

Social policy in the European Union: state of play 2020

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Edited by

Bart Vanhercke, Slavina Spasova and Boris Fronteddu

Social policy in the European Union: state of play 2020

Facing the pandemic

Twenty-first annual report

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Bart Vanhercke, Slavina Spasova and Boris Fronteddu

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Bart Vanhercke, Slavina Spasova and Boris Fronteddu

Preface

Outlining this year's 21st edition of *Social policy in the European Union* (EU) back in November 2019, we scheduled chapters on the impact of the European elections on EU social policymaking, on the EU Green Deal, and on the implementation of the European Pillar of Social Rights, including in terms of gender equality. Other contributions would have dealt with the EU's renewed focus on access to social protection for all and on improving work-life balance. One chapter was to provide a state-of-play of important developments in 2019 enhancing European labour law: transparent and predictable working conditions, the newly established European Labour Authority and the legislative breakthrough on the protection of posted workers, to name just a few.

Then the first wave of the pandemic hit the EU. At the end of February 2020, Italy reported a significant increase in Covid-19 cases, mainly in the northern regions of the country. By March 2020, all EU Member States had reported Covid-19 cases. The pandemic, and the ensuing lockdowns announced in the EU as well as in the wider world, promptly resulted in a significant economic downturn with profound social consequences. The EU reaction, divided as it may have seemed in the initial weeks of the crisis, was aimed at developing coordinated responses to the health crisis, as well as to the upcoming economic and social crisis. Policymaking at EU level took a very different direction from the predominantly intergovernmental response to the 2008–2010 crisis, mostly under the impetus of the newly appointed von der Leyen European Commission.

Given this context, the outline of the book was fundamentally altered. All chapters of *Social policy in the EU: state of play 2020* now consider, to a greater or lesser extent, the consequences of the unfolding public health crisis. Covid-19's hijacking of the book had important implications for the contributors, whom we asked not only to analyse key developments in the EU social agenda during 2019 but also to describe the initial Covid-19-driven EU and domestic policies between January and July 2020, thereby pushing forward the book's time horizon by six months. We are deeply indebted to the authors, all of whom managed to combine both angles and worked industriously in these difficult, extraordinary circumstances.

Chapter 1 by Karen Anderson and Elke Heins provides the general framework for the other contributions, discussing the impact of the 2019 European Parliament elections and the appointment of the new European Commission on EU social and employment policy. While Covid-19 interfered with both the timing and substance of several planned initiatives, the authors point out that the crisis triggered some remarkable developments, such as the SURE mechanism. These are discussed in detail, explicitly considering the main areas of contention among relevant stakeholders. All in all, it would seem that recent developments have prepared the ground for more EU social policy activity.

In Chapter 2, Eleanor Brooks, Anniek de Ruijter and Scott Greer convincingly show that soon after the initial confusion in the weeks after the outbreak of the pandemic – and despite the EU’s limited competences in this area – Member States, under the aegis of the European Commission, quickly started to cooperate to mitigate the spread of the virus. The authors analyse the prospects for future EU health policy in light of the window of opportunity created by the pandemic: while the European Commission is preparing a new narrative in the area of health care in a crisis context, the EU’s involvement in this area remains contested territory and exogenous factors may quickly shift Member States’ perceptions.

The national and EU responses to the pandemic in terms of economic, labour market and social policies are discussed by Martin Myant in Chapter 3. The author presents the complex reality of the dire economic impact on Member States, especially in hard-hit sectors such as tourism and hospitality. The chapter also discusses the initial social consequences (even if they are difficult to quantify at this early stage) and the national responses to them, such as measures to keep those sectors most affected by the crisis afloat. The author critically assesses the EU’s unprecedented support measures, warning against unintended consequences such as a further widening of economic and social divergence across the EU.

‘All crises have gendered impacts and Covid-19 is no exception’ is the starting point of Chapter 4 by Jill Rubery and Isabel Tavora: although both men and women face major risks of losing their jobs, women are more at risk in this crisis compared to previous ones. Their risk of losing income and economic independence has also increased greatly in the pandemic due to school closures making combining wage work with parenting much more difficult. To counter these risks and take advantage of the unprecedented pace of and readiness for change, the authors suggest important ways forward for EU policymaking.

Chapter 5 by Éloi Laurent discusses the main features of the European Green Deal, highlighting its value added as well as its shortcomings, including the commitment to economic efficiency to the detriment of social justice and environmental sustainability. The author then makes the case for a reappraisal of the EGD, calling for a European commitment to robust social-ecological policies embedded in a ‘just transition’ framework. This commitment should be carried out by building a European ‘social-ecological’ state calibrated for the 21st century, able to address current needs without compromising on the future of the EU and its citizens.

In Chapter 6, Sebastiano Sabato and Matteo Mandelli address how the EU has tried to promote sustainable development through its policies, examining the decisions of the von der Leyen Commission to integrate the Sustainable Development Goals (SDGs) into the European Semester. The authors show that, while the 2020 cycle of the Semester has been made more consistent with the logic of the UN 2030 Agenda and the SDGs, major shortcomings in terms of governance have emerged, including the impossibility to cover all 17 UN SDGs through the Semester. The full and coherent integration of the Agenda 2030 in EU policymaking is a complex endeavour, constituting an ongoing governance conundrum for the EU.

The renewed ambition to develop an EU framework for minimum wages is discussed in chapter 7 by Ramón Peña-Casas and Dalila Ghailani, who ask, *is it a solution to the ongoing increase in in-work poverty (IWP) in Europe?* The authors review a large range of social and employment policies with a direct or indirect influence on IWP, concluding that a European minimum wage framework will most likely help reduce in-work poverty but will certainly not be enough. While the recent Commission proposal for a Directive on adequate minimum wages may end up being a very general framework, it does have the great merit of putting the issue squarely on the EU agenda.

The concluding chapter by the editors provides a synthesis of the analyses presented in the chapters, updates them wherever relevant (through November 2020) and situates the key findings in the wider debates on the EU social dimension. The chapter discusses the fate of the European Semester in the light of the new Recovery and Resilience Facility and assesses the wiggle room left for social affairs players in the EU's recovery strategy: clearly, the 'socialisation' of the EU's overarching governance framework is under pressure. It also raises the question of whether the ongoing 'crisisification' of European policymaking may, ultimately, pave the way for further European integration.

The Chronology 2019 by Boris Fronteddu and Denis Bouget summarises the key events in the EU's social, ecological and economic affairs, beginning with the 20th anniversary of the creation of the euro on 1 January and ending with the European Parliament and the Council of the EU reaching informal agreement, on 19 December 2019, on the recast of the 'drinking water' directive. A second chronology by the same authors summarizes the EU response to the first wave of the Covid-19 pandemic between January and August 2020. What stands out is the impressive number of legislative acts adopted at EU level in this very short period in order to mitigate both the health and the socioeconomic consequences of the pandemic.

The European Social Observatory has again worked closely with the European Trade Union Institute (ETUI) and renowned external scholars to draw up this year's edition of the book. Through this collaborative publication, we aim to contribute to the debate between policymakers, social stakeholders and the 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 20th-anniversary issue of the ETUI's *Benchmarking Working Europe*, which provides a state-of-the-art analysis of the impact of the pandemic on the world of work.¹

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

Bart Vanhercke, Slavina Spasova and Boris Fronteddu (OSE)
Nicola Countouris and Philippe Pochet (ETUI)

1. ETUI and ETUC (2020) *Benchmarking working Europe 2020. Covid-19 and the world of work: the impact of a pandemic*, Brussels, ETUI. <https://www.etui.org/publications/benchmarking-working-europe-2020>

Chapter 1

After the European elections and the first wave of Covid-19: prospects for EU social policymaking

Karen M. Anderson and Elke Heins¹

Introduction

The new European Parliament and European Commission took office in July and December 2019 respectively, in the context of the United Kingdom's imminent departure from the European Union (EU) and longer-term challenges posed by climate, technological and demographic change. Headed by Ursula von der Leyen, the new Commission announced ambitious plans for the next five years based on six main political guidelines: a) a European Green Deal; b) an economy that works for people; c) a Europe fit for the digital age; d) protecting our European way of life; e) a stronger Europe in the world; and f) a new push for European democracy (von der Leyen 2019: 4).

A raft of legislative proposals, communications and strategies were put forward in the first half of 2020 to implement these six headline strategies, in effect replacing the previous Europe 2020 Strategy of 'smart, sustainable and inclusive growth' and its seven flagship initiatives launched a decade ago (European Commission 2010). The transition to a 'fair, climate-neutral and digital Europe' was particularly prominent in the new Commission's initial Work Programme published in January 2020 (European Commission 2020d).

The Covid-19 outbreak that spread through Europe from January 2020 onwards soon complicated these ambitious plans. The Commission and Parliament face considerable challenges due to the rapid and deep economic downturn caused by the lockdown and the contraction of the EU budget as a result of the UK's departure on 31 January 2020. But the pandemic also gave urgency to a coordinated European response to the public health and economic challenges posed by Covid-19 (see Brooks *et al.*, this volume). An important breakthrough was reached in July 2020 when the European Council adopted a hard-fought compromise on the European Recovery Plan proposed by the Commission at the end of May. In its Adjusted Work Programme for 2020 (adopted in May 2020), the European Commission (2020a) confirmed its determination to deliver on the commitments made in the January Work Programme, but amended the timing of some of the proposed actions to prioritise those needed to boost Europe's recovery from the Covid-19 crisis. Importantly, the Commission remains committed to its two flagship initiatives, the European Green Deal and the Digital Strategy, regarded as essential in building 'a more resilient, sustainable and fair Europe' (*ibid.*: 2).

1. Authors are listed alphabetically and contributed equally to the chapter. They would like to thank the editors as well as anonymous external reviewers for constructive comments on earlier versions of this chapter. The usual disclaimer applies.

This chapter analyses whether the election of a new European Parliament in 2019 and the appointment of the von der Leyen Commission imply a significant turn regarding Social Europe, not least in the context of the Covid-19 pandemic and its economic fallout. As we will show, the new Commission's social and employment agenda builds partly on key initiatives introduced under the previous Commission such as the European Pillar of Social Rights (EPSR), but also deviates in important respects from the course charted by the Juncker Commission. Most importantly, climate change moved centre stage in 2019, not least due to the success of Green parties in the European Parliament elections (see Section 1), but also reflecting generational change towards widespread acceptance of the existence of a climate emergency. This new focus on climate – and also digitalisation – has important implications for the European social dimension, as it indicates a broader conception of social protection (see Laurent, this volume) and a potential opening for the reinvigoration of EU involvement in the social field.

In line with recent research, our analysis emphasises the role of European elections and party politics as well as the Commission's role as policy entrepreneur in shaping the direction of Social Europe. We challenge recent accounts of EU social policy development that claim the 'end of Social Europe' (Graziano and Hartlapp 2019) or emphasise the Commission's liberal orientation concerning social and employment policies (Crespy and Schmidt 2017). We argue that the pro-EU majority in the European Parliament and the partisan composition and entrepreneurship of the Commission have the potential to prepare the ground for more social policy activity rooted in the expanded use of both soft coordination and legislation in pursuit of a wider set of social goals.

The remainder of this chapter is structured as follows: Section 1 discusses the impact of the 2019 European Parliament elections and the appointment of the new Commission on social and employment policy, taking into account prevalent divisions among the key actors. Section 2 examines European social policy in the context of embedding the EPSR into the European Semester and the outbreak of the Covid-19 pandemic. Section 3 looks at key proposals and initiatives in 2019 and the first half of 2020, explicitly considering the main areas of contention among relevant stakeholders. The last section concludes and discusses whether the new Commission's Work Programme and its approach to collaborating with the European Parliament and European Council signify a turning point in advancing the European social dimension.

1. Setting the agenda: the 2019 European Parliament elections and the new von der Leyen Commission

1.1 The European Parliament election results

Elections to the European Parliament took place between 23 and 26 May 2019. Besides being overshadowed by Brexit, the elections were historic in two ways. First, voter participation was fairly high (50.3%, the first rise in turnout in European elections), pointing to Europeans' increased interest in EU affairs and the future of the European project, and to a weakening of the 'second-order' character of European elections (Galpin and Trenz 2019). Second, the 2019 elections ended the dominance of the two

main centrist groups: the combined seats of the centre-right European People's Party (EPP) and the centre-left Progressive Alliance of Socialists and Democrats (S&D) had commanded an absolute majority in the European Parliament since 1979, enabling them to control the Parliament's agenda. This is no longer the case. They now have 335 seats (EPP: 187; S&D: 148) in the 705-seat Parliament after Brexit on 31 January 2020. The pro-European liberal Renew Europe (RE) group has 97 seats, while the European Conservatives and Reformists Group (ECR) formed in 2009 continues as a more eurosceptic group to the right of the EPP (62 seats). In particular, the Greens (67 seats) and far-right populists (grouped together in the Identity and Democracy political group) picked up votes from the centrist parties. Though not faring as well as predicted by some pollsters, the latter still increased their share of total seats from about 20% to 25% (76 seats). The far-left is represented by the Confederal Group of the European United Left/Nordic Green Left (GUE/NGL), with just over 5% (40 seats) the smallest of all political groups in the European Parliament. The remaining 27 seats are not linked to a political group (European Parliament 2020).

Ferrera (2017) suggests that several lines of conflict may slow progress on social Europe: first, traditional divides between the political left and right over 'market-making' versus 'market-correcting' priorities, second a divide between pro-integrationists, who favour a binding EU interference in welfare states and national labour markets, and anti-integrationists, who support national sovereignty on social matters. A third tension, previously more latent but increasingly manifest since the sovereign debt crisis, has emerged between 'creditor' and 'debtor' countries. A fourth fault line is linked to free movement, access to national welfare states and 'social dumping'. While the third cleavage broadly speaking differentiates northern and southern Member States, the fourth is linked to eastern enlargement, territorially separating 'high wage/high welfare' regimes in the old (western) Member States from 'low wage/low welfare' regimes in the new (eastern) Member States. Empirical research on voting in the European Parliament has confirmed that the old 'left versus right' and 'pro versus contra further European integration' conflict lines remain important and that the new tensions between 'creditor' and 'debtor' countries and to a lesser extent between 'high wage/high welfare' and 'low wage/low welfare' states' explain support for and rejection of the adoption of the EPSR (Vesan and Corti 2019).

These cleavages are fully reflected in the 2019 European election results. While the left/right divide remains salient (even if less so than previously), it now intersects with a pro-Europe/anti-Europe one. While there is still a pro-EU majority in the European Parliament, the decline of the two main party groups (EPP and S&D) means that it is more polarised because of the *cordon sanitaire* around the radical right eurosceptic party groups. These centripetal forces complicate the Parliament's capacity to construct stable coalitions, thus decreasing its effectiveness in inter-institutional negotiations (Ripoll Servent 2019). This can be expected to create somewhat uncertain conditions for progress on social policy, as support from more business-friendly MEPs in the EPP and RE is needed. The dividing lines around socio-economic inequalities have also become more complex because of the newer cleavage around ecological sustainability. While both the centre-right and centre-left largely support the 'greening' of the economy, there

are major divides between the EPP and S&D on what this means and how it should be achieved, in particular regarding the financing of what will be a costly transition to a climate-neutral economy.

This more complicated situation will make it difficult for the European Parliament to respond to the increasing partisan salience of social policy. A comparison of the electoral manifestos of the political groups in 2014 and 2019 shows that the social dimension increased in salience, with more support for market-correcting than for market-making social policy. Though employment was a key issue in both elections, more specific attention was paid to social policy in 2019, e.g. with reference to the EPSR, compared to the prevalence of more general normative statements on the social dimension in 2014 (Pagano and Regazzoni 2019).

As the new Parliament began its work, the European Council adopted (in June 2019) a new Strategic Agenda 2019–2024 to structure its activities for the next five years (European Council 2019). This built on unprecedented citizenship participation through new formats of consultations such as 1,800 town-hall-style debates in which hundreds of thousands of Europeans took part (European Commission 2020g). The agenda sets out four priorities, the second and third of which are central to social policy: ‘developing a strong and vibrant economic base’ and ‘building a climate-neutral, green, fair and social Europe’; the other two priorities are protecting citizens and freedoms and promoting European interests and values globally (European Council 2019). Overall, the slogans sound similar to those of the previous European Council strategy (European Council 2014): ‘stronger economies with more jobs; societies enabled to empower and protect; a secure energy and climate future’ featured as the first three of five overarching principles. Written in the aftermath of the Great Recession and sovereign debt crisis, the 2014 strategy was pervaded with concern for returning to economic growth. The key points discussed under the heading ‘a Union that empowers and protects all citizens’ were heavily biased towards supply-side measures such as skills development and human capital investment. However, there are noteworthy differences. Under the old strategy, energy policy was mainly discussed under the aspects of affordability and security, with sustainability only in third place. In the 2019 strategy, the term ‘social Europe’ features relatively prominently in the document, together with ‘climate-neutral’, ‘green’ and ‘fair’. The 2019 Strategic Agenda signals the importance of allocating resources to digital transformation, skills and education to foster future economic growth. The new focus on a carbon-neutral and socially just Europe is significant: climate policy is explicitly linked with social policy, emphasising that the burden of a green transition has to be fairly distributed. Implementation of the EPSR at EU and Member State level is regarded as a key factor to achieve this (European Council 2019: 5).

1.2 The appointment of the new EU Commission

The selection of Ursula von der Leyen (EPP) in July 2019 as Commission President was somewhat controversial, and this affected the negotiations concerning the new College of Commissioners. Von der Leyen emerged as a compromise candidate because the European Council did not support the *Spitzenkandidat* of the strongest political group,

Manfred Weber.² Von der Leyen set out a detailed programme of priorities in her bid to gain European Parliament approval. Notably, she expressed a strong commitment to building a special relationship with the European Parliament, supporting a right of initiative for the Parliament (European Commission 2020d). The Parliament flexed its muscles through rejecting three designated Commissioners in their vetting process, thus delaying the start of the new Commission by a month. With Council and Parliament support, the von der Leyen Commission finally took office on 1 December 2019, issuing its first Work Programme on 29 January 2020 (European Commission 2020d).

Foremost among its ambitions is the European Green Deal. Von der Leyen's Commission intends to make Europe the first continent to be carbon-neutral by 2050 and to achieve this via a 'just transition' that reconciles climate justice with a revamped and strengthened European role in social policies, including social protection. A Sustainable Europe Investment Plan and 'Just Transition Mechanism' are to support those regions and workers most affected by the economic and social costs incurred by the necessary changes to Europe's industrial economy in order to meet the ambitious climate targets. For example, access to reskilling programmes will be provided to workers in carbon-intensive sectors to help them gain access to new economic sectors (European Commission 2020b; Laurent, this volume). The Work Programme also promises to align EU policymaking with the United Nations Sustainable Development Goals (SDGs) and integrate these into the European Semester to guide the Commission's work across all policy areas (see Sabato and Mandelli, this volume).

'A Europe fit for the digital age' has moved up the agenda since the announcement of von der Leyen's six headline guidelines in 2019 (see above). From a social policy perspective, this headline importantly includes improving labour conditions for platform workers, focusing on their employment status, access to social protection, representation and collective bargaining (European Commission 2020d: 4).

Von der Leyen's agenda also emphasises a jobs-oriented, social market economy (an 'economy that works for people'). The Commission launched a consultation process in early 2020 (which ran until 30 November 2020) to implement the EPSR with a view to presenting an action plan in 2021 (European Commission 2020b). Important components are the proposal for a European Unemployment Benefit Reinsurance Scheme, full implementation of the Work-Life Balance Directive and a European 'Child Guarantee' to complement the existing Youth Guarantee which, in turn, is also to be reinforced (European Commission 2020e). A new Gender Equality Strategy 2020–2025 aims at closing labour market, pension, pay and care gaps and achieving gender balance in politics and decision-making (see Rubery and Tavora, this volume). As one of the Strategy's first deliverables, the Commission will propose binding pay transparency measures by the end of 2020 (European Commission 2020c). The Commission also promises to put forward 'a legal instrument on fair minimum wages for workers in the EU, in consultation with social partners and all relevant stakeholders' (European

2. The *Spitzenkandidat* process was introduced in 2014 by the European Parliament, resulting in the election of Jean-Claude Juncker (EPP) as Commission President.

Commission 2020d: 5; see Peña-Casas and Ghailani, this volume). A strengthened social dialogue is another important aim (European Commission 2020b).

Von der Leyen (2019) underlines the importance of closer cooperation between the European institutions. Indeed, her work programme is greatly influenced by the main priorities of the European Council's Strategic Agenda for 2019–2024 (as outlined in European Council (2019) and calls by the European Parliament; e.g. the Child Guarantee was first suggested by the Parliament in 2015 (European Parliament 2015). As a major innovation, the European Commission and the Parliament also announced the strengthening of participatory democracy through a 'Conference on the Future of Europe' to give citizens their say on how the Union should be run and what it should deliver on. It aims at bringing together people from across the EU as well as representatives of civil society, Member States and European institutions. Initially planned to be launched in 2020, the Conference has been postponed until epidemiological conditions allow for this type of exercise (European Council 2020).

The von der Leyen Commission breaks with the past by appointing three Executive Vice-Presidents (EVPs) and five Vice-Presidents (VPs) to manage Commission work on thematic priorities. The selection and roles of the three EVPs suggest an attempt to build a broad coalition within the Commission in favour of strong social protection (broadly defined) and robust labour markets. Frans Timmermans, a social democrat, is EVP for the Green Deal; Margarete Vestager, a social liberal, is EVP for digitalisation; and Valdis Dombrovskis, a liberal conservative, is EVP for 'an economy that works for people'. All three are from small Member States, both old and new.

Nicolas Schmit (S&D, Luxembourg) was appointed the new Commissioner for Jobs and Social Rights,³ falling under the EVP 'an economy that works for people'. Von der Leyen's mission letter to Schmit is largely in line with the priorities set out in her agenda, tasking him with achieving the social policy aims of the Commission Work Programme. It emphasises the importance of employment as a source of welfare, in terms of both decent and fair wages and access to training and education for those outside the labour market.

The introduction of three EVPs and five VPs for specific topics suggests that von der Leyen intends to improve the Commission's role and influence in interinstitutional relations. The revamped structure strengthens leadership on thematic priorities by introducing the EVP designation for the commissioners responsible for climate action (Timmermans), trade (Dombrovskis) and competition (Vestager) and increasing the number of VPs from four to five. There is scholarly consensus that the Commission's influence has decreased somewhat in the post-Maastricht era due to the European Parliament's growing activism and the creation of further European agencies such as the Fundamental Rights Agency and the European Food Safety Authority (see

3. Initially commissioner-designate for 'Jobs' only, this would have meant that no commissioner had a 'social' remit in their title. Following pressure from S&D members of the European Parliament and trade unions, this title was changed. Also, the controversial VP for 'protecting our European way of life' was renamed 'promoting our European way of life' in November 2019.

Schimmelfennig 2015). While the mainstreaming of social policy across Directorates offers the potential for social policy to gain an elevated status, at the same time the danger looms that economic concerns will once again trump social aims.

1.3 The Romanian, Finnish and Croatian presidencies of the Council of the EU

The Council's 18-month 'Trio' programme of the Romanian, Finnish and Croatian presidencies of the Council of the EU (European Council 2018) took place against the background of Brexit, the European Parliament elections, von der Leyen's selection as Commission President and the spread of the Covid-19 pandemic. Although the Trio programme did not even mention the EPSR (see also Vanhercke 2020), some notable progress was nevertheless made on social affairs. The Romanian presidency (first half of 2019) emphasised the main themes of convergence and economic, social and territorial cohesion, with significant legislation including the Work-Life Balance Directive and the establishment of the European Labour Authority (ELA) (see below; Romanian Presidency of the Council of the EU 2019).

The priorities of the Finnish presidency (second half of 2019) included initiatives to promote a competitive and socially inclusive EU and to make the EU a leader in climate action. A strong emphasis was put on the concept 'economy of wellbeing', but unlike the green agenda this did not seem to gain further traction at EU level. On legislation, the Finnish presidency prioritized managing the negotiations on a directive on equal treatment and on a revision of the social security coordination regulation (Finland's Presidency of the Council of the EU 2019), but failed to secure an agreement on the latter (see Section 3.2).

The Croatian presidency (first half of 2020) took account of the new Commission Work Programme and focused on achieving an agreement on the EU Multiannual Financial Framework (MFF) for 2021–2027 on which no compromise had been reached under the previous two presidencies (Croatian Presidency of the Council of the European Union 2020). Negotiations on the MFF have been contentious due to the opposition of affluent northern Member States (mainly the Netherlands, Austria, Sweden and Denmark, also known as the 'Frugal Four') to a significant expansion of the EU budget (see also Myant, this volume).

Though the EU budget is relatively small (about 1% of EU GDP), the increasing ambitions of the Commission (and the Parliament) and the increased costs of EU efforts related to migration, defence and other areas led to pressure to increase the budget to about 1.11% over the seven-year cycle. Moreover, the United Kingdom's departure from the EU leaves a gap in the EU budget of about €10–15 billion, causing conflict about how to fill the hole. The net contributors fear having to pay more, while the net beneficiaries oppose reductions in the EU programmes from which they benefit (such as the cohesion funds). The February 2020 Council failed to reach agreement on a compromise MFF level of 1.07% of EU GDP. The Special European Council in July 2020 finally managed

to strike a deal on the 2021–2027 budget, but flagship policies were severely curtailed in the final agreement. For example, to achieve a compromise, the total budget of the Just Transition Fund was reduced from €40 billion to €17.5 billion as a result of pressure from the ‘Frugal Four’ (Morgan 2020).

The Croatian presidency was greatly overshadowed by the outbreak of Covid-19 in Europe in early 2020. EU institutions have since been preoccupied with crisis decision-making related to Covid-19, further delaying action on the MFF. Commission President von der Leyen tried to break the stalemate concerning financial assistance to Member States most negatively affected by the Covid-19 emergency (mainly in southern Europe) by proposing a Covid-19 recovery fund as part of the MFF (see below; Myant, this volume). Overall, the three presidencies did not leave any strong mark on the EU’s social dimension, and the agenda was mainly determined by the Commission and the European Council.

2. Social policy in the European Semester and in the context of Covid-19

2.1 Implementing the European Pillar of Social Rights

Adopted as a solemn declaration by the EU institutions in November 2017, European social policy gained a solid footing through the EPSR. Any further progress on the social dimension depends on EPSR implementation. Importantly, the EPSR – one of Juncker’s key political ambitions – has been fully endorsed by the new Commission President. Revealingly, von der Leyen’s mission letter to Commissioner-designate Schmit in late 2019 tasked him with developing an action plan to implement the EPSR, thus indicating that this had not happened earlier (Tricart 2020). Its rights-based language notwithstanding, EPSR implementation relies mainly on the Open Method of Coordination (OMC) and its soft law mechanisms of benchmarking and recommendations due to the subsidiarity rule that determines social and employment policy in general. Exceptions to this rule are the principles of gender equality and equal opportunities as well as most principles listed under the EPSR’s ‘fair working conditions’ chapter, as these are regulated by EU-level legal standards.

Despite criticism of the effectiveness of the OMC, its learning and benchmarking tools have been reinforced over the years and now serve as the main instruments in the implementation of the EPSR. There is strong support for the OMC in the Employment and Social Protection Committees as it provides a means for achieving upward convergence. The EPSR’s integration into the European Semester also gives it some bite via the scrutiny process of National Reform and Stability/Convergence Programmes. One of the first tangible results of the EPSR was the implementation of a 2019 Council Recommendation on access to social protection (Vanhercke 2020; see also Section 3). However, since implementation often burdens Member States with considerable costs or relies on the social partners, new directives or other measures in these areas will not necessarily lead to upward social convergence (de la Porte, forthcoming).

The Commission's Work Programme also commits the EU to integrate the United Nation's SDGs into the European Semester. It is hoped that this will help align economic and employment policies with the SDGs as well as the European Green Deal targets through monitoring progress and ensuring closer coordination of Member States' efforts (see Sabato and Mandelli, this volume, for an appraisal of progress made in these areas).

The Commission's Work Programme also announced the establishment of a European Child Guarantee by 2021, ensuring access to basic rights for every child at risk of social exclusion. A recent analysis of the extent to which child poverty and children's rights were considered found that there is currently not sufficient focus in the European Semester on child wellbeing (Eurochild 2019). A child guarantee would also link in with the EU's commitment to meet the SDGs, such as ending (child) poverty.

Finally, the Work Programme announced the Commission's intention to put forward a proposal for a European Unemployment Benefit Reinsurance Scheme (EUBRS) in the fourth quarter of 2020. Welcoming this, the European Parliament's Employment and Social Affairs Committee has also called for an analysis of the need to introduce minimum standards for unemployment insurance systems in Member States. While a temporary scheme directing Support to mitigate Unemployment Risks in an Emergency (SURE) has been set up as a response to Covid-19 (see below and Myant, this volume), the establishment of a future permanent EUBRS is not ruled out.

2.2 Social partner involvement in the Semester

While the social partners, especially the trade unions, generally support the EPSR, there is a fear that certain legislative initiatives could undermine collective bargaining at Member State level (de la Porte 2019). Given the sensitivities about national systems of collective bargaining, one of the most important recent initiatives that warranted social partner input was the European Parliament resolution in October 2019 to propose a legal instrument to ensure fair minimum wages for all workers in the EU. In January 2020, the Commission launched the first of two phases of consultation with the social partners on this issue, with the second phase starting in June 2020 (see Peña-Casas and Ghailani, this volume).

Despite a waning of their organisational and political resources, the social partners – in particular trade unions – play an important role in a functioning democracy by providing input, output and throughput legitimacy (Schmidt 2013).⁴ This role is crucial at a time of crisis and rising euroscepticism. The Juncker Commission (2015–2019) tried to relaunch European social dialogue following a decline in the relationship between the social partners in the shadow of the Eurozone crisis. The success of this

4. Input legitimacy focuses on the 'who' of decision-making and is achieved by involving those being governed in the decision-making process; output legitimacy focuses on the 'what' of decision-making and is achieved when policies are effective in addressing the needs or concerns of key stakeholders; throughput legitimacy focuses on the process or the 'how' of decision-making and is achieved when policy-making is seen as transparent or open (Schmidt 2013).

relaunch is disputed, though: from the perspective of the Commission, social dialogue has been reduced to a form of social concertation, and it has become more difficult to transpose European collective bargaining results into legislation. Bipartite social dialogue has also been hampered by the refusal of employer organisations to commit to binding agreements at European level (Tricart 2020).

The integration of social objectives through the EPSR into the European Semester cycle nevertheless provides a framework for more social partner involvement in social and economic policy design and implementation. Recent research on the involvement of trade unions in the European Semester has revealed that their influence on Semester-related decision-making is still mixed, while their influence on National Reform Programmes (NRPs) is perceived by trade unions themselves as low or absent in most countries examined. Their influence on the outcomes of national reform processes is dependent on the institutional, legal and political power of national trade unions (Sabato 2020).

