.

The Czech Presidency of the Council of the EU (2022) focused, in the social domain, on minimum income standards and occupational health and safety concerns. While the Russian invasion of Ukraine led to the Presidency prioritising defence, the energy crisis and economic resilience, some progress was made in giving greater prominence to the integration of people with disabilities in the labour market, albeit through soft law measures. Political agreement was also reached on strengthening EU legislation to protect workers from the risks associated with exposure to asbestos (Vogel this volume). The Czech presidency and the European Parliament also reached a provisional deal on pay transparency rules, while political agreement was reached on a Recommendation on Adequate Minimum Income (Shahini et al. this volume). At the same time, the Czech Presidency was criticised by Employment Ministers from Belgium, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovenia and Spain for its allegedly pro-business approach during the negotiations on the Platform Work Directive. These countries therefore rejected the derogations which the Presidency proposed to the rebuttable presumption of employment (Euractiv 2022).

Several new initiatives were launched in 2022, including a proposed directive laying down rules on corporate due diligence obligations and a proposal to eliminate products made using forced labour from the Union market. As gender-based violence persists[5], a new directive aimed at addressing violence against women and domestic violence was proposed in March 2022 (European Commission 2022). Political agreement on the first comprehensive legal instrument at EU level on this issue was reached between the European institutions in February 2024. The Directive criminalises physical, psychological, economic and sexual violence against women across the EU, both offline and online. However, the final agreement does not include an EU-wide definition of the crime of rape based on a lack of clear consent, as proposed by the European Commission.

As the first official post-pandemic year, 2022 saw policymakers and social partners addressing conflicts arising from the now-permanent features of teleworking and digital workplaces. Mental health in the workplace gained significant attention (European Commission 2023a), leading to (ultimately failed) negotiations on the right to disconnect between the European social partners (see Section 3).

5. The full-time presence of men in the family home during Covid-19 exacerbated domestic violence: the United Nations raised the alarm about the upsurge in domestic violence during the pandemic, coining it the 'shadow pandemic' (UN Women 2021).

Persisting rule-of-law issues in Hungary and Poland triggered activation of the conditionality regime (which protects the EU budget when Member States violate rule-of-law principles) as well as the Rule-of-Law Conditionality Regulation, which was upheld by the Court of Justice of the EU (see Kominou and Allahverdiyeva this volume). Moreover, the EU's commitment to defending democratic values was evident in President von der Leyen's 'New push for democracy' package of December 2023.

The migration crisis resulting from the war in Ukraine became the largest since World War II, with the EU responding with emergency policies to protect borders and integrate refugees. Ukraine, together with Moldova, were granted EU candidate status in June 2022. To address the impact of the high inflation triggered by the war, the EU implemented emergency measures, including a legislative instrument to cap excessively high prices, approved by the Council in December 2022 (Council of the European Union 2022).

2. Turning the Social Pillar Action Plan into practice[6]

Against the backdrop of an intense EU social policymaking agenda in 2022 and the first half of 2023, the six substantive chapters of this year's edition of the *Bilan social* offer an in-depth analysis of several key initiatives.

Chapter 1 by Sotiria Theodoropoulou (this volume) provides a preliminary assessment of the ongoing EU economic governance reform for Social Europe. More than three years since the launch of the review of the EU's current fiscal framework, the European Commission published its long-awaited legislative proposals for reforming the framework – known as the Stability and Growth Pact (SGP) – in April 2023. Provisional political agreement was reached between the European co-decisionmakers in February 2024. The analysis suggests that, while the new rules may offer some improvements over the currently suspended fiscal rules, they are bound to put pressure on Member States' public investment. While there should be more wiggle room for tailor-made fiscal adjustment, the new rules still incorporate unduly stringent safeguards, set to put considerable pressure on social spending (social benefits and services). Moreover, the involvement of social players and experts in the new framework remains limited and optional.

Theodoropoulou (ibid.) therefore concludes that the review of the EU's fiscal rules will turn out to be a missed opportunity for achieving a more meaningful balance between fiscal, green and social objectives. One silver lining flagged by the author is the fact that a 'Social Convergence Framework' is in the making in the context of the European Semester, potentially allowing a stronger case to be made for considering macro- and microeconomic returns on social investment (see Section 4). All in all, it would seem that EU priorities have recently shifted from enhancing social

6. Chapter authors cite many different sources in support of their analysis but not included in the Conclusions. Readers wishing to follow up the original sources should consult the respective chapters in this volume.

resilience, cohesion and ensuring a just green transition (which had taken precedence in the early years of the von der Leyen political term), to tackling challenges such as public debt sustainability and defence capacity and security, issues now topping EU agendas (Theodoropoulou 2024). Indeed, the newly agreed rules for multilateral fiscal surveillance point to some backtracking among Member States in favour of fiscal sustainability, at the expense of allowing more space for governments to handle common EU priorities such as climate change and social resilience (ibid.). The European Trade Union Confederation (ETUC) has criticised the proposed reforms, pointing to the risk of huge job cuts, lower wages and worsening working conditions, and further underfunding of public services. Furthermore, these rules could hinder Member States in achieving the EU's own targets for investment in the green and digital economy (ETUC 2023). Successfully achieving the green transition is nevertheless still high on the EU agenda, with steps in this direction to be discussed in the months to come within the framework of the debate on setting the 2040 climate target launched by the Commission in February 2024 (European Commission 2024a).

Reinforcing fears of a slow retrenchment of social ambitions at EU level, Tommaso Grossi and Laura Rayner (this volume) discuss the re-emergence of ('green') industrial policy in the EU. The return of a policy that 'shall not be named' represents a break with past policies and principles. The upscaling of industrial policy can be attributed to a confluence of challenges – *inter alia* the Covid-19 crisis, geopolitical tensions and ecological concerns – which have exposed vulnerabilities in global supply chains and questioned the efficacy of market forces. The European Commission therefore proposed a new strategy in 2023, dubbed the 'Green Deal Industrial Plan for the Net-Zero Age' (henceforth GDIP). The plan promises measures under four 'pillars': a predictable and simplified regulatory environment; faster access to sufficient funding; skills; and open trade for resilient supply chains (European Commission 2023b).

Although the GDIP emerges as a pivotal initiative aiming to diminish EU reliance on imported clean technologies and raw materials, Grossi and Rayner (ibid.) argue that its narrow focus on skills, jobs and growth overlooks the potential of the EU's new industrial agenda to become a channel for the just transition and for achieving the EU's social ambition. Indeed, they see 'a glaring lack of references to the European Pillar of Social Rights' with its employment, skills and social protection benchmarks (ibid.). The authors therefore advocate a more holistic, long-term view. They emphasise the importance of aligning the welfare state with climate mitigation policies for sustainable development, while striving to achieve a harmonious coexistence with economic growth. Indeed, they go one step further, calling for a radical shift towards a post-growth paradigm. In their view, the challenges posed by climate change cannot be viewed in isolation from economic processes. Rather, they should be woven into the fabric of policy formulation and implementation. An integrated approach combining environmental goals with measures to alleviate social and economic disparities is deemed imperative. Co-legislators in the Council of the EU and the Parliament are called upon to strengthen the GDIP's social dimension, while trade unions would play a crucial role in mitigating social conflicts and supporting the green transition with well-functioning collective bargaining (ibid.).

Laurent Vogel (this volume) analyses European occupational health policy in the turbulent times between 2018 and 2022. The right to a healthy and safe workplace is reflected in principle 10 of the EPSR, while the new 2021-2027 occupational safety and health (OSH) framework (European Commission 2021b) was announced as part of the EPSR Action Plan. The Action Plan also promised legal proposals (in 2022) to further reduce workers' exposure to hazardous substances (including asbestos) and proposed a new indicator on fatal accidents at work in the revised Social Scoreboard (announced as a key element of monitoring the EU's 'vision zero'). And yet, the author argues, the responses to the pandemic seemed to ignore key occupational health principles, as some categories of workers were not covered by occupational health rules.

The lengthy (and ongoing) process of revising the legislation on the protection of workers against carcinogens (53% of the deaths linked to insufficient workplace prevention in the EU are due to cancers) led to some major advances, notably thanks to the ambitious stance of a broad coalition in the European Parliament which agreed on key improvements to the Commission's minimalist proposals. These include extending the scope of application (e.g. to reprotoxic substances), extending health surveillance and the inclusion of hazardous medicinal products. Nevertheless, Vogel (ibid.) suggests that the strategic OSH framework 2021-2027 (European Commission 2021b), despite having high stated ambitions, has led to just few legislative initiatives, not least due to the European Commission's 'Better Regulation' approach. The author also argues that the issue of psychosocial risks may become a battleground in EU social policymaking comparable to that of cancers in the period 2004-2014.

The necessity for Member States to provide adequate minimum wages and strengthen minimum income schemes became increasingly evident in recent years, with essential workers being paid low wages and poverty levels increasing in Europe (Panaro et al. 2022). Safeguarding workers' purchasing power remains a key challenge in the field of wages and collective bargaining. On the one hand, tight labour market conditions marked by low unemployment and persistently high labour shortages have increased trade unions' bargaining power to obtain better wages and working conditions for workers. On the other hand, modest economic growth and continuing geopolitical tensions have had the opposite effect of making it more difficult for trade unions to negotiate wage increases to make up for the loss in purchasing power (Müller et al. 2024).

In this context, Torsten Müller and Thorsten Schulten (this volume) argue that the adoption of the Directive on Adequate Minimum Wages in October 2022 – explicitly understood as implementing EPSR Principles 6 and 8 – marks a turning point in European minimum wage policy. But there is more. Other recent EU-level initiatives in the field of wages and collective bargaining include: a) the September 2022 Guidelines on the application of EU competition law to the collective agreements of solo self-employed people; b) the June 2023 Council Recommendation on strengthening social dialogue in the EU (see Section 3); and c) the April 2023 Pay Transparency Directive, which is aimed at combatting pay discrimination and helping close the gender pay gap. Taken together, these initiatives point to no less than a paradigm shift in the EU's approach to wages and collective bargaining.

According to Müller and Schulten (ibid.), the Minimum Wage Directive (European Parliament and Council of the European Union 2022) is the first-ever piece of EU legislation explicitly aimed at establishing an adequate minimum wage floor and at strengthening collective bargaining. Particularly important is the Directive's double decency threshold for adequate minimum wages, set at 60% of the median and 50% of the average wage. Crucially, the Directive obliges Member States with a collective bargaining coverage of less than 80% to take measures to increase it. But not only this – it is also one of the most significant expressions of the shift in discourse on the EU's social dimension, previously dominated by the neoliberal paradigm of market liberalisation which put existing industrial relations and social systems under pressure. Its positive impact on the (political debate about the) development of minimum wages can already be seen in various countries even before its formal transposition into national law, due in November 2024. The Directive creates an important political frame of reference strengthening those positions and players at national level who advocate adequate minimum wages and strong collective bargaining. However, its actual 'bite' will depend on effective transposition by the Member States, which in some cases may be hard-fought and require trade union mobilisation (Müller and Schulten this volume).

Viola Shahini, Angelo Vito Panaro and Matteo Jessoula (this volume) discuss the limitations of national minimum income schemes, reconstructing the political dynamics that led to the adoption of the January 2023 Council Recommendation on Adequate Minimum Income (Council of the European Union 2023a). The pandemic and inflation rising faster than wages further exposed gaps in national social protection systems (Baptista et al. 2021). And yet, due to resistance within certain Directorates General (DGs) of the European Commission, division within the EU Parliament and opposition from key Member States in the Council as well as from employer organisations, endorsement of a binding directive on adequate minimum income was politically not feasible, especially after the launch of the proposal for an EU Directive on Minimum Wages (see above) which was prioritised by the European Commission, the Portuguese Presidency of the Council of the EU (January and 30 June 2021) and the ETUC.

