

THE EUROPEAN UNION IN SEARCH OF SOLIDARITY

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ABSTRACT

What is the state of the art of the EU's social dimension? Is there room for improvement? This article addresses these two questions. First, it offers a summary reconstruction of the long and winding road which has led to the ambitious social provisions of the Lisbon Treaty. Social policy made its debut as an instrument to ensure the integration of the market, in particular the labor market, but gradually expanded its scope in three directions: the harmonization of national measures by setting common social standards; the correction of the market, through regulatory, compensatory or preventive policies at EU level; the coordination of national policies to promote their 'modernization' and upward convergence. The second part of the paper illustrates the institutional and social consequences of the crisis exploded in 2008 – which has suddenly re-established a deep asymmetry between the economic and social Europe – and outlines a possible agenda for reconciling the two key dimensions of the integration project.

Keywords: Social Europe, Open Method of Coordination, Social Protection, Lisbon Treaty, Euro-crisis.
JEL codes: N10, H63, H77.

AN AMBITIOUS – YET INCOMPLETE – SOCIAL MISSION

The EU is often accused of economic obsessions and social frigidity. Yet, the Lisbon Treaty has assigned to the Union a clear mission in the sphere of welfare, broadly understood. Social progress, employment, a high level of protection, the fight against exclusion and discrimination, the promotion of social justice, equality between women and men, solidarity

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between generations and children's rights are the goals listed in Article 3 (TEU) of the Treaty. Economic, social and territorial cohesion and solidarity among Member States are also explicitly mentioned. Not all national Constitutions are so explicit and ambitious. It should also be noted that the EU's social mission is strengthened by two additional elements: 1) Article 9 of the TFEU (Treaty on the Functioning of the European Union) which establishes the obligation to take social aspects into account in the definition and implementation of all EU policies and initiatives; 2) the Charter of Fundamental Rights of the European Union, which must be respected by European institutions and member states when implementing EU law.

In the sphere of welfare, the EU 'supports and complements the activities of Member States' with shared powers, in particular by establishing minimum requirements and rules that protect and promote the free movement of workers and persons. Depending on the specific policy area, the Union may act by means of regulations, directives, the implementation of agreements between social partners at EU level (social dialogue), the so-called open method of coordination based on soft law and the use of its financial resources.

This broad and detailed framework provides the EU with a *potential* for developing its own social policy, capable of influencing the functioning of national systems, their mutual relationships and more generally the whole European social and political system. So far, however, this potential has remained mostly unexploited. During the long financial crisis – which began just as the member states were ratifying the Lisbon Treaty – the EU has prioritized other objectives (fiscal stability in particular), which were supported by more binding provisions ever since the Maastricht Treaty. In spite of a considerable *acquis*, Social Europe still has a long way to go (Bruun, Lörcher, Schömann 2012).

Starting from this backdrop, this article has two objectives. First, it aims at offering a summary reconstruction of the long and winding road which has led to the social provisions of the Lisbon Treaty. Social policy, broadly speaking, made its debut as an instrument to ensure the integration of the market, in particular the labor market (section 1), but it has gradually expanded its scope in three directions: the harmonization of national measures by setting common social standards (section 2); the correction of the market, through regulatory, compensatory or preventive policies at EU level (section 3); the coordination of national policies to promote their 'modernization' and upward convergence (section 4). The second objective of the article is to illustrate the institutional and social consequences of the crisis exploded in 2008, which has suddenly re-established a deep asymmetry between the economic and social Europe (section 5) and to outline a possible agenda for reconciling Economic and Social Europe (section 6).