A milestone achieved in June 2020 was the social partner Framework Agreement on Digitalisation that links the social with the digital agenda. Building on the mandate expressed in the mission letters to Commissioner Schmit and to the EVP for ‘A Europe fit for the Digital Age’, Margarete Vestager, the European Commission started a consultation process to ensure that working conditions can be improved through collective agreements, not only for employees but also for the vulnerable self-employed, particularly platform workers. This is in recognition of the fact that the concepts of ‘worker’ and ‘self-employed’ have become blurred in the digital economy and may thus have competition-distorting effects within the single market. The Framework Agreement sets out a joint process that can be adapted to national industrial relations systems and allows for sectoral and company-level situations to negotiate and monitor responses to the impact of digitalisation on the workplace, including skills, work organisation and working conditions (CEEP 2020).

Although the multitude of existing cleavages may prevent significant progress on the EPSR in the current legislative period (see Section 1.1), the Covid-19 crisis has given impetus to a number of initiatives that at least in the short term support the notion of ‘Social Europe’ by aiming for a ‘fair socio-economic recovery’. Amongst more concrete social policy measures are a scheme to mitigate unemployment risks during an emergency and a youth employment support package described in further detail below.

2.3 Next Generation EU recovery plan

Following separate economic rescue packages at Member State level and a protracted search for a common response, at the end of May 2020 the Commission proposed a ‘Next Generation EU’ recovery plan of €750 billion and an increased 2021–2027 EU budget of €1.1 billion. To finance the promised investments, the Commission will be able to borrow extensively on behalf of Members States on the financial markets by issuing bonds. In the context of the crisis, Member States were also helped by the use of the general escape clause under the Stability and Growth Pact (SGP) that allows for a

temporary deviation from the SGP's debt and deficit rules. These measures represent an unprecedented step in dealing with economic crises at EU level. They are significantly different to the EU's response to the 2008–2009 Great Recession and resultant sovereign debt crisis where initial short-term Keynesian Member State responses to stimulate demand were soon replaced by strict austerity measures under the dictum of the European Central Bank and Commission.

Despite the fairly quick and powerful response to the crisis in financial terms, these emergency measures can only strengthen the European social dimension if they are combined with EU regulation and the introduction of binding standards.

2.4 Temporary support to mitigate unemployment risks

In the wake of the sovereign debt crisis it has been increasingly argued that both a Banking Union and automatic fiscal stabilisers in the form of a centralized unemployment insurance are needed to complement the Economic and Monetary Union (EMU) and introduce risk-sharing among members. Options of re-insurance of national unemployment benefit schemes in the Eurozone were first formulated by the European Commission in 2017, with an intense academic debate unfolding on this topic in recent years. However, no progress had been made in implementing these policy suggestions (Schmid 2019). In response to the Covid-19 pandemic and its economic fall-out however, a breakthrough has been achieved regarding a new instrument labelled 'temporary Support to mitigate Unemployment Risks in an Emergency' (SURE). SURE will provide EU financial assistance of up to €100 billion in the form of loans granted on favourable terms to Member States setting up short-time work schemes and similar measures to preserve employment (European Commission 2020f).

While this is an important tool at EU level and inserts some risk-pooling into the EMU, the initiative should not be mistaken for a proper European unemployment insurance scheme with individually claimable benefits. SURE is an instrument providing extra financial support to Member States in which employers have to temporarily lay off workers or drastically reduce working hours as a result of the pandemic. Whether it proves to be more than a temporary emergency mechanism and can be turned into a tool to generate intra-European solidarity remains to be seen. An experimental study has found that public opinion on hypothetical European unemployment insurance schemes is divided along both the left-right cleavage and views on European integration. Cross-border redistribution is an especially polarizing issue, yielding strong support from left-wing pro-Europeans and strong opposition from right-wing eurosceptics (Kuhn *et al.* 2020).

2.5 Youth Guarantee

Introduced in 2013 under the Barroso Commission at the peak of the previous youth unemployment crisis, the Youth Guarantee commits all Member States to ensure that all young people under the age of 25 receive a good quality offer of employment, continued

education, apprenticeship or traineeship within a period of four months of leaving education or becoming unemployed. Financial support was made available in the form of the Youth Employment Initiative and earmarked funding from the European Social Fund, to be match-funded by Member States. After a slow start, the Youth Guarantee has become a well-established policy implemented across the EU. In 2017, the Youth Guarantee was linked to the EPSR (Andor and Vesely 2018; European Commission 2020e). Concerns remain over the extent to which it has reached vulnerable young people and whether it has promoted an increase in precarious work. While trade unions were the driving force behind the introduction of the scheme by then-Social Affairs Commissioner László Andor, the quality of some job or training offers has been questioned, leading to the call for trade unions to be more involved in the monitoring and future design of the Guarantee (Voet and Jarc 2020).

In response to the Covid-19 crisis and the disproportionate effect lockdown measures had on youth labour markets, the Commission adopted a Youth Employment Support package on 1 July 2020. Promising at least €22 billion⁵ spending on youth employment measures, the Commission put forward a proposal for a Council Recommendation to introduce ‘a Bridge to Jobs for the Next Generation’ to reinvigorate the Youth Guarantee (European Commission 2020e). The proposal acknowledges that young people are overrepresented in non-standard jobs, such as platform work, which often lack access to adequate social protection. Moreover, young people on entry-level jobs run a relatively high risk of losing their jobs to automation. However, the transition towards a more digital and greener economy will also offer new opportunities requiring young people with the relevant skills. The upgraded Youth Guarantee thus aims at aligning the vocational education, training and skills agenda with the green and digital agendas, potentially creating positive synergies.

3. Social policy agreements and setbacks January 2019–June 2020

3.1 Notable social policy agreements

European institutions were able to move forward in several areas during 2019 and the first half of 2020. First, the Directive on Transparent and Predictable Working

Conditions was adopted on 13 June 2019 after negotiations between the Council and the European Parliament. The directive originated in a Commission proposal of December 2017 to revise Directive 91/533/EEC (‘Written Statement Directive’) that gave employees the right to written information on the key aspects of their employment relationship. The new directive resulted directly from the proclamation of the EPSR. Opposition from some countries, including Germany and the Czech Republic, slowed progress (Fronteddu and Bouget 2020). The directive establishes a set of minimum rights for workers, including transparency and predictability concerning remuneration, paid leave, working time and social security, in response to the increase in non-standard

5. Critics argue that, to be effective, the scheme – now extended to young people up to the age of 29 – would need a budget of around €50bn (Voet and Jarc 2020).

employment, especially in the ‘gig economy’. Importantly, it also attempts to standardise the definitions ‘employee’, ‘employment relationship’ and ‘employment contract’. The directive’s provisions apply to those working three hours per week or more (over four weeks; see paragraph 11, EP and Council of the EU 2019c), as well as those on zero-hour contracts.

Another initiative attempting to improve working conditions for the increasing share of the labour force in non-standard employment is a Council Recommendation on access to social protection for workers and the self-employed, a key element of the EPSR (Council of the EU 2019). The vulnerable or concealed self-employed in particular suffer from the lack of access to contributory insurance-based schemes (Spasova and Wilkens 2018). The measure recommends that Member States establish minimum standards in the field of social protection and ensure formal and effective coverage, adequacy and transparency for all workers and the self-employed. One motivation behind it is also to ensure a level playing field on the labour market and to improve statistics and monitoring. As a soft law measure, the recommendation promotes dialogue and mutual learning activities but leaves it to Member States how to design reforms. While currently lacking bite, the recommendation may pave the way for binding initiatives in the future (see Armstrong 2016 for examples of soft law measures leading to hard law later on).

Third, the Work-Life Balance Directive entered into force on 1 August 2019 (EP and Council of the EU 2019a). This directive aims to modernise existing EU legislation to improve the work-life balance of parents and carers; to promote the more equal sharing of parental leave between men and women; and to improve women’s status on the labour market. One important feature is the introduction of paid paternity leave: fathers have the right to ten days’ leave at a rate at least equal to sick pay. Two of four months of parental leave are non-transferable (the level of compensation to be decided by Member States). Carers also have the right to five days’ leave per year, while workers have expanded rights to request flexible working arrangements when their children are younger than eight. Other provisions promote using European funds to increase formal care provision, protect parents and carers against dismissal, and decreasing disincentives for dual-earner households. Critics remarked that disagreements among Member States led to a lowest common denominator approach (Vanhercke 2020). Nevertheless, the directive represents a significant regulatory change from the Parental Leave Directive that it replaces, introducing a payment obligation for parental leave. It may thus have degenderizing effects on care practices (de la Porte *et al.* forthcoming).

There was also progress on institution-building. The European Labour Authority (ELA) was established in Bratislava (EP and Council of the EU 2019b). The origin of the ELA was Commission President Juncker’s announcement in his 2017 State of the European Union Address, while its rationale stems from the EPSR. A central idea behind the ELA is to facilitate labour mobility under fair and transparent conditions and to respond to potential abuses. The aims of the ELA are to ensure that individuals and employers have access to relevant information about their rights and obligations concerning free movement; to encourage cross-national cooperation in the enforcement of EU law; and to try to resolve disputes regarding cross-border employment. Provisional agreement on the ELA was achieved in February 2019 under the Romanian presidency, and it is

envisioned that it will be fully operational by 2024. ELA governance will be based on a management board with representatives from the Commission and EU Member States. A stakeholder group will provide expertise and advice. The ELA thus bundles existing committees and networks in an effort to streamline activities related to employment rights (Cremers 2020).

Three years after its initial proposal by the Commission, a landmark agreement was ultimately adopted by the European Parliament in early July 2020 on the EU road transport sector ('Mobility Package I', consisting of two regulations and one directive). It brings significant social improvements to truck-drivers' working conditions by prescribing rest periods outside the cab and ending distortion on competition by clearer rules on remuneration regarding posted drivers in international transport. Two aspects of the mobility package are, however, a considerable setback for the target of carbon-neutrality by 2050: the mandatory return of vehicles to the Member State of registration every eight weeks (a measure targeting 'letterbox companies') and restrictions imposed on combined transport operations, which will lead to unnecessary emissions and pollution.

Finally, the revised directive on exposure to carcinogens or mutagens at work (Directive 2019/983 (EU), amending Directive 2004/37/EC) came into force in 2019. The legislation was part of a wider effort to improve European legislation on occupational health and safety, even though Vogel (2018) warns that 'one swallow doesn't make a summer'.

3.2 Setbacks

Despite significant efforts by the Romanian and Finnish presidencies, the Council and the European Parliament failed to reach agreement on revised regulations on the coordination of social security systems. The aims of the Commission's 2016 proposal were to enhance and clarify the rights of mobile workers in light of changing labour market conditions (European Commission 2016); to reduce employers' abuse of labour mobility provisions; and to link benefit receipt more closely with the Member State where contributions are paid. The latter was particularly important for unemployment benefits. Among other things, the proposal would have reduced the maximum posting period for posted workers from 24 to 18 months. The proposal also included an increase in the number of exportable months of unemployment benefit (from three to six) and clarified the responsibility of national social security systems when a cross-border worker is employed longer than 12 months in the host country.

The Council and the Parliament were far apart on three issues: the rules applying to cross-border workers, the export of unemployment benefits, and the aggregation of social security insurance periods for mobile workers. The Parliament took a centre-left position, arguing that cross-border workers should be able to choose which national social insurance system they would like to be covered by. The Council vehemently opposed this. Some Member States insisted that family-related benefits (child allowances, supplements to unemployment benefit) should be indexed to the cost of

living in the Member State where the benefit is received. Other Member States argued that the proposal would do little to reduce fraud (Cornelissen and De Wispelaere 2020). Ultimately the proposal failed due to an unlikely alliance of Eastern European and affluent Member States via the required qualified majority voting.

Discussion and conclusion

Despite a difficult political and economic context, the 2019 European elections and the appointment of the von der Leyen Commission have improved prospects for reinvigorating and reorienting Social Europe, at least rhetorically. Concerns over climate change and social protection were important issues in the European elections campaign, and the new Commission policy agenda emphasises a fair transition to a climate-neutral, digital Europe. Though the European Parliament still has a pro-Europe majority, it is increasingly polarised, thereby complicating von der Leyen's ambitious plans. However, the new Commission has taken important steps to restructure its internal organisation in order to improve its capacity for interinstitutional relations, especially its relationship with the Parliament. The Commission has also adopted a more inclusive and open approach by strengthening the role of the Parliament as 'the voice of citizens' and also by employing tools of participatory democracy, notably the planned Conference on the Future of Europe.

In the first half of 2020 the new Commission has tried to reinvigorate the social dimension, especially under the headline of 'an economy that works for people' but also by strengthening the link between social policy and climate security (via the Just Transition Fund) and the digital age (particularly regarding the social security of platform workers). The Green Deal is a real step forward for the EU, but questions remain about the financing of the various new proposals, not least given the Covid-19 crisis (see Vanhercke, Spasova and Fronteddu, this volume).

Though the left-right balance in the European Parliament makes furthering the social dimension challenging, the renewed entrepreneurship of key Commissioners could potentially help advance social Europe. In particular, aligning the social agenda with the European Green Deal and digitalisation strategy offers possibilities for creating useful synergies. The reinforced Youth Guarantee and the Framework Agreement on Digitalisation provide encouraging examples of this. However, it will be important to align social policy with the European Green Deal and digitalisation strategies effectively to make them mutually reinforcing, thus avoiding weaknesses such as those identified in the interinstitutional agreement on the Mobility Package. The mainstreaming of social policy across different vice-presidents is also promising, but success will require that social protection will not be subordinated to economic growth, fiscal consolidation and other 'hard' targets.

The rise of eurosceptic parties across the EU and in the European Parliament is likely to increase the salience of domestic politics in the EU policy considerations of Member States, constraining the scope for agreement on major reform. Many of the initiatives proposed by the new Commission and supported by the new Parliament reflect the

tension between the need for the EU to act in the social field and the competence accorded to it in the Treaties, in a context of Member State opposition to perceived interference with national welfare states – an all-too-familiar theme in the development of EU social policy. EU institutions are constrained by the limited legal basis for EU action in the social field and the principle of subsidiarity, yet jurisprudence in the Court of Justice of the European Union (CJEU) has often expanded social rights in the past (Caporaso and Tarrow 2009). The OMC continues to provide the most promising template for policy coordination in areas where the EU has limited or no competences, though for it to maintain its relevance it needs to be integrated into the EPSR and connected to the new EU headline goals.

The Covid-19 crisis has also led to some remarkable developments. The proposal to boost the EU budget to €1.85 trillion by a €750 billion Recovery Fund ('Next Generation EU') is clearly ambitious and signals European solidarity in tackling the pandemic and its economic and social fallout. We are currently witnessing a (short?) period of cross-national cross-party convergence supporting social and economic emergency measures due to the pandemic, similar to the initial policy responses to the 2008 financial crisis. The distributional implications of these short-term measures will only play out in the medium to long term when politics again start shaping both European and national responses. Covid-19 will undoubtedly overshadow the work of the European Parliament and European Commission in the years to come. Despite the financial and economic problems it is causing, the pandemic is nonetheless creating pressure for more coordinated European action in the face of the transborder challenges affecting all Member States. The new SURE mechanism, for example, is a quantum leap. In addition, as demonstrated by Brooks *et al.* (this volume), the European Member States began to work together very quickly in the throes of a major public health crises. This opens the prospect that Member States will be convinced of the value of a more integrated future EU health policy.

The launch of the European Commission's previous grand social policy strategy – Europe 2020 – coincided with the 2009–2010 economic crisis. The harsh austerity period that followed undermined the view of the welfare state as a productive factor or social investment (Vanhercke 2020: 111). Social actors at EU level eventually managed to reinvigorate the Social OMC through the Europe 2020 mandate and European Semester process (Armstrong 2016; Vanhercke 2020), so it is important for social policy to remain centre-stage in the new EU strategies as the Covid-19 pandemic continues to adversely impact European welfare, economic and health systems. For European economies to 'build back better', it is pivotal that social aims are not side-lined by any potential desire to achieve economic growth at any price.

Returning to the question whether the approach of the new Commission is a turning point in European social policy, there is an optimistic and a pessimistic outlook. On the one hand, there is some indication that the social agenda will be strengthened by linking it to the digital and climate agendas. On the other hand, it is too early to tell how the impact of the pandemic will play out in the long run. When the effects of the pandemic become less severe, there will certainly be distributional struggles about how to pay for

the various emergency measures put into place. When this happens, there is a real risk that social policy aims may be subordinated, once again, to budgetary issues.

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Chapter 2

Covid-19 and European Union health policy: from crisis to collective action

Eleanor Brooks, Anniek de Ruijter and Scott L. Greer

Introduction: crisis and collective action

The European Union (EU) did not look particularly good or effective in February and early March 2020 during the first weeks of the Covid-19 crisis. For many, the EU scarcely merited mention. It appeared to be side-lined – not just incapable, but ignored by Member States as core tenets of EU integration such as open borders and the prohibition of export bans were flouted. Amidst panic, national interests dominated.

Looking back, from the perspective of the summer of 2020, the initial confusion is not what stands out. What stands out is how quickly European Member States began to work together in the midst of one of the largest public health crises they have ever had to face. For almost its entire history, the two salient characteristics of EU public health policy have been its weak legal basis and the minimal enthusiasm from Member States for creating significant health policy at EU level. Covid-19 is changing that. The scope and salience of the EU's action in health is poised to increase significantly in the coming period.

The immediate response of the EU through March and early April 2020 included coordinating the repatriation of stranded citizens, sharing and jointly building up relevant epidemiological knowledge, stockpiling key supplies, reopening borders for medical and critical goods, initiating joint procurement processes for medical and protective equipment, deploying health personnel, and releasing new funds for urgent health care spending. As the first wave of Covid-19 passed, proposals for longer-term measures began to emerge. In addition to a vaccine development strategy and acceleration of the upcoming pharmaceutical strategy, the European Commission rolled out an ambitious new health strategy – 'EU4Health' – which is poised to receive a budget of €1.7 billion (compared to the last budget of around €450 million) for the period 2021 to 2027 (European Commission 2020a).¹ Some commentators and Member States have criticised the response as insufficient, while others have called for the EU to play a greater role in responding to health emergencies and supporting the strengthening of national health systems. Whilst there are no formal proposals to expand the EU's formal health competences, the political space for reconfiguring EU health governance is wider and more salient than ever before. The question, therefore, is whether that space – as a window of opportunity presented by a pressing health crisis – might lead to greater health integration.

1. In May 2020, the Commission proposed a public health budget of €9.4 billion. At the European Council summit in July, this figure was reduced to €1.7 billion. The final budget is currently being negotiated by the European Council and the European Parliament and is due to be formally adopted before the end of the year.

Reviewing the weak legal basis that Member States have provided for the EU's health action, this chapter argues that the EU has responded to Covid-19 in precisely the way that Member States intended – as little more than a tool of national governments. We go on to show, however, that the formal delimitation that circumscribes the EU in crisis response has been relatively ineffective at preventing the growth of EU influence in public health in the past (de Ruijter 2019) and that crisis events and the critical junctures that they produce have often resulted in an expansion of the EU's role over the longer term (Greer 2009). Outlining the EU's public health response to Covid-19, this chapter assesses the current window of opportunity and reflects upon the future role of the EU in health. *Does an increased policy space, a larger budget and an ode to solidarity suggest the beginning of a more impressive and redistributive European health care union* (Vollaard et al. 2016), or *will the EU continue to practice an unstable form of health federalism, operating primarily as a regulatory state* (Greer 2020a)? Adopting a past-present-future framework, the remainder of this chapter is organised as follows: Section 1 reviews the historical development of the EU's health policy and the tools consequently available to it when Covid-19 hit. Section 2 describes how these tools have been utilised in response to the crisis and the proposed changes to EU health policy currently on the table. Finally, Section 3 looks to the future, discussing the prospects for change in light of the EU's response to Covid-19.

1. The past: the development of an EU health policy

The inclusion of health within EU structures dates back to the European Coal and Steel Community (ECSC) Treaty of 1951, which created a public health exception to the free movement of coal and steel workers, in the absence of appropriate social security arrangements. Health would continue to feature in this way, as a justifiable exception to free movement rules, for decades to come. Paradoxically, this framing would prove key to Brussels' expanded involvement in health (de Ruijter 2019: 63). In the context of an EU built through the construction and regulation of markets, this has given health policy three distinctive faces (Greer 2014): a) actions targeting public health; b) legislation affecting health but rooted in the internal market; and c) measures addressing health within the context of the fiscal governance framework. The three-faces framework makes clear the limitations put upon EU health action by the Treaties and the different tools of governance available to it when responding to a health emergency.

1.1 EU public health policies: establishing a limited crisis response capacity

Article 168(4) of the Treaty on the Functioning of the European Union (TFEU) gives the EU the competences to harmonise Member State health laws in the areas of organs and substances of human origin, blood and blood derivatives, pharmaceuticals, and measures in the veterinary and phytosanitary fields. However, with regard to taking incentive measures for combating cross-border health threats, ordinary legislation is required. Outside of Article 168 TFEU, the EU has a mandate to protect health via action on consumer protection, the environment, and occupational health and safety (OSH). The latter field, covered by Article 153 TFEU, has been particularly relevant

during the Covid-19 crisis, as workplaces quickly became key sites of transmission, offering another avenue for EU action. In other areas of health, the EU is restricted to ‘complementing’, ‘encouraging’ and ‘coordinating’ Member State initiatives which can be enacted through guidelines, indicators and monitoring. Here, it makes use of soft(er) powers, such as creating networking forums and platforms – the Platform on Diet, Nutrition and Physical Activity and the Alcohol and Health Forum being two key, if ill-fated, examples – to bring together stakeholders and seek consensus on necessary actions. The EU establishes hubs of expertise – the Expert Group on Cancer Prevention, the Expert Group in Health System Performance Assessment and the Expert Panel on Effective Ways of Investing in Health are all good examples – to feed into common guidance, best practice and recommendations. It also directly funds research and projects implementing its health objectives, usually via the EU Health Programme, a funding instrument to support common and cooperative health projects (see Section 2.3 below). It has ample regulatory powers to affect health, through Treaty articles on social policy, health, consumer protection, and environment as well as the internal market and its global profile, but it has not always been easy to utilise these in pursuit of health objectives (Bartlett and Naumann 2020).

Most pertinent to its crisis response and management capacities are (a) the EU’s tools for communicable disease control through monitoring and data collection; and (b) its mechanism for civil protection. Communicable disease control is a classic area of international cooperation where European countries have been working across borders with one another for over a century (de Ruijter 2019). As a special case, the EU has funded the surveillance of communicable diseases since the 1980s. The Bovine Spongiform Encephalopathy (BSE) crisis had a profound constitutional impact on the EU, leading to the Treaty of Amsterdam amendment giving the EU the power to harmonise Member State policies in the specific areas of organs, substances of human origin, blood and blood derivatives, and specific measures in the veterinary and phytosanitary fields. This was followed by an uncoordinated and inefficient response to the SARS outbreak in 2003, which led to the establishment in 2005 of the European Centre for Disease Prevention and Control (ECDC), a hub to coordinate monitoring and data collection, and the creation of Unit 3C within the European Commission’s Directorate-General of Health and Food Safety (DG SANTE) for responding to cross-border health threats. The ECDC’s task is risk assessment, supported by surveillance and monitoring, and the development of some public communication strategies, though it has also begun to develop some operational capacities and to deploy specialists to affected regions (Greer 2012). It is, effectively, a network of scientists, public health experts and national communicable disease bodies, loosely coordinated by a team of 300 staff at its headquarters in Sweden. Unit 3C coordinates joint procurement for medical countermeasures and its head chairs the Health Security Committee. The latter is part of the EU Health Security regime that developed after the swine flu outbreak but had already been in place, in an informal and intergovernmental manner, since 2001 in response to the 9/11 and anthrax attacks. Only after the adoption by the European Parliament and Council of the EU Decision on Cross-Border Health Threats (2013) did this regime become formalised. Depending on the severity of the threat under discussion, Member States are represented on the Committee by ministerial officials with relatively high clearance and the political mandate to decide on mutual coordination (de Ruijter

2019). The Committee relies directly on the work of the ECDC, which also has a seat at the table, as does the European Medicines Agency (EMA). The 2013 Health Threats Decision also provided for the establishment of the Joint Procurement Agreement (JPA). It facilitates the collective purchasing of medicines, medical devices and other goods or services, such as laboratory equipment or personal protective equipment, with sufficient financing to support high-volume purchases.

The ECDC has had a number of successes since its creation, but its role is constrained on two fronts. Firstly, risk regulation in the EU is split across levels, with the ECDC and the EU responsible for risk assessment and Member States responsible for risk management (Pacces and Weimer 2020). As such, whilst the ECDC can inform, guide and recommend, the EU generally lacks the power to intervene or implement public health responses. The swine flu pandemic of 2009 (H1N1) illustrated the implications of this stark division of responsibilities, as many Member States reverted to protectionist approaches despite European Commission attempts at coordination. A second constraint, following from the first, is that crisis response depends upon communicable disease control capacities, infrastructure and resources at national level. These vary significantly, with several studies highlighting the dangerously patchy infrastructures that exist across Europe (Elliot *et al.* 2012; Reintjes 2012; Speakman *et al.* 2017; Flear and de Ruijter 2019). Moreover, as demonstrated during Covid-19, coordination between national communicable disease actors is minimal, and the EU is hampered in supporting such coordination by the absence of a clear map of national public health laws, competent bodies and emergency preparedness plans (Alemanno 2020; Greer and Matzke 2012).

Whereas, despite its challenges, the ECDC's role in emergency response works relatively well, the Civil Protection Mechanism (CPM) – the EU's disaster risk management tool – is trickier to operate. The EU civil protection framework is based on the solidarity clause in the TFEU which posits, in Article 222, that in the case of a large-scale crisis, natural or man-made disaster, Member States (and European Economic Area (EEA) states, which are also CPM members) are to help each other and stand together in solidarity. Within the CPM, response capacity is pooled by Member States to ensure quick deployment in the event of a crisis. An Emergency Response Coordination Centre (ERCC) monitors global events and maintains direct links with relevant national authorities; should a crisis arise, any Member State can request assistance and draw on the European Civil Protection Pool, a reserve of resources committed by national governments. However, despite the creation of an EU medical corps, the alignment of these tools with the Health Security Committee is far from evident. In 2019, the CPM was upgraded and supplemented by RescEU, a financial instrument that provides a legal basis for the EU to purchase emergency supplies in case of a large-scale event. In this model, the EU co-finances Member States' acquisition and maintenance of the resources belonging to the Civil Protection Pool.

1.2 Health via the internal market

The second face of EU health policy is where its promulgation – despite the carefully circumscribed language of Article 168(5,7) TFEU that limits EU power to harmonise Member State law for public health and health care – is propelled by internal market activities and law. Though Member States tried to use the Lisbon Treaty to make clear that the organisation, financing and delivery of health services is a national prerogative, the Court of Justice of the EU (CJEU) has consistently ruled that health services do not enjoy a default exemption from the laws of the internal market.² The result is that the EU has had a sustained and significant impact upon health via the enforcement of the ‘four freedoms’ – free movement of goods, services, people and capital – that form the cornerstones of the internal market and over which the EU enjoys considerable legislative power. The process works by targeting Member State provisions that favour national businesses or citizens, forcing their removal and re-regulating from above. Examples of this dimension of EU health policy abound, including the regulation of professional qualifications for health workers, the provision of health services in other Member States, the authorisation of pharmaceutical products and patient mobility. The latter is a particularly good example of an issue in which concern for the internal market can drive a complex, far-reaching and politically sensitive piece of health care legislation that either ignores health altogether or addresses the wrong element of it (Glinos 2012).

The development of health policy as a by-product of internal market growth is thus a mixed bag. In some cases, tobacco control being a notable example, health actors have been successful in harnessing the EU’s extensive market powers for the betterment of health (Jarman 2018). The more common occurrence, however, is the development of policies that affect health without holding health as an objective. Moreover, regardless of which of these routes to EU health influence is followed, Member State attempts to ‘keep Brussels out of health’ have been repeatedly thwarted. The Working Time Directive and its role in determining shift patterns for health professionals, and the Patients’ Rights Directive and its requirement that patients be allowed to seek treatment abroad, are two prominent cases in point.

1.3 Fiscal governance of health

Rooted in the EU’s fiscal governance framework, a final face of EU health policy has been more recently institutionalised. Though its origins stretch back to the mid-1990s (Baeten and Thomson 2012), this third face was born of the crisis in 2010, initially as a series of bailout packages for countries struggling to recover from the sovereign debt crisis in Europe, and later as a long-term framework to prevent a recurrence and ensure economic stability. Representing a large proportion of national expenditure, health soon became a target of the European Semester – the EU’s annual fiscal planning framework – and the EU began to make Country-specific Recommendations (CSRs) to Member States, calling on them to, for example, increase ‘cost-effectiveness’ and

2. Case C-158/96, *Raymond Kohll v Union des caisses de maladie* (1998), ECR I-1931; Case C-466/04, *Yvonne Watts v Bedford Primary Care Trust, Secretary of State for Health* (2006), ECR I-4325.

ensure ‘health system sustainability’. Whilst these are, formally, recommendations, the Semester is a form of ‘harder soft governance’, meaning that it is formally non-binding but supplemented by a number of more binding elements which increase pressure for compliance and introduce the possibility of sanctions or penalties (Bocquillon *et al.* 2020). This explains how situations have arisen whereby, for example, in spite of the limitations imposed by Article 168 (7) TFEU – the EU instructed France to review its policy on medical school admissions, and Austria to set and achieve targets for moving treatment outside of hospitals (Greer *et al.* 2016). It is another example of how a carefully delimited mandate and minimal enthusiasm from Member States have failed to exclude the EU from the health sector (Baeten and Vanhercke 2017).

However, here again the side-effect of this non-health policy in the field of health has been to cause disruptions and exacerbate existing divergences between Member States. Consequently, the process has faced opposition, particularly in the context of the Semester and the austerity measures that its earlier cycles imposed. Health actors – including in civil society and forums of national and EU officials – have worked effectively to undermine it by increasing its consideration of health objectives, interests and progress indicators (Greer and Brooks 2020). Though more recent cycles of the Semester have achieved a better balance between controlling national expenditure and encouraging social investment, the system continues to exacerbate internal divergence between the wealthy ‘creditor’ states in the north and the poorer ‘receiver’ states in southern and central Europe, forcing the latter into a permanent periphery (Greer 2020a; see also Clancy 2020).

The legacies of austerity and market primacy have been laid bare by the onset of Covid-19. Historic underinvestment has resulted in huge variance in the capacity of national health systems to respond, as well as in the reach and resilience of the public health infrastructure and the underlying health status of populations. Moreover, the free movement of people has facilitated a brain drain in the health professions, with (predominantly eastern and southern European) doctors and nurses migrating to better-paid positions in other (predominantly western and northern) Member States, prompting concern that under-staffed health systems would struggle to cope.