This context led to the adoption of a non-binding Council Recommendation in January 2023, which nonetheless can be seen as a positive step forward in implementing principle 14 of the EPSR and its Action Plan. These have played a significant role in stimulating (non-binding) policy initiatives related to minimum income. According to Shahini et al. (ibid.), the Recommendation can serve as a valuable benchmarking and monitoring tool which social players can strategically leverage as a catalyst for policy change, especially when linked to the European Semester (including tailored Country-specific Recommendations, CSRs) and financial support through the ESF+. Whether this happens depends on domestic political dynamics, as Italy's recent overhaul of its minimum income scheme exemplifies. The ETUC and several social NGOs have therefore underlined that EU soft law has not allowed sufficient and sustainable progress to be made on reducing poverty and continue to call for a binding European framework directive on adequate minimum income establishing a common set of minimum requirements and provisions. By (finally) calling for a Directive on minimum income, the European Parliament (2023) signalled, in March 2023, to the European Commission and Member States its wish to see EU legislation in this field.

Timo Weishaupt and Christian Hinrichs (this volume) discuss the attempts to address the issue of homelessness at European level over the past 30 years. Many Member States have experienced a major increase in homelessness in recent years (even though it is difficult to make EU-wide comparisons over time), with the Great Recession, migration and most recently Russia's invasion of Ukraine as the most important drivers of this upward development. Despite previous efforts to 'Europeanise' the issue – including through the Social Open Method of Coordination (OMC) – responsibility for tackling homelessness has long remained exclusively in the hands of Member States. The lack of reliable estimates on homelessness continues to undermine Europe-wide efforts to tackle the issue.

According to Weishaupt and Hinrichs (ibid.), the 2017 proclamation of the European Pillar of Social Rights marked a shift, making housing and assistance for the homeless a shared European priority (Principle 19). The Lisbon Declaration (2021) on the European Platform on Combatting Homelessness (EPOCH) and the EU's pledge to end homelessness in the EU by 2030 established a stage for coordinated action, data collection, mutual learning, and EU funding. Since EPOCH resembles the governance features of the Social OMC – providing an institutional space for learning and the exchange of good practices[7] (such as upstream prevention and housing-led strategies), in combination with EU funding – it is viewed as an experiment by many observers. Whether or not it will have actual bite, however, will depend on the strategic use made of it by national and EU players: from the European Commission to local authorities, from national governments to civil society organisations. EU-wide organisations such as FEANTSA will continue to scrutinise the roll-out of national strategies to fight homelessness and how they are reflected in Member States' National Action Plans. Finally, the authors point to the elephant in the room impeding any success in tackling homelessness: the lack of available and affordable housing, *inter alia* due to state withdrawal from social housing.

3. A bridge year to the European elections[8]

The title of the European Commission Work Programme 2024 – 'Delivering today and preparing for tomorrow' – seems to suggest that 2024 is seen as a bridge year between two EU political cycles (European Commission 2023c). Indeed, after mentioning the 'epoch-making challenges and opportunities' which the EU is facing (ibid.: 1)[9], the Commission makes clear that the priority for the last months of its term of office will be to support the European Parliament and Council in reaching agreement on pending legislative proposals, while only a few new initiatives (delivering on existing

7. In January 2024, the European Federation of National Organisations Working with the Homeless (FEANTSA) launched 'EPOCH Practice', a programme that supports mutual learning and capacity building within EPOCH. See https://www.feantsa.org/en/epoch-practice
8. The authors used, among others, the European Parliament's *Legislative Train Schedule*, an excellent source when monitoring the progress of legislative files during the current Parliament term. See https://www.europarl.europa.eu/legislative-train/
9. According to the European Commission (2023c: 1), these challenges range '[f]rom the climate and biodiversity crises to the digital revolution and artificial intelligence; from Russia's brutal invasion of Ukraine to the ensuing energy price and cost of living crises; from migration to ensuring economic growth and competitiveness'.

commitments or responding to emerging challenges) will be tabled, also because the Commission rightly estimates that '[s]ignificant progress has been made in implementing the European Pillar of Social Rights'.

Indeed, groundbreaking progress has been made, during the second half of 2023 and the beginning of 2024, on several social policy legislation files, including ones pertaining to platform work, corporate due diligence, European Works Councils and social dialogue and disability, which we briefly discuss in this section. By contrast, the long overdue revision of EU social security coordination legislation has remained stalled in Council.

3.1 Working conditions in platform work: milestone or nothingburger?

The adoption of a Directive on improving working conditions in platform work has had a turbulent ride[10]. Interinstitutional negotiations ended with provisional agreement being reached on 13 December 2023, though this was not endorsed by COREPER. Following further negotiations under the Belgian Presidency, a second provisional agreement was reached on 8 February 2024, this time rejected by Council on 16 February 2024. Following further negotiations and a last-minute change of position by Estonia and Greece, the Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council formation finally approved the agreement on 11 March 2024, even though France and Germany did not support it (Zwysen et al. 2024).

Compared to the Commission's original proposal, the compromise takes an alternative approach to the widespread (mis)classification issue, leaving it up to Member States to arrange for the introduction of an 'effective legal presumption' in their national law. The fact that there are no harmonised conditions for triggering the legal presumption of employment in the text of the Directive left some commentators to conclude that the 'EU delivers nothingburger to Uber and Deliveroo workers' (Politico 2024a). For the ETUC, however, the compromise text represents no less than a 'milestone', while recognising that 'the battle of transposition and implementation will be just as fierce as that of the legislative procedure' (Voet 2024). The adoption of the Directive challenges the dominant political and mediatic narrative advanced by platforms, according to which they are mere digital service intermediaries and the flexibility enjoyed by workers is incompatible with the existence of an employment relationship.

Crucially, the Platform Work Directive also creates the first ever EU rules on the use of algorithmic management in the world of work (Ponce Del Castillo and Naranjo 2022; Potocka-Sionek and Aloisi 2024), most of which are applicable to all those working in the platform economy, regardless of their employment status. It imposes greater transparency on algorithmic management, prohibits the processing of certain sensitive data (including emotional or psychological data), establishes the right to portability of personal data, as well as the right to human oversight and review of automated

10. For an account of the politics behind the drafting of the Proposal for a Directive, see Spasova and Marenco (2022).

decision-making, and requires health and safety risks assessments. Regrettably, and despite the last-minute inclusion of a final provision on the promotion of collective bargaining, the Directive does not go as far as to confer self-employed platform workers with the crucial collective labour right of information and consultation vis-à-vis the impact of algorithmic management systems (Aloisi et al. 2023).

3.2 Agreement on corporate due diligence within reach

In March 2024, political agreement was also reached during the Belgian Presidency on a new Corporate Sustainability Due Diligence Directive (CSDDD) which sets obligations for companies to identify and, where necessary, prevent, end or mitigate the negative impact of their operations on human rights (such as child labour and exploitation of workers) and the environment (for example, pollution and biodiversity loss). A final agreement on the Directive is within reach before the end of the European Parliament's current mandate. Member States have watered down the Directive's ambition, notably by reducing the number of companies initially covered by the Directive from 16,000 to under 7,000.

3.3 European Works Councils Directive: in need of revision

Principle 8 of the EPSR pertains to the right of workers to be informed and consulted in good time on matters relevant to them. Some thirty years ago, the question of how to ensure this right when a company or group of companies was active in several EU countries led to the adoption of Directive 94/45/EC on European Works Councils (EWCs). EWCs are designed to ensure that workers receive information and are consulted by corporate management on decisions at European level that could affect working or employment conditions in the company as a whole or in at least two Member States. According to the ETUI's EWC database (www.ewcdb.eu) over 1,000 EWCs are active in European multinationals today.

In 2009, the recast Directive 2009/38/EC (henceforth the 'EWC Directive') sought to address the many identified shortcomings and clarify several key concepts. Yet even these improvements did not deliver the necessary improvements (De Spiegelaere 2016). The European Commission's (2018) evaluation of the implementation of the EWC Directive also concluded that that the quality and scope of information supplied to workers had improved, but that effective consultation was still lacking. In the ensuing policy debate, the ETUC reiterated its longstanding call for the Directive's revision in view of its 'fundamental weaknesses'[11]. Employer organisations preferred voluntary to legislative solutions.

11. According to the ETUC, employers can easily stall or completely block the establishment of an EWC; EWCs are often informed after final decisions have already been taken; and confidentiality clauses are often misused by management to withhold information. Source: https://www.etuc.org/en/democracy-thematic/european-works-councils

The European Parliament has been an important force in securing improvements to the EWC Directive. Building on an own-initiative report (November 2021) on democracy at work, it adopted an own-initiative legislative resolution (2019/2183(INL)) by a large majority in February 2023, proposing concrete changes such as timely and meaningful consultation, an end to the exemption of pre-Directive agreements, tougher sanctions, and assured access to national justice for EWCs. Following a two-stage consultation of social partners, the Commission put forward a proposal for a revision of the EWC Directive in January 2024 (European Commission 2024b) which included many of the improvements proposed by the European Parliament. In April 2024, the European Parliament's Committee on Employment and Social Affairs adopted the report of MEP Dennis Radtke (2024/0006(COD)). At the time of writing, this report is expected to be adopted by the European Parliament in its final plenary before the June 2024 European elections. The dossier will then be carried over to the new Parliament as unfinished business. In parallel, the EU Council was working on the adoption of a General Approach at the time of writing. It is thus to be hoped that the co-legislators will resume work towards a revised EWC Directive in autumn 2024.

3.4 European social dialogue in homage to Jacques Delors[12]

Arguably the most significant event of 2023 regarding European social dialogue was the European Commission's Communication on strengthening social dialogue in the EU, published in January (European Commission 2023d). Between 1993 and 2004 (just over a decade), the European Commission published five important Communications on European social dialogue, the role that economic and social partners were meant to play in 'European construction', and how this could be made a force for change in Central and Eastern Europe[13]. For the ensuing decade – under Commission President José Manuel Barroso –, very little progress was made in this area (Hyman and Gumbrell-McCormick 2024). European social dialogue was then 'relaunched' under the Juncker European Commission (2014-2019), albeit ambivalently. Tensions have continued during von der Leyen's term (2019-2024).

The ambiguity of the relaunch of European social dialogue follows on from the conflict situation caused in the 2010s by the Commission's refusal to transform two negotiated sectoral social dialogue agreements into European directives: one on working conditions in the hairdressing sector (2012), the other on information and consultation procedures for civil servants in public administrations (2015). Signed by the sectoral social partners, the two agreements were forwarded, in accordance with the procedures laid down in the Treaty, to the Commission for transposition into directives, as had been done before for eight sectoral agreements. At the time, this unexpected refusal created a wave of incomprehension between trade union organisations and the Commission which leaves its traces until the present day.

12. Our warm thanks to Christophe Degryse from ETUI for having authored this section.
13. These five Commission Communications were COM/93/600 of 14 December 1993, COM/96/448 of 18 September 1996, COM/98/322 of 20 May 1998, COM/2002/341 of 26 June 2002 and COM/2004/557 of 12 August 2004.

Since then, the European social partners – and particularly the trade unions – have been waiting for the European institutions to clarify the role they intend to play in implementing social dialogue, as well as the role they expect the social partners to play, to provide predictability and certainty for the future development of social dialogue. The Communication published by the Commission in January 2023 aimed at clarifying this position (European Commission 2023d). Significantly, this Communication was accompanied by a proposal for a Council Recommendation entirely devoted to strengthening *national* social dialogue (Council of the European Union 2023b)[14], with the Commission's key idea being to better articulate and support the different levels of social dialogue (Degryse 2023). The careful reader will have noticed that the Commission Communication refers to 'social dialogue in the EU', and not to 'European social dialogue'.