1. THE CREATION OF A SINGLE LABOR MARKET: FREE MOVEMENT AND NON-DISCRIMINATION

The free movement of workers was one of the four fundamental freedoms enshrined in the Treaty of Rome, which forbade all forms of discrimination based on nationality by the Member States in the field of employment. Already in 1965 the Court of Justice made it clear that free movement of workers was a fundamental pillar of the Community, which had to be implemented at its fullest. In 1961, all intra-European visas had been eliminated and in 1968 Regulation 1612/68 and Directive 360/68 removed the remaining restrictions. In 1970, Regulation 1251/70 specified that a worker is entitled to remain in the Member State in which he worked also after retirement. Between 1960 and 1968 migratory flows within the Six founding member states grew on average by 4.7 percent annually. In 1968, about 830,000 EU workers were living in a Member State other than their own. These developments were not entirely uncontested. Mobility was considered as the least important among the four freedoms by the governments of the member states, with the exception of Italy, which was interested in relieving its chronic unemployment problems (particularly in the South) through intra-EU integration. To a large extent, art. 48 of the Treaty of Rome (regarding, precisely, the free movement of workers) can be seen as a political compromise, according to which five member states agreed to gradually absorb the work force surplus of the sixth member, i.e. Italy (Romero 1993). The so-called Italian economic miracle of the sixties greatly eased the effective implementation of this commitment. In fact, after 1968 migration from Italy began to slow down, while non-EU immigration could still be held under control by each Member State (Van der Mei 2003).

The creation of a single labor market was a tremendous achievement, especially in light of the highly restrictive regime that had been put in place in most European countries after World War I. Under that regime, foreign workers could be expelled at any time, on discretionary basis. The creation of a common labor market with no barriers to the free movement was the first step in the 'Europeanization' of opportunities (and life) of citizens set in motion by the Treaty of Rome (De Witte 2015).

To ensure a 'level playing field' in the labor market, the removal of direct barriers had to be followed by a second, more complex operation, i.e. the abolition of indirect barriers. The principle used was that of non-discrimination, to be applied on other dimensions than nationality. The first dimension was equality between men and women (Jacquot 2015). The Treaty of Rome already provided for non-discrimination in remuneration.

Through a sequence of directives and decisions of the Court, gender equality was at first imposed on this level (equal pay for equal work) and then extended to all other aspects of relationship and working conditions. Since the nineties, the principle of *gender mainstreaming* was established, i.e. the explicit integration of the gender dimension in all EU policies and their impact assessment. In 1997, the Amsterdam Treaty marked gender equality as a fundamental goal for integration – a principle which was reiterated with even greater firmness under the Lisbon Treaty. The logic of non-discrimination was gradually extended beyond nationality and gender, to cover also race and ethnic origin, religion and disability, sexual orientation and age (art. 9 of the Lisbon Treaty).

The last important step in the creation of a single labor market concerned the entry and cross-border movement of non-EU workers (Van Der Mei 2003). Initially, the problem emerged for those workers coming from countries with whom the Community had signed association agreements (such as Turkey or the Maghreb countries). The increase of extra-EU migration, which became more and more impetuous since the nineties, led to the establishment of a series of guidelines for common rules on entry, residence and movement across borders as well as on the minimum rights for the citizens of third countries shall enjoy. Thus, a common status for long-term non-EU resident has been created, valid throughout the EU, and a single permit to work in the EU was established along with a common set of rights for third-country workers legally residing in a member state.

2. REGULATORY HARMONIZATION, AND SOCIAL DIALOGUE

The Single European Act of 1986 gave the Union a mandate to define minimum standards regarding working conditions, with particular reference to health and safety. In these areas, a qualified majority vote was also introduced for the first time. The same Treaty recognized the legitimacy of the so-called social dialogue between workers and employers. In those years Jacques Delors launched his idea of a social dimension of the single market and a jointly defined *socle social* common to all member states. In the second half of the eighties a regulatory harmonization process was triggered, inspired by the logic of *égalisation dans le progrès*, a concept which was very close to France since the fifties (Hantrais 2007).