1.4 A constrained health policy and crisis response competence

The three faces of EU health policy, the way in which they have developed historically, and their potential trajectories in the aftermath of the current crisis are underpinned by the EU’s status as a regulatory state (Majone 1996). Rather than making use of the full range of taxing, spending and distribution tools available to governments, the EU relies heavily on regulation. Moreover, it is a special kind of regulatory state, in that its treaties instil a bias for regulation which is market-promoting, as opposed to that which compensates losers or cushions the impact of imposed rules (Scharpf 2002). This has its advantages. It enables the EU to function on minimal resources, since implementation of its regulations – the bit that costs money – is done by national governments (Page 2001), whilst enforcement is provided by national courts (Obermaier 2009; Kelemen 2011; Martinsen 2015). But it also removes from the EU’s toolbox some crucial components

of health policy, such as the financing of welfare programs or the redistribution of income via social policies and organising interstate solidarity. The three faces of health policy described above are a direct result of this constitutional asymmetry and are consequently driven by a neofunctional logic (Greer 2006; Kumm 2006a, 2006b). The steady expansion of the internal market requires continual regulation – be it to facilitate the provision of health services across borders, the movement of health professionals, or the sale of pharmaceuticals in different markets – which the EU provides. The inherent demand for further measures is met and pushed along by committed and strategic ‘entrepreneurs’ within the EU institutions (Haas 2004), who employ a strategy of creative opportunism and shape the health agenda (Cram 1994), as seen when the Court began to engage in health care law in the late-1990s (Brooks 2012).

The EU does however engage in some forms of redistribution, most notably through its various structural funds and its extensive research programmes (de Ruijter 2019). This applies to health too – structural funds can be used to finance health infrastructure, for instance modernising hospitals or procuring new medical equipment, while the Health Programme redistributes funds for health projects and initiatives, such as the development of common registries for rare diseases or networks of organisations working on similar issues. However, a stark imbalance persists, limiting what the EU can hope to achieve in health. Relying on regulation means that it can forcefully create a competitive market for health goods and services, but it cannot affect the distribution of an individual’s entitlement to said goods and services in their given Member State. This means that it can support, for instance, the development of a new vaccine, but cannot ensure that such an innovation will be evenly enjoyed across the EU (Hervey *et al.* 2017: 8-9).

2. The present: the EU health policy response to Covid-19

As outlined above, the imbalance in the EU’s regulatory and welfare roles, as established by Treaties at the behest of the Member States, limits its capacity in situations of immediate emergency. But as we have seen in Section 1, such crises can open windows of opportunity for longer-term institutional and legal change.

2.1 Initial crisis response

The EU’s role in the event of a crisis, under the existing legislative framework, is to support Member States in their response, acting as a hub for expertise, information and, theoretically, coordination (Hervey and McHale 2015; Flear and de Ruijter 2019). It has two resources at its disposal – its health security regime, including the ECDC and the EMA, and its regime for civil protection under the European Commission’s DG for Humanitarian Aid and Civil Protection (ECHO).

When we observe the initial response of the EU from a longitudinal perspective, comparing it with, say, the BSE and the swine flu outbreaks (de Ruijter 2019), the regimes now in place have brought some notable improvements. Whereas the swine

flu response at the level of the health ministries in the capitals was fully informal and intergovernmental, after the 2013 adoption of the Health Threats Decision (European Parliament and Council of the EU 2013), Member States had some established working methods and decision-making tools at their disposal. Clearly there is still some work to be done in situations where the emergency threatens all Member States; Italy's plea for help was ignored despite the presence of formal coordination mechanisms, as governments sought to protect their own supplies in the face of imminent threat. Indeed, a review of the minutes of the Health Security Committee³ shows in a staccato manner how information and decisions made at national level are shared and coordinated between Member States. Furthermore, the ECDC and the EMA were at the table in this context at all times.

In this regard the ECDC seems to have performed well within the confines of its purview. Pertinent data was collected and circulated and, though Member States generally did not rely solely on the EU (or the World Health Organization (WHO), for that matter) for guidance and information, the ECDC utilised its network of national contact points and fed into state-level committees and structures. The Commission, meanwhile, created a Clinical Management Support System – a variant of its successful European Reference Networks, which connect experts on specific rare diseases – and used this to facilitate communication between clinical professionals. Moreover, the Health Security Committee played its role and, once the initial series of knee-jerk, protectionist reactions had become untenable, was able to coordinate Member State responses and initiatives, for instance on joint procurement.

Slower to mobilise, it seems like the Civil Protection Mechanism worked in parallel rather than in deep coordination with the Health Security Committee process. Nonetheless, medical teams from Norway and Romania, and disinfectant from Austria, were dispatched to Italy in early April. Pre-existing weaknesses in civil protection were becoming apparent, however. The CPM primarily functions as a match-making service, coordinating the donation of pre-committed resources from countries with surpluses to countries in need, with the addition of some European reserves via RescEU. Since it depends on the willingness and ability of countries to contribute, however, the CPM does not work so well when all countries are experiencing shortages of the same things and are increasingly fearful for themselves (Greer *et al.* 2020). At the same time, there was the parallel process within the Health Threats Unit in the then DG Health (now SANTE) where there was already some experience in joint procurement of influenza vaccines. In this context, while funds and stocks remain at the participating Member States' disposal, there are many potential advantages in terms of purchasing power, negotiating positions and even solidarity exchanges. The current regime was built up to counter the inefficiencies resulting from a lack of solidarity in the response to swine flu. And although there are still many bridges to cross in this respect, the experience gained through previous purchases seems to have helped in the joint procurement of medical equipment for Covid-19. By contrast, the purchasing done in the context of the CPM through RescEU is fully centralised through DG ECHO and needs only

3. The minutes of the Health Security Committee can be accessed here: https://ec.europa.eu/health/hsc_covid19_en

one participating Member State. While increasing its potential for centrally deciding on solidarity exchanges, however, this diminishes the funding available for creating stockpiles of medical supplies and pits the EU against the Member States as all states and the EU are attempting to purchase in the same markets (European Commission 2020b). Nevertheless, various supplies have been purchased in the EU context for Covid-19, including ventilators, personal protective equipment, pharmaceutical products and laboratory equipment, with resources dispatched to Spain, Italy and Croatia by early May 2020.

Beyond the public health policy framework, the EU has also made use of its OSH mandate. SARS CoV2 was added to the list of agents in the Biological Agents Directive in June, though not in the highest risk category, and without the adaptation and amendment of other key aspects of the directive that trade unions argue are vital to protect workers, including health care professionals (European Trade Union Confederation 2020a). This is an avenue with potential to affect health care professionals, particularly as the EU prepares its new Strategic Framework on Health and Safety at Work, as requested by the Council of the EU (2019).

2.2 Defending the market and supporting national economies

As seen in the migration crisis and Brexit, for instance, the four freedoms, usually held to be foundational to the existence of the EU, come under pressure in times of crisis. As Covid-19 hit, state after state imposed restrictions on the free movement of goods and people, closing borders and issuing export bans. In addition to resting on a weak public health evidence base, in the case of closing borders to people, these actions directly contravened the norms of the internal market and solidarity. The Commission reacted quickly by threatening infringement proceedings against Germany and France for their export bans. At the same time, the internal market was protected by initiating an EU-wide export ban to third countries. With regard to this course of action, there was an initial indication that the internal export bans and lack of solidarity would reveal weakness – *surely national governments would be more concerned about maintaining control of national stockpiles than legal action by the Commission?* – but a taskforce of reviewing Member States was created to establish a stronger peer-pressure mechanism (de Ruijter *et al.* 2020a). In practice, bans were quickly lifted. Removing restrictions on individual mobility has proven harder, but coordinated European decision-making has emerged under the leadership of the Justice and Home Affairs (JHA) Council, which leads Council actions on border management and migration, among other issues. Interestingly, health care workers were among those exempted from travel bans, and EU measures have continued to focus on the free movement of critical workers. Guidance adopted in April urged Member States to facilitate ‘smooth border crossing for health professionals’, without mention of staffing capacities in these professionals’ domestic health systems (European Commission 2020e).

Temporary flexibilities have also been adopted in other areas of the internal market; for instance, the EU's stringent competition and state aid regimes have been relaxed to permit government subsidies for small- and medium-sized enterprises (SMEs) and wages, as well as the channelling of government funds to strategic industries and sectors, including health. In March 2020, for example, the Temporary State Aid Framework was used to approve an Italian scheme to support the production of medical devices and personal protective equipment (European Commission 2020f). Perhaps the most interesting – and potentially most significant – development in the market-health conundrum that has underpinned EU health law and policy in the last decades is the EU's reinterpretation of a key facet of internal market law. In its 13 March 2020 Communication outlining its planned action and responding to the growing number of national export restrictions on essential supplies, the European Commission re-interpreted the legal framework for public health exceptions to national market barriers. It acknowledges Member States' long-established right to adopt trade restrictions where necessary to protect public health, as set forth in Article 36 TFEU and in 'rule of reason' case law, which requires that both the positive and negative effects of a measure be used to determine whether it violates free movement law.⁴ In its depiction of this key derogation, however, the Commission introduced a remarkable new interpretation. Whereas the restriction of free movement had historically been justified with regard to the protection of *national* public health, the March 2020 Communication states that the legality of restrictions will be judged according to their impact upon 'the objective of protecting the health of people living in Europe' (European Commission 2020c: annex II, note 2). Hence, the Commission importantly floated the idea of a re-interpretation of the public health derogation that is based on a notion of European public health and solidarity, rather than that confined to the nation state (de Ruijter *et al.* 2020a).

A similarly remarkable step towards solidarity has been seen in the third face of health policy, within the fiscal governance framework. Whilst the European Central Bank freed up cash for businesses and went about ensuring stability in the Eurozone (see Myant, this volume), the EU moved quickly to enact the 'general escape clause', which relaxes the stringent rules on budget deficits and national expenditure. But it then went further, making an unprecedented decision to issue common European debt to finance responses to the Covid-19 crisis. Far from the conditionality-laden bailout packages provided at the height of the economic crisis in the early 2010s, and thus embodying something of the solidarity that was refused during this period, this would also include a role for the EU in allocating the funds. Though the Council diluted, altered and cut several aspects of the Commission's original proposal, re-balancing control of the funds in favour of Member States, it would be inaccurate to characterise the deal as anything less than a significant intensification of European integration. Moreover, on 20 May 2020, the European Commission issued its CSRs as part of the Semester cycle.⁵ In contrast to previous years, in which around half of Member States received recommendations related to health, these were issued to every Member State. The recommendations call for measures to enhance the resilience of national health systems, marking not only the

4. Case 120/78, *Rewe-Zentrale AG v Bundesmonopolverwaltung für Branntwein* (1979) ECR 649.

5. The 2020 CSRs can be accessed here: <https://bit.ly/2G6mize>

first instance of universal health-related recommendations but also a clear recognition of the importance of health systems within the fiscal governance framework.

2.3 Post-Covid recovery measures: a new EU Health Programme

As the first wave of Covid-19 passed, space to consider appropriate next steps opened up. Quick to capitalise on this, the European Commission proposed a new EU Health Programme. EU health programmes fund collaborative projects contributing to the EU's wider health strategy. Since 2003 they have been integrated into a series of multi-year instruments; the first covered the 2003 to 2007 period, the second ran from 2008 to 2013, and the third from 2014 to 2020. The programmes identify a set of objectives and issue calls for grants and tenders, often jointly financing activities with public authorities, civil society organisations and research institutions (European Commission 2014). Their budgets are small: the €413 million budget originally proposed for the latest programme, comparable to the budgets of previous programmes, was described as 'pocket-money' by Commission Vice-President Margaritis Schinas (European Commission 2020d). The proposed budget for the revised 2021–2027 EU4Health programme, agreed as part of the Covid-19 response, stands in stark contrast and offers €1.7 billion. Though far short of the €9.4 billion proposed by the Commission in May, this four-fold increase gives health unprecedented salience within the EU budget. Moreover, the proposal reverses an original plan to roll the Health Programme into the much bigger European Social Fund Plus, instead reinstating a standalone health policy instrument.

The 2021–2027 EU4Health programme has three priorities: protecting people from cross-border threats, improving the availability of medicines and strengthening health systems. These priorities are to be pursued via ten specific objectives (see Box 1). The programme retains the objectives of the original proposal and is not dissimilar to the objectives of previous health programmes, which generally identify cross-border health threats and health security as areas of particular focus. The text also states that the 2021–2027 programme will give priority to Covid-19 response measures and to preparedness measures to mitigate the threat of future crises, and the Commission has noted that action points on crisis resilience will be frontloaded into the first years of the programme (European Commission 2020d). However, the programme takes a holistic approach, recognising that the ability of health systems to respond to a crisis is determined by their overall resilience and sustainability, in turn shaped by the health of the populations they serve. As such, it would seem that an effort is being made to ensure that other elements of health also benefit from the prevailing salience of EU health action and interest in its strengthening.

Box 1 The proposed EU4Health programme

The EU's fourth health programme (2021–2027) has ten specific objectives.

1. Strengthen the capability of the Union for prevention, preparedness and response to serious cross-border threats to health, and the management of health crises, including through coordination, provision and deployment of emergency health care capacity, data gathering and surveillance;
2. Ensure the availability in the Union of reserves or stockpiles of crisis relevant products, and a reserve of medical, health care and support staff to be mobilised in case of a crisis;
3. Support actions to ensure appropriate availability, accessibility and affordability of crisis relevant products and other necessary health supplies;
4. Strengthen the effectiveness, accessibility, sustainability and resilience of health systems, including by supporting digital transformation, the uptake of digital tools and services, systemic reforms, implementation of new care models and universal health coverage, and address inequalities in health;
5. Support actions aimed at strengthening health systems' ability to foster disease prevention and health promotion, patient rights and cross-border health care, and promote the excellence of medical and health care professionals;
6. Support action for the surveillance, prevention, diagnosis, treatment and care of non-communicable diseases, and notably of cancer;
7. Foster and support the prudent and efficient use of medicines, and in particular of antimicrobials, and more environmentally friendly production and disposal of medicines and medical devices;
8. Support the development, implementation and enforcement of Union health legislation and provide high-quality, comparable and reliable data to underpin policy making and monitoring, and promote the use of health impact assessments of relevant policies;
9. Support integrated work among Member States, and in particular their health systems, including the implementation of high-impact prevention practices, and scaling up networking through the European Reference Networks and other transnational networks;
10. Support the Union's contribution to international and global health initiatives.

Source: European Commission (2020a).

The EU4Health Programme is accompanied by an EU Vaccines Strategy, published on 17 June 2020, and will soon be supplemented by a Pharmaceutical Strategy, due for release at the end of 2020. The latter will address longer-term issues, such as access to medicines, pharmaceutical supply chains and innovation in the sector. Meanwhile, the Vaccines Strategy seeks to develop, manufacture and distribute a vaccine for Covid-19 – a process which might normally take ten years – within 18 months. It is a centralised mechanism, adopted by the Commission and implemented jointly with Member States. Within it, the EU signs advance purchase agreements with pharmaceutical companies on behalf of Member States and coordinates the supply and distribution of the eventual vaccine. Marking a significant change, this can be seen as a response to the revealed weaknesses of the existing JPA and mechanisms under RescEU. Though giving the Commission a bigger role in allocating procured goods, RescEU has access to less funding. Since Covid-19 struck, four calls for supplies have been launched, but protectionist national measures thwarted the mechanism in the early phases of the crisis and the framework remains intergovernmental, voluntary and too slow to respond to urgent needs (de Ruijter *et al.* 2020a: 18). The Vaccines Strategy seeks to address this by giving the EU – including the EMA as the centralised body responsible for the rules around product trials, authorisation and marketing – a greater role.

3. The future: a window of opportunity?

An overview of the EU's health competences and its public health response to Covid-19 to date reveals two important things. First, the pandemic has shown that the EU's capacity to act as a first responder, or even as a coordinator of first responses, is weak. The health security and pandemic preparedness mechanisms that exist have worked as designed, but they constitute a small and unambitious system whose capacity is limited by Article 168 TFEU (Greer *et al.* 2020). Second, it has shown that health solidarity can buckle under the pressure of a crisis, even if, in contrast to the swine flu experience, solidarity has to some extent been regained. This is a remarkable development, given the much higher stakes in the Covid-19 pandemic. In challenging the egotistic behaviour of Member States, the European Commission has now found space to advance a significant reinterpretation of the rules, with the potential to underpin an expansion of EU health policy. Health policy through the market has always been the most important face of EU health policy, so it is fitting, if ironic, that a potential re-interpretation of the EU's public health exception may now come about because of efforts to safeguard the internal market.

In sum, a window of opportunity has opened to reform the EU's role in health (see the discussion on the 'crisisification' of health care policies in Vanhercke *et al.*, this volume). The question, then, is to what extent the changes proposed to date would represent a significant integrative step, and what the prospects of such integration in the health sector are, given the reluctance of Member States to cede competences in this area.

3.1 A shift towards solidarity-based European health governance?

It should first be noted that full-scale Treaty change, formally transferring power to the EU and perhaps affording it a greater redistributive role in health, does not seem likely. Despite some early calls for this,⁶ such a reform is not currently on the table. Given the degree of consensus needed – unanimity, plus a series of high-stakes national referenda and ratifications – formal integration and expansion of competence are unlikely in the immediate future, with consensus reigning among EU health scholars that constitutional change is anyway unnecessary. Although there are limitations, and for constitutional reasons a Treaty change would be preferable, in principle the EU already has many legal tools for health law and policy making; these simply need to be interpreted more holistically and supported politically (de Ruijter 2019; Purnhagen *et al.* 2020).

The initiatives proposed in the EU4Health Programme and the ideas advocated by various commentators and observers focus on weaknesses in current systems and mechanisms, broadly identifying three areas where the EU's role should be strengthened

6. The European Trade Union Confederation (ETUC 2020b) was among those calling for an increase in EU health competences. Moreover, the weakness of the existing competence was commonly cited in response to criticisms of the EU's role during the pandemic – see, for instance, Health Commissioner Kyriakides in response to MEPs' questions on 21 April 2020. <https://bit.ly/35WYayX>

and extended: (a) the surveillance of epidemiological data, including the monitoring of threats to health and the capacities of the ECDC in this regard; (b) the funding of research into vaccines and treatment for Covid-19 and future viruses; and (c) a collective health security and emergency response (Forman *et al.* 2020; de Ruijter *et al.* 2020b; Greer 2020b; Paccès and Weimer 2020). These ideas fit in with a conception of public health and health security as public goods and of the EU as the appropriate level at which these might be provided (Pisani-Ferry 2020). They also represent, for the most part, an extension or intensification of existing areas of activity, rather than new EU roles. The ECDC was set up precisely to provide epidemiological surveillance, while the abovementioned Health Threats Decision reiterated and formalised the potential high-level involvement of Member States in emergency response. Increasing the resources and capacity of the ECDC or the Health Security Committee, for instance, would be an uncontroversial decision. Similarly, the EU has a well-established research funding architecture (specifically including health) and investing more – potentially earmarking funds for developing specific vaccines or treatments – would be another step we can expect.

Health security, particularly where it involves the creation of stockpiles and the centralised distribution of the stockpiled supplies, might prove more contentious. The EU Vaccines Strategy discussed in Section 2.3 provides for the EU to take responsibility not only for coordinating development and production of a Covid-19 vaccine, but also for the allocation and distribution of available stocks among Member States. Similarly, the RescEU emergency stockpile and the EU4Health long-term stockpile initiatives put the EU, specifically the Commission, in a central, distributing role. Marking a considerable step forward, these initiatives plug an important gap in the current regimes, which are voluntary and intergovernmental. Another interesting element to watch unfold will be how much emphasis is put upon the health system strengthening aspect of health security and preparedness planning. Similarly, this role might be extended to renewed EU action on non-communicable diseases as core contributors to morbidity and mortality associated with Covid-19, whilst the European Semester's narrow concern with financial sustainability seems to have given way to calls for greater health system resilience. Though health systems' organisation and financing are a national responsibility, diverging public health capacities present a clear threat to collective health security; though the wording in the EU4Health proposal is soft (emphasising 'support', 'coordination' and 'promotion'; see Box 1), a renewed commitment here may see EU involvement in health systems and health promotion increase.

Considered alongside a reinterpretation of the public health exception for internal market barriers and the proposal for the first-ever shared European debt, the changes afoot in EU health governance are significant. Little is guaranteed – the timeframe in which attention and enthusiasm is focused upon health will be short – and, once the crisis has passed and memory of it has faded, financial and political support may again dwindle. But in the context of historical EU health policy development, they are major steps forward.

3.2 Prospects for long-term change

What will determine the extent and success of the post-Covid-19 EU health policy framework? The short answer is: Member States. Intergovernmentalism, one of the two core theories explaining why and how integration of the EU has developed, tells us that integration only happens when Member States perceive it to be in their interest. The history of EU health policy shows us that this is not true, at least not exclusively. Rather, and as neofunctionalism, intergovernmentalism's sparring partner, suggests, integration can gain a momentum of its own, proceeding in the absence of Member State support, or even in the presence of explicit opposition. Predictably both theories have merit; Member State support is crucial to integration in some instances, and less important in others. The establishment of a patient's right to claim from their national health system for the cost of treatment obtained in another Member State did not require the support of national governments. In fact, it was secured over quite significant opposition via the courts. Approving a €1.7 billion standalone health programme, thereby reversing a previous trend of side-lining EU health policy, was also relatively straightforward. The presence of a crisis and its political salience were enough to facilitate this significant decision. Granting the EU extensive new health powers, however – whether via formal Treaty change or an expansion of existing activities – will require a degree of political will.

Historically, when comparing the position of Member States on EU health action, there has been a broad and crude division between large and small states. Large states, which generally (though not exclusively) have strong health systems and money to invest in them, are not in favour of EU involvement in health. Smaller states, often with weaker health systems that are losing health professionals to richer systems and have more to gain from pooled expertise and resources, support a greater EU role. Within this rather crude grouping there are further divisions – Germany, Poland and historically the UK have opposed almost all health cooperation, whilst France, Italy and Spain have engaged in voluntary action. Similarly, the enthusiasm of Malta, Ireland, Belgium and others has been counterbalanced by the scepticism of Bulgaria, the Czech Republic and Denmark, which favour Europeanisation only where it affords full respect to national sovereignty (Kirch and Braun 2018). Sovereignty was a key theme of the proposal for increased action put forward by Emmanuel Macron and Angela Merkel at a joint press conference in mid-May 2020. The French and German leaders called for change that 'takes the European dimension of health care to a new level' and establishes 'strategic sovereignty' in the health sector. By this they refer to collective research and development capacities, the stockpiling of strategic goods, increased capacities to produce such goods within the EU, coordinated procurement, uniform health data standards and the creation of an 'EU Health Task Force' within the ECDC to lead the development of prevention and response plans (Federal Government Press and Information Office 2020). Reflected in the EU4Health Programme, most of these proposals build on calls for cooperation from the leaders of Belgium, Denmark, France, Germany, Poland and Spain (Momtaz *et al.* 2020), and on proposals tabled by the European People's Party (EPP 2020) as well as the Socialists and Democrats (S&D 2020).

As to the constitutional and political procedure that might be involved in changing the role of the EU in health law and policy, the continued interest and involvement of actors like the ECDC and the Health Security Committee, and the extent to which this is invited by the European Commission, will also have a bearing on the longer-term prospects of the EU4Health Programme and a strengthened EU health policy. The Commission faces a choice: *should it capitalise on the issue salience provided by Covid-19 to openly proclaim its stake and role in health, to politicise its proposals by involving the European Parliament in budget allocation and priority-setting, and to flesh out an ambitious agenda on health system strengthening, inequalities and health determinants, for instance? Or should it opt for a softer, more technocratic model of implementation, resting more heavily on the ECDC and EMA and channelling its health systems role via the EU4Health and the European Semester?* The text of the EU4Health proposal indicates that the dramatically increased funding envelope will continue to be allocated by the Consumers, Health, Agriculture and Food Executive Agency (CHAFEA), which supports DG SANTE, suggesting the latter as the preferred option for the moment.

Conclusion

The EU's existing health competence, that with which it entered the Covid-19 crisis, is patchy. Much of it has come about as a side issue to internal market law, and most of it was created in the absence of demand or support from Member States. The Commission and the CJEU, often supporting one another, have steadily extended the mechanisms used elsewhere in the internal market and fiscal governance framework, often considering health only as a secondary objective. More directed, purposeful expansion has been achieved in the aftermath of crises – BSE, thalidomide, blood infection, SARS – predominantly via regulation. However, the EU system is built with Member States at its core, and they remain the key players. Particularly where softer 'policy programmes' are concerned, the success of attempts to extend the EU's role depends upon the willingness of national governments to make space.

The EU4Health Programme and its various components centre on areas where the functional logic of cooperation is relatively easy to sell. As such, it is possible that Member States will be convinced of the value of a more integrated EU health policy, but this is an analysis conducted in the very early stages. Covid-19 looks set to stay with us for far longer than SARS or swine flu, both of which resulted in symbolically and potentially important innovations in EU health governance – the creation of a separate DG for Health and Consumers (SANCO) in 1999, the ECDC in 2005, adoption of the Health Threats Decision in 2013, introduction of joint procurement in 2014 – but could not sustain reform sufficiently to effectively mitigate a further crisis. Covid-19 may give time for more holistic action, but if a vaccine is quickly found and the issue quickly dissolves, further surface-level commitments may be the best that can be achieved. Moreover, several Member States are heading into elections in the coming months and, particularly for those leaders facing opposition from populist parties, this may put pressure on any commitment to a European health policy. Thus, whilst cooperation would seem necessary

to coordinate the lifting of lockdowns and the recovery of economies, there are plenty of exogenous factors which may yet shift Member States' perception of their interests.

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Chapter 3

The economic and social consequences of Covid-19

Martin Myant

Introduction

This chapter analyses the economic and social crisis caused by the Covid-19 pandemic and its implications for the European Union (EU) and its Member States. The first responses in EU countries have mostly been similar, with steps taken to block the spread of the virus and then to mitigate the effects of lockdown. The longer-term economic consequences are less clear and partially depend on decisions being taken at EU level. Indeed, the Covid-19 crisis can be seen as a test of whether the EU can prove its worth in enabling Member States to weather the crisis and to achieve economic recovery with political stability. This will mean that public debt problems, so damaging in the crisis after 2009, can be handled satisfactorily; that key economic sectors can survive and return to prosperity; and that divergences across the Union, both old and new, can be held in check and ultimately reduced.

To establish the context for assessing how far these difficulties can be satisfactorily overcome, the present chapter begins by setting out the policy responses within Member States, first to the health crisis (i.e. lockdown measures) and then to the economic consequences of those lockdown measures. The second section covers a discussion of the effects of the crisis on economies and two sectors that are particularly important for showing differences between countries. The third section deals with social consequences, pointing to an even greater differentiation between countries. The fourth section covers policy responses at EU level including from the European Central Bank (ECB). The concluding section points to open questions about how far thinking on EU economic policies may be altered by the Covid-19 crisis.

1. The first policy measures

As the severity of the threat to public health from Covid-19 became clear in early and mid-March 2020, European governments imposed lockdown measures to block the spread of the disease by reducing social and economic activities, unless essential for life and health. These restrictions, rather than the virus itself, were the cause of the deepest economic depression in decades.

The measures taken across Europe, and indeed across the world, were similar in timing and nature. An index for international comparison across 166 countries prepared by Oxford University's Blavatnik School of Government (2020) uses indicators of containment and closure policies to rate countries between zero (the least restrictive)

and 100 (the most restrictive). The EU scored an average of 83 on 31 March 2020, against a world average of 79. The main outlier in Europe was Sweden, with a score of 46, while Italy scored 85, the second highest of any country in the world at that time. Common features in measures taken included partial border closures; restrictions on international travel; preventing all but the smallest of gatherings (meaning a suspension of sporting and cultural events); closing many retail, education and tourist activities; and encouraging public- and private-sector employers to enable home working where possible. Those activities judged to be essential, obviously including health and social care, were not restricted, while energy, food production and sale and at least parts of public transport were among the activities allowed to continue. Much of manufacturing was shut down, while construction stopped in some countries.

These lockdown measures, aimed at preventing a public health catastrophe, in turn threatened to cause an economic and social catastrophe. Member State governments took a series of previously unthinkable steps through March and early April 2020, following the advice from international agencies, notably the International Monetary Fund (IMF), as well as from many prominent economists, as expressed in the title of a collection of contributions called ‘Mitigating the COVID economic crisis: act fast and do whatever it takes’ (Baldwin and di Mauro 2020). This was an obvious adaptation of Mario Draghi’s famous determination in 2012 not to let the sovereign debt crisis of that time lead to the end of the Eurozone. It meant ‘doing everything possible’, without regard to financial cost, to ensure the functioning of health care systems and as far as possible to keep firms from losing valuable employees or even collapsing into bankruptcy, all so that they could return to full activity once the health care crisis was resolved. The resulting budget deficits and rising debt levels would have to be dealt with later.

These first emergency measures were similar across the EU, as shown by a further index produced by the Blavatnik School of Government (2020) on policy responses. This index is only a rough guide, reporting what governments announce and not necessarily what they do or for how long measures are kept in place. Reported and regularly updated by the IMF, the Organisation for Economic Co-operation and Development (OECD) and the European Foundation for the Improvement of Living and Working Conditions (Eurofound 2020a), the specific measures show substantial variations in their details and hence in their likely impacts. Neither precise costing nor accurate comparison between countries is possible, as the nature of information differs between countries. Expenditure will ultimately depend on uptake, the length of the economic emergency and the extent to which announced measures are fully implemented.

Key measures typically included state support to businesses to keep people in employment and to the self-employed, loans and credit guarantees to businesses and relief from various tax and national insurance obligations, with a bias towards reducing those related to employment. Several countries suspended some tax obligations and social contributions and did not pursue tax arrears. Such measures obviously risked helping businesses with no prospects, as well as those with potentially good prospects, but the need was for speed rather than time-consuming precision in targeting. Help was sometimes given to specific sectors, such as airlines, as economic effects led to lobbying from those sectors. The population was helped by relief on payment obligations, such

as mortgages, and in some cases with additional social benefits, protection for tenants against eviction and assurance of continued provision of essential services – such as electricity – for those unable to pay bills. In some cases, sick-pay entitlements were extended to help those asked to self-isolate (Eurofound 2020a).

2. The first economic consequences

A common hope was that Covid-19 would lead to a V-shaped economic depression – i.e. a sharp and rapid fall in economic activity followed by a rapid recovery as the virus was brought under control. Even if that could be the case in some countries and sectors, a full recovery was always threatened by the possibility of new Covid-19 outbreaks and by the unpredictability of developments in other countries. The longer the crisis lasts, the harder recovery could become, as it could lead to bankruptcies of businesses, non-repayment of debts to banks (threatening a crisis in the finance sector), and rising unemployment (reducing incomes and demand). There could also be more lasting changes in consumer behaviour – for example, if people become accustomed to not travelling so much and to purchasing more online. The issue of public debt and how governments respond could also be expected to become more pressing. Estimating the consequences of the first Covid-19 measures on the European economy is difficult, albeit essential for making informed policy responses.

The European Commission’s Spring Forecast for 2020 (European Commission 2020c), using data available on 23 April 2020, took as its base the most optimistic plausible assumptions about the effects of Covid-19: that containment measures could be lifted after the second quarter of 2020, that there would be no major ‘second wave’ and that the policies adopted would prevent significant damage to economies. In this optimistic scenario, strong recovery in the third quarter of 2020, albeit leaving some permanent reductions in consumer spending and investment rates, would take GDP in 2021 almost back to its 2019 level. Overall, there would be a 7.4% fall in GDP (7.7% for the Eurozone) in 2020, followed by 6.1% growth in 2021.