The ETUC welcomed this initiative, in particular the proposal to set up a social dialogue coordinator in each of the Commission's Directorates-General. However, it felt that the clarifications concerning the handling of negotiated agreements were insufficient: in the ETUC's view, the Commission had missed the opportunity to present a clear, predictable and transparent process for dealing with these agreements. Clearly, the European trade union movement will be particularly attentive to the role the European Commission intends to play in supporting social dialogue in the Member States.

In this respect, the follow-up to the failure of negotiations between the social partners in December 2023 on a legally binding agreement on telework and the right to disconnect – due to the refusal of the private employers to put forward any text – will be a good indicator of the EU's will to turn words into deeds. Will the EU adopt an ambitious directive on this topic, reminding employer organisations that social dialogue negotiations still take place in the 'shadow of hierarchy'?

Another more recent moment was the Social Partner (tripartite) Summit held on 31 January 2024 'to discuss the challenges facing our labour markets, workers and businesses, including from skills and labour shortages, and artificial intelligence'. This Summit symbolically took place at the Val Duchesse chateau (Brussels, Belgium): the intention was to revive memories of the 1985 meeting on European social dialogue convened by the then Commission President Jacques Delors who died in December 2023. In the eyes of those who witnessed it at the time, Jacques Delors demonstrated a vision, a strategy and an extraordinary boldness; he was convinced that Europe would not work without a strong social dimension, and therefore without a *contractual* social dialogue (Degryse 2024a)[15]. A lesson that has not aged a single day.

3.5 The EU and disability: a first step

Ending on one last positive development, in February 2024, political agreement was reached, in record time, between the European Parliament and the EU Member

14. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023H01389
15. https://www.etui.org/sites/default/files/2024-01/Delors_EN.pdf

States on a Directive establishing the European Disability Card and the European Parking Card for persons with disabilities. The Directive had been proposed by the Commission in September 2023, following a successful pilot project in eight Member States (Atanasova et al. 2023). Importantly, agreement was also reached (March 2024) to extend these cards to third-country nationals, including asylum-seekers legally residing in the Member States. The European Disability Forum (EDF) regrets that the Directive does not foresee temporary access to disability support and allowances when persons with disabilities move to work and study abroad. The lack of such a provision indeed implies that persons with disabilities might not have access to support while undergoing lengthy 'reassessment' processes when using their freedom of movement within the EU. In addition, Member States will have a generous 42 months to start providing the Cards, including 30 months to transpose the legislation. This means that the Cards will only fully become a reality four years after formal adoption of the Directive.

Positive aspects of the European Disability Card include its coverage of transport services (with some exceptions), access to support for EU mobility programmes, free issuance and renewal, informative EU and national websites, privacy protection for cardholders, potential extensions for longer stays decided by Member States, and commitments to address remaining gaps in free movement for persons with disabilities[16].

3.6 Social security coordination still stalled

It should be noted however that the Council and the European Parliament failed to reach agreement on revising the rules on social security coordination before the end of the current legislative term. Tabled by the European Commission in 2016, the interinstitutional agreement on such a revision was rejected by the Council at the end of 2021 and the file has been stalled ever since. Given that the proposals made by the Spanish Presidency (second half of 2023) to revive negotiations with the Parliament did not receive sufficient support, and in view of the approaching European elections, the Belgian Presidency sought a 'last chance solution' which focused on a more limited scope of the revision, covering the four chapters of the Regulations on which provisional agreement had already been reached in 2021 between the co-legislators.

Within the Council's *Working Party on Social Questions*, a majority of Member State delegations agreed that the file could indeed be split, excluding for now two contested chapters, on applicable legislation and unemployment benefits[17]. Parliament officially informed the Belgian Presidency that it could not accept such a limited review. The reform of social security coordination has seen 18 trilogues, drained 12 EU Presidencies and enjoyed two provisional agreements between the European institutions (in 2019

16. See the website of the European Disability Forum: https://www.edf-feph.org/agreement-on-the-european-disability-card-major-advance-for-freedom-of-movement/

17. The points of disagreement pertain to the introduction of a prior notification for persons performing work in another Member State; rules on the legislation applicable in cases of pluriactivity; and the rules on compensation for the cross-border unemployed.

and 2021). In view of the European elections, there is no clarity on the next steps: it cannot be ruled out that the next European Commission may decide to withdraw the proposal, nearly a decade after it proposed the revision of EU legislation.

4. Beyond the European elections

The programme of the Belgian Presidency of the Council of the EU (2024) has raised expectations of steps forward in EU social policymaking beyond the June 2024 European elections. Being the last rotating Presidency before the elections (during the first half of 2024), it has the explicit ambition to 'support a seamless transition to the next [EU institutional cycle], [to support] the adoption of the Strategic Agenda 2024-2029 and prepare discussions on the future of the European Union'. 'Reinforcing our social and health agenda' and 'pursuing a green and just transition' are among the six thematic areas on which the Belgian Presidency is focusing. Besides advancing work on open legislative and non-legislative files, the stated objective is to 'work towards an ambitious and future-proof social agenda [with a special emphasis] on socio-economic governance […] consolidating the European Pillar of Social Rights [and] setting forth a robust social agenda for 2024-2029' (ibid.: 26).

In this respect, the Presidency is committed to working towards an Interinstitutional Declaration on the Future Social Agenda, to be signed on 16 April at La Hulpe (Belgium), 'identify[ing] new legislative and non-legislative initiatives needed for a just, green and digital transition, and support[ing] ambitious new strategies to achieve equal opportunity, gender equality and non-discrimination' (ibid.: 28). On the other hand, besides focusing on concluding open European Green Deal (EGD) related legislative files, the Belgian Presidency has the ambition to drive the debate on the future European green agenda beyond 2024, with a special emphasis on the need to ensure 'a just transition [that] leave[s] no one behind' (ibid.: 44). The Belgian Presidency will also foster comprehensive visions for the EU's future internal market and industry policies (ibid.: 29) and launch 'discussions on the future of European security and defence' (ibid.: 6). We briefly discuss four elements on the future EU agenda which in our view will have an important impact on the EU's social ambitions beyond the European elections. Taken together, they seem to suggest that a new paradigm shift is in the making for the EU.

4.1 Further 'socialising' the Semester: social convergence and investment

As described by Theodoropoulou (this volume), moves have been made since October 2021 in the context of the EPSCO Council formation to introduce a Social Convergence Framework (SCF) into the European Semester, with a view to strengthening the role of the Employment and Social Affairs Ministers and entrenching the social dimension of the European Semester. Such a framework would provide the opportunity to establish a more structured and deeper analysis of employment and social developments within the annual Semester cycle, building on the Social Scoreboard's methodology. SCF deliberations began – at the initiative of Belgium and Spain – in the aftermath of the May 2021 ‘Porto Declaration’ which identified the Semester as the coordination framework for monitoring progress in implementing the EPSR and its headline targets for 2030 (Council of the European Union 2021).

Following suit, consecutive Council Presidencies provided mandates to the EU’s Employment Committee (EMCO) and Social Protection Committee (SPC) to: a) prepare a joint Opinion; and b) run a pilot to assess the added value and design the possible functioning of what was initially elaborated as a ‘Social Imbalances Procedure’ (SIP) (Sabato et al. 2022) but was then repackaged as the Social Convergence Framework to avoid political turmoil with the Council’s ECOFIN formation. The SCF was formally included in the Semester’s Autumn Package 2023 through the Draft Joint Employment Report 2024 (November 2023) and then adopted on 12 March 2024 by the EPSCO Council formation. Under the Belgian Presidency, the Social Convergence Framework was formally included in the new economic governance framework, more specifically under the preventive arm regulation (Art 3) which specifies that EPSR implementation is monitored via the Social Scoreboard and SCF. By the end of April 2024, the Commission is expected to publish so-called ‘second-stage reports’ for seven Member States identified in the first stage as having risks to upward social convergence.

Still in the context of the EU’s economic governance, the Spanish and Belgian Presidencies set up an ‘Informal Working Group on Social Investment’ (2024) to provide evidence on the potential microeconomic and macroeconomic returns on social investment and reforms, and how these could be better defined, tracked and ultimately contribute to economic growth and debt sustainability. The findings of the group (composed of all Member States and other institutional stakeholders) were discussed at a (very exceptional) EPSCO-ECOFIN ‘Jumbo’ Council meeting on 12 March 2024 during a policy debate on social investment’s economic returns. The Council has now started work on common EU guiding principles for evaluating economic returns on social investment that are expected to be adopted in June 2024. The importance of continuing this work is part of the commitment undertaken by the signatories of the *Declaration of La Hulpe* on the future of the European Pillar of Social Rights, adopted on 16 April 2024 by (a vast majority of) Member States, the European Commission, the European Parliament, (most) European social partners and civil society.

4.2 The future of the Green Deal in the shadow of austerity 2.0

Following the publication of the European Green Deal (EGD) in 2019, an ‘EU framework for a just transition’ emerged, i.e., a series of EU policy orientations and instruments for the implementation of the EGD aimed at ensuring that the EU and its Member States are able to exploit the opportunities deriving from the green transition while addressing and cushioning the related social challenges (Sabato et al. 2023). Key components of this EU Just Transition framework are the Just Transition Mechanism, the 2022 Council Recommendation on a fair transition towards climate neutrality, and the Social Climate Fund.

Some of the measures envisaged for continuing with the implementation of the EGD seem to have a social dimension, being also aimed at increasing societal consensus on the green transition. First, the Commission is continuing its preparatory work for implementing the Social Climate Fund (European Commission 2023c: 7). Second, a series of consultations with citizens and stakeholders will be initiated, with a view to 'ensur[ing] that the green transition is done in a just, smart and inclusive way, leaving nobody and nowhere behind' (ibid.: 7). These planned consultations include: a) 'green dialogues' with citizens; b) 'clean transition dialogues' with industry and social partners; and c) a 'strategic dialogue on the future of agriculture in the EU', engaging with farmers, stakeholders in the food chain, and citizens.

Initiatives for the just transition undertaken so far are promising. However, the EU Just Transition framework is characterised by several shortcomings, including a still weak link between green transition policies and social policies, in particular when it comes to adapting social protection and inclusion schemes to green transition policies and the consequences of climate change and environmental degradation (Sabato et al. 2023). Furthermore, comprehensive just transition strategies are not in place in the Member States, since (somewhat mysteriously) only 'one country has put in place a dedicated strategic and institutional framework for a fair transition' (Council of the European Union 2023c: 3). Importantly, key components of the EU Just Transition framework such as the Just Transition Fund and the Social Climate Fund fall short in providing enough funding to address the challenges at stake (Sabato et al. 2023).

Against this backdrop, the European Commission (2024a) Communication on the 2040 climate target highlights the need to continue implementing policies for the just transition and to enhance efforts in this direction, especially if the EU opts for the most ambitious target (i.e., a 90-95% net GHG emissions reduction compared to 1990 levels by 2040). While the pursuit of EU 'green' and social objectives would require an enormous amount of funds (including public funds), it remains to be seen whether and to what extent the revised EU economic governance rules will allow Member States to produce such a financial effort. In this context, commentators have flagged that Commission President Ursula von der Leyen is 'caught between an increasingly hot rock and a hard place on climate change, as her own party is campaigning against the very green policies she has spearheaded' (Politico 2024b).

4.3 The future of EU competitiveness and the internal market

While the European Single Market recently celebrated its 30th anniversary, the geopolitical, socioeconomic and environmental context has been on constant move over the last decades, requiring a strategic rethinking of the Single Market which not only sits at the centre of the EU's economic integration but also plays a key role in its political and social integration. These shifts and swings of the geopolitical, economic, social and environmental contexts necessitate a recalibration of the Single Market along several axes which are to some extent provided by the Treaties themselves. Indeed, Article 3(3) TFEU stipulates that the EU 'shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment'. This vision of the EU points to the strong linkages between market integration and economic progress as well as social and environmental sustainability.