In 1989 a framework Directive establishing rules for health and safety in the workplace was adopted, regulating the responsibility of the employer, the rights /duties of workers and the use of risk assessments to continuously improve business processes. Several other directives later applied the general common principles to specific risks and hazards. Other important

areas of harmonization with minimum standards were: child labor and the work of women (especially during pregnancy and maternity), working hours, termination of employment, knowledge of the contractual conditions, equal treatment regardless the type of contract. This latter aspect has become increasingly important with the expansion of precarious work and so-called 'atypical' contracts. During the nineties, the rules on the posting of workers were harmonized, in order to ensure fair working conditions even in the context of temporary cross-border provision of services. The host country must apply the basic rules of its own labor law to workers posted on its territory (e.g. minimum wage, working hours, holidays), as determined in the national legislation or in universally applicable collective agreements.

The Single European Act formally recognized, as previously mentioned, the promotion of social dialogue as a common objective of the EU and the member states, taking into account the diversity of national systems and the autonomy of the parties. After the Treaty of Maastricht (which created a new decision-making procedure), the social dialogue at EU level has produced various agreements over time, in whole or partially reflected by the Union, in areas such as parental leave, fixed-term contracts, part-time work and teleworking. In 2002 a general directive on information and consultation of workers at company level was adopted. Information and consultation are mandatory with regard to the evolution of business activities, economic and employment situation, restructuring and changes in work organization and contractual relations. Again in this field, directives on the establishment of work councils (bodies representing the employees of transnational companies, established to inform and consult on the progress of the company and any significant decision for their working conditions) have been adopted on cross-border mergers, on a common charter of 'European companies' and on cooperatives.

The regulatory harmonization process was accompanied by tensions and political and legal disputes. Unlike France, Germany has always preferred a 'spontaneous' *rapprochement* between systems, stemming from emulation or institutional competition, rather than legislative harmonization. The United Kingdom – especially under Margaret Thatcher – traditionally opposed the Commission's interventionism and the Community method in the social field. For instance, in 1992 the British government refused to adopt the social Protocol of the Maastricht Treaty. Finally, the Nordic countries have always feared that the minimum standards set at EU level could undermine the foundations of their protection systems, which is more complex and more favorable to workers than the continental systems. It must be recognized that, even as incomplete and limited as it was to the identification of a common denominator, between the late eight-

ies and the mid-two thousands, regulatory harmonization has prevented the perverse dynamics of social *dumping* and race-to-the bottom as regards standards of social protection.

3. MARKET CORRECTION, SOCIAL PROTECTION AND OPEN COORDINATION

During the sixties, the steady increase in cross-border mobility brought about the problem of social entitlements: how to deal with the payment of social security contributions for social insurance schemes in different countries? What rules should be applied for the calculation of benefits? In principle, the problem could have been solved through the establishment of an EU scheme dedicated to 'mobile' workers, perhaps as a first real step of a gradual federalization of welfare. Instead, a different path was chosen, based on the obligation to open up national systems to the workers (intended in an increasingly wide sense) and finally to all 'persons' from any other member state (Ferrera 2005). Regulation 1408 of 1971 laid the foundations for a European system of social security coordination based, once again, on the principle of non-discrimination. It was agreed that in the event of cross-border mobility, workers had the same rights as nationals with regard to social protection, the possibility to combine all contribution periods even in different countries in order to calculate benefits, and the right to 'export' payments in the country of residence. The coordination scheme has changed several times in the course of time, almost always in an expansive direction, both as regards its material scope (the range of benefits) and its personal scope (the admitted individuals, based on their employment or family status). The coordination rules apply in full form to sickness, maternity and paternity, pensions, family benefits, unemployment and work injury. More restrictive rules, instead, apply to welfare benefits subject to means testing (which, for instance, cannot be 'exported'). Over time 'mobile' workers and pensioners have also been given the possibility to access health and social services in other member countries, while a 2011 Directive has granted the right for every EU citizen to seek medical treatment in facilities of countries other than that of residence, subject to certain conditions. In 2004, a directive opened to the possibility of setting up cross-border supplementary pension schemes: an important step for experimenting with new forms of transnational solidarity and risk-sharing.