It was acknowledged that ‘risks to the forecast are extraordinarily large and concentrated on the downside’ (ibid: 6), such that a V-shaped recovery, which was roughly what the forecast seemed to assume, ‘would be extraordinary’ (ibid: 17). The figures presented, which were fairly similar to those published by the IMF (2020b) and ECB (2020) at the same time, can best be seen as an optimistic baseline. The OECD (2020) was less optimistic, predicting a 9% decline in Eurozone GDP and seeing a deeper depression, following a second Covid-19 wave, as equally likely.

The first results for 2020, and the continuing presence of the pandemic at the time of writing (September 2020), are consistent with these estimates being overoptimistic. Preliminary Eurostat data, not covering all countries, shows GDP in the second quarter 14.1% down on the previous year (15.0% for the Eurozone). In all cases there was some degree of relaxation of lockdown rules before the end of the second quarter of 2020. The lowest monthly level of economic activity will therefore be somewhat below the quarterly figure. Table 2 (which includes further data discussed below) shows results

for all the countries, with the biggest declines in economic activity in Spain, France and Italy. The smallest downturns were in some Northern European countries and in Central and Eastern European countries (CEECs).

The differences between countries were substantial and would contribute to political differentiation across the EU. They were partly the result of differences in the spread of the virus, of the promptness and effectiveness of lockdown measures and of success with testing, tracking and tracing. Thus, the relatively strict lockdown in France was associated with a 64.8% fall in construction activity (April 2020 compared with April 2019), while there was little change in Germany and even growth of 2.2%, 12.0% and 8.9% in Finland, Denmark and Romania respectively (Eurostat sts_copr_m). Results were less varied as lockdowns eased, with France only 12.0% below the 2019 level in June 2020. Indeed, the immediate response to the health emergency may prove less important in causing differences between countries than the underlying economic structures and subsequent policy choices. This is illustrated in two very different kinds of activities, tourism and motor-vehicle production, both hit hard by lockdowns.

The expectation that tourism would suffer immensely through the peak summer months of 2020, in other words well beyond the second quarter, was reflected in the Spring Forecast's prediction that the biggest GDP reductions would take place in Greece (-9.7%), where the direct Covid-19 impact was small, followed by Italy (-9.5%), Spain (-9.4%) and Croatia (-9.1%). Eurostat data defines tourism rather broadly to include hospitality, accommodation, travel agencies, vehicle rental and also inter-city and international transport (Eurostat 2020), activities not serving only tourists. Using a narrower definition of accommodation, plus food and beverage services, Table 1, which includes countries with the highest and lowest levels of these activities, shows the wide differences in their importance. The latter group includes both some countries with high incomes but few visitors and some, notably Slovakia and Poland, with much lower incomes, leading to lower demand for these kinds of activities from the domestic population.

The activities covered in Table 1 faced compulsory closure in some countries and then continuing restrictions due to social distancing rules. A V-shaped recovery was further threatened by the possible closure of the many smaller businesses in these activities. Some bigger firms related to tourism have also been hit, notably airlines, but have greater financial resources and lobbying power. The demise of tourism would practically eliminate economic activity from some regions within countries, while having much less impact in others (European Commission 2020d: 8).

Table 1 Percentage share of accommodation and food and beverage service activities in employment and value added, 2017

	Employment	Value added
Greece	11.3	7.5
Cyprus	11.0	13.7
Spain	6.5	6.5
Italy	5.9	4.6
Croatia	5.8	8.0
EU-27	4.9	3.6
Denmark	4.6	2.3
Hungary	3.1	2.1
Finland	2.8	2.4
Slovakia	2.4	1.4
Poland	1.6	1.5

Source: Calculated from Eurostat (sbs_na_sca_r2), (sbs_na_1a_se_r2).

Parts of manufacturing were also hit hard by lockdown measures, especially the automotive sector, a sector most important in countries which, by chance, have smaller tourist sectors. The sector accounted for 1.7% of EU value added in 2017 (Eurostat sbs_na_sca_r2), with the highest shares in Czechia (4.9%), Hungary (4.3%), Slovakia (4.1%), Germany (3.6%) and Romania (2.5%). The lowest figure was 0.02%, in Greece. All of these countries had low incidences of Covid-19, and the fall in production was similar across all the significant producers. The fall across the EU as a whole from April 2019 to April 2020 was 83.4% (Eurostat sts_inpr_m). A V-shaped recovery still appeared possible – as the big and powerful vehicle manufacturers have every chance of surviving intact – but that would depend on a full recovery of demand, which remains very uncertain. Output was still substantially below 2019 levels in June 2020.

The longer the economic depression lasts, the greater the costs to state budgets. The final cost of the measures adopted during lockdown cannot be calculated precisely because it depends on how long they are kept in place and on their effective take-up. Automatic stabilisers, taking estimates quoted by the IMF (2020), could amount to the equivalent of 2.5% of GDP for Denmark or even 4 to 5% of GDP for Finland. The cost of not pressing for payment of tax and social security arrears also varied greatly, estimated at over 3% of GDP for Portugal and over 5% for the Netherlands. The estimated total cost of discretionary payments was almost always equivalent to over 2% of GDP and 3.25% for the Eurozone as a whole (European Commission 2020c: 57). A variable item was the extent of credit guarantees, averaging 24% of GDP across the Eurozone (European Commission 2020c: 57), but with take-up likely to be much lower.

The 2020 European Commission's Spring Economic Forecast foresaw net borrowing at 7.5% of GDP in 2020 and 3.6% in 2021, implying a significantly bigger increase in debt than in 2009, with several countries expected to reach net debt levels equivalent to over 100% of GDP. That point was already surpassed in 2019 by Greece, Italy and Portugal. The point at which a level of public debt becomes a serious danger for an economy is not clear, but the levels in prospect – far above the 60% of GDP permitted under the EU's Stability and Growth Pact – could put the worst-affected countries in danger of a sovereign debt crisis, repeating the experience of 2012. There were ominous signs of this in mid-March 2020, as the interest rate on Italian government ten-year bonds rose to three percentage points above that on German bonds. The gap came down to 1.6 percentage points on 26 March 2020, following action taken by the ECB (discussed in Section 4.3). Nevertheless, public debt could limit countries' ability to cope with the Covid-19 crisis by restricting the scope for spending on essential health measures, measures to maintain key sectors and on any programme for subsequent recovery.

Table 2 shows the debt burdens for EU Member States alongside the falls in second quarter 2020 GDP and per capita GDP levels. The data shows both high-income and low-income countries suffering severe declines. This first phase of the Covid-19 crisis therefore did not increase existing divergences in GDP. However, the GDP declines were greater in several countries with strong representation for vulnerable activities, notably those related to tourism and those with high levels of public debt. Moreover, debt levels in Greece, Spain and Italy have all increased since 2012. A few countries with lower debt levels seemed much safer in other respects, too, notably higher-income Scandinavian and several lower-income CEECs. This sets the context for different views on an appropriate EU-level policy to handle the crisis. The potential for that differentiation becomes even clearer from a discussion of the first social consequences of the crisis.

Table 2 Indicators of the first effects of the Covid-19 crisis on EU Member States

	Gross government debt, 2019, % of GDP	Decline in GDP, 2 nd quarter 2020 over 2 nd quarter 2019	Per capita GDP, % of EU-27 average
Luxembourg	22.1	-7.8	328.6
Ireland	58.8	-3.7	232.3
Denmark	33.2	-8.1	171.3
Netherlands	48.6	-9.2	150.2
Sweden	35.1	-7.8	148.3
Austria	70.4	-12.9	144.4
Finland	59.4	-6.3	140.1
Germany	59.8	-11.2	133.4
Belgium	98.6	-14.4	132.4
France	98.1	-19.0	115.6
EU-27	77.8	-13.9	100
Italy	134.8	-17.7	95.2
Malta	43.1	-15.2	85.2
Spain	95.5	-22.1	85.0
Cyprus	95.5	-11.9	80.1
Slovenia	66.1	-12.9	73.9
Estonia	8.4	-6.4	68.0
Czechia	30.8	-10.9	67.5
Portugal	117.7	-16.3	66.4
Greece	176.6	-15.3	56.3
Lithuania	36.3	-4.1	55.8
Slovakia	48	-12.1	55.5
Latvia	36.9	-8.6	51.2
Hungary	66.3	-13.5	47.3
Poland	46.0	-8.0	44.3
Croatia	73.2	-15.1	42.9
Romania	35.2	-10.5	37.0
Bulgaria	20.4	-8.5	27.9

Source: Eurostat (namq_10_gdp, sbs_na_sca2, tipsgo10, nama_10_pc).

3. The first social costs of the Covid-19 measures

Initial data on social consequences, more limited than those on economic effects, points to greater pain in lower-income CEECs. These have created social protection systems with low spending relative to GDP – in the cases of Romania, Bulgaria and the Baltic Republics, little over half the EU average level – and with particularly low spending on labour market protection, despite often high unemployment rates (Myant and Drahokoupil 2015: 290-293). Social effects also differ within countries. Despite the measures to maintain employment outlined above, those on non-standard contracts – self-employed, temporary and part-time workers – had less protection than those on regular contracts, for example with no support under short-time working schemes in any CEEC (OECD 2020: 109). Less secure employment was often high in the sectors most affected by lockdown, reaching more than 60% in Italy (OECD 2020: 104). Employees in tourism activities were particularly vulnerable, with 45% of employees in Greece in 2017 on fixed-term contracts, for example, often working for only part of the year (Eurostat 2020).

Short-time work compensation schemes went a long way towards delaying a rise in the unemployment rate, recorded as 6.6% across the EU-27 in April 2020 (slightly below the 6.8% recorded a year earlier) and still only 7.0% at the end of June, with some countries even recording a decline. Labour Force Survey (LFS) data for the second quarter of 2020 shows falls in total employment of 2.7% for the EU as a whole, still well below the falls in economic activity.¹ By the end of April 2020, 42 million employees were covered by applications for support under short-time work schemes – a quarter of all employees, ranging from just under 50% in France and Italy to 3.6% in Bulgaria and 3.1% in Poland. The figures reflect a general tendency for worse provision in lower-income countries (Müller and Schulten 2020). Only in the Netherlands, Denmark and Ireland did allowances cover 100% of original pay and then only for limited periods. The lowest level was 40% of the national average wage in Poland. In all countries the scheme was time-limited, albeit with scope for renewal and extension in some cases. Schemes for partial employment therefore diminish and defer social costs rather than avoiding them altogether. They do not prevent redundancies or closures of firms for which employment is only one expense. Employees are therefore in a weaker bargaining position than before, and in some cases have been visibly pressured into accepting pay reductions.

Comparing April 2020 with April 2019 (but not covering all countries and excluding motor vehicles, on which spending could remain depressed in view of lower incomes), incomplete data on retail trade shows an average decline for the EU of 18.0%, ranging from growth of 0.3% for Finland and a small decline of 3.0% for Denmark to falls of 30.8% for France and 31.4% for Italy (Eurostat sts_trtu_m). The differences largely reflected the strictness of lockdowns, with spending mostly recovering in the following months in most countries. Bulgaria appeared the worst affected, with the April 2020 figure 18.5% below and the June 2020 figure still 17.3% below that of the previous year.

1. <https://bit.ly/35LkBjC>

This apparent range of social effects is consistent with preliminary results of a Eurofound (2020b) survey, using 85,000 responses received by 30 April 2020 from across Europe. By that point, 5% of respondents had lost their jobs permanently and 23% were temporarily idle – in line with the proportion covered by short-time working schemes – while 50% had seen some reduction in working time, though by how much was unclear. This translated into severe financial consequences, especially in lower-income countries. In Bulgaria, 60% of respondents reported being worse off than three months previously, while more than 60% expected to be even worse off in another three months' time, against an EU average of 38%. By way of contrast, effects were quite small in several higher-income countries, including Denmark, Finland and Sweden.

There were also differences within countries. The self-employed and unemployed in particular complained of financial distress, often with inadequate savings to last for three months at the same standard of living. Explanations include levels of job security and of household savings and the strength of state safety nets. Another factor is that teleworking, then being undertaken by 37% of employees across the EU, was much more prevalent in higher-income countries with their greater proportions of non-manual work that could be performed from home. A further factor that could push more pain towards lower-income countries is the dependence of many people there on working abroad, often in insecure jobs that are likely to be the first to disappear. Thus, for example, 15.5% of Romanian citizens were living in another EU Member State in 2019 (Eurostat migr_pop9ctz).

4. The policy response at EU level

For its own credibility, the EU had to play its part, or at least appear to play its part, in resolving the Covid-19 crisis. The Eurofound survey referred to above (Eurofound 2020b: 4) showed a rapid deterioration in public trust in the EU – the lowest level was in Greece and the highest in Finland – at just the time when the EU needed to prove its usefulness. The EU is not well structured for rapidly responding to a crisis. Decision-making can be painfully slow, needing lengthy consultations and unanimity on issues affecting the budget. The EU budget is largely set for a seven-year period, and it is equivalent to around only 1% of EU GDP. A small additional spending capacity – the Budgetary Instrument for Convergence and Competitiveness (BICC) – was agreed in October 2019, but not at a level that could satisfy those countries that wanted a meaningful 'fiscal pillar' to flank the ECB's ability to use monetary policy. The Eurozone budgetary instrument was explicitly not to be a tool for economic stabilisation. Rules ensured that a Member State would receive back at least 70% of its contribution to a pot which was likely to be the equivalent of only 0.02% of total EU GDP over the 2021–2027 period.² Much more than this was needed, and the measures taken by the EU can roughly be divided into those involving a relaxation of some of its own rules which could hamper actions at Member State level and those involving new initiatives and spending.

2. <https://www.consilium.europa.eu/en/policies/emu-deepening/bicc-faq/>

4.1 Relaxing some EU rules

Rapid steps in March 2020 included changes to the rules on state aid originally established to prevent governments from giving their firms a competitive advantage over those in other EU Member States by direct financial support. The European Commission had already granted exemptions for support that could be justified as contributing to regional development and support for small- and medium-sized enterprises (SMEs). These had been supplemented at various times, with help given to ailing banks during the financial crisis, for example. On 19 March 2020, the European Commission published new rules on what was not prohibited, greatly increasing the scope for state aid to companies in difficulty: this included liquidity support, state guarantees and low-interest loans. Shortly afterwards, research relating to Covid-19, wage subsidies and recapitalisation of ailing companies were added, albeit in this case with conditions attached, such as a suspension of dividend payments.

The extent of state aid is likely to be greater in higher-income countries with lower debt burdens. It is also likely to be biased towards helping bigger companies that are better equipped to lobby governments and towards high-profile industries, such as the automotive sector. The biggest early beneficiaries appeared to be in Germany, set to receive 52% of the €1.9 trillion committed in early May 2020 (Hornkohl and van't Klooster 2020). One German scheme offered help to individual companies with up to €1 billion per company, while €6 billion was approved to support Lufthansa, on top of approval for a state guarantee on a €3 billion credit, totalling 29 times the total approved for Cyprus by the end of June 2020.³ Relaxing state aid rules, unless accompanied by other means to redress geographical imbalances, could therefore favour continued geographical concentration of new technologies, for example in the automotive sector. One German government proposal supports development of electric vehicles to take place in companies' German bases rather than in lower-income countries. A French government proposal for supporting the automotive sector adds a condition that production should be repatriated from outside the EU. A general retrenchment towards companies' home bases would be a severe blow to EU countries hosting Western European multinational companies. This relaxation of state aid rules could thus end up widening divergences across the EU.

A second important step was a relaxation of budget rules, announced on 23 March 2020 after EU Finance Ministers agreed to use the 'general escape clause' of 'a severe economic downturn in the euro area or the Union as a whole', to suspend the obligations of the Stability and Growth Pact (SGP). Member States were allowed to take 'all necessary measures' to protect health care and also their economies, with the caveat that measures, and any relaxation of the SGP, were to be 'temporary and targeted'.⁴ It was therefore unclear whether, and how quickly, countries would be expected to eliminate any extra debts they had accrued and whether a further bout of austerity might not be

3. https://ec.europa.eu/competition/state_aid/what_is_new/Covid-19.html

4. <https://bit.ly/2G9ohmt>

imposed. Relaxing this rule still left an uneven playing field and fell short of proposals for a ‘golden rule’ to allow borrowing to finance productive investment to be excluded from SGP calculations.

A further step implemented in April 2020 was a change in the rules for Structural Funds. Under the Corona Response Investment Initiative (European Commission 2020a), an initial total of €8 billion of unspent funds already allocated to individual countries for long-term investment could be used for emergency spending related to the Covid-19 crisis. Rapid approval was possible as no additional spending was involved. Spending allocations announced over the following months largely focused on medical needs, although the guidelines gave scope also for spending to maintain jobs and keep SMEs in business.

4.2 Positive EU initiatives

The European Commission has recognised the need for an active role to help those in greatest difficulty, noting that ‘the crisis risks harming the least resilient and still-converging Member States most’ (European Commission 2020b: 6). However, any additional spending has faced major political obstacles in view of past opposition from some Member States to further financial transfers between countries or to sharing of risks. In the discussions of active responses to the Covid-19 crisis, the vocal lead in scepticism was taken by the so-called Frugal Four, an informal grouping of the Netherlands, Austria, Sweden and Denmark, with Finland often appearing as an ally. These were countries with low impacts from the Covid-19 crisis and low or moderate levels of debt. Neither Sweden nor Denmark were Eurozone members and therefore had less reason to feel responsible for the fate of the common currency.

Nevertheless, the urgency of this crisis meant that there was also strong pressure for a more active approach. Partial agreement was reached at the 26 March 2020 European Council meeting, which approved a package billed as providing €540 billion, 4% of EU GDP. As indicated below, the actual additional public funding was much less than this, and parts appeared as primarily another EU attempt to appear to be doing something without spending money. Any redistribution between Member States would be small. The package contained three elements, all focused on immediate economic survival rather than long-term plans.

The first, the Pandemic Crisis Support, allows Eurozone members to use loans from the European Stability Mechanism (ESM) for ‘direct and indirect health care-, cure- and prevention-related costs due to the Covid-19 crisis’.⁵ It therefore did not cover spending on an economic recovery programme. Each country could access the equivalent of 2% of its 2019 GDP, meaning a potential maximum across the Eurozone of €240 billion. New money was not on offer, as the ESM already had adequate resources. There were to be no further conditions attached, and rapid approval was promised with a repayment period of up to ten years. No country made a formal application within the first four

5. <https://www.esm.europa.eu/content/europe-response-corona-crisis>

months of the scheme's operation, apparently either seeing no benefit as they could already borrow at very low interest rates, or fearing that it could later become a pretext for imposing austerity.

Second, Member States would have access to the newly-created Support to Mitigate Unemployment Risk in an Emergency (SURE) mechanism, a fund backed by €25 billion in guarantees paid in by Member States, providing loans up to a total of €100 billion (0.7% of GDP) for short-time work schemes. This was a new area for the EU, following lengthy debates over the possibility of a common unemployment insurance scheme. It did a little to address problems of limited fiscal space by offering loans at somewhat lower interest rates than would be available on commercial markets for a number of Member States. By 24 August 2020, the European Commission was proposing the allocation of €81.4 billion to 15 countries with two more likely also to receive backing. Those not interested included Germany, France, the Netherlands, Austria and Scandinavian countries, which were able to borrow at low interest rates without difficulty. There will at most be a very small redistributive element in this policy.

Third, a €25 billion Covid-19 guarantee fund established by the European Investment Bank (EIB) was billed as enabling lending of up to €200 billion, with a focus on smaller firms. This figure is based on the optimistic assumption that an initial EIB credit will lead to co-financing from private banks to achieve investment eight times higher than the initial EIB contribution. A similar reasoning was used to claim an increase in investment of €335 billion⁶ from the so-called Juncker Plan launched in 2015 with a €21 billion guarantee for higher-risk EIB credits. An investigation by the European Court of Auditors (2019) raised doubts over the claimed leverage, and the actual total volume of EIB credits was less after the plan's launch than in preceding years (calculated from EIB 2018). This project could prove even more problematic, since credits to SMEs are likely to be riskier than ever in the uncertain economic environment. The EIB would do well to contribute to recovery by keeping its level of credits at around 0.4% of EU GDP with, as before, no significant bias towards lower-income countries.

All the measures discussed above are characterised by minimising the need for extra spending and by keeping new redistributive elements at a very low level. The depth of the crisis and its serious effects on a number of countries meant that there was strong pressure for more radical measures. The biggest dispute at the 26 to 27 March 2020 European Council meeting was over a proposal from nine countries, including Spain, Italy and France, for so-called 'Corona bonds', i.e. common debt instruments enabling the EU to raise funds on financial markets to help countries in difficulty. This partially revived the 2012 idea of 'eurobonds' intended to help countries facing sovereign debt crises – an idea opposed and blocked primarily by Germany and the Netherlands. Backing for this new proposal was particularly passionate from Spain and Italy, two countries badly affected by the pandemic, with warnings that failure to reach a satisfactory agreement would put the entire European project at risk. Without replaying arguments over how the earlier Eurozone crisis had been handled, they argued that the Covid-19 crisis was not caused by any past economic policy decisions and was affecting all EU Member

6. <https://bit.ly/3e4DzFE>

States. Solidarity in finding solutions was therefore in everybody's interests. Evidence presented above on the economic effects indeed confirms that all were affected, but the impact was, as indicated, uneven.

The March 2020 European Council meeting ended with an agreement to return to the issue (see Vanhercke *et al.*, this volume). New momentum came in the following weeks with a proposal from France and Germany – now on the side of a new debt instrument – and then from the European Commission for the July 2020 European Council meeting. The outcome of one of the longest-lasting summits in European Council history was a compromise. The EU would borrow €750 billion. Roughly half was for providing loans to Member States. This was of little immediate significance at a time when all could borrow for themselves. The important element was €390 billion in grants, including a €47 billion increase in Structural Funds (otherwise facing reduction in the new EU budget for the 2021–2027 period, agreed at the same time) and the so-called recovery and resilience facility of €312.5 billion in grants (equivalent to 2.3% of EU-27 GDP in 2018, or 0.7% annually), to be allocated over three years for projects in line with EU aims of strengthening growth potential and addressing the green and digital transitions. The agreement was not quite as good as it seemed, as there were severe cuts for some of the bloc's key priorities, including climate change transition (downgraded from €40 billion to just €10 billion; see Laurent, this volume), research and health (see Brooks *et al.*, this volume) and some other areas, alongside increased budget rebates for the leading sceptics. Such was the cost of reaching agreement.

The total proposed annual spending is still very substantial, roughly double the €351.8 billion allocated to regional and cohesion policy for the 2014–2020 period. The formula for deciding on country allocations takes account of how hard a country has been hit by the effects of the pandemic and, crucially for lower-income countries, of indicators of economic levels. Spending will thereby help especially those with potential debt difficulties while also targeting those with lower debt levels but the strongest concern for promoting long-term convergence. While it is possible to estimate how much each Member State is likely to receive, as shown in Table 3, it is impossible to calculate what this would mean in terms of net transfers, as it is yet to be decided how the EU will raise the revenue to pay for its borrowing.

Open questions remain over whether these sums are adequate for preventing a recurrence of sovereign debt crises and for enabling future economic recovery, and over whether they can be used effectively, or even at all, when many lower-income countries have had difficulties making productive use of Structural Fund allocations. It is also unclear whether this will remain a one-off measure or whether it presages the creation of a more permanent EU approach that could finance investment and development, with a permanent focus on helping those in greatest need and fostering convergence, across the Union.

Table 3 Cross-country grant allocations from the EU recovery instrument as % of 2018 GDP

Country	% of 2018 GDP	Country	% of 2018 GDP
EU-27	2.8	Estonia	4.3
Bulgaria	10.5	Slovenia	3.8
Croatia	10.1	Czechia	2.7
Greece	9.0	Malta	2.4
Latvia	6.7	France	2.1
Romania	6.7	Germany	1.4
Slovakia	6.2	Belgium	1.1
Spain	5.9	Finland	1.0
Lithuania	5.8	Netherlands	0.8
Portugal	5.6	Austria	0.8
Poland	5.4	Sweden	0.8
Italy	4.8	Denmark	0.6
Cyprus	4.7	Ireland	0.5
Hungary	4.6	Luxembourg	0.4

Source: author's own calculation from Darvas (2020).

4.3 Rescue by the European Central Bank?

The rigidity of EU structures has in the past been partly compensated for by flexibility on the part of the European Central Bank (ECB). The ECB has the advantage of independence from Member State governments and does not need unanimity for decision-making. In fact, limited transparency means that it does not even make public how many decisions are taken (Claeys and Linta 2019).

However, monetary policy is not an adequate substitute for fiscal policy. The ECB can vary interest rates and the quantity of money in the economy, with an impact on the global level of economic activity. Unlike government spending, it cannot target this onto specific objectives, such as health, poverty reduction or support for research. The ECB could directly finance government spending, but this is considered undesirable over a significant period, as spending not balanced by government revenues would create inflationary pressures and potentially a serious loss of confidence in the currency. The ECB is not authorised to undertake monetary financing of public spending by its statutes, which limit its primary aim to maintaining price stability.

There is some flexibility in this, as shown by the ECB's programme of buying government debt introduced in March 2015 under the Public Sector Purchase Programme (PSPP). To comply at least formally with the block on monetary financing, the ECB bought only existing bonds. A formula was also created to ensure that it did not give greater help to countries in greater difficulty. This programme provided a model for the ECB's

Pandemic Emergency Purchase Programme (PEPP), decided on 24 March 2020,⁷ with scope to lend up to €750 billion (6.25% of Eurozone 2019 GDP) through the end of 2020. No conditions were to be attached in terms of future austerity policies, and Greece was to be allowed to participate, which had not been the case for the PSPP. However, the stated aim was again to help banks' balance sheets so that they could lend more – an aim dependent on there being creditworthy clients or on effective government guarantees for bank credits.

A further danger for the PEPP was signalled on 5 May 2020 when the German constitutional court ruled that the 2015 PSPP programme conflicted with the German constitution. To be acceptable, there would have to be a clear end date to confirm that this was not a masked form of monetary financing and an explanation for how this was a sensible way to achieve price stability. The legal issue is complex, involving a dispute between a German court and the Court of Justice of the EU, which had judged PSPP acceptable. However, the PEPP could be open to the same objections that had been upheld by the German constitutional court. It is difficult to see a convincing exit strategy when total holdings of government debt of both PSPP and PEPP approach 24% of Eurozone GDP.

Conclusion

The Covid-19 pandemic has been associated with an enormous fall in economic activity. It remains unclear how long-lasting or how deep the depression will prove to be. Initial evidence casts doubt on early hopes of a short, V-shaped depression. Early evidence also points to substantial differences in how countries, sectors and individual social groups are being affected, with greater divergences in social than economic effects. The differences reflect the differing impacts of the pandemic, differences in economic structures and differences in policy responses. Although the measures taken have been similar in form, they have differed in coverage and application, with lower-income countries generally providing less protection against negative social effects. Thus, apart from an economic crisis of unclear length, the pandemic threatens to exacerbate divergences within the EU, while the extent of public spending to prevent economic and social catastrophe also again raises issues of the sustainability of public debt.

A key question posed in the introduction was whether the EU will prove its worth and increase its credibility by helping to find means to overcome the crisis and set Europe back on a road to increasing prosperity and convergence. For the most part, public spending measures remain the responsibility of Member States, but the EU, with potential resources and borrowing power derived from the collective economic strength of its members, could help ensure protection of health, survival of economic activities through the crisis and subsequent economic recovery for all Member States. The measures so far decided by the EU and ECB provide some protection for countries most hampered by public debt: there is no immediate threat of a sovereign debt crisis. The exemptions from state aid rules plus the finance offered from the EU should also

7. <https://bit.ly/3oxaBmF>

help ensure the survival of many threatened enterprises and jobs. There will still be pain in parts of economies and possible longer-term shifts in spending, pointing to the need for state involvement in fostering restructuring and recovery.

There is also a strong emphasis in EU policy statements on countering divergences, reflected in the targeting of funding under the recovery instrument agreed in July 2020. However, higher-income countries, especially those with lower public debt burdens, can take greater advantage of the decisions relaxing state aid rules, simply because they have more spending power. This therefore threatens to accentuate the concentration of higher-level activities (such as research and development) and the most modern products and processes in higher-income countries, accentuating the dependence of Central and Eastern European Member States on innovation and technology developed elsewhere. The dependent status that this represents is a barrier to economic and social convergence (Myant 2018). The loans and grants on offer under the resilience instrument will not reverse this process and may even exacerbate divergences if the sums are spent on fostering new technologies primarily in higher-income countries. Indeed, it remains an open question how far the larger sums available to lower-income countries can usefully be spent on economic recovery within the envisaged timescale when there have frequently been difficulties in making full use of past Structural Fund allocations. As argued by Czech trade unions, for example, convergence across the EU will require policy and institutional changes within Member States, enabling them to develop their own potential for innovation, alongside EU-level support, over a long period of time (Fassmann *et al.* 2019).

An optimistic view would be that the EU and its Member States are being pushed by the Covid-19 crisis towards a new recognition of the benefits of a larger budget, providing a fiscal capacity to accompany the common currency that could contribute to ensuring sustainable growth and convergence across the Union. A pessimistic view would be that steps taken will never be more than a temporary aberration, which will be followed by a renewed emphasis on austerity to repay the accumulated debts. A perceived failure of spending to bring satisfactory results could even contribute to more scepticism about the benefits of solidarity between Member States and financial transfers towards those in greater difficulty. The outcome in practice will be a result of political conflicts and compromises, themselves influenced by the further uncertain progress of the Covid-19 pandemic.

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Chapter 4

The Covid-19 crisis and gender equality: risks and opportunities

Jill Rubery and Isabel Tavora

Introduction

The Covid-19 pandemic has not just interrupted but disrupted the normal functioning of our economies and societies. Disruption provides an opportunity for progressive change but also engenders the risk of significant reversals in social progress. In this context, this chapter aims to assess the gendered impact of the first stage of the public health crisis, that is, the period from the beginning of significant Covid-19 outbreaks in Europe in March 2020 to the loosening of lockdowns in May and June 2020, with precise timing dependent on the country. The focus is on the initial policy responses and what they tell us about both the potential for positive change and the risks of reversals in progress towards gender equality.

All crises have gendered impacts, and Covid-19 is no exception. Differences in women's and men's positions in the employment and social protection system as well as in the division of unpaid household work and care result in gendered socio-economic impacts. Nevertheless, the extent to which the burden of crises falls on men and women depends both on their pre-crisis roles and how policies to address the crisis mitigate or exacerbate these effects. This crisis differs from others in that it has a health cause, not an economic one, even if the dominant neoliberal economic model and austerity policies that have squeezed expenditure on public services and social protection may have contributed to its impacts (Saad-Filho 2020). This health issue is also gendered, with men much more vulnerable to hospitalisation and death from Covid-19, although this goes beyond the scope of this chapter. Another key difference is the impact – at least in the short term – on the household. With the closing of schools and childcare facilities, the confining of people to their immediate households and the widespread adoption of teleworking, suddenly the home arena has moved centre stage. While in most crises the spotlight tends to be on the economy and paid employment, in this crisis the unpaid care work done in the home has gained unprecedented visibility, particularly as it is being done alongside wage work and other commitments. As a result of the pandemic, the contributions of professionals to care and education have also become more visible by their absence. The dark side to this centrality of the home is the increased risk that women face from domestic violence (ILO 2020a).