Along these lines, Akgüç et al. (2022) emphasised rethinking the Single Market along three key axes: (a) a dual transition axis, encompassing the green transition and digital transformation and reflecting on how to harness the Single Market to support these transitions; (b) a social sustainability axis bringing to the fore the nexus between the Single Market and European social policy; and (c) a strategic autonomy axis, taking into account the strategic dependencies of the EU as well as its industrial policy, while also considering its social and environmental dimensions (see also Grossi and Rayner, this volume). Akgüç et al. (ibid.) propose several scenarios that might emerge while recalibrating some aspects of the Single Market along the three aforementioned axes, aiming to meet the objectives of the dual transition, moving toward open strategic autonomy, and ensuring social sustainability.

In this context, it will be important to scrutinise the 'independent High-Level Report on the Future of the Single Market' (at the request of the European Council), expected to be delivered by former Italian Prime Minister Enrico Letta during the second half of April 2024. Rethinking the Single Market should not be limited to advancing the EU's strategic autonomy or revolve solely around defence, telecommunications, energy and finance, as was flagged during various events and meetings organised with national and European bodies and stakeholders, including social partners and various civil society organisations[18]. The future Single Market needs to integrate social and environmental dimensions at every step of its recalibration process.

4.4 Towards a 'security transition'

It has become increasingly clear that rethinking the Single Market and the EU's industrial policy cannot be done without taking account of the elephant in the room. Over the last ten years or so, we have witnessed an unprecedented increase in risks and uncertainties of all kinds: the financial crisis, migration, terrorism, trade wars, pandemics, an energy crisis, the wars in Ukraine and the Middle East, to which we can add the multiplication of extreme weather events, natural disasters, and even technological advances (artificial intelligence and its possible uses) that make their own inventors shudder. Faced with such an accumulation of uncertainties — which feeds the parties that thrive on people's fears — some are arguing (see Degryse 2024b) that the EU is already (discretely) preparing what might be called a 'security transition'.

The list of planned or announced legislative initiatives aimed at preventing a wide range of risks is indeed impressive: economic security strategy, foreign investment

18. See for example, the exchange with Enrico Letta on the High-Level Report during the March 2024 plenary of the European Economic and Social Committee (EESC) and the strategic debate with the former Italian Prime Minister during the ETUC Executive Committee on 8 December 2023.

screening, export controls, the fight against foreign interference, cybersecurity of critical infrastructures, securing supply chains, energy and critical materials, strengthening border controls, reinforcing civil protection measures, an emergency instrument for the internal market in the event of a major threat, a defence industry strategy, strengthening the munitions and armaments industry, oversight of high-risk technologies, etc. In this context, Degryse (ibid.) forecasts that multidimensional security issues will be 'the' political priority of the next European legislature. The question will then be: under what conditions will there be room for a progressive – including social and labour market policy – programme in such an uncertain, high-risk and conflict-ridden world (ibid.)?

5. Wrapping things up: a reverse paradigm shift in the making?

This edition of 'Social Policy in the European Union' (*Bilan social*) confirms the main finding of previous editions: building on the policy momentum created by the Juncker European Commission (2014-2019), the von der Leyen Commission (2019-2024) has been able to pursue an ambitious social policy agenda. These social policy initiatives, as this book demonstrates, amount to no less than a 'social' paradigm shift – despite global turmoil and in many cases with Covid-19 acting as a catalyst (Vanhercke et al. 2022b). This social turn stands in great contrast to the period of the Barroso Commissions (2004-2014) in which the social dimension of the EU and social policy in general were largely seen as a burden, in particular during the financial crisis (Keune and Pochet 2023).

The European Pillar of Social Rights has delivered on its potential of being a 'game changer': for instance, soon after its adoption, Vanhercke et al. (2018) described how the Pillar had started to influence EU policymaking *well before* it was endorsed politically by the Gothenburg Social Summit in November 2017. The authors then anticipated that it could serve 'as an authoritative lever for demanding more social rights for citizens' (ibid.: 153). Despite criticism from social stakeholders (due to its non-binding nature), the Pillar and its Action Programme have indeed provided a more assertive EU social policy framework than its predecessors, such as the Open Method of Coordination (OMC) or the Social Investment Package (SIP). According to Kilpatrick (2023), the Social Pillar period is shaping up to be 'the most intense and wide-ranging of Social Europe law-making in the EU's history', notwithstanding its soft-law status.

The Pillar has very quickly led to a 're-politicisation' of EU social policies: following the adoption, in 2019, of the Work-life Balance Directive, the Social Scoreboard (effectively embedding the Pillar's principles within the European Semester) and the Council Recommendation on access to social protection, social policymakers and stakeholders were able to secure a range of binding and non-binding initiatives under the umbrella of the Pillar. These include the European Child Guarantee (2021), the European Platform on Combatting Homelessness (2021), the Minimum Wage Directive (2022), the Recommendation on Adequate Minimum Income (2023) and a Communication on strengthening social dialogue in the EU (2023). Just as important, the 20 principles of the European Pillar of Social Rights guide the spending of the European Social Fund Plus (ESF+), while the national Recovery and Resilience Plans (RRPs) require national plans to consider the Social Pillar and relevant European Semester CSRs (for a detailed overview of how the Social Pillar spurred EU legislation, see Kilpatrick (2024).

The question then is: *can the EU uphold this social paradigm shift* which started with the adoption of the Pillar of Social Rights in 2017, was entrenched by the Porto Social Summit of May 2021 and followed up by an ambitious social policy agenda including the game-changing Adequate Minimum Wage Directive? Or, as Keune and Pochet (2023) put it regarding the revival of Social Europe: 'is this time different?'.

Despite the positive assessment of the past decade, there is no room for complacency. First, European Parliament elections will be taking place in June 2024: in many Member States, anti-European parties are either leading the polls or trailing second, raising the spectre of a populist right coalition emerging in the European Parliament and able to greatly change the Commission's discourse in the next legislature (Cunningham et al. 2024).

Secondly, the further suspension of EU debt and deficit rules in 2022 gave rise to hope that those rules would be fundamentally overhauled, in view of the substantial rise in public debt of Member States and the heightened need for (social) investment to deal with the climate and digital transitions. This book has demonstrated that, by contrast, EU priorities in 2023 and 2024 seem to have been shifting back to public debt sustainability and defence and security capacity (but the jury on the reform of the EU's economic governance is still out).

Thirdly, while the Green Deal was still very much at the heart of the European Commission agenda during 2022 and the first half of 2023, Commission President von der Leyen has more recently been caught between a rock and a hard place on climate change, as demonstrated by the Council's failure to adopt the landmark Nature Restoration Law and recent farmer demonstrations across Europe.

Fourthly, announced High-Level Reports on the future of the Single Market (Enrico Letta) and the EU's competitiveness (Mario Draghi) suggest the return of narratives that leave little scope for the EU's social dimension. If, in addition, security and defence issues are to become 'the' political priority of the next European legislature, as some fear, this may further strain public budgets at the expense of welfare and other social expenditure.

Taken together, these factors may imply that a reverse paradigm shift is in the making for the EU. In other words: the 'social' paradigm shift that has taken place since 2017 risks becoming overshadowed by an austerity and competitiveness reload as well as the possibility of a security transition. 'Social Europe' cannot be taken for granted and EU social players will, once again, have to join forces to uphold and enhance it.

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The European Union in 2022: key events

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Introduction

2022 was a year in which the European Union (EU) had to cope with multiple and unprecedented crises originating from Russia's war of aggression in Ukraine. Triggered by a sharp rise in energy costs due to the war, inflation soared, leading to high interest rates and ultimately a cost-of-living crisis. Moreover, the after-effects of the Covid-19 pandemic on life and work were still being felt. Facing these challenges went hand in hand with negotiations on social policy initiatives which had been in the pipeline for some time. These included controversial discussions on the proposed Platform Work Directive, the Minimum Wage Directive (a historic agreement for Social Europe), the Adequate Minimum Income Recommendation, the Asbestos at Work Directive, the Pay Transparency Directive, the Women on Boards Directive and the conclusion of an interinstitutional agreement on the revision of the Regulation on the coordination of social security systems, which again failed in 2022. The digital and green transitions and the upskilling and reskilling of active and inactive working populations remained important subjects, especially for the EU social partners at sectoral level.

Several new initiatives were launched in 2022, confirming the multiple tensions recently faced by the EU in the world of work in a globalised context. Examples include the Commission's proposal for a ban on forced labour products and the proposed Corporate Sustainability Due Diligence Directive, together with the worldwide corporate value chain effects on labour. With disability rights at work and beyond emerging as an important subject in the social policy debate in the EU, initiatives are underway to improve the living and working conditions of persons with disabilities. Among the most important of these are the European Disability Card, as well as interventions included in the Equal Treatment Directive. The persistence of gender violence is a concern for society and institutional players, as also proven by the disappointing figures for the Gender Equality Index 2022 in most Member States. A new legislative proposal, made on Women's Day 2022, for a directive on gender-based violence reaffirms the need to regulate this issue at EU level.

With 2022 formally considered the first post-pandemic year, EU policymakers and social partners worked to address conflicts arising from the extended teleworking and digital workplaces, now a permanent feature of work. The work-life balance, mental health problems and psychosocial risks are work-related matters gaining increasing attention at EU level. The European Parliament resolution on the protection of mental health in the digital workspace, the call for an EU directive on mental well-being at work and the initiative taken by the European social partners to negotiate an update of the 2002 autonomous agreement on telework with a view to agreeing upon an EU right to disconnect all indicate that mental health is a topic high on the EU social agenda. If agreement on the latter is reached, this would be the first time in 13 years that an autonomous agreement will have been transposed into a directive, indicating the heightened awareness of workers and trade unions concerning an issue worryingly affecting a growing part of the EU working population.

Persisting in 2022, the rule-of-law crisis in Hungary and Poland and the concomitant infringements of democratic values triggered the activation of the Rule-of-Law Conditionality Regulation 2020/2092 and the conditionality regime which protects the EU budget when Member States violate rule-of-law principles. Moreover, the interinstitutional debate in 2022 resulted in the adoption of a set of implementation guidelines for the two instruments.

In general, defending democratic values is seen as a core element and a level playing field for the effective achievement of EU social and economic targets. In her State of the Union speech on 14 September 2022, European Commission President von der Leyen announced a 'New push for democracy' package to protect the EU against corruption and external influences. Positive steps in this direction included the proposal for a regulatory framework on the independence of journalism, known also as the Media Freedom Act, and the proposed regulation on transparency of political advertising.

The migration crisis caused by the war in Ukraine is the biggest since World War 2, with some 2.3 million Ukrainians forced to enter the EU. In the face of this human tragedy, the EU reacted with emergency policies, while remaining committed to safeguarding human rights. The target was twofold: to protect EU borders and to ensure integration of the refugees in Member State economies and societies. Among other actions, the Commission published a Recommendation on recognising their skills and qualifications in the labour market, while the EU-27 home affairs ministers approved activation of the 2001 Temporary Protection Directive for Ukrainian refugees. Finally, Moldova and Ukraine were officially granted EU candidate status in June 2022.

Annual inflation peaked at 10.6% in October 2022 in the EU, with many households facing energy poverty, especially women. Faced with increased costs for essential goods and services, the EU adopted various emergency measures and initiatives. In December 2022, the Council of the EU reached agreement on a legislative proposal to cap the price of gas.

January

1 January: France begins its Presidency of the Council of the EU. Its social work programme prioritises the directives on minimum wages and the working conditions of platform workers. The new Presidency also undertakes to seek agreement on the proposal for a directive to strengthen the principle of equal pay between men and women, to discuss the 'Fit for 55' package on climate legislation, to tackle (nuclear) energy issues, and to work on the Commission's proposal for a 'Social Climate Fund' (Relance, puissance, appartenance, Le programme de la présidence française du Conseil de l'Union européenne, on line at: https://www.europe-en-france.gouv.fr/).