In addition to regulatory measures, the EU has addressed the challenge of market correction through its own budget, mobilizing financial resources to support employment and inclusion, in the more general framework of territorial cohesion goals and policies (Bachtler *et al.* 2016). As far as employment and welfare are concerned, the main tool of EU's social

spending is the European Social Fund, already established by the Treaty of Rome. Its main objective is precisely to support and increase employment levels, particularly in less developed areas and with an emphasis on young people, women, the long term unemployed, minorities and excluded groups. Despite being primarily oriented to the reduction of regional disparities, all the EU structural funds play a compensatory and preventive role with respect to unemployment, work integration, training and social exclusion. In 2006 a targeted fund with compensatory purposes was established: the European Globalisation Adjustment Fund, which supports dismissed workers as a result of business closures or relocations – and more generally of severe economic crises – due to changes in the world trade and the liberalization of markets. Finally, in the wake of the great recession, the Fund for European Aid to Deprived Persons was created in 2014, co-financing national measures targeted towards people in extreme poverty.

Since the nineties, the EU has begun to play an increasingly important role in the overall steering of national employment and welfare policies, with a view to encouraging convergence. This role is based on the so-called 'open method of coordination' (OMC), which is a non-binding legal instrument (soft law) aimed at promoting consensus around common objectives (Barcevičius, Weishaupt and Zeitlin 2014). Its origins date back to the Amsterdam Treaty, which strengthened EU competencies in the field and launched a fully-fledged 'strategy' (also known as the Luxembourg process) aimed at modernizing labor markets, increasing the employability of workers and adaptability of enterprises in the face of globalization and in view of the completion of the economic and monetary union. After the Nice Treaty, the OMC was extended to social protection (in particular to the fight against exclusion), education, youth policy and vocational training. This method is based on the following elements: 1) identification and definition of objectives to be achieved, formally adopted by the Council; 2) jointly defined monitoring tools (statistics, indicators, guidelines); 3) benchmarking, i.e. the comparative analysis of results in each country and the exchange of best practices (monitored by the Commission); 4) formulation of national plans, also assessed by the Commission, through specific recommendations. The OMC was one of the founding pillars of the Lisbon Strategy (2001-2010), largely focused on job promotion, (especially among women), human capital and the fight against exclusion. The new 'Europe 2020' strategy has incorporated the various coordination processes in the field of employment and social policies within a new and larger instrument, the so-called European Semester. This is an annual cycle of coordination of the economic and budgetary policies which currently lies at the heart of the EU economic governance. As part of the semester, in early Spring each member country is obliged to indicate (within their National Reform

Plan) objectives and illustrate achievements relating to the labor market and welfare, in light of the ‘country-specific recommendations’ made by EU in the month of June of the previous year. In December, the Commission publishes its Annual Growth Survey, completed by a Joint Employment Report, which contains guidelines based on structural and cyclical economic developments.

Although goals and recommendations in the social field are not binding, Europe 2020 and the European Semester have played a significant role in shaping national policies (Hemerijck 2013). The crisis erupted in 2008 and the tightening of the Stability Pact constraints have slowed down and disrupted the actual achievement and overall traction of the ambitious quantitative targets on employment and, above all, poverty levels. This is especially true for the South-European countries, severely affected by the Great Recession and the requirements set by the EU in terms of fiscal consolidation.

The success of open coordination should not however be measured only in reference to quantitative indicators. At least two other dimensions are important. Firstly, participation in the OMC process and the Semester has triggered dynamics of mutual learning and emulation between countries, also at the level of policy organization (forms of monitoring, evaluation, planning, reporting, and so on). In addition, the OMC has been an effective tool to reorient the contents and policy approaches towards new objectives. This is the case, for instance, of the so-called flexicurity model, aimed at adapting the labor market to the new global competitive dynamics through more flexible work contracts, on the one hand, (especially with regard to dismissals for economic reasons), and the strengthening of cash transfers and employment services for the unemployed, on the other hand. The goal of ‘active inclusion’ has also become increasingly important, i.e. the reform of public assistance systems in order to expand their coverage and efficiency (in particular by guaranteeing a minimum income), in conjunction with tailored programs of social and labour-market re-integration. Finally, EU coordination strategies have promoted the so-called social investment paradigm, focused on the increase in human capital and the expansion of opportunities throughout the life-cycle, starting from early childhood, in order to ‘enable’ people to cope with risks and needs linked to various transitions: from school to work, from one job to another, during the formation of a new family, at the arrival of children, and so on. In the early to mid-2010, the EU adopted two ‘packages’ of measures precisely designed to encourage the adoption of the three new approaches: the so-called Social Investment Package and the Employment Package. The latter has made available resources to finance a scheme called ‘youth guarantee’, which aims to promote employment through dedicated social services.