This new focus on the home also comes alongside major impacts on employment, social protection and public services that are proving different from those observed in previous recessions and austerity crises (Karamessini and Rubery 2013). For example, jobs mainly done by women – such as those in health and care services, routinely considered low-skilled and unproductive – are now being recognised for their key value

for society. At the same time, many men have had to increase their engagement in home life, even if women retain the main responsibility for care. In addition, as the analysis below shows, there have been explicit efforts in some countries (see Table 2) to support jobs and employment arrangements that have traditionally been excluded from social protection and where vulnerable women may be located, whether domestic workers or those self-employed in freelance or gig economy jobs.

Despite these changes, many of the policy responses – however apparently innovative and comprehensive – may still retain their inherent gender biases, as we explore below. Moreover, as in all crises but further intensified under Covid-19, women often play a key role in keeping the household and family going, adjusting to reduced income and managing the increased need for food and care support. Major concerns are emerging that this concentration on home life and the extra care burdens that have emerged may reverse progress in gender equality, particularly if women also prove to be more vulnerable to job loss in the medium term.

At the time of writing (August 2020), it is too early to predict the medium- to long-term gender equality impacts. Instead, the main focus here is twofold: to identify the key short-term impacts on women’s position in paid and unpaid work and to identify how far the policies to address the crisis have mitigated or exacerbated gender inequalities in wage work, social protection and unpaid care work. These concerns are of direct relevance for the European Commission’s new Gender Equality Strategy 2020–2025 that seeks to promote higher female employment, equal pay, greater economic independence for women, and gender-equal parenting and care. A key question here is whether the policies enacted reveal the continuation or the erosion of long-held gendered values, including the low valuation attached to women’s work, women’s income needs and women’s time. This should indicate both the progress made in gender equality attitudes and actions across the EU and the progress still required to realise equality goals. The task is also to identify any risks that the Covid-19 pandemic may cause reversals in progress towards gender equality. The inequalities associated with Covid-19 are by no means restricted to gender and are also strong by class, ethnicity and migration status.¹ These intersectional patterns cannot at this stage be investigated due to data limitations but will be highlighted where possible.

The analysis in this chapter draws firstly on a rich set of data that has emerged rapidly since the beginning of the crisis, mainly but not solely in Covid-19 response databases made available by the International Labour Organisation (ILO 2020b), the Organization for Economic Cooperation and Development (OECD 2020a) and the European Foundation for the Improvement of Living and Working Conditions (Eurofound 2020a). We complemented these data sources with requests to a network of country-experts to answer specific queries about the policies reported in the international databases and fill any gaps.² To unravel the different gendered impacts, we review changes across three domains: the labour market and the position of women as key workers in health

1. See the evidence of the impact of Covid-19 on racialised communities gathered by the European Network Against Racism (ENAR). <https://bit.ly/34FtUSA>

2. See acknowledgements at end of chapter.

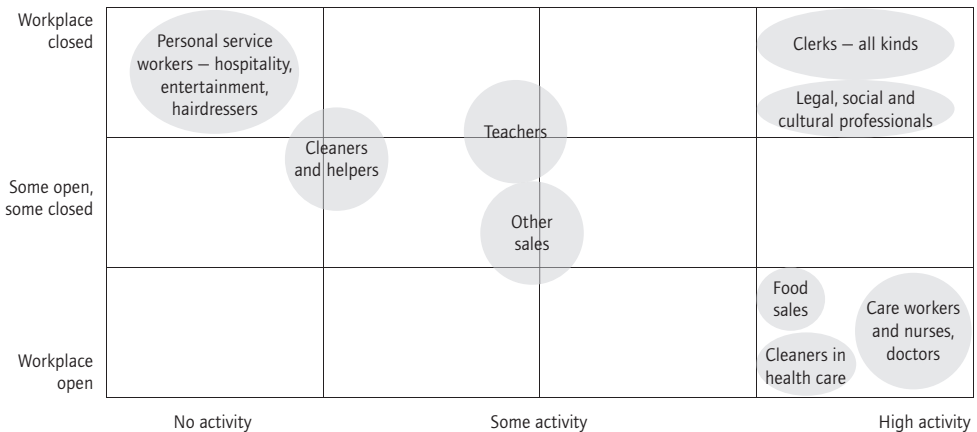
and other essential services³ (Section 1); social protection policies (Section 2); and the work-care interface and social support for parents (Section 3). We conclude by arguing for the development of a stronger and more ambitious programme for gender equality at EU and Member State level through the comprehensive gender mainstreaming of the Covid-19 recovery policies and the development of a new agenda for sharing both wage work and unpaid care work.

1. The labour market, gender and the valuation of key workers

1.1 The labour market

Three factors have shaped the Covid-19 labour market during lockdown and the early stages of reopening (the timeframe considered here): whether the physical workplace is closed or open, whether the level of demand for services is zero, reduced, unchanged or above pre-Covid-19 levels and whether work can be done from home. Figure 1 plots the characteristics of the main occupations with a majority female workforce (EIGE 2017).

Figure 1 Working patterns in the most common female-dominated occupations in the EU during the Covid-19 lockdown



Source: Author's own elaboration (size of circles not based on detailed statistical data) based on EIGE (2017) for EU's most common female-dominated occupations and on Fana *et al.* (2020) on closure and activity levels by sector.

Figure 1 shows that the most common feminised occupations are largely concentrated in three poles: a) closed workplaces (personal services, non-essential retail, many cleaners and helpers) and where activity could not be performed at home and had to be reduced or stopped due to the health risks; b) closed workplaces with usual levels of activity but carried out from home (administrative and professional occupations); and

3. We refer to key workers as those employed in activities key to sustaining life and security, including health and social care activities, agriculture, production and distribution of food and other essential goods, utilities, defence and public administration activities (as in Eurofound 2020b: 17).

c) open workplaces with high activity (mainly health care, social care, related cleaners and helpers, and food retail). Only a few occupations are located in the middle, with some workplaces open and others shut and with reduced activity – examples here are teachers (some of whom provided care for key workers' children) and workers in non-food shops that were allowed to open but operated under capacity due to physical distancing and reduced demand. A similar polarised pattern could be drawn for men. Male-dominated sectors that remained open and in high demand included logistics, police, agriculture, engineers associated with utilities, and telecommunications and information technology. In some countries, those closed included manufacturing and construction but, depending on the rules and the specific sectoral conditions, some of these may have remained open but only partially active due to physical distancing or low demand. Most administrative, professional and managerial jobs could, however, be done from home.

The analysis of activity patterns in Figure 1 fits closely with that of Fana *et al.* (2020) that categorises sectors as 'essential and fully active', 'active but teleworkable', 'mainly essential and partly active', 'mainly non-essential and partly active', and 'fully closed'. Women are overrepresented relative to their share of the workforce in all categories except for non-essential, where their representation is only 24% compared to 46% in the overall labour market. Fana *et al.* argue that while men may have been strongly affected by their concentration in non-essential manufacturing and construction in the very strict lockdown period, women who account for 56% of the closed sectors' workforce may face more long-term problems as these sectors such as accommodation and food services (from here onwards referred to as 'hospitality' sector) are likely to remain only partially active for longer.

These variations in the impact of lockdown on both male- and female-dominated sectors and occupations also have implications for the impact of school closures: while those laid off or unemployed could in principle look after children, those who moved work to home may have needed to combine work with care, while those in front-line jobs would need either another parent to be at home or continued external care to be able to work. Though it is too early to determine the gender impact on working patterns across the EU, surveys in France, the UK and US indicate that women in these countries are more likely to have lost their jobs in the immediate phase of the crisis, particularly lower educated women (see Adams-Prassl *et al.* 2020a, b for UK and US; Lambert *et al.* 2020 for France). The surveys by Adams-Prassl *et al.* (2020a, b) reveal that while UK and US women were less likely to say they could do part of their work tasks from home even after controlling for occupation and education, in Germany gender was not significant with respect to either job loss or ability to work from home.

The widespread use of job retention and short-time work schemes makes it even more difficult to determine the longer-term impact on prospects for women's employment. There are, however, several good reasons to be pessimistic. In the short term, women's overrepresentation in non-standard forms of employment makes them more vulnerable to job loss, as these groups are usually laid off first, that is treated as a buffer to protect the core workforce in any downturn (Karamessini and Rubery 2013). However, in the medium term, the outcomes are less predictable as employers may hire mainly

contingent workers due to the economic uncertainty, thereby possibly boosting women's employment opportunities but also their precarity. Second, women are overrepresented in many of the sectors that are likely to shrink even in the medium term, particularly hospitality and other activities associated with tourism and business travel. Moreover, the growth in women's employment in personal and consumer services has often been attributed to their perceived higher social skills compared to men. However, since the Covid-19 crisis, instead of face-to-face contact being regarded as a basis for competitive advantage in services, it may be considered as exacerbating health risks. Thus, employers may try to design out this aspect of work, possibly through accelerating automation. Another legacy of Covid-19 is likely to be changes both to care arrangements and to how work and care are organised. In principle, greater acceptance of telework could boost women's employment opportunities, but there are also risks (see Section 3).

1.2 The valuation of key workers

One possible silver lining to Covid-19 is the greater visibility and appreciation of workers in health and care services, one of the most feminised sectors of the labour market. Women not only account for the majority of nurses and care workers, but increasingly also for medical doctors. Nurses tend to be generally low-paid relative to their skills, particularly in Member States with a legacy of feminisation of public services from the socialist era and a tradition of low pay (Rubery 2013; Rubery and Johnson 2019). Relative pay for care workers also varies across countries (ILO 2018: Figure 4.5), reflecting differences in minimum wage floors and variations in both qualification requirements for care workers (Baltruks *et al.* 2017) and in their employment as public- or private-sector workers. The new-found appreciation of key workers has been manifested in public expressions of thanks (clapping, singing, gifts etc.) and in many EU countries in special bonuses or other benefits paid to health and care staff (see Table 1). In some cases, only doctors and nurses have benefitted, but in others, sometimes as a result of union or public pressure (see for example UNISON 2020 and Financial Times 2020a),⁴ the bonuses or benefits have been extended to care workers and ancillary staff. While these actions are beneficial in the short term, they do not necessarily herald any long-term change in the gendered undervaluation of care work. Bonuses in some cases vary according to earnings levels, possibly suggesting that low pay at the bottom of the hierarchy is unlikely to be addressed. Indeed, despite the warm words about care staff as heroines, it was those working in care homes – the least well-paid women workers – who were often left without appropriate protective equipment (ECDC 2020). Also, not many examples are emerging of longer-term changes to terms and conditions for health and social care staff, even in countries where health and social care work is very poorly paid. One exception could be Hungary, where not only has a bonus been paid but a pay rise of 20% is promised from November 2020 onwards. However, this is occurring alongside a ban on medical staff leaving the country. One positive example is France, where the government has improved pay for health and care

4. For example, care bonuses were extended to all staff in Wales after public pressure. Likewise, the UK government reversed an earlier decision and extended visas and waived health care costs for all groups of migrant workers in the health service.

work (BBC 2020). Another positive story is the offer of permanent contracts to social care workers in Greece. Examples where Covid-19 has had negative impacts on pay and conditions include enforced delays in action by trade unions to try to improve pay for nurses in Finland (UUTISET 2020), the loss of overtime opportunities for health workers in Croatia (Telegram 2020) and new nursing recruits being given precarious contracts in Ireland (The Irish Times 2020).

Table 1 Treatment of key workers in health and social care in the Covid-19 pandemic

Bonuses to key workers	Pay rises or new collective bargaining over pay	More secure contracts	Stalled/postponed bargaining over pay or less good employment conditions
Bulgaria, Czechia*, Germany, Greece, France, Italy, Latvia, Lithuania, Romania, Portugal, Slovenia, Spain, UK*	France (pay rises agreed July 2020), Hungary (20% pay rise November 2020)	Greece (for social care workers)	Croatia (loss of overtime), Finland (no improvements in pay for nurses), Ireland (new hires on precarious contracts)

Note: *Some regions only, or only staff who are nationally but not municipally employed.

Source: International policy databases (ILO 2020b; OECD 2020a; Eurofound 2020a plus information from national experts (see acknowledgements at end of chapter).

2. Covid-19 policy responses: gendered differences in support for income and employment

All Member States are providing some support to those at risk of loss of wage income due to the Covid-19 pandemic. This represents a major expansion of such support schemes beyond the countries with long histories of short-time work schemes. As Müller and Schulten (2020: 4) point out, while these schemes can be considered to share the same or similar objectives, they ‘differ considerably in their institutional design and underlying logic’. These differences in institutional arrangements towards the same goal of supporting those at risk of loss of wage income and jobs make it difficult in this context to distinguish between social protection and employment protection schemes. In Table 2, where we summarise these schemes, we do not make that distinction. The key differences include whether they are wage subsidies to employers or payments made directly to employees (for example, via national employment agencies or trade unions), and the scope and generosity of the support (including how responsibility is shared between the state, the employer and employees). Also, schemes vary in whether jobs are protected for those on support and whether support depends on complete cessation of work or whether work can or must be ongoing but short-time: for this reason we refer to them as ‘JRS/STW’, i.e. job retention schemes (JRS) or short-time work schemes (STW). Table 2 also indicates whether they are known as temporary unemployment (TU) schemes.

Women's access to income support through these schemes risks being more limited than that for men for interconnected reasons that reflect gendered employment patterns and the specifics of policy design. In 2019 the EU adopted a recommendation that Member States provide more universal protection, especially for those in non-standard forms of employment or self-employed (Council of the EU 2019). Nevertheless, major gaps remain (Spasova *et al.* 2019; Matsaganis *et al.* 2016; Rubery *et al.* 2018), with women particularly likely to fall through the cracks for a range of reasons, and with low-educated, ethnic minority and migrant women even more at risk. The three most common problems are:

- Working in countries, sectors, types of firms or jobs not covered by specific crisis-related job protection schemes;
- Not meeting eligibility employment record conditions for either standard unemployment benefits or in some countries access to crisis-related schemes (due to too short or interrupted participation, too low income, too short hours or the form of employment – for example, informal work) or being ineligible due to not being available for employment due to care responsibilities (see Section 3);
- Receiving low benefits (due to no or low minimum benefit levels, low earnings when benefits are earnings-related, or low contribution record even if above the threshold for some benefits).

Our assessment of the Covid-19 policy response from a gender perspective therefore considers how far the policies have aimed at or succeeded in mitigating these three risks and improving women's access to protection: see the detailed discussion in Sections 2.1, 2.2 and 2.3 respectively. One positive outcome from Covid-19 is that it has demonstrated the possibilities of radical and rapid development of stronger and more inclusive social protection systems, contrary to pre-Covid-19 assumptions that reform takes years rather than the days or weeks it took to design new schemes under the Covid-19 pandemic. There have been three types of innovation under Covid-19. First, new wage compensation schemes for employees in countries with no tradition of their use (Müller and Schulten 2020; see also Myant, this volume). Second, changes to eligibility for coverage, even in countries with longstanding schemes to include workers traditionally excluded (details in Section 2.2; see also Eurofound 2020c). Third, and perhaps most innovative of all, there has been a widespread development of schemes to provide some income protection (whether through new rights to unemployment benefits or compensation for lost profits) for the self-employed who have often been excluded from access to unemployment support (Spasova *et al.* 2019; Matsaganis *et al.* 2016; Eurofound 2020c; see also Tables 2 and 3). In assessing the adequacy of these policy approaches for protecting women, we need to consider both progress towards more comprehensive and more equality-focused systems and evidence of remaining gaps and continuing tendencies to undervalue women's contributions in both paid and unpaid work.

2.1 Gender and sectoral and firm coverage

With regard to the first risk, i.e. working in countries, sectors or firms not covered by such schemes, it is notable that almost all European countries have introduced wage

compensation at a relatively high percentage of earnings – normally with state support of 60% to 80% of wages (often up to a cap), with requirements for the employer to top up the wage further in some countries (see Table 2). Those providing less generous support include Croatia, Greece and Malta (all providing flat-rate benefits and initially no support for reduced hours in the first two cases), while Poland and Portugal provide lower state support (below 50% of wages though workers receive 80% and 67% respectively). The schemes are generally universal by sector coverage but eligibility conditions (e.g. extent of business downturn) vary. These schemes are being used extensively in the services sectors particularly affected by lockdown, in marked contrast to the 2008 financial crisis when, for example, in Germany, a country much praised for its short-time work scheme, take-up of the scheme was concentrated in construction and manufacturing. At that time, women accounted for less than a quarter of recipients due to both their concentration in different sectors and their underrepresentation relative to their employment share within these male-dominated sectors (Leschke and Jepsen 2011). While data is not yet generally available on take-up, in some cases – for example, Hungary – this bias towards manufacturing and construction may be continuing according to OECD data.⁵ By contrast, in the UK (New Statesman 2020) and Germany (Hammerschmid *et al.* 2020), for example, the hospitality sector has the highest rate of employees supported by JRS/STW schemes. There have also been efforts to expand coverage by firm size – for example Italy under Covid-19 covers all sizes of firm down to one employee while in the financial crisis although the scheme was temporarily extended to SMEs in the tertiary sector access was limited to firms with a minimum of 15 employees (Boeri and Bruecker 2011: 43).

One exception to universal sector coverage is domestic work, an overwhelmingly female-dominated area, which was excluded explicitly not only in Bulgaria but also in Italy, where public pressure led to its belated inclusion at the end of May 2020, with cover backdated to April 2020. However, it is notable that the scheme introduced in Italy paid a lower amount – €500 compared to €600 per month for the self-employed and 80% of wages for employees. Spain provides support for domestic workers under a special scheme which has a slightly lower maximum than for other employees. By contrast, France has a special scheme but pays the same as for other employees, although with a much longer delay in paying the benefits, which might have reduced take-up (data not yet available).

2.2 Gender and access to support

With respect to coverage of support schemes by types of workers, the policy direction is towards wider inclusion. Many countries make explicit reference to inclusion of those on fixed-term or other types of insecure contracts and to possibilities to include staff already dismissed before schemes were introduced (for example, the UK) – though there are some exceptions to this – for example Hungary and Slovenia. Several countries have also relaxed rules for access to unemployment benefits or social assistance where

5. According to the OECD country tracker for Hungary, as of 8 May, 62% of furloughed workers were employed in the processing industry and in trade and repair of motor vehicles. Only 9% of furloughed workers worked in the heavily affected tourism and hospitality sectors.

this is the main support (for example, Finland) or supplementary support for those not covered by the JRS/STW schemes (for example, Germany). The most notable inclusion efforts relate to the self-employed who are normally not eligible for protection against job or income loss. Although support in this crisis has primarily benefitted men, as they outnumber women among the self-employed, this extension of the social protection net, if maintained and built upon, is likely to be of long-term benefit for women, especially vulnerable women such as single parents who may be more likely to be dependent upon the growing platform economy, particularly crowdworking, because of difficulties in working outside the home. Although income support for the self-employed (i.e., not including support for expenses or tax relief) is more patchy than for employees, only four Member States – Bulgaria, Estonia, Hungary and Sweden – provided no new income support, although Hungary has compulsory and Sweden voluntary unemployment insurance for the self-employed (Spasova *et al.* 2019). Support was more often flat-rate and, when turnover- or profit-related, had lower maximum limits than employees (see Table 2). Only a few countries treated employees and the self-employed roughly the same way (Finland, Ireland, Romania, Slovakia, UK). It is difficult to identify how far the support schemes for the self-employed have covered the most vulnerable. Irregular or informal workers will in general not be covered by schemes, in part because of their unrecorded status, a problem especially affecting migrants. The extent of the informal workforce and the share of women in this group clearly varies across Member States, but data is lacking.

There are also several holes in the protective net that are likely to particularly affect women due either to longstanding social protection policies or to specific characteristics of Covid-19-related policies. Hungary provides an example of the latter, with part-time workers simply excluded from the JRS/STW scheme; while part-time is not a common employment form in Hungary, most part-timers are women. Countries vary in their contribution requirement for social protection. As women are more likely to be both low-paid and have interrupted employment, they are more at risk of exclusion: in the UK, for example, it is not possible to meet eligibility requirements for social protection if one earns less than €131 per week. As a consequence around two million people, 70% of them women, according to estimates by the Trade Union Congress (TUC 2020), have no rights to statutory sick pay and a similar number would also not have access to contribution-based unemployment benefits. In Germany there is a specific category of employment known as mini-jobs (with an earnings limit of €450 per month and exempt from income tax) where workers are generally not covered by social security; payment of contributions is voluntary and only 15% in practice are covered (Hammerschmid *et al.* 2020). Over 60% of mini-jobbers are women, due in large part to the income tax splitting system in Germany which imposes high taxes on second-income earners entering regular work. Mini-jobbers are not eligible either for the JRS/STW scheme support or for the basic income support for the unemployed that many solo self-employed have been able to claim under Covid-19.

In some of the Nordic countries, membership of unemployment schemes has remained voluntary and low-paid and casual workers, particularly in sectors like hospitality, are less likely to have opted to join such schemes. In Finland, the eligibility condition for earnings-related unemployment benefits was reduced from 26 to 13 weeks of

contributions in the past year but those who opted out – many of them women or young people – are only eligible for the much lower first-tier minimum benefit (Shin and Böckerman 2019), leading to a national debate on whether all should be covered by earnings-related benefits which are in practice primarily paid for by the tax system, not membership fees (Helsingin Sanomat 2020). Likewise, in Denmark, while casual workers were eligible for full lay-off protection, among those put on short-time work only members of an unemployment scheme would receive compensation for reduced wages.

2.3 Gender and the level of Covid-19-related income support

The third way in which women may be disadvantaged is through the level of benefits to which they are entitled under the support systems. Of course, as this varies considerably across Member States for all groups, comparing the generosity of protection is complex due to differences in individual contributory benefit entitlements versus household means-tested benefits and the relative generosity of unemployment benefit and social assistance. Some groups of women – for example, single parents – are likely to be particularly affected by social assistance provision. And in some countries that support is both low and patchy. This is the case in Spain, for example, which has been developing a new national minimum income scheme (El País 2020) to address the growing problem of poverty (United Nations 2020). However, our concern here is not primarily with the overall level of protection for women against poverty but with women's access to protection for their own wage income. Many of the JRS/STW schemes protect a higher share of women's wages than men's. This is due to a) maximum protection caps; b) the use of flat-rate payments in some countries, including Croatia, Greece, Malta and Slovakia (for short-time work); and c) higher percentage wage compensation for low-income workers (for example in Austria, Denmark and Lithuania), with the minimum wage acting as the minimum floor for support in France, Lithuania, Luxembourg, Portugal and Slovakia. We have already mentioned the lower payments for domestic workers in Italy and Spain, and in other cases the method of calculating benefits may also disadvantage flexible and casual workers, another job area where women are overrepresented. For example, in the Netherlands, flexible contract workers ('flexwerkers' in Dutch) who are often seasonal workers were disadvantaged by wage compensation systems tied to off-season earnings before the Covid-19 crisis and were only protected after protests in June (DutchNews.nl 2020).

Where women need to claim unemployment benefits, another issue is whether there is a minimum benefit level which reflects some recognition that each claimant has minimum consumption needs; improvements in minimum benefit levels can be found in some countries, but others, such as Germany, maintain a strict contribution-related approach to benefit levels (Rubery *et al.* 2018). It is also the case that in some countries the support provided for those undertaking parental care responsibilities – including home schooling under Covid-19 – may be lower than that provided for under JRS/STW schemes, as we discuss in Section 3.2.

Table 2 Covid-19-related income support (March to May/June 2020) in EU28 through Job Retention Schemes (JRS), Short-Time Work Schemes (STW), Temporary Unemployment schemes (TU) and self-employment income support schemes

	Type of scheme JRS /STW /TU	Wage compensation for employees* – flat-rate or % of regular pay	Self-employment income support	Specific inclusions of significance by gender	Specific exclusions of significance by gender
Austria	STW	90% max 80% min	Support for subsistence costs – max €6k over 3 months	90% for lower-paid workers cf. 80% others	
Belgium	TU	80%	Income compensation but maximum €300 below maximum for employee support		
Bulgaria	JRS/STW	100%	No income support		Domestic work excluded
Croatia	JRS	Up to minimum wage (raised in April)	Self-employed except for freelance workers covered by minimum wage protection	Permanent seasonal workers but only up to 50% of minimum wage	Freelancers excluded from SE support; companies that dismissed workers prior to the scheme coming in
	STW from June	€256 per month			
Cyprus	JRS/STW/TU	60% min. €356 to €1216 max.	Also eligible for special unemployment benefit		
Czechia	JRS	100%	Income compensation up to €845	Initially temporary agency workers excluded but then included	Those on temporary work agreements (often including part-timers) and those earning <€400 excluded from social protection and scheme. End of July 2020 exclusions partly reversed.
	STW	60-80%			
Denmark	JRS	100%	75% of loss compensated – lower maximum than for employees	90% compared to 75% for hourly paid	STW – low-paid less likely to be member of UB scheme – so no STW compensation
	STW	Compensation through unemployment scheme			

	Type of scheme	Wage compensation for employees* – flat-rate or % of regular pay	Self-employment income support	Specific inclusions of significance by gender	Specific exclusions of significance by gender
Estonia	JRS /STW/TU	70% plus €150 from employer	No income compensation		Self-employed not covered unless voluntary contributors, and employees must have worked 12 out of last 36 months for earnings-related benefits
	JRS /STW/TU	70% plus €150 from employer	No income compensation		Self-employed not covered unless voluntary contributors, and employees must have worked 12 out of last 36 months for earnings-related benefits
Finland	TU	Earnings-related unemployment benefits	Temporary relaxation of eligibility requirements for earnings-related unemployment benefits	13 instead of 26 weeks' contributions needed for earnings-related UB (26 instead of 52 for SE).	Low-paid less likely to be members of unemployment schemes so only eligible for low flat-rate benefit, not earnings-related benefits
	JRS /STW/TU	100%-70%	Compensation of €1500 per month	Minimum wage floor: Domestic workers have specific scheme same as other employees.	
Germany	JRS /STW	60%-87%, Relaxation of eligibility requirements for benefits	Relaxation of eligibility requirements for social assistance helps self-employed without employees	Relaxation of eligibility requirements for UB	Mimi-jobbers not eligible for JRS/STW and contributory UB
	TU	Relaxation of eligibility requirements for benefits			
Greece	JRS	Flat-rate of €534 per month	Eligible for €534 per month subsidy	Those with insufficient contributions included after initial exclusion	
	STW March-May	No subsidy but maximum reduction 50%			
	STW June	60%			
Hungary	STW	70% of net wage for reduced hours	No additional income support but eligible for UB		Part-time workers excluded, as well as those dismissed before scheme opened
	JRS /STW	85%-70%	Eligible for flat-rate temporary unemployment benefit increased by 70% to €350 per week		
Ireland	JRS /STW	85%-70%	Eligible for flat-rate temporary unemployment benefit increased by 70% to €350 per week		
	TU	Flat rate temporarily increased by 70% to €350 per week			

Italy	JRS-/STW	80% (those not eligible €600 per month)	€600 per month income compensation	Domestic workers included after initial exclusion (subsidy for April/May but only introduced end of May)	Only €500 for domestic workers compared to minimum for self-employed of €600
Latvia	JRS-/STW	75% + child benefits	Eligible for support of 75% if income declared for tax or for the basic €180 support		If companies do not meet strict eligibility criteria only eligible for €180
	TU	€180 where no support or low support			
Lithuania	JRS-/STW	100% minimum wage, 90% to 70%	€257 flat-rate support	Higher % for the low-paid, minimum wage floor. Flat-rate support extended to groups exempted from social contributions including new starters	
Luxembourg	JRS-/STW-	100% minimum wage -80%	€2500 lump sum	Minimum wage floor	
Malta	TU	€800 or €500 for part-time workers,	20 %-40% (one or two days' support)		Low support for all groups
	JRS	Minimum 40%			
Netherlands	STW	Minimum 20%			
	JRS-/STW	100%	Social minimum wage up to €1500		
Poland	JRS-/STW	80%	Up to 80% of minimum wage (100% if earnings < 50% of minimum wage) or €290		
Portugal	JRS-/STW	100% minimum wage, 67%	Support up to €438 – social assistance minimum	Minimum wage floor	
Romania	JRS	75%	Those whose activity closed - 75% of average wage		

	Type of scheme JRS /STW/TU	Wage compensation for employees* – flat-rate or % of regular pay	Self-employment income support	Specific inclusions of significance by gender	Specific exclusions of significance by gender
Slovakia	JRS	100% minimum wage, 80% for full lay off	Same support as for employees	Minimum wage floor	Activation work schemes for long-term unemployed (many Roma) ended, reducing income for the most vulnerable
	STW	Flat-rate matching % decline in activity – €180 20% to €540 80%			
Slovenia	JRS/STW	80%	Support up to 70% of net minimum wage		Those already dismissed not included
Spain	JRS/STW/TU	70%	Compensation if loss is 75% – minimum of €661	Special scheme for workers plus new national minimum income	No national social assistance pre-Covid-19, so patchy support
Sweden	JRS/STW	90%	No specific income support but relaxation of eligibility rules for members of unemployment fund	Those dismissed before scheme introduced allowed to be covered	No specific support for freelancers/gig workers. Relaxation of eligibility rules for unemployment fund members.
	TU	Relaxation of eligibility rules for members of unemployment fund			
UK	JRS/STW	80%	80% of profits	Those dismissed before scheme introduced allowed to be covered	Up to 2 million not covered by UB
	TU	Small temporary increase in basic UB	Relaxation of eligibility for benefits		

Note: * Figures given relate to amount received by employees. Compensation paid to employers by the state is the same as what workers receive except in the case of Bulgaria (employee receives 100%, state pays 60%); Denmark (employees 100%, state pays 75%); Estonia (employee receives 70%+€150 – state pays the 70%); Malta (state subsidy is for 40% time full closure and 20% for partial reduction – not clear if employers have to pay in addition); Netherlands (employee receives 100%, state pays up to 90%); Poland (employee receives 80%, state pays half, i.e., 40%); Portugal (employee receives 67% state pays 70%, i.e., 47% of regular wage); Sweden (employee receives 90%, state pays up to 70%).

Sources: ILO (2020b), OECD (2020a), Eurofound (2020a), information from national experts.

3. Care, the gender division of labour and parental leave provision

3.1 The challenges of reconciling care and paid work under lockdown

The risk that the Covid-19 crisis could reverse progress towards gender equality in employment arises not only because women are over-represented in jobs where telework is not possible but also because of the increase in unpaid work caused by school and nursery closures. Due to the prevailing unequal gender division of care and domestic work, this additional unpaid work is likely to fall mainly on women. Emerging data from some EU Member States confirms this expectation. A survey in Italy in April 2020 revealed that women were shouldering most of the additional childcare and housework, with 74% of men devoting less than one hour a day to housework compared to 28% of women (Del Boca *et al.* 2020). Three large surveys in Germany, USA and the UK conducted at the end of March and April 2020 also found women typically spending on average one hour more than men caring and home-schooling their children (Adams-Prassl *et al.* 2020a). Similar findings were also reported by a survey in Spain (Sevilla and Smith 2020) and another in the UK (IFS 2020).