10 January: The United Nations Refugee Agency (UNHCR) calls on the French Presidency of the Council of the EU and the Czech Republic, set to take over the Presidency in July 2022, to prioritise better protection for refugees in Europe and around the world. According to the agency, violent pushbacks at the EU's borders continued in 2021. These practices put lives at risk and violate fundamental human rights, including the right to seek asylum (UNHCR, *UNHCR issues recommendations to the 2022 French and Czech Presidencies of the Council of the EU*, press release).

13 January: Negotiations between the Presidency of the Council of the EU and the European Parliament open on the Directive on Adequate Minimum Wages (European Daily Bulletin No. 12865, 11.01.2022).

14 January: The European Commission publishes a proposal for a Council Recommendation on Learning for Environmental Sustainability. The proposal aims to offer guidance to Member States, schools, higher education institutions, non-government organisations (NGOs), academics and teaching personnel to enhance the teaching of sustainability and climate change issues in all learning environments. There is also a focus on the establishment of new norms in education and training related to environmental sustainability and on processes to build skills and competencies for the green transition (EC, COM(2022) 11 final).

18 January: Roberta Metsola (EPP) becomes President of the European Parliament for the second half of the legislative term, i.e., until the 2024 European elections. In the first voting round, she receives an absolute majority of 458 out of the 690 votes cast. The other two candidates are Alice Kuhnke (Greens) and Sira Rego (The Left) (EP, *Roberta Metsola: Europe is about all of us standing up for one another*, press release).

19 January: Official launch of the European Union Agency for Asylum which replaces the European Asylum Support Office (EASO) (Council of the EU, *New EU asylum agency starts its work*).

28 January: Eurostat publishes a report showing the extent of differences in minimum wage levels in Europe. While countries in the east and south of the EU have minimum wages below €1 000 a month (Bulgaria, Hungary, Latvia, Romania), minimum wages were above €1 500 in Belgium, France, Germany, Ireland, Luxembourg and the Netherlands. The issue of wage convergence is occupying the Council of the EU and the European Parliament which have begun negotiations on a directive on minimum wages (Eurostat, *Out now: First 2022 data on minimum wages in the EU*).

February

1 February: Members of the European Parliament (MEPs) call for an EU directive on psychosocial risks and well-being at work as part of their own-initiative report (Rapporteur: Marianne Vind – S&D, Denmark) on a new EU strategic framework on health and safety at work post-2020 (including better protection of workers from exposure to harmful substances, stress at work and repetitive motion injuries) (EP, Report-A9-0023/2022).

8 February: The social partners for the construction trades – the European Construction Industry Federation (FIEC), the European Federation of Building and Woodworkers (EFBWW) and the European Builders Confederation (EBC) – publish a pact aimed at investing in workers' skills to enable this sector of activity to make a success of the climate and digital transitions (EC, *Pact for Skills: Commission facilitates upskilling and reskilling of workers in the construction ecosystem*).

10 February: The Court of Justice of the European Union (CJEU) finds, in its judgment on case C-485/20, that a reassignment to another job may constitute an appropriate measure of 'reasonable accommodation' within the meaning of Directive (2000/78) on equal treatment in employment and occupation. The Court considers that a trainee worker diagnosed with a heart condition and dismissed as being unfit for the position can be reassigned to another post in line with the 'reasonable accommodation' measures to be taken by employers for disabled workers under Directive 2000/78 (Curia, C-485/20 HR Rail SA).

16 February: The European Parliament approves, with 530 votes in favour, 146 against and 15 abstentions, the report by Sergey Lagodinsky (Greens/EFA, Germany) calling for a European framework for non-profit associations and organisations (Europe Daily Bulletin No. 12893, 17.02.2022).

The CJEU confirms the Rule-of-Law Conditionality Regulation (2020/2092), dismissing in their entirety the appeals by Hungary and Poland against the conditionality regime for the protection of the EU budget in the case of breaches of rule-of-law principles (C-156 & 157/2021). European Parliament President Roberta Metsola announces speedy implementation of the Regulation and links the payment of EU funds to respect for the rule of law (EP, *Roberta Metsola on ECJ ruling: 'rule of law is non-negotiable'*, press release).

23 February: The European Commission publishes a proposal (COM(2022) 71 final) for a Directive on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937. The proposal applies to a company's operations, its subsidiaries and the value chains they create. The rules mainly apply to large corporations as defined in the proposal, and not to small and medium-sized enterprises (SMEs). The main objective of the proposed directive is to mitigate the adverse impacts on human rights, workers' rights and the environment (European Commission, *Just and sustainable economy: Commission lays down rules for companies to respect human rights and environment in global value chains*, press release).

24 February: Russia invades Ukraine.

28 February: According to a new report by the Intergovernmental Panel on Climate Change (IPCC) (set up by the World Meteorological Organisation and the United Nations Environment), more than 3.3 billion people worldwide live in environments that are highly vulnerable to climate change (IPCC, *Sixth Assessment Report*).

At a ministerial conference held in Issy-les-Moulineaux, EU Member States approve the work programme of the European Platform against Homelessness (European Daily Bulletin No. 12900, 01.03.2022).

Experts from the Platform on Sustainable Finance publish their report on a 'social taxonomy' for European legislation on sustainable finance. The structure proposed by the experts takes up the following structural aspects of the environmental taxonomy: the development of social objectives; types of substantial contributions; criteria for compliance with the 'do no harm' principle; and minimum guarantees (EC, *Final Report on Social Taxonomy*, Platform on Sustainable Finance).

March

2 March: The European Commission adopts Guidelines on the application of the Conditionality Regulation 2020/2092 which establishes a conditionality regime to protect the EU budget. The Commission will carry out a qualitative, case-by case assessment based on the context and specificities of each Member State to identify breaches of rule-of-law principles (2022/C123/02).

A coalition of 41 civil society organisations writes an open letter to the European Commissioner for Energy, Kadri Simson, calling for measures to combat energy poverty at a time when energy prices are likely to continue to rise as a result of the current geopolitical situation in Ukraine (*Civil Society Response to the Gas Price Crisis*, righttoenergy.org).

3 March: The Council of the EU finalises a draft decision (EU 2022/451) authorising the opening of negotiations with the World Health Organization (WHO) for an international agreement on pandemic prevention, preparedness and response. The decision will give the European Commission a mandate to negotiate a legally binding international treaty on pandemics, on matters falling within the competence of the EU as defined by the treaties, namely on actions complementary to Member States' health policies, to organise and deliver health services and medical care (Council of the EU, *Council gives green light to start negotiations on international pandemic treaty*, press release).

4 March: The EU-27 home affairs ministers approve activation of the 2001 Temporary Protection Directive for Ukrainian refugees and their families. According to UNHCR, more than a million people have fled the country since the start of the Russian military invasion (24 February) (Council of the EU, *Ukraine: Council unanimously introduces temporary protection for persons fleeing the war*, press release).

8 March: The European Commission publishes a proposal for a directive to criminalise certain forms of violence against women, protect survivors of violence against women, facilitate their access to justice and ensure coordination between relevant services to prevent these types of crimes. The sanctions proposed included prison sentences for rape, child rape, cyberbullying, and online non-consensual sharing of intimate images (COM(2022) 105 final).

10 March: Members of the European Parliament adopt by a large majority (551 votes in favour, 30 against and 110 abstentions) the health and safety at work post-2020 framework strategy and the 'Vision Zero' approach, following an own-initiative report (A9-0023/0022) by Marianne Vind (S&D, Denmark). The resolution calls on the Commission to propose measures to achieve 'zero work-related deaths'. MEPs also call for a directive on mental health problems related to remote working and stress at work and for an EU regulatory framework for the right to disconnect (P9 TA(2022)0068).

The UNHCR reports that more than 2.3 million refugees have fled Ukraine since the start of the war, 'the fastest flow of refugees to the European continent since the Second World War' (data and statistics at unhcr.org).

12 March: EU ministers responsible for persons with disabilities note progress in the implementation of the Disability Rights Strategy (COM(2021) 101 final) at a ministerial conference of the French Presidency of the Council of the EU. Initiatives such as the European Disability Card and the 'employment of persons with disabilities' package are underway to improve their rights and integration in the labour market (Press Kit, 09.03.2022, handicap.gouv.fr).

23 March: The European Committee of Social Rights publishes its 'Conclusions 2021' in respect of 33 States on the articles of the Social Charter relating to health, social security and social protection. The Committee finds, among other things, that poverty in many countries is far too high and that the measures taken to resolve this fundamental problem are insufficient (Council of Europe, Media release, Ref. DC 052-2022).

24 March: The third implementation report from the Commission on the Support to mitigate Unemployment Risks in an Emergency (SURE) programme, adopted to support national short-time working schemes during the Covid-19 period, finds successful and smooth implementation of the instrument and indicates that around 94 billion euros of financial aid has been distributed to 19 Member States which applied for it (COM(2022) 128 final).

29 March: The (8th) EU Environment Action Programme 2021-2030 is adopted by the Council of the EU. It will guide implementation of the EU's environment and climate policies up to 2030, on the road towards a clean, climate-neutral, circular and welfare-based economy, with the long-term objective – stated in the Programme – of 'Living well, within the planetary boundaries' (Council of the EU, *Council adopts 8th environmental programme*, press release).

April

6 April: The procedure under the Rule-of Law-Conditionality Regulation allowing EU funds to be suspended in the event of a breach of the rule of law is initiated against Hungary, announces the President of the European Commission, Ursula von der Leyen, in a speech to the European Parliament (eu.observer.com).

7 April: The Commission publishes a Recommendation on the recognition of qualifications for people fleeing Russia's invasion of Ukraine. It recommends that Member States accelerate recognition of diplomas and qualifications held by Ukrainian refugees, enabling them to access the labour market (EU 2022/554). However, on the same day, the Council of Europe's Commissioner for Human Rights denounces the increasing number of people being turned back at Europe's borders. In her view, the warm welcome given to Ukrainian refugees contrasts sharply with the many violations committed in recent years in many Council of Europe (CoE) Member States against refugees, asylum seekers and migrants from other parts of the world who are being turned back (Europe Daily Bulletin No. 12928, 08.04.2022).

27 April: The European Commission launches the revision of two directives on legal migration to the EU (2003/109/EC and 2011/98/EU) in order to improve the stay of long-term residents and make it easier to obtain a single work and residence permit (COM(2022) 655 final).

May

3 May: The European Commission presents its proposed regulation for a European Health Data Space which will, in the words of the European Commissioner for Health, Stella Kyriakides, be the 'backbone of the Union for Health'. The Commission intends to introduce a high standard of digitalisation to reduce the fragmentation resulting from the different levels of health data digitalisation among Member States (COM(2022) 197 final).

5 May: Denouncing the Council's failure to act, a European Parliament resolution of 5 May 2022 (2022/2674(RSP)) on ongoing hearings under Article 7(1) TEU aims to address violations of the rule of law in Hungary and Poland. In it, Parliament calls on the Commission and the Council of the EU to refrain from approving the national plans of Hungary and Poland under the Recovery and Resilience Facility (RRF) until both countries have fully complied with all European Semester Country-specific Recommendations in the field of the rule of law, and until they have implemented all the relevant judgments of the CJEU and European Court of Human Rights (ECHR). It also calls on the Commission to use all tools at its disposal to ensure that EU citizens and residents in the EU countries concerned are not deprived of the benefits of EU funds due to their governments' violation of the rule of law (EP, P9_TA(2022)0204).

10 May: A European Parliament report defines a more ambitious approach than that in the Commission's proposal on the Platform Workers Directive (COM(2021)0762), setting out an extended list of criteria for determining the presumption of employment (Europe Daily Bulletin No. 12949, 11.05.2022).