4. ENTER THE CRISIS: PROBLEMS AND CHALLENGES

Taking into consideration all the described developments and the resulting *acquis* (hard and soft), the accusation of ‘social frigidity’ does appear as exaggerated. It is equally true, however, that the social dimension of integration has typically followed a reactive logic: its advancement has been mainly driven by the wish/need of counteracting the most obvious negative externalities (and not even all) of economic integration. In this sense it is correct to say that the EU suffers from a programmatic asymmetry between the social and the economic dimension. With the deepening and widening of integration, this asymmetry produced a number of strains between EU law and domestic welfare states (Ferrera 2005). As mentioned in the Introduction, the Lisbon Treaty has tried to explicitly address the asymmetry, by rebalanced economic and social objectives in both symbolic and institutional terms. Many observers in fact saluted the Treaty as the culmination of the long process of mutual opening and convergence between Member States: an economically beneficial and at the same time socially and politically sustainable ‘coming together’ of European states peoples.

The advent of the financial crisis and the ensuing great recession brusquely halted this conciliatory trajectory. Developments since 2009 have implicitly or explicitly hindered the actual unfolding of the Lisbon Treaty’s social potential. As a matter of fact, the institutional reforms introduced between 2011 and 2013 have significantly strengthened the Stability and Growth Pact, thus restoring and actually amplifying the asymmetry between Economic and Social Europe. In the wake of the crisis and the misguided responses of EU institutions, convergence between Western and Eastern Europe ground to a halt and, even worse, a marked polarization between Northern (‘core’) and Southern (‘periphery’) Europe started to emerge, subverting the historical trend of upwards convergence. More or less directly, fiscal consolidation targets set by Brussels aggravated the social impact of the crisis, most of all for the young and the most vulnerable sectors of the population (pensioners suffered comparatively less). The outcomes of this social shock will be felt over the next years, maybe decades, also in terms of lower economic growth: a paradox within a paradox.

The crisis decade has also witnessed growing tensions around the issue of free movement: more specifically, the access to domestic welfare on the side of other EU nationals, as regulated by the social security coordination regime described above. Such issues started to be politicized after the 2004 Eastern enlargement. Initially, contention focused on freedom of service (let us think of the notorious ‘Polish plumber’ controversy and later the wide mobilization around the Bolkestein directive) but then it extended to

the intra-EU mobility of workers (including rules on ‘posting’ from one Member State to another), setting the supporters of pan-European free movement and nondiscrimination, on the one hand, against supporters of social and cultural closure on the other. This line of conflict has recognizable geographical dimension, running from East to West. In the wake of rising inflows from the newly acceded Member States, the public opinions of the receiving countries have developed increasing hostility against immigrants, accused of ‘benefit tourism’ and held responsible for social dumping dynamics in terms of jobs and wages. Both reflecting and reinforcing such orientations, parties with a restrictive and protectionist (or better, nativist: Mudde 2007) agenda (typically right wing populist parties) have become more and more attractive. The refugee crisis of 2015 has served as a further multiplier, triggering off chauvinist attitudes and protectionist measures (including physical ‘walls’) also in Central and Eastern Europe. The most emblematic and at the same time dramatic effect of anti-immigrant politics (fomented by the economic crisis) is of course the Brexit referendum. The metaphor of a ‘Fortress Europe,’ coined in the 1990s, has become an ominous reality. The main risk is that this metaphor transcends the boundaries of the original metaphor; that is, that we move towards a ‘Fortress of Fortresses’ closed not just to the outside, but also to the inside.

