

# **The problem of European governance and accountability**

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# Introduction and Overview

- A short quiz on European governance
- Introduction: The European Social Model and the EU
- The European Dimension:
  - EU influence on national and international social and economic policy
  - The 'social dimension' and its basis in EU treaties
  - The EU and its institutions
  - How decisions are made – and how this has evolved
  - Continuity and change in EU social and employment policies
- Discussion: what are the main challenges regarding European governance, and what can be done about them?

# The European Dimension

- The EU role in national employment relations: Monitoring of adoption of EU policy directives in Member States; additional level of scrutiny through ECJ
- 'Social dialogue' and 'social partnership' : consultation, joint directives – values and approach rooted in 'European Social Model' – but recently challenged
- Key areas affecting and harmonising national ER\HRM:
  - Working time
  - Employment protection
  - Equality and family-friendly policies
  - Information and consultation
- Key areas affecting international ER/HRM:
  - Europe-wide strategies (Lisbon, Europe 2020, Stability and Growth Pact, etc.)
  - Relations with countries outside EU: Lome countries, Mediterranean
  - Harmonisation at international level creates new opportunities... But also dangers (Euro crisis!)

# EU Employment and Social Policy: The 'Social Dimension' 1

- Terms of directives and regulations cover a range of rights at work, including: Equal pay, Equal treatment, Health and safety, Social security, Collective redundancies, Working time, European Works Councils, Conditions of part-time and fixed-term contracts
- Rulings from ECJ – many have favoured workers' rights (equality) but see below for changes in approach...
- Creation of European Works Councils, European Company, etc.
- Deliberations of tripartite European Economic and Social Committee and the process of 'social dialogue'
- Provisions of the Social Charter (non-binding Solemn Declaration, signed by all member states except for the UK in 1989, extended to UK when UK signed Amsterdam Treaty in 1997, in force in 1999)
- European Employment Strategy 1994 (based on benchmarking of labour market policies, mutual encouragement through peer review and exchange of ideas and approaches)
- Exchange programmes for university students, young workers and educational professionals – ERASMUS, LEONARDO, etc.
- Non-employment policies covering broader areas of social policy (family, general education, disabled and socially excluded persons)

# EU Employment and Social Policy: The 'Social Dimension'<sup>2</sup>

## **European Economic Community (EEC) Treaty (Rome) 1957:**

- Free movement of workers (Art. 48-51 [39-42 TEC])
- Right of establishment (Art. 52-58 [43-48 TEC])
- Freedom to provide services (Art. 59-66 [49-55 TEC])

## **Social provisions of Treaty (Art. 117-122 [136-145 TEC])**

- The European Social Fund (Art. 123-127 [146-150 TEC])
- Economic and social cohesion (Art. 130A-130E [158-162 TEC])
- Provisions for education, vocational training, youth and other miscellaneous provisions (Art. 126-130 [149-157])

## **Single European Act 1987 (art. 118a, 118b)**

- Encouraged improvements in health and safety of workers
- Mandated Commission to 'develop dialogue between management and labour'

**Maastricht (1992) and Amsterdam (1997) Treaties** - added and refined the scope of EU employment policy – but created EMU

**Lisbon Treaty** - made Charter of Fundamental Rights(2000) legally binding (but with UK opt-out), reinforced power of Commission, increased power of Parliament

# The EU Institutions 1

- **Commission**
  - 38 organisational units/services
  - 27 Commissioners (appointed by member states)
  - Supranational authority whose proposals must advance the objectives of the EU as a whole
- **European Economic and Social Committee (EESC)**
  - Established in 1958
  - Is a body that represents employers', workers and other interests
  - Must be consulted in the legislative process
  - 344 members
- **European Parliament**
  - Directly elected parliamentary institution
  - EP members must vote on all Commission proposals
  - The 736 members are directly elected every 5 years (since 1979)
- **Council of the European Union – Council of Ministers**
  - One of 2 decision-making legislative bodies in the EU
  - Brings together the Ministers or Secretaries of State
  - Each member state presides in rotation for six months at a time