13 May: The CJEU, in its judgment on case C-426/20, Luso Temp, interprets the Temporary Agency Work Directive (2008/104) in favour of two Portuguese temporary agency workers. The Court clarifies that they should enjoy the same basic working and employment conditions as if they had been directly recruited by the user undertaking, for the same period doing the same job. In this regard, the compensation granted for untaken paid leave should not be lower than that of workers hired directly by the user undertaking, according to the principle of equal treatment (Curia, Judgment in Case C-426/20, press release No 82/2022).

16 May: According to data provided by the Frontex agency, some 57 800 irregular entries into the EU were observed between January and April 2022. This figure represents an increase of 69% compared to the first four months of 2021, says the agency (not counting refugees fleeing Ukraine). Migration routes in the Western Balkans, Eastern Mediterranean and Central Mediterranean were the most active over this period (Frontex, *EU external borders in April: Detection on the rise*, News release).

19 May: Member State delegates, workers and employers taking part in the EU Advisory Committee on Safety and Health at Work (ACSH) reach agreement on the need to recognise Covid-19 as an occupational disease in the healthcare, social services and home assistance sectors, as well as, in the context of the pandemic, in sectors where activities involving a proven risk of infection have intensified (EC, *Member States, workers and employers agree on the need to recognise COVID-19 as an occupational disease*, News).

20 May: The Committee of Foreign Ministers of the Council of Europe adopts a new Recommendation (CM/Rec(2022)17) on protecting the rights of migrant, refugee and asylum-seeking women and girls, based on the Istanbul Convention on Action against Trafficking in Human Beings. The Recommendation addresses issues such as information and promotion of human rights, access to justice and the protection and support of victims, helping them to access social services (CoE, *Protecting rights of migrant, refugee and asylum-seeking women and girls: Council of Europe recommendation adopted*, press release).

June

1 June: The European Commission decides to register a European Citizens' Initiative (ECI) entitled 'Good Clothes, Fair Pay' and calling on the EU to adopt legislation obliging companies active in the clothing and footwear sector to exercise due diligence with regard to living minimum wages in their supply chains (EC, *European Citizens' Initiative: Commission decides to register 'Good Clothes, Fair Pay' initiative*, press release).

4 June: The CJEU rules, in case C-587/20/HK v Denmark and HK/Privat, that an age limit laid down in the statutes of an organisation of workers for eligibility to stand as a sector convenor of that organisation falls within the scope of the 'Anti-Discrimination' Directive (2000/78). Neither the political nature of such a post nor the recruitment method (election) has any bearing on the application of the Directive. This interpretation reflects the objective of the Directive to lay down a general framework to combat discrimination on the grounds, inter alia, of age in employment and occupation (CJEU, press release No 92/22).

9 June: European justice ministers adopt conclusions aimed at strengthening the protection of children's rights in the EU in emergency situations. These include ensuring that reception procedures for unaccompanied minors include accommodation and meet children's basic needs; strengthening policies against child trafficking; and ensuring that crisis situations are not exploited for adoption purposes (Council of the EU, *Council adopts conclusions on the rights of the child*, press release).

The European Parliament adopts a resolution (2022/2665(RSP) on global threats to abortion rights and the possible overturning of abortion rights in the US by the Supreme Court. Renew Europe, in a debate in the European Parliament, calls for a revision of the EU Charter of Fundamental Rights to include the right to abortion (Renew Europe, *Amend the EU treaties to include the right to abortion*, Newsroom 08.06.2022).

16 June: EU employment and social affairs ministers 'take note' of the opinion of the Employment Committee and the Social Protection Committee on the introduction of a 'Social Imbalances Procedure' into the European Semester budgetary process, as proposed by Belgium and Spain. This would be a system designed to identify and respond rapidly and effectively to imbalances in social rights, in the same spirit as the existing mechanism for macroeconomic imbalances. It would also strengthen the weight of the Council of the EU's 'Employment, Social Affairs, Health and Consumer Affairs' formation in the governance of the European Semester (Council of the European Union, Press Office, Background Brief, Brussels, 13.06.2022).

17 June: The European Commission recommends granting EU candidate status to Moldova and Ukraine. However, it points out that both countries will need to make several reforms before they can make further progress along the European path. A few days later, the European Council grants candidate status to Moldova, Ukraine, and Georgia (European Commission, *The European Commission recommends to Council confirming Ukraine, Moldova and Georgia's perspective to become members of the EU and provides its opinion on granting them candidate status*, press release).

23 June: The European Parliament adopts a resolution (2023/C 32/05) on the implementation of the UN Sustainable Development Goals (SDGs), reaffirming its commitment to the 2030 Agenda, and acknowledging that the SDGs are a common concern of humankind. It also calls on the Commission to take action, inter alia to address the climate change challenge, promote human rights, protect minority groups and refugees, children, people in vulnerable situations, and promote gender equality and intergenerational equity (EP, P9_TA(2022)0263).

28 June: The European Trade Union Confederation (ETUC) is outraged by the behaviour of European multinationals that, according to the Global Rights Index 2022 edition of the International Trade Union Confederation (ITUC), violate human rights in other parts of the world (ETUC, *European companies shamed over rights violations abroad*, press release).

29 June: The EU social partners sign a Joint Work Programme 2022-2023 that includes negotiations on legally binding measures to regulate telework and safeguard the right to disconnect in a fully digitalised working environment in the aftermath of Covid-19. The social partners agree to negotiate an update of the 2002 Autonomous Agreement on Telework and to then ask the Commission to transform it into a directive. Importantly, this would be the first agreement of the EU social partners to be implemented as a directive (under the EU rules on social dialogue) since 2010 (ETUI, *European social partners signed a joint Work Programme including negotiations on the right to disconnect*, News 04.07.2022).

July

1 July: Beginning its Presidency of the Council of the EU, Czechia announces that, with regard to the social dimension, it will focus on the employment of people with disabilities and on reducing child poverty by 2030 through effective implementation of the Child Guarantee and informal care for dependent people. The new Presidency will also prioritise a Council Recommendation on Minimum Income Standards and Against Poverty, the protection of workers against exposure to asbestos, as well as a general Council approach on the Platform Workers Directive and the Social Climate Fund (Programme of the Czech Presidency of the Council of the EU, *Europe as a Task: Rethink, Rebuild, Repower*).

5 July: The European Parliament adopts a resolution to protect mental health in the digital workspace. Although MEPs acknowledge the benefits of telework, they warn of the risk of overwork, mental stress and personal issues caused by this way of working. They call for a legally recognised right to disconnect at EU level. Moreover, they refer to a digital divide in the EU that needs to be addressed to protect people at risk of digital exclusion (EP, *Protecting mental health in the digital workplace*, press release).

7 July: World agricultural prices have risen 30% since the start of Russia's military invasion of Ukraine, according to estimates from the European Commission for agricultural markets. This war constitutes a 'major threat' to global food security, it warns. Speaking at the G20 ministerial meeting in Bali on 8 July, the EU's High Representative for Foreign Affairs and Security Policy, Mr Borrell, reiterates the 'absolute urgency' to get grain out of Ukraine (European Daily Bulletin, No. 12989).

12 July: In its annual review entitled Employment and Social Developments in Europe (ESDE), the European Commission notes that the economic recovery from the Covid-19 pandemic has not been the same in all Member States, and that young people under the age of 30 are finding it particularly difficult to find or return to jobs that match their qualifications (EC, Annual ESDE review, *Employment and Social Developments in Europe. Young Europeans: employment and social challenges ahead*).

Revelations in the 'Uber files' investigation and the aggressive lobbying practices over the Platform Workers Directive continue to provoke questions about the establishment of a European Ethics Committee, promised in 2019 by Commission President Ursula von der Leyen. These events also strengthen MEPs' determination to provide platform workers with a clear regulatory framework for the presumption of wage-earning status. The ETUC calls on the European Parliament to suspend the legislative procedure on the Platform Workers Directive until there has been a full investigation into Uber's anti-worker lobbying (ETUC, *Uber Files: MEPs must investigate anti-worker EU lobbying*, press release).

13 July: The third annual Commission report on the Rule of Law in the Member States, accompanied for the first time by country-specific recommendations, confirms the concerns about the situation in Hungary and Poland regarding the independence of the judiciary (European Commission, 2022 Rule of law report, press release).

21 July: The European Central Bank unexpectedly raises its key interest rates by 50 basis points (the first of many subsequent increases). At the same time, it adopts its new Transmission Protection Instrument (TPI), an anti-fragmentation tool for the eurozone designed to ensure that the rise in rates does not lead to a new debt crisis in the eurozone (European Central Bank, *The Transmission Protection Instrument*, press release).

28 July: The United Nations (UN) General Assembly, in a resolution adopted on 28 July 2022, recognises the right to a healthy environment as a human right (Resolution No 76/300). Climate change and environmental degradation are listed among the threats to the future of humanity, while states, international organisations and business enterprises should promote efforts to ensure that the population has access to a clean, healthy, and sustainable environment (United Nations, *UN General Assembly declares access to clean and healthy environment a universal human right*).

August

19 August: The ETUC and ITUC call upon Presidents Ursula von der Leyen and Charles Michel to intervene with President Volodymyr Zelenskyy to have a bill adopted by the Ukrainian Parliament reversed. Designed to simplify employment relationship rules in SMEs, the bill will incentivise employers to create smaller legal entities at the expense of workers and trade union rights (ITUC & ETUC, *Letter to the European Commission and European Council regarding Law 5371 on workers' rights in Ukraine*).

28 August: Four main European organisations of judges file a lawsuit before the CJEU against the EU Council. This lawsuit concerns its decision to unblock Recovery and Resilience Funds for Poland based on a positive opinion from the Commission, despite infringements of the rule of law in the country (AEAJ, *Four European organisations of judges sue EU Council for disregarding EU Court's judgements on decision to unblock funds to Poland*, press release).

September

1 September: Eurofound publishes a report entitled 'Telework in the EU: Regulatory frameworks and recent updates' which shows that, although telework is now a well-established practice in Europe, it is still largely regulated at company level and in only a few countries. As a result, 'common standards will be needed if EU teleworkers are to enjoy equal protection', adds Eurofound (Eurofound, *Telework in the EU: Regulatory frameworks and recent updates*).

6 September: In 16 EU Member States, the average annual energy bill is now more than a month's salary for low-paid workers, according to an ETUC analysis (ETUC, *Energy now costs month's wages for low paid*, press release).

7 September: The European Commission adopts a European Care Strategy aimed at improving the quality of long-term care for dependent people, enhancing the role of carers (professional or informal) and improving access to childcare services in the EU to ease the daily burden on carers and improve their work-life balance (EC, *A European Care Strategy for caregivers and care receivers*, press release).

8 September: The CJEU rules (C-356/21) that freedom of choice of contracting parties cannot justify discrimination based on sexual orientation, pursuant to Directive 2000/78/EC on equal treatment in employment and occupation. According to the Court, a person who has been self-employed may also find him- or herself a victim of direct discrimination because of sexual orientation and have to stop working. This was the case with a Polish self-employed worker preparing audiovisual material who published a video promoting tolerance towards same-sex couples; shortly afterwards no new contract was concluded with him (CJEU press release 6/23, Case C-356-21/TP, Audiovisual editor for public television).

14 September: The European Commission proposes a ban on products made with forced labour on the EU market. The proposal will empower national authorities to withdraw from their markets products made with forced labour, following an investigation. The Commission is taking this comprehensive approach to the issue based on an estimate that 27.6 million people are in forced labour, especially in the private economy, but also imposed by states (EC, *Commission moves to ban products made with forced labour on the EU market*, press release).

The European Commission is presenting a proposal for a Council Regulation providing for three major emergency measures to mitigate the impact of high energy prices on households and businesses (European Council, *Energy prices and security of supply*, Policies).