For a long time, Europe seemed the only region in the world able to provide an effective answer to globalization trends, an answer that could ‘square the circle,’ as Dahrendorf would say, between openness, democracy, the rule of law, and social cohesion (Dahrendorf 1995). The last decade has put into question the whole integration process and most of all its institutional framework. We can no more take for granted that the EU will still be the Northern Star of progress, or even that it will survive as it is today. This does not entail that we shouldn’t try to fix and rebalance the European construction via a fairer balance between the economic and social dimension of integration, and cleverer institutional frameworks that improve democratic legitimacy. What might be the agenda for such strategy?

5. STEPS TOWARDS A EUROPEAN SOCIAL UNION

No political collectivity can survive and prosper without internal cohesion, underpinned by solidaristic norms, institutions and dispositions. Solidarity is a contested concept (Stjerno 2009), but its prime meaning is relatively straightforward: it denotes a specific trait of social collectivities, that is, a high degree of ‘fusion’ or internal unity and commonality of purpose (the noun solidarity comes from the Latin *solidus*, a firm and compact body). Independently from its socio-economic functions and normative

desirability, it must be stressed that organized solidarity is also a political good, i.e. an instrument which serves the key purpose of facilitating social cooperation, managing conflicts and sustaining generalized compliance. It is also essential for political legitimation, as it nurtures feeling of fairness among citizens. Just like physical security and peace, organized solidarity is a necessary condition for the effective functioning of any spatially demarcated community and for mediating the inevitable tensions between market and democracy. Any strategy of reconciliation must rest on some vision about how to 'glue' the peoples and Member States of Europe by means of a coherent framework of pan-European solidarity, upheld by some adequate and effective narrative.

The notion of solidarity already featured in the ECSC Treaty of 1951 and is thus part (though often forgotten) of the primary, foundational myth of integration (Della Sala 2013). Since the beginning, however, debates and policy advancements on the social front have been hampered by an unresolved ambiguity – which bears a significant responsibility for the above noted asymmetry between Economic and Social Europe. The expression has in fact taken two different and potentially contrasting connotations. On the one hand, a horizontal connotation: solidaristic goals, policies and achievements at the national level – what the French debate calls *le social dans l'Europe*. On the other hand, a vertical connotation, i.e. solidaristic goals, policies and achievements at the supranational level – *l'Europe dans le social* (Chassard and Venturini 1995). In the late 1980s, Jacques Delors tried to overcome the ambiguity by re-defining the vertical connotation as the 'social dimension' of the EU proper, whose function was, precisely, to underpin and complement national social models. His effort was only partly successful. The debate has thus proceeded in different and often contrasting directions. For some, the social mission of the Union should be the enhancement of supranational redistributive funds and schemes. Others have more limited ambitions: the promotion by the EU of an upward convergence of national models, meant however to remain the prevailing and unchallenged social sharing arenas. Others still prioritize measures capable of taming the disruptive consequences of negative integration. Conceptual and political ambiguity often allows for a sympathetic dialogue between diverse perspectives. But the dialogue tends to remain unproductive, as the assumptions and implications of each perspective are poorly compatible, if not mutually exclusive when pushed to their limits.

A promising attempt at disambiguation been made by Franck Vandembroucke (2015 and 2017), who has coined the term European Social Union (ESU). The choice of words immediately evokes a set of single elements – the national welfare states – separate but interdependent and subject to common rules and principles for sustaining/promoting two types of solidarity:

a pan-European solidarity between countries and between individual EU citizens, centered on supranational institutions; and the more traditional forms of national solidarity, centered on domestic institutions. ESU would be something very different from a federal welfare state as we observe it today in the so-called historical federations (the US and Switzerland) (Obinger *et al.* 2005). It would be a union of national welfare states, allowed to maintain their 'legitimate diversity' (Scharpf 2002), within a common framework providing jointly defined objectives and minimum standards, incentives for upward convergence forms of risk pooling and transnational coordination for managing intra-EU mobility. I have elsewhere discussed in more depth the notion of ESU and its internal components (Ferrera 2017). In the economy of this article, I can only briefly discuss two institutional steps that would be needed for responding to the two controversial and disgregative conflict lines that I mentioned in the previous section: core vs. periphery and free movement vs national closure.