Women are therefore facing greater challenges in reconciling work and family life. Women still working outside the home risk an extremely long double shift due to, for example, home schooling, even if childcare is made available to key workers (see Section 3.2 below). Research in the UK suggests that fathers' level of involvement in these activities during Covid-19 is highly sensitive to their own employment status and patterns, but that is less so for mothers (IFS 2020). For mothers working from home, the challenge is to work productively while providing care and home schooling their children. If the other parent is also at home, some sharing is possible but preliminary evidence suggests that women still do more childcare and domestic work (Del Boca *et al.* 2020; IFS 2020). A Eurofound (2020c, 2020d) study reveals that among European parents of children under 12, 29% of women compared to 16% of men found it hard to concentrate on their work, while 24% of women compared to 13% of men reported that family responsibilities prevented them from giving time to their work. UK-based evidence also reveals that before the pandemic mothers and fathers reported a similar tendency to be interrupted during their work hours, but during the lockdown period mothers were interrupted over 50% more often (IFS 2020).

On the positive side, despite women shouldering more of the additional unpaid work, some preliminary evidence from the UK, Spain and Italy indicates that this is being shared more equally than before the pandemic, particularly childcare (Sevilla and Smith 2020; IFS 2020; Del Boca *et al.* 2020; Farré and González 2020). One UK study comparing time use (IFS 2020) in April 2020 to data from 2014–2015 found that fathers nearly doubled the time they spent on childcare: fathers reported engaging in childcare in 4.2 one-hour slots per day in 2014–2015, but this increased to eight during the 2020 lockdown. This increase was proportionally lower for women who reported engaging in childcare in 6.7 one-hour slots each day in 2014–2015 and 10.3 during the lockdown. There were smaller gaps in hours spent on childcare between mothers and fathers who were either not working or working from home than was the case when mothers and

fathers working outside the home were compared (IFS 2020). The study thus suggested fathers' contributions were higher when they themselves were at home, either not working or working from home. This could have a particularly strong effect when the mother is the only one working outside the home, estimated to apply to around one fifth of couple households in the UK (Hupkau and Petrongolo 2020). A significant increase in fathers' involvement in childcare during the Covid-19 confinement could have lasting effects on social norms and the gender division of labour (IFS 2020; Alon *et al.* 2020). This expectation is supported by a growing body of research on fathers taking parental leave, which suggests that periods of intense involvement in domestic and care work can lead to men's long-term engagement in these activities (Tamm 2019; Albrecht *et al.* 2017; Huerta *et al.* 2013).

Telework has been widely encouraged or even mandated by governments to stop the spread of the virus. A Eurofound survey found that around 37% of workers in the EU started teleworking during the Covid-19 outbreak, but this proportion varies widely across Member States, from below 20% in Romania to nearly 60% in Finland (Eurofound 2020b). Eurofound reports a slightly higher share of women starting telework than men (39% compared to 35%), but the proportion for mothers of young children is higher still at 46% (Eurofound 2020a). Among all those working from home during the pandemic, 26% lived in households with children under 12 (Eurofound 2020d). While the widespread adoption of teleworking has been regarded as a solution to the problem of care, this approach failed to appreciate the extent of childcare required after the closure of schools and nurseries. Teleworking parents in these circumstances are dependent on their employer's understanding to be able to continue working. If this is not forthcoming, they may lose their jobs, feel obliged to resign, or take parental leave where this is available and permissible. Yet in a significant number of countries, including Austria, Bulgaria, France, Malta, Portugal and Romania, not being able to work from home was an eligibility condition for parental leave (Eurofound 2020a).

Nevertheless, this growth in home-based telework may lay the foundations for more enduring work transformations (OECD 2020b). If flexible working and home-based telework become normalised and more widely available for both sexes, this could further facilitate fathers' involvement in care and co-parenting. It could also erode gender differences in employment patterns and reduce the stigma and career penalties associated with flexible working. This would, however, apply only to those in jobs in which most tasks can be done from home, mostly highly educated professionals.

In the next section, we examine the policy responses of governments across the EU to support parents with their additional care needs during the pandemic lockdowns.

3.2 Care support and special parental leave schemes under Covid-19

Gender inequalities in the sharing of unpaid work, coupled with the extra childcare brought home by the outbreak, mean that the impact of the Covid-19 crisis on women's employment prospects is dependent on the policies enacted to enable parents to provide or arrange alternative childcare while protecting them against job and income loss.

The most common parental support measure across Europe was special parental leave arrangements when neither parent was able to provide childcare due to both being employed.⁶ Table 3 summarises these arrangements. Among the 27 EU Member States, 20 provided a parental leave scheme of some description, while in the UK parents could ask their employers to use the JRS scheme to furlough them for childcare reasons. As being furloughed in order to provide childcare is in practice similar to parental leave, for the purpose of this analysis we treat it as such. These leave schemes were in most cases for parents with children aged 12 or younger, although the age limit was much lower in Poland (8) and higher (14 to 16) in Austria, Cyprus, France, Finland and Malta. In some cases, leave could be used to care for an older disabled child (e.g. Belgium, Cyprus and Portugal) or a disabled adult (e.g. Slovakia). There was also considerable variation in how the leave was paid, whether it required employer consent and whether the jobs of those taking leave were protected. In countries where parental leave is paid at the same or higher level than job retention schemes, this could be considered an indicator that the government is not only attaching comparable value to care work but also recognising the importance of both parents' earnings for the family income and the right of both women and men to an independent income. As shown in Table 3, this applied in 10 of the 21 countries with special leave schemes (Austria, Cyprus, Greece, France, Luxembourg, Poland, Portugal, Romania, Sweden, UK). In the other 11, pay for parental leave is lower than for job retention schemes, indicating an undervaluing of care; where this is unpaid (as in Spain) or means-tested and very low-paid (as in Bulgaria), the result is to make those providing care, normally women, economically dependent on other family members. These problems are exacerbated for single parents who are mainly women and reliant solely on their own income to support their families. Some leave schemes (e.g. in Belgium and Cyprus) recognised this higher vulnerability and provided higher rates for single parents.

Where taking leave requires employer consent, such as in Austria, Belgium, Cyprus and the UK, if refused one of the parents may have to resign. This may mainly affect women both because of their role in childcare but also because they normally earn less than their male partner and are more likely to be single parents. If jobs are not protected, those taking leave risk unemployment in an uncertain economy. This could have long-term consequences for women, scarring women's employment and earnings prospects.

Although parental leave schemes risk reinforcing the gender division of labour and women's economic dependency if unpaid or paid at a low level, not providing leave carries the even worse risk of forcing women to resign if alternative childcare is not available. The way the leave scheme is designed can also either further reinforce the unequal division of care or provide incentives for more balanced sharing. In Bulgaria, employers are only obliged to give parental leave to mothers and single fathers, reinforcing women's role as primary carers. By contrast, parental leave schemes in Belgium and Italy are designed to encourage parents to share: in Belgium, parental leave can only be taken on a part-time basis, enabling each employee to reduce working time up to 50%, ensuring full-time care only if both parents take leave; in Italy each parent is entitled to 15 days, with both expected to alternate so that care can be provided for a total of 30 days.

6. In some countries, not being able to work from home was also a condition of eligibility – see Section 3.1.

Table 3 Special parental leave schemes under the Covid-19 pandemic*

	Features and payment	Pay compared to JRS measures	Inclusivity	Employer consent needed	Jobs protected
Austria	3 weeks fully paid (only 1/3 reimbursed by state to employers)	Higher	Self-employed excluded	Yes	Yes
Belgium	Leave only part-time up to 50%, rate depends on age and higher for single parents. For a 50% reduction, rates are €532.24; single parents: €875.00.	Lower	Self-employed covered	Yes	No
Bulgaria	Leave is unpaid except for a one-off means-tested payment of 375 BGN (€188)	Lower	Self-employed excluded	No (for mothers or single fathers)	Yes
Cyprus	60% for the first €1,000; 40% for those earning up to €2,500 but benefit not to exceed €1,000. Higher rates for single parents: 70% and 50% with a €1,200 maximum benefit	Equal	Self-employed excluded	Yes	Yes
Czechia	Employees: 60% then raised to 80% of 'reduced assessment base' Self-employed: flat rate €510 / month	Lower	Self-employed covered but lower payment	No	Yes
Germany	67% net income for six weeks	Equal at first but lower after STW was increased	Self-employed covered Mini jobs covered	No	Yes
Greece	Special leave in which 1 in 4 days is annual leave 2 in 4 paid by employer 1 paid by state	Higher	Self-employed excluded	No	Yes
France	Up to 1 May 2020 paid as sick pay (90% of gross wage). Employees then moved to STW scheme (70% gross wage but 100% if on minimum wage). Self-employed remained on sick pay	Higher at first and then equal	Self-employed covered	No	Yes
Finland	€723 per month	Lower	Self-employed excluded	Yes	Yes
Italy	15 days to each parent paid at 50% of salary or €1200 lump sum for childcare Unpaid leave available for caring for older children	Lower	Self-employed covered	No	Yes

Lithuania	Paid as sick pay for 60 days at 65.94% rate	Lower	Self-employed covered	No	Yes
Luxembourg	Full salary	Equal	Self-employed covered	No	Yes
Malta	€166 per week for full-timers, €104 for part-timers – same as unemployment benefits under Covid-19	Lower	Self-employed covered	No	Yes
Poland	28 days in addition to 60 days family leave paid at 80%	Equal	Self-employed covered	No	Yes
Portugal	Employees: 66% of wage (state pays half) with minimum wage (€635) and cap of 3 times that value. Self-employed: 33% with €438 floor and €1097 cap	Equal	Self-employed covered but with lower pay	No	Yes
Romania	75% of wage up to 75% of national average or alternative childcare subsidy for low income families with pre-school children	Equal	Self-employed covered	No (only in essential services)	Yes
Slovakia	55% of gross wage	Lower	Self-employed covered	No	Yes
Slovenia	50% of earnings with floor of 70% of minimum wage	Lower	Self-employed covered	No	Yes
Spain	Unpaid right to adapt./reduce working hours up to nil	Lower (unpaid)	Not applicable	No (but employer can object if damaging for business)	Yes
Sweden	90% of wages	Equal	Self-employed covered	No	Yes
UK	80% of wages as part of the furlough scheme	Equal	Self-employed covered	Yes	No

Note: *The table excludes the countries that did not provide special leave for parents: Denmark, Estonia, Ireland, Croatia, Latvia, Hungary and Malta.

Sources: ILO (2020b); OECD (2020a); Eurofound (2020a) plus information from national experts.

Parental leave systems also varied in their inclusivity. In Germany, despite mini-jobbers not being covered by the job retention or unemployment schemes, they are entitled to take parental leave. In Austria, Bulgaria, Greece, Cyprus and Finland, parental leave is restricted to employees, but in most countries the self-employed are also covered, although sometimes at reduced pay. For example, in Portugal, leave is paid at one third of earnings compared to two thirds for employees, while in the Czech Republic they receive a fixed amount below the national minimum wage, compared to 90% of net pay for most employees. Domestic workers throughout Europe were often excluded due to being informally employed. As migrant women and ethnic minority groups are often employed in domestic work with informal arrangements, their exclusion is likely to exacerbate intersectional inequalities (ILO 2020a).

While parental leave was the main policy measure to support parents across Europe, some governments opted instead for ensuring the availability of childcare to families where both parents needed to work outside the home (for example Croatia, Denmark and Hungary), whereas in Sweden there were no nationwide school and nursery closures and so childcare remained available as usual. From a gender perspective, the childcare solution is preferable to parental leave because it better supports the continuing employment and earnings of both men and women, whereas parental leave tends to reinforce the gender division of labour unless it contains incentives for equally sharing care. However, from a health perspective, parental leave schemes and the encouragement of teleworking appeared safer options. For that reason, in most countries, childcare was only guaranteed for workers in health care and other essential services. This was normally provided through some schools and nurseries remaining open with a skeleton of staff, but while in some countries this was a nationwide policy (e.g. Portugal, UK) in others provision was more variable, dependent upon region or local authority (e.g. Estonia, Latvia). A few Member States provided alternative solutions. For example, in Italy, a lump-sum babysitting subsidy of €1,200 was provided as an alternative to parental leave, with health care workers entitled to €2,000; in Romania, alternative financial support for childcare was generally available to low-income families with pre-school children, while health care workers received a 75% pay increase to cover childminding costs. By contrast, in Bulgaria, Cyprus, Czechia, Greece, Ireland and Spain, no childcare arrangements were put in place to support those working in health care and other essential services.

Table 4 provides a summary of the policy responses discussed throughout this section to support working parents in the 28 countries, combining parental leave schemes with the childcare provision during the lockdown period of the outbreak. The countries most supportive of working parents are found in or close to the cell in the bottom right corner of the table where both childcare and well-paid leave are available, whereas the least supportive are found in or close to the top left corner where neither childcare or parental leave was available. The Member State closest to the latter was Ireland, where only public-sector workers had access to special parental leave, whereas Spain was the only country where parental leave was unpaid. Even key workers had no access to childcare in either country. Only one country, Sweden (where schools did not close), provided well-paid leave while retaining the full availability of childcare for all parents, though potentially at risk to health.

Table 4 Summary of parental leave and childcare arrangements during the Covid-19 lockdown

Covid-19 support for working parents		Special parental leave		
		No leave	Pay below rate for job retention schemes	Same pay or higher than job retention scheme
Childcare	None	Ireland	Bulgaria (residual leave pay), Czech Republic, Spain (leave unpaid)	Cyprus, Greece
	For key workers (including subsidy)	Estonia, Latvia	Belgium, Germany, Italy, Lithuania, Malta, Slovakia, Slovenia	Austria, France, Luxembourg, Poland, Portugal, Romania, UK
	For other parents	Croatia, Denmark, Hungary	Finland (nurseries open to all, schools for key workers)	Sweden (nurseries and schools stayed open)

Source: ILO, OECD and Eurofound Covid-19 databases (ILO 2020b; Eurofound 2020a; OECD 2020a); Eurofound (2020b); network of European experts.

Conclusions

The Covid-19 crisis has highlighted gender inequalities and raised the spectrum of possible reversals of progress on gender equality if women bear the burden of the upcoming job losses and continue to face increased burdens of care. At the same time, the crisis has demonstrated the potential for change and for new policy development. Not only did the crisis lead to the rapid spread of teleworking even in Member States where it was previously infrequent, but it also raised issues with respect to the fairness of existing wage structures and the need for the recovery to be aimed not at restoring the previous social support systems but at building back better.

These developments have implications for the EU, both for its recovery from Covid-19 and for its Gender Equality Strategy 2020–2025 (for a further discussion, see Vanhercke *et al.*, this volume). The current proposed strategy for 2020–2025 was devised pre-Covid-19 for a period of presumed incremental change. There is an urgent need to raise its ambition, as much more is now at stake, requiring pre-emptive action to counter risks of reversals in progress and strategic initiatives to seize the opportunities for more systemic change in the gender model. There needs to be active gender mainstreaming of the ‘Next Generation EU’ recovery programme,⁷ not only to guard against negative impacts but also because accelerating progress towards greater gender equality provides a strong foundation for building back better.

7. The opinion of the European Economic and Social Committee (EESC 2020) on the proposed gender equality strategy also called for gender mainstreaming of the recovery programme in July 2020.

The importance of gender mainstreaming policy interventions applies to all four areas of the EU Gender Equality Strategy 2020–2025 that we have considered in this chapter: namely increasing female employment, equal pay, gender equality in care, and greater economic independence for women. Risks of declines in female employment opportunities can be anticipated due to women’s over-representation in those service sectors most affected by the shutdown and by the possibility that new school lockdowns or split schedules will make reconciling work and care more difficult in the medium term. These risks are skewed towards women with lower levels of education, migrant women and those from an ethnic minority background all of whom have been more at risk of losing their jobs and less able to work from home compared to highly educated and professional women. Being forced out of the labour market due to Covid-19 could also have long-term scarring effects on the employment and pay prospects of these women. We can also anticipate that high unemployment may lead to a deterioration in women’s pay, particularly if minimum wages are allowed to decline in real or relative terms.

Prospects for greater sharing of care may be more positive if telework becomes normalised, but there is also a danger that more care work will be expected of parents if there is an end to the impulse to expand childcare provision evident in Europe since the setting of the Barcelona strategy and childcare targets in 2002 (EIGE 2020). New forms of gender segregation could emerge if women are not only expected to telework but in fact remain home-based workers while men return to the office. With respect to economic independence, the main risk is the loss of employment opportunities, though there is also the issue of access to social protection. The messages from the pandemic are again mixed: on the one hand more provision was made to support jobs where women are concentrated, but there were still gaps in the social protection floor, often associated with women’s concentration in jobs providing only short hours, low incomes or insecure employment.

To counter these risks and take advantage of the unprecedented pace of and readiness for change, we suggest that there should be three main developments in EU policy. First there must be a serious commitment to gender-mainstreaming the recovery plan (Frazer 2020). Its complete absence from the recovery plan from the financial crisis (Villa and Smith 2013) revealed the dominant tendency to neglect the interests and needs of women in a crisis. If the EU is committed to gender equality, it must take steps to avoid a repetition. However, it needs to go further than that and set some more ambitious goals – for example to build on the Covid-19 experience to promote a wider sharing of both wage work and unpaid care work. This approach would address both the potential to promote equality through more shared care and the need for alternatives to mass unemployment in the face of medium- to long-term shortages of employment opportunities. Many countries are extending their short-time working schemes for a year or more (Financial Times 2020b; The Guardian 2020). This should be seen as an opportunity to move towards shorter and more flexible full-time working to enable more involvement in care of both women and men, while creating the conditions for moves towards longer hours of work for those in more casual and part-time jobs to promote greater economic independence for women, who tend to be over-represented

in these arrangements. The more equal sharing of paid and unpaid work by gender should also be accompanied by more universal social protection, again building on the experiments under Covid-19 where eligibility conditions were relaxed.

This ambitious plan may appear at odds with reported voices within the European Commission in the early stages of Covid-19 in favour of putting the gender equality strategy on ice (EPSU 2020). In the end the strategy was adopted, and at the time of writing the Commission was in the process of developing, as scheduled, a proposal for a pay transparency directive in the last quarter of 2020. There still remains a risk that Covid-19 will deflect attention from gender equality issues at the very time when gender equality ambitions need to be built into crisis response strategies to ensure that the EU is set on a positive track rather than on a defensive and negative path that risks undoing recent progress. Far from gender equality being a policy agenda only for good times, in a crisis we need more than ever to ensure that recovery strategies are grounded in the pursuit of a more sustainable and equal future for Europe.

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Chapter 5

The European Green Deal: from growth strategy to social-ecological transition?

Éloi Laurent

Introduction: Europe beyond growth, 50 years later

In a bold and visionary letter dated 14 February 1972 and addressed to the then President of the European Commission Franco-Maria Malfatti, the European Commissioner for Agriculture Sicco Mansholt – alarmed by the scope of the environmental crises revealed by the ‘Limits to Growth’ Report from the Massachusetts Institute of Technology (Meadows *et al.* 1972) – wrote, ‘It is clear that tomorrow’s society cannot be concentrated on growth, at least not as far as material goods are concerned’ (Mansholt 1972: 5). He went on to argue that the ten Member States of the European Economic Community (EEC) should stop directing their ‘economic system to the search for maximum growth and to constant increase in the gross national product’. ‘We would do well’, he added, ‘to examine how we could help in establishing an economic system which is no longer based on maximum growth per inhabitant’ (*ibid.*). Almost fifty years later, in the face of accelerating environmental crises directly threatening humanity’s journey on Planet Earth, the European Green Deal (EGD) was presented by the European Commission as a ‘new growth strategy’ on 11 December 2019.

Some two weeks later, on 29 December 2019, China started to officially track cases of what would soon be identified as Covid-19 in the city of Wuhan, triggering a global chain reaction that led to the lockdown of half of the world’s population on 7 April 2020 and an almost complete stop of the global economy. The European and global context has thus changed dramatically since December 2019, highlighting even more the need for a deep reflection on the shortcomings of the objectives pursued by the EGD with respect to the new world of the 2020s, where growth-based economic systems appear fundamentally unsustainable and where social and ecological emergencies seem to feed one another. To be effectively mitigated, both aspects need to be addressed jointly by policymakers. Yet the conclusions of the extraordinary European Council meeting of 17–21 July 2020, convened in response to the Covid-19 crisis fall-out, fell short of this reappraisal: while calling for a ‘an innovative approach, fostering convergence, resilience and transformation in the European Union’ (European Council 2020: 1), the measures decided will actually, according to the European Parliament resolution of 23 July, lead to spending cuts for health (Brooks *et al.*, this volume) and climate transition programmes (European Parliament 2020).

This chapter starts by presenting the main features of the EGD as it stands, highlighting its commitment to economic efficiency to the detriment of social justice and environmental sustainability (Section 1). It then makes the case for a reappraisal of the EGD, calling for a European commitment to robust social-ecological policies embedded

in a 'just transition' framework (Section 2). This commitment should be carried out by building a European 'social-ecological' state calibrated for the 21st century, able to address current needs without compromising the future of the European Union (EU) and its citizens (Section 3).

1. The EU Green Deal: growth versus sustainability and justice

In March 1933, newly elected US President Franklin Delano Roosevelt unleashed an unprecedented programme of economic regulation, social protection and public investment in response to the Great Depression. In this 'first New Deal', Roosevelt was mindful of the need to adjust the imperative of social progress to the emerging challenge of environmental protection: the creation of the Civilian Conservation Corps (CCC), which would provide 'green jobs' (in forestry, dam-building, etc.) to a total of three million unemployed between 1933 and 1942, was one of the very first measures introduced by the new administration.

This social and ecological nexus was also the core of the bill for a 'Green New Deal' presented in February 2019 by Alexandria Ocasio-Cortez and her Democratic Party colleagues to the US House of Representatives (Ocasio-Cortez *et al.* 2019). Rejected by the Republican Senate without examination but widely influential in the political scene inside and outside the US, the 'Green New Deal' identifies as a fundamental cause of the American democratic malaise 'systemic injustices' (social and ecological). It assigns to the federal government the 'duty' (ibid: 1) to implement a transition promoting 'justice and equity' and prioritising the needs of 'frontline and vulnerable communities' (ibid: 6).

The European Commission Communication published on 11 December 2019 takes a different approach (European Commission 2019), defining the EGD from the outset as a 'new growth strategy' (ibid: 2) for the continent. To give it flesh, the EGD uses concepts and instruments targeting economic efficiency at its core and social justice at its margins¹ while attempting to create the credible overall goal of becoming the world's first 'climate-neutral' continent by 2050.

The early comments on the project ranged from those highlighting the ambitious nature of the objectives to those criticising the insufficient amounts of money committed to achieve them. But it is the very nature of the goal pursued by the project that needs closer examination, even more so in light of the global Covid-19 pandemic. The ambition of the new von der Leyen Commission, which has made the EGD its founding act, deserves praise for two reasons: it breaks with the ecological wait-and-see attitude of the previous European Commissions and it reaffirms the EU's environmental determination on the world stage, overlooked, if not lost, during the 2010s. But precisely because of this lost decade with its accelerating ecological crises, the situation today is more urgent and the required level of significant action greater (see Christensen and Olhoff 2019).

1. Tellingly, the word 'inequality' is absent from the text.

Not that long ago, the EU considered adopting a medium-term strategy. In 2000, the initial Lisbon Strategy aimed to make Europe ‘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’ (European Council 2000: §5). Two major shortcomings of this strategy largely explain, in retrospect, its failure: the inconsistency of the objectives and the inadequacy of the instruments chosen to achieve the objectives. To avoid these shortcomings, we need to closely examine the strength of the architecture of the new European strategy while it is still under construction and therefore open to change. We posit that the EGD promotes an outdated vision of a growth-driven European economy.

The EGD’s key ambition is to increase the EU’s gross domestic product (GDP) while reducing greenhouse gas (GHG) emissions. Though not explicitly stating such, the text of the Commission’s EGD Communication aims at an absolute (and even total) decoupling of greenhouse gas emissions from economic growth,² an aim not unrealistic in view of the trend observed in the recent period in certain EU Member States and in the EU as a whole (Laurent 2011). In this latter regard, the authors of the text are right to note that ‘between 1990 and 2018’ the region ‘reduced greenhouse gas emissions by 23%, while the economy grew by 61%’ (European Commission 2019: 4). However, the text avoids two important questions related to the relevance of the two decoupling indicators used (GHG emissions produced in the EU and GDP): *Is this decoupling genuine? Is it a desirable decoupling?*

The first question relates to the accounting of emissions. The EGD accounting, faithful to norms in force at the United Nations since the Kyoto Protocol, is based on GHG emissions actually produced within EU borders. But this is only part of the problem (see Malliet 2020). While the text returns several times to the global dimension of the fight against climate change, the Commission fails to point out that the region contributes indirectly to climate change through its consumption emissions (emissions figuring in final consumption regardless of where they are produced). A simple calculation enables us to grasp the size of this contribution. Available data shows that when the transfer of emissions is added to production emissions, the reduction in EU emissions between 1990 and 2017 is no longer 21% (the figure based solely on production emissions) but rather 5% (according to data by Global Carbon Project³). To put it differently, if we take consumption emissions into account, 75% of the proclaimed EU climate performance vanishes into thin air.

The second question refers to the desirability of decoupling, i.e. *is GDP the right indicator of what should be decoupled from greenhouse gas emissions, given the flaws and shortcomings of GDP in measuring human well-being* (see Laurent 2019

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2. Decoupling is an old concept in environmental economics. Decoupling occurs when the growth rate of a pressure on the environment (e.g. CO₂ emissions) becomes lower than that of its driving force (e.g. GDP growth). There is absolute decoupling if the pressure on the environment (the volume of CO₂ emissions) remains stable or decreases while the variable measuring the driving force increases (GDP growth in volume). Relative decoupling occurs when the pressure on the environment increases but at a lower growth rate than that of the driving force (GDP growth rate being greater than the growth rate of emissions).
 3. See the website of The Global Carbon Project (GCP), <https://www.globalcarbonproject.org/>

and 2020a)? As already noted, the EGD is, in the eyes of the European Commission, above all a growth strategy. *But what sort of growth?* The text refers to ‘sustainable and inclusive growth’ (European Commission 2019: 2) without describing the indicators upon which this ambition could be based. If, for lack of an alternative proposal in the text, GDP is chosen as a growth indicator (a sensible choice of indicator given the choice of concept), we have known for a long time that GDP is unable – by its very design – to measure inequalities or environmental degradation (Laurent 2019). This fundamental limitation calls for alternative indicators to be defined to measure the efficacy of the EGD.

Similarly, the text remains imprecise on the consistency of the indicators guiding the new European strategy and on how they would relate to the existing indicators on European economic governance. *What would be done with the Stability and Growth Pact and the European Semester? How could the EGD, the United Nations Sustainable Development Goals and the Stability Pact be made compatible* (see Sabato and Mandelli, this volume; Sabato and Fronteddu 2020)? This clarification is all the more urgent in the context of the post-Covid-19 economic recovery: *what indicators should guide it?*

The EGD Communication states in this regard that ‘The Green Deal is an integral part of this Commission’s strategy to implement the United Nations’ 2030 Agenda and the sustainable development goals’ (European Commission 2019: 3) and that it ‘will refocus the European Semester process of macroeconomic coordination to integrate the United Nations’ sustainable development goals, to put sustainability and the well-being of citizens at the centre of economic policy, and the sustainable development goals at the heart of the EU’s policymaking and action’ (ibid). These are laudable intentions, but there is still considerable uncertainty as to the method chosen to strike a balance between indicators which, as they stand, are incompatible. In addition, the European Commission does not have the political legitimacy to juggle trade-offs between the various indicators guiding the European project over the next decade. Conflicts and trade-offs exist and need to be sorted out.

In its *State and Outlook for Europe’s Environment* (SOER), published exactly one week before the EGD, the European Environmental Agency notes that the Europe will not achieve its sustainable vision of living well within the limits of our planet’s resources by ‘continuing to promote economic growth’ (European Environmental Agency 2019: 2). What is more, the EGD intends to widen this decoupling ambition by improving material or resource efficiency (or productivity) in the region (the decoupling of economic growth from the consumption of all natural resources). This additional material efficiency is to be made possible, in particular, by the development of the circular economy on the continent.

But there are also some conceptual and empirical shortcomings. Eurostat, the European statistical agency, has been working for some time on developing material efficiency indicators. The lead indicator, called ‘resource productivity’, divides GDP by domestic material consumption (DMC), which is defined as ‘the annual quantity of raw materials extracted from the domestic territory of the local economy, plus all physical

imports minus all physical exports'.⁴ It can thus be shown that, between 2000 and 2018, the DMC of the EU decreased by about 7%, while GDP increased by about 30%, meaning that resource productivity increased by around 40% according to Eurostat. While certainly encouraging, this statistic reveals that three-quarters of the increase in material efficiency is due to GDP growth and not to the fall in consumption of natural resources. Furthermore, the relatively minor decrease in DMC was almost entirely due to the great recession of 2009 (DMC increased by close to 7% from 2000 to 2008, then fell by 12% between 2008 and 2009 and barely budged from 2009 to 2018). What is more, the 'material footprint', an indicator that includes indirect flows (the natural resources incorporated into manufactured goods) in the calculation of natural resource consumption, calls into question this virtuous dynamic (Wiedmann *et al.* 2015).⁵ The European material footprint has actually grown since 1990. Since 2000, there has been no absolute decoupling of GDP from the consumption of natural resources: quite the contrary, there has been a re-coupling, with the material footprint actually growing faster than GDP since 2002.

A key recommendation that emerges from these analytical and empirical elements is the need to define, as a reference tool for measuring the decoupling promoted by the EGD, a set of indicators of human well-being that captures more than GDP alone. The European Parliament should be given responsibility for rethinking the European Semester, defining the dimensions of European well-being and the corresponding indicators, and considering how they should relate to the United Nations Sustainable Development Goals and the Stability and Growth Pact. But any such reappraisal of the EGD needs to go much further, combining social and environmental challenges under the auspices of what could become a 'just transition'.

2. Toward a just transition in Europe

Relegating the goal of sustainability to second place behind the pursuit of economic growth, the EGD as it stands also sidesteps the ambition of social justice. Its key feature in this respect is to create a 'mechanism for a just transition', intended to help companies adapt to greener production methods. On 14 January 2020, the European Commission (2020a) announced that the Just Transition Mechanism (JTM) will provide targeted support to help mobilise at least €100 billion over the period 2021–2027 in the most affected regions to alleviate the socio-economic impact of the transition. On 27 May 2020, as part of the Covid-19 recovery plan (see Vanhercke *et al.*, this volume), the Commission proposed to increase the Just Transition Fund budget – a key instrument of the JTM – to €40 billion (European Commission 2020b). But the reality behind this figure is sobering. First, the European Council slashed the increase proposed by the Commission to €10 billion (European Council 2020). Second, financial aid systems for the reconversion of fossil industries already exist, and this package is very small

4. See Eurostat web page on resource productivity, <https://bit.ly/31Sx3wT>

5. Eurostat itself acknowledges that 'DMC does not include upstream flows related to imports and exports of raw materials and products originating outside of the local economy'. See Eurostat web page on resource productivity provided in footnote 4.

given the existing fossil fuel subsidies working in the opposite direction (which range from 75% to 120% of the initial amounts). But above all, the project lacks a substantial definition of a just transition for people (and not companies).