15 September: The European Parliament's Committee on Civil Liberties (LIBE) presents its report on the fundamental rights situation in the EU in 2020 and 2021. It focuses on the Covid-19 pandemic, the rule of law and discrimination (2023/C 125/08). MEPs also vote on a motion for a resolution on the situation of fundamental rights in the EU in 2020 and 2021 and call on the Commission and the Council to start negotiations on an EU mechanism that will support democracy, the rule of law and fundamental rights (P9_TA(2022)0325).

16 September: The Commission proposes a Regulation (COM(2022) 457 final) and a Recommendation (EU) 2022/1634) relating to the European Media Freedom Act. This intervention aims to safeguard the independence of journalism from political interference and to strengthen media pluralism, allowing public and private media to operate without obstacles in the internal EU market (European Commission, *European Media Freedom Act: Commission proposes rules to protect media pluralism and independence in the EU*, press release).

20 September: The Czech Presidency of the Council of the EU restricts the triggering of the presumption of employment for digital platform workers by an addendum to the effect that fixing a worker's remuneration, and/or requiring them to wear a uniform and/or behave in a certain way would not be sufficient to prove a wage-earning relationship (Interinstitutional file 2021/0414 (COD)). The ETUC expresses its concern about the weakening of the Directive on digital labour platforms by the Czech Presidency, since the proposal adds a 'new layer of complexity' to the recognition of the presumption of an employment relationship and thus weakens the impact of the Directive (ETUC, *Letter to the Ministers and Ambassadors calling for an ambitious Directive on improving working conditions in platform work*).

21 September: The EU, the United States and the African Union commit to urgent action, together with the UN, to combat global food insecurity exacerbated by Russia's war in Ukraine. They sign a joint declaration to coordinate their fight against food insecurity, especially in the most vulnerable countries (European Council, *Declaration of Leaders' Summit on Global Food Security*, press release).

22 September: A report published by the European Disability Forum reveals that 14 Member States of the EU still allow some form of forced sterilisation of people with disabilities, while only nine criminalise such measures (EDF, *Report on forced sterilisation in the European Union*).

26 September: According to a Commission report, houses are overvalued in over half of the euro area countries. The study reveals that price growth strengthened especially during the Covid-19 pandemic, reaching a cumulative increase of 40% between 2012-2021 – four times higher than inflation over the same period (EC, *Housing Market Developments in the Euro Area: Focus on Rental Affordability*, Discussion Paper 171).

27 September: The Committee of Ministers of the Council of Europe adopts a Recommendation on human rights and the protection of the environment and calls for recognition of the right to a healthy environment (CM/Rec(2022)20). It also calls for measures to address the triple planetary crisis of climate change, loss of biodiversity and pollution, and emphasises participation in environmental decision-making and the importance of environmental education (CoE, *The Committee of Ministers adopts changes to the European Social Charter system*, News).

28 September: According to the Commission's proposal for a Council Recommendation on adequate minimum income ensuring active inclusion (COM(2022) 490 final), minimum income schemes in Member States need to be at a certain level to keep up with the rising cost of living generated by the energy price crisis affecting the EU, to reduce the number of the people at risk of poverty or social exclusion by 15 million, and to ensure that at least 78% of the population aged 20-64 is in employment, in line with the European Pillar of Social Rights Action Plan targets. Member States should focus their efforts on minimum income schemes that have improved coverage and take-up, while also ensuring the availability of active labour market measures (European Commission, *Minimum income: more effective support needed to fight poverty and promote employment*, press release).

The Commission adopts a comprehensive approach to better protection of workers from exposure to asbestos, through a proposal to amend the Asbestos at Work Directive (2009/148/EC). It proposes improving worker protection by lowering the occupational exposure limit for asbestos which has remained unchanged since 2003 (COM(2022) 489 final).

29 September: The European Commission adopts guidelines on collective agreements for solo self-employed people. Applying to those self-employed who work on their own, the guidelines clarify the circumstances in which they can negotiate collectively without breaching EU competition rules (2022/C374/02).

30 September: EU energy ministers agree on emergency measures to reduce energy prices and propose a Council Regulation as an emergency intervention to address high energy prices. The Regulation introduces measures to reduce energy consumption and redistribute surplus energy sector revenues and profits to end-customers. Among the measures is a temporary cap on market revenues for inframarginals (Interinstitutional file 2022/0289(NLE)).

October

4 October: The European Parliament adopts two legislative proposals from the first 'Health Union' package, aimed at preparing the EU to deal with possible new health crises. The first text concerns a strengthening of the mandate of the European Centre for Disease Prevention and Control (ECDC). A network of reference laboratories and a safety network will strengthen epidemiological surveillance. The second text concerns preparedness for serious cross-border health threats, and the establishment of a

European early warning system to handle health threats or shortages of medicines (EP, *Health Union: stronger EU response to public health emergencies*, press release).

The European social partners begin the first round of negotiations on an agreement on teleworking, updating their 2002 agreement, and on the right to disconnect (Europe Daily Bulletin No. 13035).

10 October: The European Commission publishes a report on the impact of the Covid-19 pandemic on young people's mental health and the policy responses of European states. The report concludes that the mental health of young people was already under threat before the Covid-19 pandemic, but that the acute phase of the pandemic affected them disproportionately (EC, YouthWiki, *The impact of the Covid-19 pandemic on the mental health of young people*).

12 October: The European Commission announces that 2023 will be the European Year of Skills, with a focus on the green and digital transitions and the relevant skills needed to navigate labour market changes (COM(2022) 526 final).

13 October: The CJEU interprets the Equality Directive (2000/78) as stating that an internal rule of an undertaking prohibiting the visible wearing of religious, philosophical or spiritual signs does not constitute direct discrimination when applied to all workers in a general and undifferentiated way. The case involved a woman of Muslim faith whose unsolicited application for an internship was not considered after she refused to remove her Islamic headscarf to comply with the company's neutrality policy (CJEU, press release No 167/22).

A ruling of the European Court of Human Rights condemns France for violating Article 10 of the European Convention on Human Rights on freedom of expression, in the case of a feminist activist who was given a suspended prison sentence for acts of sexual exhibition to denounce the Catholic Church's position on abortion (ECHR, Requête no 22636/19). The Court notes that the meaning of her performance was not taken into consideration and that it was not accompanied by any hate speech or incitement to violence (ECHR, CEDH 320 (2022), press release).

18 October: Adopting the Commission's proposal for employment guidelines (COM(2022) 241 final), the European Parliament calls on Member States via a legislative resolution to protect the poorest workers and create a more inclusive labour market for the LGBTIQA+ community and people living in disadvantaged areas (Document P9_TA(2022)0359).

A report on the state of the energy union (COM(2022) 547 final) shows that the energy expenditure share has risen by more than a third on average in the EU between 2019 and 2022 and almost doubled in some countries. As a result, the European Commission is proposing legislation to cap transaction prices on the EU's fossil gas spot market, as part of a new emergency gas package (EC, *EU action to address the energy crisis*).

After an investigation showed that the European Border and Coast Guard Agency (Frontex) was involved in the illegal refoulement of at least 957 refugees between March 2020 and September 2021, the European Parliament decides to refuse to discharge the agency over the management of its 2020 budget (European Parliament, *Frontex: MEPs refuse to discharge EU border agency over its management in 2020*, press release).

21 October: The Council of the EU and the European Parliament debate the inclusion of non-binary people and the notion of intersectional discrimination during the interinstitutional negotiations on the Pay Transparency Directive. The European Parliament insists on the need to include the notion of 'intersectionality' and 'non-binary people' in the Directive, although the Council of the EU is reluctant to recognise that intersectional discrimination can have a negative effect on the gender pay gap and refuses to include any obligation regarding this point (Europe Daily Bulletin No. 13048, 22.10.2022).

24 October: The Council of the EU formally adopts three constituent regulations of the Health Union to strengthen the EU's health response capacity (a regulation on serious cross-border health threats, a regulation strengthening the mandate of the European Centre for Disease Prevention and Control, and a regulation establishing a European emergency framework for the provision of medical countermeasures). These regulations will come into force in November 2022 (EC, *European Health Union: building a stronger EU health response*, press release).

Presenting its Gender Equality Index for 2022, the European Institute for Gender Equality (EIGE) notes limited progress or even decreases in gender equality, especially for vulnerable groups during the Covid-19 pandemic. The EU has improved its score (68.6) by only 0.6 compared to the previous year. Among the most equal countries are Sweden, Denmark and the Netherlands, while Greece, Hungary and Romania have the lowest scores (EIGE, Gender Equality Index 2022).

25 October: The landmark Directive 2022/2041 on Adequate Minimum Wages is published in the Official Journal of the EU. The Directive aims to reduce in-work poverty and inequalities through adequate statutory minimum wages, the promotion of collective bargaining on wage-setting and enhanced access to minimum wage protection rights (Official Journal of the European Union, L275/33).

26 October: Following the latest assessment by the European Environment Agency which shows that 96% of EU city dwellers are exposed to air pollution levels above the WHO guidelines, the European Commission proposes a revision of the EU's Ambient Air Quality Directives. This would set interim 2030 EU air quality standards aligned with the WHO's cleaner air quality guidelines and would establish a target of zero air pollution by 2050 at the latest (European Commission, Zero Pollution: EC proposes rules for cleaner air and water, News).

28 October: Eurofound publishes a study revealing the gender aspect of energy poverty, finding that single mothers and single women are more likely to have difficulties paying their energy bills than single men (Eurofound, *The cost-of-living crisis and energy poverty in the EU: Social impact and policy responses* - Background Paper).

November

7 November: At the opening of the 27th United Nations Climate Change Conference (COP27) in Sharm El-Sheikh, Egypt, UN Secretary-General António Guterres declares ‘We are on a highway to climate hell with our foot still on the gas pedal’ (United Nations, *Secretary-General’s remarks to High-Level opening of COP27,* News).

The UNHCR, the International Organization for Migration (IOM) and 20 civil society organisations call on Member States and the Commission to facilitate ‘the immediate disembarkation, in a safe place, of all survivors currently stranded’ on board rescue vessels in the central Mediterranean (UNHCR, *UNHCR and IOM appeal for urgent disembarkation of all stranded refugees and migrants in central Mediterranean*, press release).

The European Commission adopts a proposal for a Regulation (COM(2022) 571 final) to increase transparency in short-term rental accommodation, amending Regulation (EU) 2018/1724. The proposal contains new requirements for data-sharing on short-term rentals which increase the pressure on the availability and affordability of accommodation in certain geographical areas for local communities (CE, *Commission acts to promote transparency in the short-term rental sector to the benefit of all players*, press release).

9 November: Against a backdrop of high public debt in Member States due to Covid-19 and the need for massive investment to promote the success of the climate and digital transitions (and reduce the European Union’s dependence on Russian hydrocarbons), the Commission launches the reform of the European economic governance framework through a Communication. In response to the challenges of this decade, the reformed framework will support the necessary financing for the just transition to a digital and green, climate-neutral economy, including higher debt-to-GDP ratios. The latter call for fiscal rules that allow for strategic investment, while safeguarding fiscal sustainability. Member States and the Commission should agree on a reform plan for the economic governance framework ahead of Member States’ budgetary processes for 2024 (COM(2022) 583 final).

10 November: The European Parliament adopts a report on racial justice, non-discrimination and anti-racism (P9_TA(2022)0389), sponsored by the Committee on Civil Liberties. The report denounces the persistence of structural racism in the EU and calls on the EU and Member States to take action.

17 November: The Polish Constitutional Tribunal’s decision to restrict abortion raises concerns among members of the European Parliament’s Committee on Gender Equality and Civil Liberties over the state of sexual and reproductive health rights in the country. The committee holds a public hearing following its mission to Warsaw on 02-04 November 2022 (Europe Daily Bulletin No. 13065, 18.11.2022).