Risk pooling is the key pillar of institutionalized solidarity in the European tradition. The first introduction of compulsory social insurance is typically seen as the birth certificate of the welfare state as such (Alber 1982). In the historical federations, an important turning point was also the setting up of federal mechanisms for 'equalizing' the fiscal resources of the various territorial units: initially, to ensure the local absorption of asymmetric shocks, later to compensate for geo-economic or socio-demographic disadvantages (Burgess 2005; Müller and Keil 2013). The establishment of nation-wide sharing arrangements was preceded by heated discussions about the 'social question', the nature and scope of those risks for which resource pooling made sense. In the context of rapid industrialization and machine-based production, very few questioned the eligibility of 'work injuries' as a social risk to be collectively insured. 'Unemployment' was much more controversial and it took the Great War and/or the Great Depression for convincing *laissez faire* liberals that losing one's job might actually depend on forces beyond the control of individual workers. Today Europe is faced with a new, large scale social question, closely (and causally) linked to EMU's presence and design –in the wider context of globalization. Just as one century ago at the domestic level, we need a collective discussion about the expedience of pan-European risk pooling. Which Member State is vulnerable to what and why is it vulnerable? To answer this question it may be useful to distinguish between similar and common risks. The first are the result of analogous dynamics (e.g. demographic ageing) that have no significant link with either integration or cross-national externalities. Here open coordination and mutual learning are important and useful, but there is no need for joint action. Common risks are instead directly produced by integration and/or externalities: e.g. the adverse consequence of

an asymmetric shock in the presence of EMU's constraints; the implications of domestic trade deficits or surpluses for the overall growth of the Eurozone, or the negative impact of sudden surges in worker mobility or immigration from outside the EU. For such type of risks, joint action (e.g. under the form of risk pooling or re-insurance schemes) is the appropriate solution, on functional/ normative grounds (Sangiovanni 2015) but also on political grounds, i.e. for legitimation and loyalty-building purposes. The quantum leap that needs to be undertaken for a tangible and credible takeoff of ESU should therefore be the creation of a formalized instrument – equipped with adequate fiscal resources– for responding to common adversities, wherever they may hit.

As mentioned above, two first timid steps in this direction was already made in 2006, with the establishment of the European Globalisation Adjustment Fund and in 2014, with the Fund for European Aid to Deprived people. Based on what happened during the euro-crisis, it is however necessary to think of more ambitious forms of interstate insurance for cushioning the social consequences caused by dramatic and sudden economic 'disasters' that strike with particular virulence a single country or a limited group of countries (e.g. the peripheral Member States during the sovereign debt crisis). An option which has already been widely explored is the establishment of a EU unemployment insurance scheme. Retrospective calculations of the spending flows of this scheme – had it been in place since the adoption of the common currency – show that virtually all countries of the Eurozone would have received something – Germany included (Claeys *et al.* 2014). Within intergovernmental arenas, such proposal has met so far strong resistance on the side of creditor Member States. Recent survey evidence shows however that wide majorities of citizens would indeed favor steps in this direction, including in Germany¹. The social constituency for 'gluing' strategies seems larger than assumed by technocrats and government officials.