The idea of a ‘just transition’ was promoted in the early 1990s by US labour leader Tony Mazzocchi to resolve ‘the conflict between jobs and the environment’ (Mazzocchi 1993: 40). It has been echoed in recent climate summits, with heads of state endorsing the need for a ‘just transition of the workforce’ in fossil-fuel industries (COP24 2018). But the notion of a just transition goes far beyond the ‘helping hand to make a new start in life for fossil-fuel workers and their families’ that Mazzocchi advocated (ibid: 40). US economist Jim Boyce estimates that the cost of guaranteeing re-employment for workers, meeting pension commitments and assisting communities for the whole US fossil fuel industry, one of the largest in the world, amounts to less than 1% of the investment needed in the country for low-carbon energy (see Boyce 2020).

This all points to at least three colossal social-ecological policy tasks: recognizing and mitigating environmental inequality; accelerating transition policies by rendering them fair, i.e. building a social-ecological state to sustain the transition (see Section 3); and finally aiming to improve present and future human well-being rather than increasing economic growth.

Regarding the first task, it is increasingly clear that inequality and unsustainability go hand in hand (Laurent 2020a). The outsourcing of environmental damage of all kinds is enabled by the gap between the rich and poor among and within countries; the poor become ill and die because of the damage inflicted on their well-being via the degradation of their environment. Environmental inequality—access to clean air, drinkable water, energy, food, protection from climate change and so on—is an inescapable challenge of our times. The different types of existing European environmental inequalities, a typology of which is given in Table 1, suggest a whole field of public policies for the EU in the next decade, with a view to reconciling the EU’s two essential vocations in the 21st century: sustainability and social justice.

Indeed, as environmental awareness in the population increases and the ecological crises in the world worsen, the issue of environmental inequalities becomes more and more salient. The European Environment Agency thus proposed, for the first time in 2018 (European Environment Agency 2018), an inventory of these inequalities, emphasizing that better harmonization of social and environmental policies and better local action are necessary to successfully address environmental justice issues.

Table 1 Mapping environmental inequality

Philosophical approach	Generative fact	Inequality vector	Inequality criterion	Example of environmental inequality
Procedural justice	Impact of individuals and groups on environmental policies	Exclusion from public decision-making procedures	Age, gender, socio-economic level (income, health, education, etc.), spatial location, nationality, ethnic characteristics, etc.	No opportunity to influence a decision of environmental concern (e.g. the construction of a new chemical plant) in one's city of residence
Recognitive justice*	Impact of environmental policies on individuals and groups	Taxation, regulatory policies, information and awareness		Vertical and horizontal income inequalities caused by carbon taxation
Distributive justice	Exposure or vulnerability to damage and limited access to resources Nuisance or damage impact of higher social echelons on lower ones	Pollution, access to natural resources and environmental amenities Local and global polluting emissions, consumption of natural resources		Unequal exposure and sensitivity to fine particle pollution in urban areas Carbon footprint of households in the top income deciles

Note: *This is a process model of social justice that includes a positive regard for social difference and the centrality of socially democratic processes.

Source: author's own compilation.

For instance, while air quality is a major determinant of quality of life in the eyes of Europeans (Eurobarometer 2017), air pollution is the greatest risk they face in terms of environmental health, with major inequalities in exposure and vulnerability reigning between European localities. The same goes for access to energy, nutritious and healthy food or exposure to so-called 'natural' risks such as climate change. Yet the major issue of energy poverty, affecting up to 125 million Europeans according to certain accounts, and its link to carbon taxation that the EGD promotes, are the subject of just a few weak lines⁶ in the Commission Communication.

As these pressing issues need to be addressed by a new form of policy, the chapter now turns to the definition of a European social-ecological state capable of carrying out the necessary transition.

6. The Commission Communication merely states that the risk of energy poverty 'must be addressed' and that, in 2020, the Commission will produce guidance to assist Member States in addressing the issue (European Commission 2019: 6).

3. Building a European social-ecological state freed from growth

How can we begin the metamorphosis of our welfare state, designed in the 19th century to overcome the conflict between work and capital, into a social-ecological state calibrated for the 21st century and designed to reconcile social demands and environmental challenges? How can we build institutions capable of guaranteeing social-ecological progress, i.e. the progress of human development in a democratic framework in the Anthropocene age? We can take two different paths towards establishing a philosophical continuity between the welfare state and the social-ecological state: that of social risk and that of individual and collective well-being.

If we retain the risk approach, it appears that social risk now includes a major environmental dimension (floods, heatwaves, storms, etc.). Citizens are therefore entitled to expect public authorities to develop new forms of risk-sharing. The other option relates to the Anglo-Saxon way of referring to social protection, the ‘welfare state’ – the ‘state of well-being’ or, more exactly, the ‘state for well-being’. For this second option, we consider not the risk facing the individual but the sources of his or her well-being (and ill-being), considering income, family life and health from a welfare state perspective, but adding an ecological perspective: it is recognized that an individual’s or group’s well-being is partly determined by environmental conditions (climate, air pollution, water quality, access to energy, etc.). It is therefore legitimate for social policy to include the environmental dimension.

Though seemingly in its infancy, this inclusive approach can actually be traced back to the 14th century. In fact, the social-ecological state preceded the welfare state in Europe. While the first social welfare law dates back to 1883 (in Bismarck’s Germany), the first social-ecological decree can be traced back to 1306 when King Edward I of England tried to ban the use of coal in London for health reasons (his own mother having fallen sick from the thick sulphur poisoning the air of the city). In this respect, it is very interesting to note that this law was never respected by Londoners despite the heavy penalties attached to it (in its most extreme version, the law foresaw the death penalty for offenders). It was not until 1956, 650 years later, that the British Parliament voted the Clean Air Act, approved in the aftermath of the 1952 ‘Great Smog’ that killed at least 4,000 Londoners through air poisoning.⁷

At the same time, and still in the United Kingdom where the welfare state was taking off, researchers rediscovered the importance of environmental factors for the state of health of populations, a factor already taken up by the hygienist studies in the 19th century.

Developed as an academic discipline by Richard Titmuss, ‘social policy’ was extended in 1958 to the environmental question. It was François Lafitte, Titmuss’ little-known co-author, who first conceptualized social-ecological policy (Lafitte 1962), defining social policy as a policy of the local environment. Such a policy refers not only to the social conditions of life (family, work, leisure), but also to access to environmental amenities,

7. Data from the Met Office, the UK’s national weather service, <https://www.metoffice.gov.uk/weather/learn-about/weather/case-studies/great-smog>

the control of urban pollution and all the environmental factors likely to influence human health and thus the well-being of individuals. Social policy, thanks to Lafitte, became the policy of ‘social space’, i.e. a policy encompassing environmental issues.

There is indeed no fundamental difference between the aims of social and environmental policy: both are aimed at correcting the shortcomings of the market economy in situations of imperfect information, incomplete markets, externalities and the like, which fully justify public intervention. The cornerstone and purpose of the social-ecological state are thus to spread risk in order to mitigate social inequality (see Koch 2018).

Unlike a simplistic economic vision assuming an opposition between efficiency and equality, the core principles of the welfare state have not become obsolete. From this point of view the televised address by French president Emmanuel Macron on 12 March 2020, amid the shock of the Covid-19 health crisis, seemed to be a radical but late epiphany: this pandemic reveals that ‘free health care, with no conditions of income, career or profession, and our welfare state, are not costs or burdens, but precious goods. They are indispensable assets when fate strikes’ (Euractiv 2020a). In another context, Macron added that ‘what this pandemic reveals is that ‘there are goods and services which must be placed outside the laws of the market. Delegating our food, our protection, our ability to look after our living environment to others is madness’ (Euractiv 2020b). All of this is true. It is also diametrically opposed to the policy implemented in France since the 2017 presidential election and during the previous mandate, when Macron exerted considerable influence on the ill-fared presidency of François Hollande. It is also not precise enough. If ‘fate’ strikes humanity today, it does not fall from heaven: humans, in the age of anthropocene environmental crises, have become the source of their own destiny.

The decade that is now beginning is indeed that of ecological challenges: faced with climate change, the destruction of biodiversity and the degradation of ecosystems – visible and tangible everywhere on the planet – human communities must initiate a profound transformation of attitudes and behaviours to prevent the 21st century being one of self-destruction of human wellbeing. The first months of the first year of this decisive decade leave little doubt about the urgency of this collective effort.

First, Australia was ravaged by a succession of giant fires, finally only extinguished by rain. Then the Covid-19 pandemic put almost half of humanity into lockdown, and, with them, the global economy. Yet the worldwide health crisis is, at its origin, ecological: this virus – like SARS, MERS, Ebola and to some extent HIV-AIDS before it – stems from the human-animal frontier (a so-called ‘zoonosis’⁸). Humans have gone too far in the destruction of ecosystems, the conquest of biodiversity and the commodification of life, leading to them now being affected, panicked and paralysed – in other words, they have been conquered in turn. This destruction of biodiversity is of course an existential

8. Zoonoses are diseases or infections that are transmitted from vertebrate animals to humans and vice versa. The pathogens involved can be bacteria, viruses or parasites. The transmission of these diseases occurs either directly, during contact between an animal and a human being, or indirectly, through food or through a vector (insects, arachnids). According to the World Organization for Animal Health, 60% of human infectious diseases are zoonotic (The Lancet 2012).

problem for humans themselves. By a causal chain identified two decades ago during an evaluation of ecosystems for the millennium, biodiversity underpins the proper functioning of ecosystems, providing humans with ‘ecosystem services’ that support their well-being (recent literature, in a broader and less instrumental way, refers to ‘the contributions of Nature’ – see, for example, Diaz *et al.* 2018). This logic naturally also holds true in reverse: when humans destroy biodiversity, as we are doing today on a vast scale through our agricultural systems, we degrade ecosystem services and, at the end of the chain, undermine our own living conditions. The case of mangroves⁹ is one of the most telling: these maritime ecosystems that promote animal reproduction, store carbon and constitute powerful natural barriers against tidal waves are being destroyed, with the result that human communities are becoming poorer and weaker.

In other words, destroying nature is living beyond our means. The most intuitive definition of the unsustainability of current economic systems can therefore be summed up in just a few words: human well-being destroys human well-being.

This is where the social-ecological state should come in (the concept of the social-ecological state was first proposed in Laurent 2014). An extension of the genius of the welfare state, its guiding principle is denaturalisation – or, put positively, socialisation. This entails transforming ecological uncertainty into social risk, by means of public guarantees and insurance, to make the social consequences of the environmental crises of the 21st century as fair as possible and therefore, in principle, to mitigate their natural strength.

What should be the functions of the social-ecological state? Let us recall the three functions of public finance proposed by Richard Musgrave sixty years ago. As is well-known, Musgrave (1959) identifies three ‘branches’ of public finance.

The first, allocation, involves the supply of public goods (or the demarcation of the border between public goods and private goods by the state); the second, distribution (and not just redistribution), aims to use public finances to serve the collective preferences of citizens in matters of justice; the third, known as stabilization, uses public finance as an instrument to maximize the ‘magic square’ (economic growth, external balance, inflation, unemployment).

3.1 Allocation: a sober social-ecological state freed from growth

We must begin here by emphasizing the main defect in Musgrave’s typology: the separation of issues of social justice from issues of economic efficiency. Ecological crises, such as the Covid-19 pandemic, show how these issues are in fact intertwined, inseparable, inextricable. The allocation function therefore obviously has powerful distributive effects that must be the subject of social compensation (via redistribution), as in the case of regulating polluting vehicles in urban centres.

9. According to the US National Ocean Service mangroves are a ‘group of trees and shrubs that live in the coastal intertidal zone’.

In this regard, while Musgrave takes care to specify that regulatory policies of this type are not included in the allocation function, they must, on the contrary, be integrated into it: in a social-ecological approach, regulatory policies are in fact the key component of the allocation function and the central reason for its economic and social impact. *But how should such policies be financed, if not through economic growth?*

The idea that economic growth is necessary to finance social policies is an archaic way of conceiving these policies in the age of environmental challenges: it is important today, in social and energy matters, to move from a logic of spending to a logic of sobriety. Indeed, the ecological extension of the welfare state – imposed by the social risks engendered by environmental crises – is based on a logic of savings and no spending (financed by taxes themselves levied on income). The social-ecological state can thus be financed by colossal savings in social expenditure enabled by the mitigation of ecological crises.

Think of the savings made possible by a rational – i.e. non-self-destructive – treatment of ecosystems and biodiversity, which would have allowed the epidemics of AIDS, Ebola, MERS, SARS and of course Covid-19 to be avoided. Consider the savings in social spending made possible by the gradual alleviation of the damage to the ozone layer, which has started to regenerate due to effective global governance, thus preventing tens of millions of skin cancer cases on the planet. Consider the savings in social spending that could be made by mitigating climate change or air pollution, not to mention the health and therefore financial consequences of improved eating habits, sports practice or urban physical mobility (walking, cycling, etc.).

The social-ecological state is thus essentially financed by savings, not by taxes. Even when new taxes have to be introduced, such as carbon taxation, this can easily lead, if properly calibrated, to twin savings in terms of quality of life and income for the majority of the population (see Berry and Laurent (2019) on the French case). To measure these benefits, there is no need to resort to fragile and ethically questionable methods of monetization of human life, or growth points gained or lost by environmental policies. There are many reliable environmental health indicators. We thus should move from a logic of cost-benefit analysis to a logic of co-benefit (health-environment) analysis.

3.2 Redistribution: a social-ecological state that pools risk to reduce inequality

Faced with our ecological crises (climate destabilization, biodiversity destruction, ecosystem degradation), we need to rediscover the equalizing power of the welfare state, which alone can transform uncertainty into risk, hazard into protection, chance into justice. In short, we must pool social risks in order to reduce them in the name of human wellbeing – starting with health, the key interface between people and ecosystems.

This could involve, in Member States, the creation of a new ‘social-ecological’ branch of social security, or the integration, within each of the existing branches, of environmental risks.

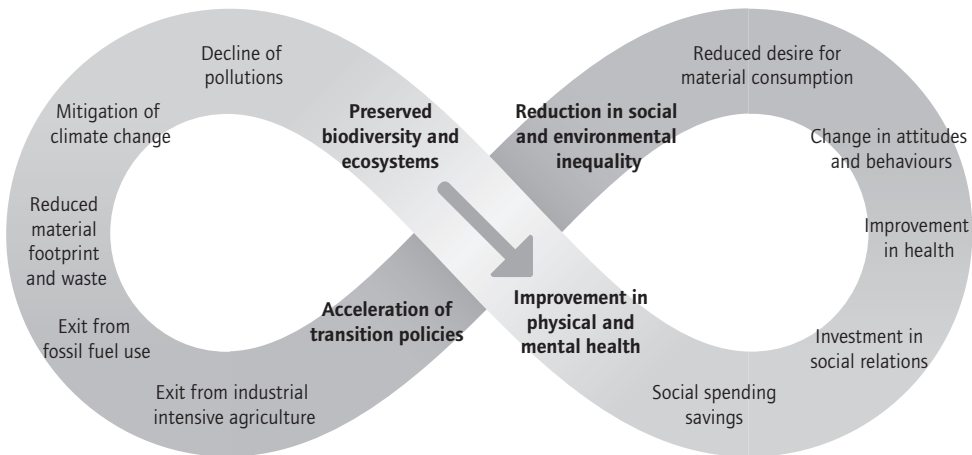
3.3 Stabilization: a social-ecological state that preserves essential well-being

The macroeconomic objectives justifying Musgrave's stabilizing function of the welfare state are clearly outdated and need also to be updated (for example, the central banks' inflation target is gradually becoming obsolete). Fundamental well-being must now be stabilized, in particular protecting it from environmental shocks (pandemics, heatwaves, etc.).

How can we represent the mutually beneficial social-ecological interactions that sustain the functions of the social-ecological state? Since the key feature of social-ecological policies is to dovetail social issues and ecological challenges, the circles in, for instance, Kate Raworth's 'doughnut' vision, with an ecological ceiling and a social floor, must be connected (Raworth 2012).

The concentric circles already show the embedding of economic and social systems in the biosphere. But we can go further, sketching a social-ecological feedback loop (Figure 1, see below) that reproduces the mathematical symbol of infinity but also evokes a Möbius strip¹⁰ (the shape which has inspired the recycling logo since the early 1970s, and by extension the circular economy).

Figure 1 **The social-ecological loop**



Source: Laurent (2021b).

This image depicting dynamic social-ecological synergies clarifies the background to the circular and cumulative social-ecological loop argument by emphasizing two essential nodes: the link between inequalities and ecological crises and the link between ecosystem health and human health. This is an essential change compared to 20th century welfare states: the transition from full employment to full health – to human health understood in all its ramifications and implications: physical health, mental

¹⁰. A Möbius strip is a surface with only one side and only one boundary curve.

health, social links, happiness, health inequalities, environmental health, social and environmental inequalities.

Health, then, rather than employment, appears as the key indicator of human development in a situation of ecological constraints, since it is the interface between human systems and ecosystems. This is the whole point of the environmental health work done since the early 1990s by the World Health Organization (WHO 1992), as witnessed by the WHO's 'One health'¹¹ approach launched in the mid-2000s and the notion of 'planetary health' coined by the Rockefeller Foundation in the mid-2010s (Whitmee *et al.* 2015). We are therefore called on to participate in a twofold revolution: to place health at the heart of our public policies, and to place the environment at the heart of our health policies. This is the fundamental mission of the social-ecological state in the years to come.

Conclusion: a new institution for a new century

The European Green Deal is a welcome attempt to widen and strengthen the European Union's social and ecological ambition. But it aims to increase economic growth to the detriment of sustainability and social justice and thus appears today not just inconsistent but outdated. Actually, it looks like a strategy for a century past: its objective should be the well-being of all Europeans (Laurent 2021a).

It could indeed be said that the 21st century began on 7 April 2020, just like the 20th century really started on 28 July 1914 with the outbreak of the First World War. If 7 April 2020 defines history, it is because half of the planet's governments that day chose to give preference to the health of their populations over the growth of their economies, after having long neglected the vitality of their ecosystems. The beginning of the 21st century lies in this triptych: life, health, the economy, in that order of priority. The bottom line is that the strength of the biosphere conditions human capacities, in turn allowing economic activity. On 7 April 2020, the economy as a social organization and economics as a system of thought were therefore finally put back in their rightful, subordinate place, where they must henceforth remain in order to stop harming human health and life on the planet. Increasing economic growth while degrading ecosystems and therefore, in turn, harming human health, is – to put it simply – a counterproductive and irrational development strategy in the 21st century.

Under the effect of the meteoric acceleration of our ecological crises – visible everywhere on our planet from Siberia to California – two agendas of reflection and reform have gained momentum in the associative, academic and political spheres over the past ten years. The first aims to link social issues to environmental challenges. The second aims to go beyond economic growth as a collective horizon. Two needs are now before us regarding these agendas that this chapter has tried to contribute to: first, fostering the convergence of social-ecology and the well-being transition; second, inventing institutions likely to bring them to fruition. This is the essential meaning of a social-

11. See <https://www.who.int/news-room/q-a-detail/one-health>

ecological state freed from the shackles of growth and with the goal of full health. The EU could and should start building it.

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All links were checked on 27 October 2020.

Chapter 6

Integrating the Sustainable Development Goals into the European Semester: a governance conundrum for the von der Leyen Commission?

Sebastiano Sabato and Matteo Mandelli

Introduction¹

In ‘My agenda for Europe’ published in September 2019, then-candidate for President of the European Commission Ursula von der Leyen renewed² her intention to ‘refocus the European Semester into an instrument that integrates the United Nations Sustainable Development Goals’ (von der Leyen 2019a: 9, bold in original removed). This intention came to the surprise of many, largely because no further details were provided on how, concretely, a process dealing with economic, fiscal and social policies in the European Union (EU) and its Member States – the European Semester – should be adapted to include the Sustainable Development Goals (SDGs). The SDGs are key elements of a complex global framework that, besides pursuing economic and social aims, also has a strong environmental dimension. Prudence in this respect seemed to characterise the stance of the Council of the European Union at the time, with national ministers asking for more information on the Commission’s intention while emphasising that the main function of the Semester was the coordination of Member States’ economic, fiscal and employment policies (Council of the EU 2019b: 11).

Von der Leyen’s announcement was just the most recent outcome of a debate on how to implement the United Nations’ (UN) 2030 Agenda for Sustainable Development³ and its 17 SDGs at EU level, a discussion ongoing since 2016. This chapter addresses this debate, with a view to understanding the origins of the Commission’s proposal to integrate the SDGs into the European Semester. It also tackles the possible implications of this decision for the Semester, assessing its potential to bring about a comprehensive implementation of the UN 2030 Agenda and its SDGs at EU level. This is indeed a challenge that can be seen as a veritable governance conundrum confronting the von der Leyen Commission. To be sure, the challenge of how to implement sustainable development in the EU is not new, in many respects pre-dating the UN 2030 Agenda and the SDGs. Hence, a closer look at the strengths and shortcomings of previous attempts in this direction may prove useful in order to fully understand the contours of the issues at stake and provide insights of use in evaluating more recent decisions and proposals.⁴

1. The authors are extremely grateful to the editors of this volume and an anonymous external reviewer for their feedback on previous versions of this chapter. The usual disclaimer applies.
2. Von der Leyen (2019b: 5) had already expressed this resolution in her opening statement in the European Parliament on 16 July 2019.
3. Hereafter referred to as ‘the UN 2030 Agenda’ or ‘the 2030 Agenda’.
4. It appears important to specify that in this chapter we deal with sustainable development and the implementation of the SDGs through cross-cutting EU strategies such as the EU SDS and Europe 2020 and their associated governance mechanisms (in particular, the European Semester). By contrast, we do not deal with an important aspect of EU actions to mainstream sustainable development in EU policies, i.e. the various forms of impact assessment conducted by the Commission to assess the environmental, social and economic impact of major pieces of legislation or policy initiatives.

Consequently, in this analysis we try to adopt a long-term perspective. Notably, after a short description of the history of the UN's engagement with sustainable development (Section 1), in Section 2 we look at the key elements of the most prominent strategy put forward by the EU to promote sustainable development before the UN 2030 Agenda: the EU Sustainable Development Strategy (EU SDS), launched in 2001. Section 3 deals with the initiatives undertaken by the Juncker Commission to integrate the UN 2030 Agenda and the SDGs into existing EU policy-making frameworks. Section 4 investigates the dynamics behind the decision of the von der Leyen Commission to refocus the Semester to integrate the SDGs, the rationale of this choice and how such a decision has been translated in the 2020 European Semester. The concluding section offers some reflections on the potential and limitations of using the European Semester as a means for implementing the UN 2030 Agenda and its SDGs, also shedding light on the most recent developments following the outbreak of the Covid-19 pandemic.

This chapter relies on a thorough analysis of relevant (mostly EU) policy documents, complemented by a selective literature review as well as by findings from six semi-structured interviews with Commission officials closely involved in the European Semester conducted in June and September 2020. These interviews provided important background information for the research, helping us to deepen our understanding of certain issues that did not fully and clearly emerge from the document analysis.

1. The United Nations and sustainable development

1.1 The evolution of the UN discourse on sustainability: from the Brundtland report to the Millennium Development Goals

The theoretical discussion around sustainable development originally arose in economic studies related to the capacity of limited planetary resources to sustain human existence over time (Mensah 2019). Since the early 1970s, the UN has been one of the most active organizations in promoting sustainable development through various high-level initiatives. In 'Our Common Future', a report by the World Commission on Environment and Development (also known as the Brundtland Commission), sustainable development is defined as a path that '[...] meets the needs of the present without compromising the ability of future generations to meet their own needs' (United Nations 1987: par. 27).

Before 2000, the social, economic and environmental dimensions of sustainability were handled separately at UN level, with dedicated initiatives and agencies. With the 'Millennium Declaration' adopted in September 2000, things changed radically (United Nations 2000). The declaration was associated with eight 'Millennium Development Goals' (MDGs)⁵ to be achieved by 2015 at global level. The MDGs inaugurated a new era

5. The MDGs were (1) eradicate extreme poverty and hunger; (2) achieve universal primary education; (3) promote gender equality and empower women; (4) reduce child mortality; (5) improve maternal health; (6) combat HIV/AIDS, malaria and other diseases; (7) ensure environmental sustainability; and (8) develop a global partnership for development.

in the international commitment to sustainable development characterized by a global governance model based on goal-setting (Biermann *et al.* 2017). Such an approach continued after the expiration of the MDGs in 2015, when the UN revisited and renewed its sustainable development agenda. The MDGs were often criticized for their limited scope and for their top-down approach (Fukuda-Parr 2016), having been constructed at the highest UN political level and constituting an aid agenda mainly targeting developing countries. Having in mind the pitfalls and limitations of the MDGs, the UN attempted to endorse a transformative global and participative developmental model through the UN 2030 Agenda and the SDGs.

1.2 The UN 2030 Agenda and the Sustainable Development Goals

In September 2015, the UN General Assembly adopted the ‘2030 Agenda for Sustainable Development’ (United Nations 2015). The 2030 Agenda is meant to be a plan to transform the world through a sustainable pathway of development, stimulating collaborative actions by UN members and stakeholders in promoting the three dimensions of sustainable development: social, environmental and economic. These dimensions are recognised as closely linked, and objectives related to them should be pursued in a balanced manner (*ibid.*: par. 2). Social, environmental and economic concerns are explicitly reflected in three of the five ‘areas of critical importance’ identified in the 2030 Agenda: people, planet and prosperity (*ibid.*: Preamble).⁶ The first area refers to granting equality of opportunities to all and fighting poverty and inequality. The second tackles environmental protection, also promoting sustainable consumption, production and natural resources management. Finally, prosperity means ‘ensur[ing] that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature’ (*ibid.*: Preamble).

The 2030 Agenda contains seventeen *Sustainable Development Goals* to be reached by 2030 at global level (see Box 1). The SDGs are thematic objectives associated with 169 qualitative and quantitative targets and accompanied by 232 indicators.

The 2030 Agenda and its SDGs are considered a turning point in the global governance of sustainable development. Indeed, the SDGs and their targets should be considered as ‘integrated and indivisible, global in nature and universally applicable, taking into account different national realities, capacities and levels of development and respecting national policies and priorities’ (United Nations 2015: par. 55). By advancing a set of multifaceted, complex and interlinked goals, the 2030 Agenda sets out a holistic sustainable development path, i.e. a common direction for countries around the globe towards wellbeing (Monaco 2018). Key to this holistic model is the integrated nature of the SDGs, as the goals should be achieved *simultaneously*. Attaining the 2030 Agenda thus crucially depends on whether synergies between the SDGs can be boosted and

6. The other two areas of the 2030 Agenda are (1) peace, i.e. creating peaceful, just and inclusive societies; and (2) partnership, which refers to the means for implementation of the 2030 Agenda (United Nations 2015: Preamble). ‘People, Planet, Prosperity, Peace and Partnership’ are usually known as the five pillars of the 2030 Agenda.

trade-offs effectively tackled (Pradhan *et al.* 2017). The idea of sustainable development put forward in the 2030 Agenda is known as ‘the triple bottom line’ approach (O’Connor 2007; Schweikert *et al.* 2018), postulating the need for a continuous dialogue of values, principles and policies, with a view to balancing the social, economic and environmental dimensions of sustainability and to solving potential conflicts.

Box 1 The United Nations’ Sustainable Development Goals

- Goal 1 End poverty in all its forms everywhere.
- Goal 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
- Goal 3 Ensure healthy lives and promote well-being for all at all ages.
- Goal 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- Goal 5 Achieve gender equality and empower all women and girls.
- Goal 6 Ensure availability and sustainable management of water and sanitation for all.
- Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all.
- Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- Goal 10 Reduce inequality within and among countries.
- Goal 11 Make cities and human settlements inclusive, safe, resilient and sustainable.
- Goal 12 Ensure sustainable consumption and production patterns.
- Goal 13 Take urgent action to combat climate change and its impacts.
- Goal 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
- Goal 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
- Goal 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
- Goal 17 Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

Source: United Nations (2015).

Governments are expected to take ownership of the SDGs (whose achievement is a shared responsibility), establishing national, regional and supranational frameworks for their implementation, monitoring and review (United Nations 2015). The UN reports yearly on global progress towards achieving them and has created a dedicated body responsible for conducting follow-ups and reviews, known as the ‘UN High-Level Political Forum’ (Eurostat 2020). Nonetheless, the UN has no binding power to enforce the SDGs, with national governments submitting their reviews on the implementation of the SDGs on a voluntary basis. This goal-setting global governance model indeed functions through ambitious political aspirations complemented by weak international institutional arrangements (Biermann *et al.* 2017), granting greater room for manoeuvre for national preferences in implementation. Not only are the SDGs non-binding, but the 169 targets are mostly generic and qualitative, meaning that states are relatively autonomous in setting their own context-specific targets (*ibid.*). A major challenge is thus to adapt the implementation of the SDGs to specific national contexts and priorities, without compromising the global and unitary ambition of the 2030 Agenda.

2. The EU and sustainable development: the early steps

2.1 The origins of the EU Sustainable Development Strategy: 2001–2002

The EU has traditionally been an active participant in and supporter of UN debates and initiatives on sustainable development. Following the 1997 Treaty of Amsterdam, achieving a ‘balanced and sustainable development’ was included among the objectives of the Union, as defined in the Treaty on the European Union (TEU) (Article 2). The current version of the TEU, as amended by the 2007 Lisbon Treaty signed in December 2007, states that ‘[the Union] 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’ (Article 3(3) TEU).

At the 19th Special Session of the United Nations’ General Assembly in 1997, the EU undertook to draw up a strategy for sustainable development. A proposal by the European Commission on a European Sustainable Development Strategy was subsequently published in May 2001 (European Commission 2001) and adopted by the European Council in June that same year (European Council 2001). The 2001 EU SDS was then renewed in 2006 (European Commission 2005; Council of the European Union 2006). While it is impossible in this chapter to provide a full account of the evolution of the EU SDS, we present a summary of its key features.

Relying on the definition of sustainable development elaborated by the Brundtland Commission in 1987 (see Section 1), the 2001 EU SDS was based on the assumption that economic, social and environmental policies were to be made mutually reinforcing. Importantly, the EU SDS adopted a long-term perspective, with a focus on the positive impact in terms of environmental quality, growth and employment that sustainable policies were to have in the long term. However, it was also recognised that required changes would entail difficult trade-offs between conflicting interests, especially in the short term (European Commission 2001: 4).

While acknowledging the broad scope of sustainable development, the 2001 Commission proposal was to adopt a targeted approach, focusing on a few salient issues (European Commission 2001). Notably, both the 2001 and the 2006 versions featured relatively more environmental challenges than social ones (European Commission 2001; Council of the EU 2006),⁷ a disparity mirroring the fact that the EU SDS was designed to add an environmental dimension to the Lisbon Strategy, a strategy dealing mainly with economic and social policies.