The Statistical Office of the EU releases figures on the annual inflation rate, which stood at 10.6% in October. The largest contributors to the increased inflation are energy (+ 4.44 percentage points), food, alcohol and tobacco (+2.74 percentage points) and services (+1.82 percentage points) (Euroindicators 130/2022, 17.11.2022).

21 November: The Council of the EU validates the 2022 guidelines for employment policies in the Member States. These guidelines take account of the post-Covid-19 situation, the green transition, and the context of the war in Ukraine (Europe Daily Bulletin No. 13067, 22.11.2022).

As tension mounts between the French and Italian governments over the disembarkation of migrants rescued at sea, the European Commission presents an action plan containing twenty measures designed to respond to the increase in migrant arrivals on the central Mediterranean route and to coordinate Member States' action in search and rescue operations at sea (CE, *Commission proposes action plan for challenges in Central Mediterranean*, press release).

The 27th United Nations Climate Change Conference (COP27) closes with the adoption of a text entitled 'Sharm el-Sheikh Implementation Plan' which, according to the European Commissioner for the European Green Deal, Frans Timmermans, is not ambitious enough (CarbonBrief, *COP27: Key outcomes agreed at the UN climate talks in Sharm el-Sheikh*).

22 November: The European Parliament adopts the Directive on improving the gender balance among directors of listed companies ('Women on Boards'), ten years after it was first presented (Directive (EU) 2022/2381). The Directive stipulates that Member States must, by June 2026, have 40% of executive directorships held by women, or 33% if the target is extended to non-executive directors (European Parliament, *Parliament approves landmark rules to boost gender equality on corporate boards*, press release).

The European Commission adopts its 'Annual Sustainable Growth Survey', kicking off the 'European Semester' budgetary process which defines the broad socio-economic policy guidelines for the coming year, against a backdrop of slowing growth and inflationary pressures caused by the Russian war in Ukraine (COM(2022) 780 final).

24 November: The European Parliament and the Commission call for progress in EU legislation to combat violence against women, in light of the International Day for the Elimination of Violence against Women. On the same day, the European Commission announces the launch of a standardised European helpline number (116016) and gives the Member States until April 2023 to connect their national helplines to this European number. This initiative is in line with the Strategy for Gender Equality 2020-2025 and the proposal for a Directive to combat violence against women (European

Commission, *Violence Against Women: The European Union establishes an EU-wide helpline number and calls to end violence against women worldwide*, statement).

28 November: The Commission recommends that Member States recognise Covid-19 as an occupational disease for workers in the fields of disease prevention, healthcare and social assistance, home help or – in the event of a pandemic – in other sectors where there is an epidemic and a proven risk of infection (EC, *Commission recommends recognising COVID-19 as occupational disease in certain sectors and during a pandemic*, News).

The Council of the EU adopts the 'Pathways to School Success' Recommendation (Interinstitutional File 2022/0206(NLE)), which proposes a new policy framework to improve success at school, strengthen students' learning outcomes regardless of their background or situation and tackle early school leaving (European Education Area, *Pathways to School Success*).

30 November: The members of the European Parliament's Employment Committee (EMPL) adopt a report (by 33 votes to 6 with 8 abstentions) by Dennis Radtke (EPP). The report calls on the Commission to revise the 2009 European Works Council (EWC) Directive by 2024 to ensure the role of the trade unions in the work of EWCs and to reinforce the information and consultation rights of EWCs in cases of restructuring, as well as ensuring access for them to justice and higher penalties for infringements. The ETUC welcomes the initiative, stating that it will create coalitions to achieve a large majority for the plenary vote in January (ETUC, *MEPs call on EU to strengthen European Works Councils*, press release).

December

1 December: Political agreement is reached in the Council of the EU on the general approach to the proposal for a Corporate Sustainability Due Diligence Directive (Interinstitutional File 2022/0051 (COD)). With the Presidency proposing to leave this aspect up to the discretion of Member States, a qualified majority of Member States vote in favour of the proposed Directive, following lengthy negotiations mainly concerning the exclusion of the financial sector and its customers from its scope. NGOs and trade unions criticise the text's general lack of ambition (Council of the European Union, *Council adopts position on due diligence rules for large companies*, press release).

9 December: An alleged corruption scandal shakes the European Parliament and the International Trade Union Confederation (ITUC), with key political figures arrested ('Qatargate') (Euractiv, *Belgium makes EU parliament arrests in Qatar corruption probe*).

12 December: By qualified majority, the Member States agree on a 'megadeal' concluded by the Czech Presidency. It suspends payment of 6.3 billion euros of cohesion policy funds to Hungary due to concerns over the protection of the EU's financial interests in the country and the rule-of-law conditionality. The decision is temporary and can be lifted if the situation in Hungary is fully remedied within two years (Interinstitutional File 2022/0295 (NLE)).

13 December: The European Parliament approves a resolution (P9_TA(2022)0435) concerning equal rights for persons with disabilities. This follows the adoption of a report (2022/2026(INI)) of the European Parliament Committee on Civil Liberties (LIBE) that proposes concrete measures to ensure equal participation in social life and combat discrimination against persons with disabilities, while flagging the lack of comprehensive horizontal European anti-discrimination legislation. The Committee notes that the Equal Treatment Directive, which is blocked due to a dispute on the 'reasonable accommodation' clause, is expected to be adopted soon.

15 December: The European Parliament, the Council of the EU and European Commission approve the joint European Declaration on Digital Rights and Principles for the Digital Decade (COM(2022) 27 final). A guide for policymakers, the Declaration contains several political commitments to safeguard digital rights and principles, such as the right to use technology to bridge people's differences, the right to disconnect, the protection of privacy and personal data found online, online access to public services and the proper use of artificial intelligence (EP, *EU institutions endorse declaration on digital rights and principles*, press release).

The CJEU rules, in its judgement in case C-311/21, that a German temporary worker who received a lower wage than those recruited directly by the company, according to a collective agreement, should be offered other advantages in terms of basic work and employment conditions to compensate for the difference in treatment, based on Directive 2008/104 on temporary agency work. The Court states clearly that this does not imply permanent employment for the worker (Curia, Judgment in Case C-311/21, press release No 200/22).

16 December: The Council of the EU and the European Parliament reach provisional agreement after five rounds of interinstitutional negotiations on the Pay Transparency Directive. The agreement contains reporting obligations for all companies, whereas only companies with more than 100 employees are liable to publish information on the gender pay gap. If a gender pay gap of at least 5% is revealed, the company is obliged to conduct a joint assessment with employee representatives (CoE, *Council and European Parliament reach provisional deal to close gender pay gap*, press release). The ETUC welcomes the agreement, while Business Europe finds that the proposed directive does not respect national social partners' competencies and prerogatives regarding wage-setting, and that it adopts a one-size-fits-all approach that is likely to interfere with autonomous social partner negotiations on pay (BusinessEurope, *European Commission proposal for a directive on pay transparency* – a BusinessEurope position paper).

19 December: The Council of the EU reaches agreement on the legislative proposal to cap the price of gas traded on the derivatives market in the event of sharp rises, setting the price level triggering the cap at 180 euros/MWh (CoE, *Council agrees on temporary mechanism to limit excessive gas prices*, press release).

Sources

This Chronology based its initial entries on the archives of the **Europe Daily Bulletin** for 2022 which can be found at https://agenceurope.eu/en/home.html after subscription.

Additional electronic sources of this Chronology

Czech Presidency of the Council of the European Union: https://wayback.archive-it.org/

Council of the EU: https://www.consilium.europa.eu/en/council-eu/

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European Parliament: https://www.europarl.europa.eu/portal/en

European Trade Union Confederation: https://etuc.org/en

European Foundation for the Improvement of Living and Working Conditions (Eurofound): https://www.eurofound.europa.eu/

European Border and Coast Guard Agency Frontex: https://www.frontex.europa.eu/

Eurostat: https://ec.europa.eu/eurostat

EIGE: https://eige.europa.eu/

French Presidency of the European Union: https://www.parlue2022.fr/home/en

International Trade Union Confederation (ITUC): https://www.ituc-csi.org/

The UN Refugee Agency: https://www.unhcr.org/

United Nations: https://www.un.org

World Health Organisation: https://www.who.int/

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List of acronyms

ACSH	Advisory Committee on Safety and Health at work
AMI	Adequate minimum income
BAD	Biological Agents Directive
CJEU	Court of Justice of the EU
CMD	Carcinogens and Mutagens Directive
CMR	Carcinogenic, mutagenic and reprotoxic
CoR	Committee of the Regions
DG	Directorate-General
DG EMPL	Directorate-General for Employment, Social Affairs and Inclusion
DSA	Debt Sustainability Analysis
EAPN	European Anti-Poverty Network
EGD	European Green Deal
EP	European Parliament
EPOCH	European Platform on Combatting Homelessness
EPP	European People's Party
EPSCO	Employment, Social Policy, Health and Consumer Affairs (Council formation)
EPSR	European Pillar of Social Rights
ERDF	European Regional Development Fund
ETHOS	European Typology of Homelessness and Housing Exclusion
ETUC	European Trade Union Confederation
EU	European Union
FEANSTA	European Federation of National Organisations Working with the Homeless
FSP	Fiscal-structural plan
GDIP	Green Deal Industrial Plan
GDP	Gross domestic product
GHG	Greenhouse gas
IWP	In-work poverty
JTF	Just Transition Fund
MEP	Member of the European Parliament
NAP	National Action Plan
NGO	Non-governmental organisation
NZIA	Net-Zero Industry Act
OECD	Organisation for Economic Co-operation and Development
OELV	Occupational exposure limit value
OMC	Open Method of Coordination
RRF	Recovery and Resilience Facility
SCOEL	Scientific Committee on Occupational Exposure Limits
SGP	Stability and Growth Pact
SME	Small and medium-sized enterprise
SPC	Social Protection Committee
SURE	European instrument for temporary Support to mitigate Unemployment Risks in an Emergency
TFEU	Treaty on the Functioning of the European Union

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Social policy in the European Union: state of play 2023
An ambitious implementation of the Social Pillar

Edited by Bart Vanhercke, Sebastiano Sabato and Slavina Spasova

With the green and digital transitions having moved rapidly up the von der Leyen Commission agenda, the realisation is dawning that their success is greatly dependent on worker support. Barrosian neoliberalism is being undone, replaced by a new paradigm legitimised by the European Pillar of Social Rights. This 'social turn' in EU policymaking is reflected in the efforts to cement workers' rights and increase corporate accountability in pursuit of a planet-people-profit balance backed by a green industrial policy.

The 2022 and 2023 developments described in this book reflect this paradigm shift. Workers' incomes are now protected by a Minimum Wage Directive, the first-ever piece of legislation with the potential to boost (cross-) sectoral collective bargaining in Member States. Other initiatives include efforts towards pay transparency, increasing the representation of women on boards, and legislative measures against gender-based violence. EU countries have also, albeit through 'soft governance', committed to strengthen social safety nets. This includes ensuring an adequate minimum income and the launch of a European Platform for Combatting Homelessness.

Workplace health and safety have been restored to centre stage after years in the background, even if psychosocial risks may become the next battleground for EU policymakers. Attempts are underway to put European Works Councils on a firmer footing, while large companies will be required to enhance transparency regarding their environmental and human rights practices, not just domestically but throughout their supply chains. Similarly, EU industrial policy is no longer a dirty word, but a driving force of the green transition, even if as yet there is no clear link to the European Pillar of Social Rights.

In turn, this begs the question of whether the 'social' paradigm shift – the EU's ambitious implementation of the Pillar – will be sustained in the context of a looming austerity and competitiveness reload as well as the possibility of a 'security transition'. Is a reverse paradigm shift in the making for the EU?

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