The ESU agenda should comprise at least a second element, aimed at responding to the conflict on free movement and access to welfare. I mentioned above that anti-immigration sentiments are at least partly rooted in material interests and resource competition, especially among the low skilled. Though not univocal, evidence from the UK does indicate that the share of Brexit votes was consistently higher in those areas that had experienced a sudden influx of EU migrants over the last 10 years, i.e. since the Eastern enlargement (Goodwin and Heath 2016): a truly emblematic example of the boomerang effect generated by regulative supranational policies

¹ Data on the RESceU Mass Survey, conducted in the Fall of 2016 in seven European countries, is available at www.resceu.eu.

which are normatively well meant ('non discrimination') but also replete with hidden and politically divisive redistributive implications. A well designed and politically smart ESU should acknowledge this paradox, worry about its conflictual and disintegrative implications and put in place some remedy. The easiest way to start is to establish an adequately resourced EU fund to compensate local communities for the (short term) extra burdens generated by incoming migrants (Andor 2015). In due course, more ambitious policies could be envisaged, e.g. the creation of one or more EU social insurance schemes covering mobile workers, on a temporary or even permanent basis. It goes without saying that such measures (and ESU as a whole) could involve only a sub-set of willing Member States, in that logic of differentiated integration which is becoming the norm in the EU (Schimmelfennig, Leutberg and Rittberg 2015).

6. CONCLUSION

The creation of a single market (including the labor market) has produced tremendous results from an economic point of view. From 1960 onwards, in the EU15, the cumulative growth of the per capita GDP was one-third higher than in the US. Various factors contributed to this growth, but it is estimated that without integration, EU per capita GDP would be 20% lower today (Badinger 2005). For countries that joined as of 2004, an even larger increase of about 40% has been estimated (Campos, Coricelli, Moretti 2014). As shown in the first part of this article, economic integration has been accompanied by a variety of social measures. The combination of free movement, non-discrimination, regulatory harmonization and coordination of national social security schemes have protected workers and citizens from the risk of social dumping and from race-to-the bottom dynamics, thereby safeguarding the foundations of the European Social Model. Through the structural and investment funds, the EU has also built a formalized system of cross-national solidarity never before experienced among sovereign states.

Though quite visible and undeniable, the social dimension of integration has mostly played a reactive and ancillary role. And the ambitious innovations envisaged by the Lisbon Treaty have so far remained dead letter. The crisis has in fact aggravated the asymmetry between economic and social objectives. This is why, in the second part of this article, I have argued in favor of a solidaristic turn in the integration process and briefly discussed the agenda for establishing a fully-fledged European Social Union (ESU).

The functional and political effectiveness of ESU is of course uncertain and disputable and those who nurture more clamorous aspirations are

very likely to be disappointed by the ESU debate. But in politics, a lot can be achieved through symbolic action: a mere discourse about ESU and a smart packaging of its first measures could have a significant impact. We should also remember that national welfare states did not come about with big bangs: with a few exceptions, their beginnings were quite modest and it took a lot of time to build momentum. Institution building resulted from heated, at times dramatic social and political conflict around redistributive issues. Conflict dynamics served both to cement horizontal alliances among the disadvantaged and to promote vertical exchanges between rulers and ruled. Solidarity and political justice became irreversibly intertwined through the democratic process. In the historical federations, claims of social justice intersected with claims of geographical justice. In some critical historical contingencies (the New Deal in America, World War II in Switzerland), big leap forwards in terms of both interpersonal social and inter-territorial solidarity resulted not only from bottom-up pressures on the side of the workers' movement, but also from a top-down logic, based on the interest/wish of incumbent political authorities –local and federal– to preserve stability and consolidate the polity in the face of acute functional challenges, social unrest or dire emergencies. In today's Europe we clearly have increasing redistributive conflicts but, in the absence of an adequate 'political structuring' of the EU, the organization of voice from below encounters huge obstacles. Even if the ESU project might actually match popular preferences, for the time being it is not realistic to expect the emergence of bottom up demands and large scale transnational mobilizations for euro-social objectives. In order to make more substantial advances (modest, but capable of creating momentum), the first impulse should come from above on the side of leaders motivated by farsighted polity maintenance objectives and capable of creatively build on the existing conflict constellation in order to forge broad cross-interest coalitions.

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