



## Jean Monnet Centre of Excellence – Tensions at the Fringes of the EU – regaining the Union's purpose

### EMU, New Economic Governance & Social Justice

Research seminar within the framework of JCME TREUP (Queen's University Belfast)

Friday 26th January 2018, 1pm-4.30pm, School of Law, Room 09.22



The research seminar was introduced by **Prof. Dagmar Schiek**, who highlighted the need for an interdisciplinary approach in exploring the tensions between the European and Monetary Union and the renewed EU social agenda in the light of recent initiatives such as the European Pillar of Social Rights and the Roadmap for deepening the EMU.

The first session included presentations by **Prof Ulla Neergaard** (University of Copenhagen) and **Martinho Lucas Pires** (Universidade Nova de Lisboa). **Prof Neergaard's** paper examined the tensions between EMU reforms and broader European Union social policies as well as the key challenges emerging from their present constructions. A major problem is that while the influence of the EU as a whole on eurozone reforms is not evident, the latter seem to ignore the general intentions and shape of Social Europe. On the other hand, it is too early to assess whether there is an influence of the eurozone on the EU as a whole, yet if there is one, this would imply a reversion of improvements accomplished so far. One of the most pertinent challenges relates to the distribution of competences in a multi-speed Europe. Thus, while EMU has no explicit competences in the area of social policy, it has an important indirect impact on Member States welfare states, which is in contradiction with the aims of constructing the social dimension of Europe. This is particularly worrying for Member States outside the eurozone which, in contrast to the case of Denmark, have no advanced welfare states. She concluded that there is a need for transparency in order to avoid changes through the back door, as this severely endangers the democratic legitimacy of the EU.

**Martinho Lucas Pires** presented a paper entitled "Macroeconomic supervision and social policy concerns in the EU: A view from Portugal". Looking at the example of Portugal, the paper explored the degree of bindedness of renewed EU macroeconomic rules setting out numerical targets that Member States must comply with in order to achieve sound public finances and the extent to which such rules undermine Member States' autonomy to enact social measures that require public expenditure. In this regard, his analysis highlighted a gap between doctrine and practice, since it is not clear how structural deficit rules are calculated (preventive arm).



Furthermore, as the case of Portugal shows, the corrective arm of macro-economic supervision (sanctions) depends on political decisions by the Council which is open to considerations that may go beyond the mere failure to meet the numerical target. Over the past two years, Portugal has been reverting austerity measures applied during the crisis and slowly advancing a more social policy agenda while complying with macroeconomic targets in the short term. Therefore, this example shows that there is scope for social policy to be implemented through EU rules, although the question remains of whether this is sustainable in the long-term.

The second session included a presentation by **Dr Bart Vanhercke** (European Social Observatory-OSE) on “Socialising the EMU through the European Semester”. In response to sceptical voices about the potential of the European Semester as an instrument to deepen the social dimension of the EU, he contended not only that the Semester increasingly frames the national policy debates and that CSR’s are also being (selectively) used by domestic actors, but that it will be the main vehicle to implement the newly endorsed ‘European Pillar of Social Rights’ and that in the absence of legislation, it may be the only way to ensure that the Pillar survives the Juncker Commission. His presentation provided evidence of a progressive socialisation of the European semester since 2011 both with respect to the



policy content (socially oriented “Country Specific Recommendations, CRSs) and to governance processes and procedures (the role of social and employment actors). He concluded that in order to further improve the EU’s socio-economic governance there is a need for less stringent interpretation of budgetary rules, relaunching social investment and involving national stakeholders.

Nevertheless, in addition to all this a European Social Union will be needed to avoid further disintegration.

In the third session, **Prof. Fabian Amtenbrink** presented a paper entitled “New Economic Governance and the EMU – A critical legal analysis”. This paper highlighted a set of important problems at the heart of EMU governance. The first one is a tension between monetary and economic policy insofar as Member States have given up monetary policy instruments, while the Treaties refer to the economic policies of Member States as “national policies”. A second problem is that the EMU lacks the necessary tools to achieve economic convergence and does not have the mechanisms to address asymmetric shocks. A third problem is that democratic legitimation is absent, as there is a constitutional inflexibility in today’s governance framework, including the legal basis of the European Central Bank. When it comes to social aims, there is very little in the context of EMU governance framework. Thus, the most interesting aspect of the proposals set out in the reflection paper on the EMU, is what these do indirectly, such as, for example, allowing the EU to rescue a country in times of asymmetric shocks by taking the pressure off when this country is making cuts in their social welfare system. With respect to the European Pillar of Social Rights, in his view, there is a lot rhetoric, insofar as a country must come up with a macroeconomic adjustment programme when it comes under trouble. Furthermore, the democratic legitimation of national parliaments has decreased as it is the Commission that dictates the macroeconomic policies for years to come.