# The EU Institutions 2

- **European Council - The Council**

- Highest political authority but no legislative power
- Comprises Heads of State of each members state, President and President of the Commission (Lisbon Treaty created permanent president of Council)

- **European Court of Justice – ECJ**

- Judicial authority of the EU
- Responsible for interpreting EU legislation and for giving preliminary rulings on disputed or unclear points of law (at the request of member states), reviewing legality of EU acts, and ensuring member states comply with Treaty obligations
- Since December 2009: Court of Justice of the European Union

- **European Central Bank – ECB**

- De facto successor of the European Monetary Institute (EMI) (ECB replaced EMI on 01.06.1998 through Treaty of European Union / Maastricht Treaty)
- Full powers only exercised since 01.01.1999 (introduction of Euro – 3<sup>rd</sup> stage of EMU)
- ECB structure based largely on German Central Bank (*Bundesbank*)

# EU Social and Employment Policy – How are Decisions Made?

- Until 1987 Commission proposals on employment and social policy could only be adopted by a unanimous vote of the Council
  - Had the effect of blocking many initiatives in the social and labour field as any one member state could exercise their veto right (i.e. UK!)
- 1987 the Single European Act came into force and altered the balance of power between Commission, European Parliament and Council
  - A key objective (related to the creation of the Single European Market) was to introduce 'cooperation procedures'
  - Most EU legislation (except for agriculture, justice & home affairs, trade, tax harmonisation and EMU) is now governed by 'co-decision'
- Co-decision provides for majority voting on the Council of Ministers and grants the European Parliament veto powers
  - Qualified Majority Voting (QMV) allocates fixed number of votes to each member state (more votes for France, Germany, Italy and UK, less for Malta). Threshold is required to adopt a proposal. European Parliament can approve, reject or amend the proposal at various stages.
- New measures in 'Fiscal Compact' (December 2011) to allow EU institutions to impose austerity measures on individual EU Member States required new treaty – officially separate from EU (see below)

# Continuity and Change in EU Social Policy 1

- From Europe as '**Single market**' (Treaty of Rome 1957) to... '**Social dimension**' (from 1985 – Delors presidency) with 'level playing field' to... Reassertion of **market liberalism** (from late 1990s)...
- **European Employment Strategy 1994** (see above) Encouraged both social side (freedom of movement for workers, training, harmonisation of employment policies) and economic liberalism
- **Lisbon Strategy 2000**: 'a new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion', but labour market policies exclusively oriented to supply-side measures; focus on 'increasing employment in services, including personal services'
- '**New Start**' **2005**: 'two principal tasks': 'stronger, lasting growth' and 'more and better jobs' but central role for 'adaptability of the workforce... flexibility of labour markets... a more mobile workforce'.

# Continuity and Change in EU Social Policy 2

- **Change in direction of ECJ:** Viking and Laval (2007); Luxembourg (2008) decisions gave priority to 'market freedoms' over 'employment protection' – show greater autonomy of ECJ
- **'Europe 2020':** 'strategy for smart, sustainable and inclusive growth': no fundamental change from Lisbon 2000. 'Modernising labour markets, training and social protection systems... flexicurity agenda... stronger, deeper extended single market'
- **European Stability Mechanism** – December 2010 – revision of Lisbon Treaty for permanent 'bail out' mechanism but giving leading role to Commission rather than Member States
- **Euro Plus Pact** – March 2011, 4 goals to: foster competitiveness; foster employment; contribute to sustainability of public finances; reinforce financial stability; allows for direct EU intervention in social policy (for ex. an end to wage indexation).
- **European Fiscal Compact**– December 2011, came into force January 2013 – more binding than Euro + Pact, requires Member States to make changes in national-level regulation/constitutions to require balanced budgets

# Conclusions and Discussion

- EU founding values and policies based on post-war consensus and 'European Social Model'
- EU-level regulation has both 'economic' and 'social' aspect with increased priority of 'economic' and 'competition' (monetarist, neo-liberal) aspects over 'social' aspects
- What direction is the EU going?
- Are these irreversible moves away from democratic accountability?
- Do these developments mean a definite paradigm shift from 'social' to pure 'market-based' policy?
- What are the main challenges regarding European governance, and what can be done about them?