The implementation of the original EU SDS relied on an annual stocktaking exercise based on a synthesis report drafted by the Commission and presented at spring

7. The ‘key challenges’ of the EU SDS in 2006 were (1) climate change and clean energy; (2) sustainable transport; (3) sustainable consumption and production; (4) conservation and management of natural resources; (5) public health; (6) social inclusion, demography and migration; and (7) global poverty and sustainable development challenges (Council of the EU 2006).

European Council meetings, with government leaders expected to review progress on all dimensions of sustainability. For their part, Member States were invited to elaborate their national sustainable development strategies. The exercise was supported by Eurostat which, in 2001, started publishing annual reports on ‘Measuring Sustainable Development in the EU’ (cf. Eurostat 2015). The 2006 revision of the EU SDS identified governance arrangements as a weak point. Consequently, new, strengthened implementation and monitoring procedures were set up by the Council of the EU (2006), requiring the Commission to submit biannual progress reports. Importantly, at the same time as the EU SDS was being renewed (2005), the Lisbon Strategy was also overhauled, resulting in the ‘re-launched’ Lisbon Strategy prioritising growth and employment and enhancing competitiveness, while largely side-lining social and environmental ambitions (cf., among others, Armstrong 2010).

2.2 The 2009 review of the EU Sustainable Development Strategy and Europe 2020

The second progress report on the EU SDS – presented as a ‘review’ of the strategy – was released by the Commission in July 2009, in a context characterised by the outbreak of the financial and economic crisis and in parallel to the elaboration of the new EU growth strategy for the 2010s, the successor to the Lisbon Strategy. The report (European Commission 2009: 14-15) proposed to refocus the EU SDS on a number of long-term goals in crucial areas, notably transitioning to a low-carbon and low-input economy, intensifying environmental efforts, promoting social inclusion and strengthening the international dimension of sustainable development. Furthermore, the Commission – later endorsed by the Council of the EU (2009) – proposed creating better linkages between the EU SDS and the post-Lisbon strategy, *inter alia* using the latter’s governance mechanisms to monitor implementation of the former (ibid: 14).

This new overarching growth strategy – Europe 2020 – was launched by the Barroso II Commission in March 2010 (European Commission 2010). Its aim was to turn the EU into a smart, sustainable and inclusive economy. The implementation of Europe 2020 was organised through a new ‘European Semester for economic policy coordination’. Launched in 2011, the Semester is an annual policy coordination cycle aimed at synchronising and coordinating the diverse instruments and procedures linked to the reformed ‘Stability and Growth Pact’ and activities associated with the Europe 2020 Strategy.⁸

8. For a comprehensive description of the functioning of the Semester, see Zeitlin and Vanhercke (2018).

3. The Juncker Commission, the 2030 Agenda and the Sustainable Development Goals

3.1 The EU and the new 2030 Agenda: the starting point

Starting in 2012, EU institutions published several policy documents delineating the position of the EU in the negotiations at UN level to elaborate the post-2015 Sustainable Development Agenda. An analysis of these documents⁹ shows that the positions taken by the EU were largely in line with the key features and the logic of what was to become the 2030 Agenda and the SDGs (see Section 1).

After the adoption of the UN 2030 Agenda, the European Commission led by Jean-Claude Juncker published, in November 2016, a Communication on ‘Next steps for a sustainable European future – European action for sustainability’ (European Commission 2016a). The Communication aimed at mapping European policies already contributing to the 17 SDGs, with a view to facilitating their integration into the European policy framework (ibid: 3). Furthermore, the Commission undertook to launch a reflection work to prepare the long-term implementation of the SDGs in the post-Europe 2020 period. According to the above-mentioned Communication, most of the SDGs were already included in the Juncker Commission’s priorities and an array of EU policies and financial instruments – such as, just to mention a few, the Common Agricultural Policy, environmental policies, energy policy and trade policy – were already contributing to the achievement of the 17 SDGs. Alongside sectoral policies and initiatives, the Europe 2020 Strategy and the European Semester were considered by the European Commission (2016a: 2) as key processes for achieving and monitoring the SDGs. In particular, the Semester – whose rationale was deemed in line with ‘promoting a more sustainable socio-economic model in the European Union’ (European Commission 2016a: 15) – was already featuring specific initiatives supposed to deliver on 10 SDGs¹⁰ setting economic and social objectives (European Commission 2016a, 2016b).

The Commission undertook to monitor, report and review progress towards the SDGs in the EU context by publishing, as of 2017, regular reports. Eurostat started work on a comprehensive set of EU SDG indicators, adopted by the European Statistical System in May 2017. These form the statistical basis for the annual ‘Monitoring report on progress towards the SDGs in an EU context’, which Eurostat has been publishing since 2017 (cf. Eurostat 2020).

9. Cf. European Commission (2013, 2014, 2015); Council of the EU (2013, 2014, 2015).

10. In Particular SDGs 1, 3, 4, 5, 7, 8, 9, 10, 13, 16 were already pursued by the European Semester, according to the Commission’s 2016 evaluation.

3.2 Integrating sustainable development into EU policymaking: the main limitations of Europe 2020 and the Semester

Despite the European Commission recognizing in 2016 how ‘ultimately sustainable development is an issue of governance’ (European Commission 2016a: 14), according to some observers, governance failures greatly hindered implementation of the previous EU SDS (Domorenok 2019). On one hand, the EU SDS relied on light forms of coordination, while, on the other hand, it was not sufficiently integrated into EU’s overarching growth strategies. Indeed, governance mechanisms linking the EU SDS with the Lisbon Strategy and Europe 2020 had always been weak, and the EU SDS ultimately remained peripheral in EU policymaking, to the extent that it was barely mentioned in the Commission Communication reacting to the newly established UN 2030 Agenda and the SDGs (European Commission 2016a). Indeed, apart from the regular release of the annual Eurostat monitoring reports, the EU SDS seems to have disappeared from the radar in the mid-2010s.

The most probable explanation for this is that the mainstreaming of sustainable development into the Europe 2020 strategy since 2010 (European Commission 2016a: 2) (implicitly) tolled the death knell for the EU SDS. This is obviously at odds with the stated aim to link the EU SDS more closely to Europe 2020. At a strategic level, the three (supposedly mutually reinforcing) dimensions of the new growth pattern proposed by Europe 2020 – i.e. smart, sustainable and inclusive (European Commission 2010) – were somehow equated to the three dimensions of sustainable development (European Commission 2016a: 2). However, the thematic areas covered by Europe 2020 did not fully correspond to the 17 SDGs, with environmental issues in particular limited to energy and resource efficiency (Domorenok 2019). Moreover, while highlighting synergies between economic, social and environmental objectives, very little attention was given to possible tensions and trade-offs.

Mirroring the original architecture of Europe 2020, the Semester has mainly covered economic and social policies over the past few years. While its initial focus was on macroeconomic and fiscal measures, attention to social policies in the Semester has gradually increased (Zeitlin and Vanhercke 2018) in terms of both substantive outcomes and procedural aspects. As for the latter, an increasingly central role has been gained by institutional social actors, with the Commission’s Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) being included in the Semester’s ‘core DGs’ since 2014, alongside the Directorate-General for Economic and Financial Affairs (DG ECFIN), the Secretariat-General and the Directorate-General for Taxation and Customs Union (DG TAXUD) (ibid). Conversely, the ‘environmental dimension’ of the Semester has historically been underdeveloped and mostly focused on issues related to energy policies, while policies fighting environmental degradation and climate change were never explicitly included among the key priorities of the Semester’s Annual Growth Surveys (AGSs) (Charveriat and Bodin 2020; Sabato and Mandelli 2018). The relatively scarce references to these policy areas emphasised the creation of synergies and ‘win-win situations’ between environmental protection on one hand and economic growth and social progress on the other hand, with little attention paid to their trade-offs.

3.3 The legacy of the Juncker Commission

Following its commitment given in 2016, the Commission launched a reflection on the implementation of the 2030 Agenda and the SDGs at EU level in the post-2020 period, with a high-level multi-stakeholder platform set up to draft recommendations. This consultation resulted in the publication (in January 2019) of a reflection paper, ‘Towards a Sustainable Europe by 2030’ (European Commission 2019a). In it, the Commission links the implementation of the SDGs to what it defines as the ‘sustainability transition’, i.e. the transition towards a climate-neutral EU economy by 2050. Among the policy priorities, which the reflection paper refers to as the ‘policy foundations for a sustainable future’ (European Commission 2019a: 15), ‘ensuring a socially fair transition’ is considered key to the sustainability transition, since, in order to be successful, it would need to rely on strong social support. In this respect, specific actions were deemed necessary to address the possible socio-economic trade-offs of the transition, making sure that ‘no one is left behind’ (ibid). In the view of the Juncker Commission, the implementation of the European Pillar of Social Rights (EPSR) would be fundamental, with the Pillar directly contributing to the achievement of no fewer than eight SDGs (European Commission 2019a: 58-63).¹¹

The same 2019 paper included ‘governance and ensuring policy coherence at all levels’ among the fundamental ‘horizontal enablers’ for the sustainability transition. Due to the cross-cutting and inter-linked nature of the SDGs, better coordination between different levels of governance, strong cooperation between administrations and, ultimately, enhanced coherence across different policy areas would be crucial for their effective implementation (European Commission 2019a: 29).

Launching a debate on how to effectively implement the SDGs in the future and how to link them to the EU post-2020 Agenda, the Juncker Commission proposed three scenarios. The first was to set up an *overarching EU SDG strategy* guiding all actions of the EU and Member States (i.e. the new EU overarching strategy following from Europe 2020 would be a fully-fledged Sustainable Development Strategy). The second would consist of continuing the *mainstreaming of the SDGs in all relevant EU policies by the Commission*, but not enforcing Member State action. In the last scenario, the focus would be mainly on *external actions for sustainability*, with priority given to ‘helping the rest of the world catch up, while pursuing improvements at EU level’ (European Commission 2019a: 38).

Confronted with the Commission’s reflection paper, the Council of the EU did not express any clear endorsement of a specific scenario. Instead – recalling the Presidency Conclusions of the European Council in October 2018 (European Council 2018: par. 12)

11. Notably, SDG 1 (end poverty in all its forms everywhere), SDG 3 (ensure healthy lives and promote well-being for all at all ages), SDG 4 (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all), SDG 5 (achieve gender equality and empower all women and girls), SDG 8 (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), SDG 10 (reduce inequality within and among countries), SDG 11 (make cities and human settlements inclusive, safe, resilient and sustainable), and SDG 17 (strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development).

– it urged the Commission to draft an implementation strategy for the 2030 Agenda, ‘[building] upon elements of the scenarios presented in the Commission’s Reflection Paper’ (Council of the EU 2019a: par. 7). Such an implementation strategy should be ‘comprehensive [...], outlining timelines, objectives and concrete measures to reflect the 2030 Agenda and mainstream the SDGs in all relevant EU internal and external policies’ (ibid: par. 8). Importantly, to avoid duplication and excessive red tape, the monitoring and reporting systems of the implementation strategy should use existing mechanisms, including ‘where relevant’ the European Semester (Council of the EU 2019a: par. 12).

4. The von der Leyen Commission and the integration of the SDGs in the Semester

4.1 The new Commission between policy layering and policy innovation

On being designated President of the European Commission in summer 2019, Ursula von der Leyen was confronted with various options (and pressures) on how to concretely implement the SDGs at EU level. The solution ultimately adopted consisted of a mix of elements, including (a) elaborating a new overarching growth strategy, the European Green Deal (EGD) – which, while not strictly dedicated to implementing the 2030 Agenda, is in many respects in line with it; (b) continuing the mainstreaming of the SDGs in EU policies; and (c) integrating the SDGs into the Semester.

Looking specifically at the EGD, a few elements appear particularly relevant for this chapter (see Laurent, this volume, for a comprehensive analysis). The EGD was presented as an integral part of the EU strategy to implement the UN 2030 Agenda and the SDGs (European Commission 2019b: 3). Indeed, the EGD has some elements of continuity with both the previous EU SDS and the notion of ‘sustainability transition’ outlined in the 2019 Commission reflection paper. First, the EGD explicitly sets the fight against climate change and the improvement of the environment – two themes traditionally envisaged by the previous EU SDS – as its priority objectives. Second, the eight ‘interlinked and mutually reinforcing’ macro-areas for EGD action¹² significantly overlap with the four ‘policy foundations for a sustainable future’ that should have characterised the implementation of the 2030 Agenda according to the 2019 reflection paper. Third, the EGD points out that achieving high environmental standards is not incompatible with promoting growth and social progress. On the contrary, these objectives can be mutually reinforcing. However, unlike Europe 2020, greater attention is paid to possible trade-offs – strongly characterising previous discourses linked to the EU SDS – including possible negative social implications of the green transition.

12. The macro-areas for action of the EGD are (European Commission 2019b: 4) 1) increasing the EU’s climate ambition for 2030 and 2050; 2) supplying clean, affordable and secure energy; 3) mobilising industry for a clean and circular economy; 4) building and renovating in an energy and resource efficient way; 5) accelerating the shift to sustainable and smart mobility; 6) from ‘Farm to Fork’: designing a fair, healthy and environmentally-friendly food system; 7) preserving and restoring ecosystems and biodiversity; 8) a zero pollution ambition for a toxic-free environment.

The second element of the Commission's plan for implementing the UN 2030 Agenda was to mainstream the SDGs in EU policies. To do so, the President of the Commission tasked each Commissioner with implementing the SDGs in their respective policy areas, though attributing responsibility for the overall implementation of the SDGs to the College as a whole. A coordinating role for implementing the SDGs in the European Semester was assigned to the Commissioner for the Economy Paolo Gentiloni (von der Leyen 2019c: 4). As revealed in our interviews, this kind of mainstreaming is expected to ensure the effective integration of the SDGs into EU policies 'as a sort of guiding chapeau', even in the absence of a dedicated implementation strategy.

Finally, according to our interviewees, the decision to refocus the European Semester as an instrument integrating the SDGs can also be read as part of von der Leyen's commitment to place sustainability high on the EU agenda. However, the new President initially provided no further details as to what extent and how the SDGs would actually be included in the EU socio-economic governance process.

Confronted with this situation, the Council of the EU (2019b) noted in its conclusions of 10 December 2019 that, notwithstanding their repeated requests, a comprehensive EU implementation strategy for the 2030 Agenda and the SDGs was still missing. It urged the Commission to elaborate such a strategy 'without further delay' (ibid: par. 19). The Council also raised concerns about Commission's decision to assign responsibility for implementing the SDGs to the College as a whole, thereby potentially weakening policymaking coherence (par. 14). To avoid this risk, according to the Council, such a 'whole-of-Commission approach' should have been buttressed by attributing overall responsibility to one member of the College at the highest level (ibid). Furthermore, the Council appeared quite prudent on refocusing the Semester on the SDGs, asking for more information on how the Commission intended to do so and explicitly recalling that the Semester is a coordination tool for the economic, fiscal and employment policies in the Member States (11).

An answer in this respect arrived one week after the Council meeting, with the publication on 17 December 2019 of the Commission's Annual Sustainable Growth Strategy (ASGS), kicking off the 2020 Semester.

4.2 The Sustainable Development Goals in the 2020 European Semester

In its 2020 Annual Sustainable Growth Strategy – renamed to highlight the notion of sustainability in this key EU document – the Commission puts forward the two key strategic frameworks at the heart of the new Semester: the European Green Deal and the UN SDGs. Indeed, the Semester is expected to contribute to implementing the new EU overarching growth strategy (European Commission 2019c: 1), while at the same time it is considered a framework that 'can help drive [economic, social and fiscal] policies towards the achievement of the SDGs by monitoring progress and ensuring closer coordination of national efforts in the area of economic and employment policies' (European Commission 2019c: 13).

These two broad strategic frameworks are seen as compatible, insofar as, in the view of the Commission, '[the EGD] puts sustainability – in all of its senses – and the well-being of citizens at the centre of our action' (ibid, bold removed from original). In order to link the two frameworks, the ASGS is built around what the Commission defines as a 'broader economic narrative' (European Commission 2019c: 13), based on the notion of 'competitive sustainability'. The latter, presented as 'a new paradigm to address interrelated key challenges' (ibid), rests on four dimensions: (a) environmental sustainability; (b) productivity growth; (c) fairness; and (d) macro-economic stability. The first dimension focuses on achieving the key objectives of the EGD – the fight against climate change and the transition to climate neutrality. According to the Commission, a 'reinforced' Semester (i.e. with a more developed environmental dimension) could be a fundamental instrument providing specific guidance to Member States on how to achieve these objectives (European Commission 2019c: 5). Productivity growth and innovation are seen as key to ensure future income and employment growth (ibid: 6). Fairness should be ensured first by 'fully deliver[ing] on the Principles of the European Pillar of Social Rights' (European Commission 2019c: 9, bold removed from original). Fairness should also encompass a territorial and sector-specific dimension, as the renewed Semester should provide guidance for the implementation of the Just Transition Mechanism proposed in the EGD (European Commission 2019c: 10).¹³ Finally, macro-economic stability is considered as a 'precondition to ensure resilience against future shocks and facilitate the transformation [of the economy]' (European Commission 2019c: 11).

The notion of competitive sustainability can be seen as a link between the UN 2030 Agenda and President von der Leyen's growth strategy, the EGD. In the view of several of our interviewees from the European Commission, this notion is an important 'paradigm change' compared to the past insofar as it highlights the word 'sustainability', to be achieved while ensuring that the European economy remains able to compete with the rest of the world. In this sense, competitive sustainability would represent a partial departure from the narrative of the Europe 2020 strategy: while promoting growth and competitiveness were the main objectives of Europe 2020, in the ASGS 2020 these objectives are presented as enabling conditions for the shift towards sustainability. As noted by one of our interviewees, in this perspective competitiveness (which in the ASGS is specifically conceived in terms of productivity growth) could be considered an addition to the traditional dimensions of economic, social and environmental sustainability.

Thus, the broad understanding of the ASGS entails that, to a varying extent, each of the dimensions of competitive sustainability encompasses and tries to link environmental, economic and social concerns, as these dimensions are considered 'closely interrelated and mutually reinforcing' (European Commission 2019c: 3). However, taking on board one of the basic concerns of the notion of sustainable development, the focus in the 2020 ASGS is also on the identification of possible trade-offs between environmental, social and economic policies (ibid: 14). The integration of the SDGs into the Semester would

13. A specific Commission's Communication on 'A Strong Social Europe for Just Transitions' (EC 2020c) adds more details on the role of the Pillar in this context and on its implementation through the Semester. On the Just Transition Mechanism and, more generally, on the notion of just transition, see Sabato and Fronteddu (2020).

allow for a better understanding of this big picture, helping to both exploit synergies and identify and address possible trade-offs (ibid: 2).

While some information on how the Commission intends to use the SDGs in the Semester emerges in the ASGS 2020, the Communication on the 2020 Country Reports (CRs) is somewhat more explicit, explaining that

‘[in] line with the legal scope of the European Semester, the integration of SDGs focuses on their macro-economic dimension and on how they can be achieved through economic, employment and social policies.’ (European Commission 2020b: 3, bold in the original removed)

The Country Reports should represent key documents providing concrete analysis of the four dimensions of competitive sustainability and identifying SDG-relevant policies and challenges. In order to do so, the Country Reports 2020 include ‘environmental sustainability’ among the key reform priorities for the Member States, alongside ‘public finance and taxation’, ‘financial sector’, ‘labour market, education and social policies’, and ‘competitiveness, reforms, and investments’. The resulting environmental section of the Country Reports provides an analysis of countries’ environmental and climate-related challenges, ‘with a focus on those areas that interlink with economic and employment policies, including the social impact of these challenges and policies’ (European Commission 2020a: 3).¹⁴

Of course, the other dimensions of competitive sustainability are also incorporated in the 2020 Country Reports. In particular, the ‘fairness’ dimension represents the social aims of the renewed Semester, i.e. to prevent and combat the risk of growing social divides, while ensuring the provision of social rights by delivering on the principles of the European Pillar of Social Rights (European Commission 2019c: 9). Social issues in the 2020 Country Reports are grouped into three categories – ‘labour market’, ‘education and training’ and ‘social protection’ – with country-specific analyses, as was the case in previous years, based on the Social Scoreboard supporting the EPSR. To strengthen the link between the EPSR and the SDGs, the box in the 2020 Country Reports summarising countries’ performance with respect to the Social Scoreboard indicators has been explicitly connected to the SDGs, clearly indicating the SDGs to which each social indicator is linked. Thus, country performances measured through the Social Scoreboard are deemed directly relevant to assess progress towards no less than six ‘social’ SDGs: SDG 1 (end poverty in all its forms everywhere), SDG 3 (ensure healthy lives and promote well-being for all at all ages), SDG 4 (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all), SDG 5 (achieve gender equality and empower all women and girls), SDG 8 (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), and SDG 10 (reduce inequality within and among countries).

¹⁴. Each Country Report contains a specific Annex on ‘Investment guidance on the just transition fund 2021–2022’ (Annex D) that identifies the regions eligible for funding under the Just Transition Fund and investment priorities to make the economy greener, more modern and more competitive, while also tackling the socio-economic consequences of the transition.

Besides adding a dedicated environmental section and linking the EPSR to specific SDGs, the 2020 Country Reports also explicitly feature the SDGs in different ways. References to each country's performance in relation to the SDGs are contained in the 'Executive Summary', in a dedicated paragraph of the section on 'Economic situation and outlook' and in a new Annex E on 'Progress Towards the Sustainable Development Goals'. The latter features comparative statistics and trends for the past five years in a country's performance with respect to the indicators that Eurostat associates with each SDG in its annual Monitoring Report (Eurostat 2020). Furthermore, the SDGs – or, more precisely, how specific themes or initiatives addressed in the Country Reports relate to the SDGs – have been mainstreamed throughout the Country Reports, even if not systematically. In this respect, our analysis reveals that a certain degree of selectivity in the usage of the SDGs in the Semester was indeed necessary for two reasons. First, the emphasis attributed to specific SDGs varies according to the countries, considering the different national situations and challenges. Second, not all the SDGs have been considered with the same degree of detail, since some of them are particularly difficult to fully include in a process such as the Semester, with its focus on Member States' employment and economic policies. Cases in point are cooperation and development issues and, more generally, the external dimension of sustainable development, meaning both EU action to promote sustainable development worldwide and the impact that EU policies have elsewhere in the world.

The changes described above raised the need for some analytical adjustments. To gain more detailed information on the situation in the Member States in relation to the SDGs, Eurostat was asked to include country chapters in its annual monitoring of the SDGs, which they did in the 2020 edition of their monitoring report (Eurostat 2020). As for the SDGs more directly linked to economic and social objectives, the Commission largely continues to rely on the sources already used in previous Semester cycles, sometimes linking them more explicitly to the SDGs, as in the case of the Social Scoreboard supporting the EPSR. However, new indicators for analysing the macroeconomic and social implications of the ecological transition are expected to be included in the next Semester cycle.

From a procedural point of view, the 'core DGs' of the Semester and the distribution of roles and responsibilities in drafting the Semester's documents between the various DGs involved remain unchanged. However, at the level of the country teams, the need to address environmental sustainability in the Semester and to adopt a more integrated approach – as suggested by the notion of competitive sustainability – has led to the strengthening of inter-service coordination. Ultimately, the 2020 Semester has drawn more on the internal expertise of a broader array of DGs such as, for instance, the Directorate-General for Climate Action (DG CLIMA) and the Directorate-General for the Environment (DG ENV). To steer this work, to make sure that the documents reflect the Commission's priority objectives and to ensure consistency, the Secretariat-General issued a horizontal guidance note at the beginning of the process.

The Commission also 'invited Member States to take stock of progress made on the SDGs in their national reform programmes, as a qualitative complement to the

indicator-based monitoring by the Commission within the Semester that will capture the economy-wide aspects of the related policies' (European Commission 2020a: 14).

The comprehensive analysis in the Country Reports was expected to be translated into the Country-specific Recommendations (CSRs) for 2020, providing Member States with concrete guidance on the reforms and investments to prioritise in order to conjugate the four dimensions of competitive sustainability. Soon after the publication of the 2020 Country Reports, however, EU countries were hit hard by the Covid-19 pandemic, with enormous socio-economic consequences (see Myant, this volume; Vanhercke *et al.*, this volume). In this context, the Commission restated its willingness to maintain, in the CSRs, the overall approach of the ASGS. Indeed, according to the European Commission (2020b: 5, bold removed from original),

[t]he pandemic underlines the interconnectedness of economic, social and environmental spheres and the need for a holistic strategy to recovery. For this reason, the integration of the United Nations' Sustainable Development Goals (SDGs) in the European Semester of economic policy coordination is even more important than it was before.'

The priorities in the 2020 CSRs for the Member States were thus to cushion the immediate social, employment and economic effects of the crisis (with a particular focus on health), while prioritising 'green' - and digital - investment as a basis for future recovery. In doing so, Member States were allowed to temporarily disregard the fiscal constraints deriving from the Stability and Growth Pact, only resuming more prudent fiscal policies 'when economic conditions [...] will allow' (European Commission 2020b: 7; see also Myant, this volume). According to the Commission, by implementing the 2020 CSRs, Member States will make further progress towards the SDGs and competitive sustainability.

Conclusions: the EU and sustainable development - facing the governance conundrum

In this chapter we have investigated the origins and rationale of the 2019 proposal by the von der Leyen Commission to integrate the SDGs into the European Semester. Through a preliminary analysis of the relevant documents of the 2020 Semester, we have identified some of the implications of such integration. In doing so, we have adopted a long-term perspective, analysing not only the most recent debates and initiatives but also previous attempts to implement sustainable development at EU level. Our analysis shows that full and coherent integration of the 2030 Agenda and of the SDGs into EU policymaking is an extremely complex endeavour and, from a governance perspective, a veritable conundrum. Though the von der Leyen Commission's decision to use the Semester for such a purpose might represent a partial solution to this conundrum, it also has some important shortcomings.

Looking at the 2020 Semester, we conclude that the decision to integrate the SDGs has contributed to broadening its analytical scope, adding some elements that, previously, were only marginally included, such as, importantly, a focus on environmental sustainability. The latter is one of the main components of the notion of competitive sustainability promoted by the 2020 ASGS, a notion that mirrors, in many respects, the three key dimensions of sustainable development. By relying on this notion, the Commission has tried to bridge the gap between the two main strategic frameworks guiding the 2020 Semester: the European Green Deal and the SDGs. The addition of an environmental dimension to the Semester's 2020 Country Reports has not detracted attention from other, more traditional Semester topics in these documents, including those pertaining to the social dimension. As for the latter, the analyses in the 2020 Semester are still organised around the principles and rights of the EPSR, while the Pillar's Scoreboard has been explicitly linked to the SDGs, confirming that, in the intention of the Commission, the EPSR should be seen as a key element in implementing the SDGs in the EU. The inclusion of an environmental dimension and the references to the SDGs have to some extent laid the foundations for analyses (in the Semester's Country Reports) more in line with a sustainable development approach, i.e., based not only on the identification of synergies, but also of possible trade-offs between the constitutive dimensions of competitive sustainability. Finally, these developments were also accompanied by some changes in the Commission's internal procedures for drafting the Country Reports and CSRs, drawing more on the expertise of DGs previously less involved in the Semester, such as DG ENV and DG CLIMA.

On the downside, the enlargement of the Semester's scope has made its procedures even more complex and time-consuming, as well as adding many new scoreboards and indicators (with new ones yet to come). Furthermore, some limitations in using the Semester as a means for achieving and monitoring all the 17 SDGs are apparent. Indeed, the nature of the process and the need to keep it manageable impose a certain selectivity in the usage of specific SDGs. In the Semester, the focus is on the macro-economic implications of the SDGs and on how they can be achieved through economic, employment and social policies. Consequently, fully-fledged analyses of national situations in relation to all the SDGs, and of their interlinkages, are not possible within the Semester. Moreover, the Semester cannot be used to assess the EU's contribution to sustainable development outside its borders.

This said, in the logic of 'mainstreaming' followed by the Commission, the Semester is not the only process expected to contribute to delivering on the SDGs. The latter are supposed to serve as input to all the major EU initiatives. In this respect, the request tabled by the Council to set up a dedicated, overarching strategy for implementing the 2030 Agenda could be a way to systemise the various initiatives and strategies relevant for the SDGs, possibly ensuring their coherence. Whatever the case, designing a new dedicated strategy is bound to have important shortcomings, as witnessed by the EU SDS. Without strong governance arrangements, a new strategy for implementing the 2030 Agenda and achieving its SDGs is at risk either of remaining peripheral, given the prominence of the EGD as the new overarching growth framework, or of duplicating

most of the priorities identified in the EGD.¹⁵ Furthermore, a dedicated strategy for implementing the 2030 Agenda based on the ‘better usage of existing mechanisms’ (in the words of the Council) risks being a vague solution that eventually reproduces the problem of how to adapt procedures and instruments originally designed for other purposes to the SDGs. All in all, the political priority currently assigned to drafting a comprehensive implementation strategy for the 2030 Agenda is at present unclear. Though the EU’s commitment to promote the 2030 Agenda is continuously restated, it seems that the European Council went from requesting a dedicated implementation strategy (European Council 2018) to not including such a request in the ‘New Strategic Agenda 2019–2024’ (European Council n.d.: 6). For its part, while including ‘a sustainable Europe’ among its priorities, the German Presidency of the Council (2020) also remains vague, simply referring to the drafting of a ‘concept’ for implementing the UN 2030 Agenda, accompanied by regular reports monitoring progress in the achievement of the SDGs (German Presidency 2020: 16).

In sum, including the SDGs in EU policymaking seems to be a veritable governance conundrum for the von der Leyen Commission. On the one hand, if not well-designed, a new SDG-centred strategy runs the risk of being ineffective. On the other hand, relegating full implementation of the SDGs to the Semester is not feasible (given that the Semester is first and foremost a socio-economic governance instrument unable to fully capture the holistic ambitions of the SDGs) or even undesirable (since overstretching the Semester’s scope might turn it into an unmanageable tool).

At the same time, keeping the SDGs out of the Semester would also not seem to be a good idea, since the latter provides (some of) these goals with an already available and well-established governance framework. Indeed, their partial integration into the 2020 Semester is one of the EU’s most concrete attempts to put sustainable development at the centre of its policymaking. While such an attempt may have been imperfect and in many respects incomplete, at the time of the writing (September 2020) it is unclear whether and to what extent it will be continued in the Semester 2021.

The 2021 Semester has indeed been recently modified to encompass the ‘Next Generation EU plan’ and the related ‘Recovery and Resilience Facility’, while the ASGS 2021 contains some important novelties entailing a deep transformation of both the Semester’s procedures and its outputs (European Commission 2020d; see also Vanhercke *et al.*, this volume). According to the Commission, the ASGS 2021 is in full continuity with the ASGS 2020, with the four dimensions of competitive sustainability remaining the Semester’s ‘guiding principles’ (ibid: 2). This said, compared to the ASGS 2020, the notion is framed in a different way. With a view to developing a more optimistic narrative, the focus is now on the opportunities deriving from the synergies between the four dimensions of competitive sustainability, leaving possible tensions and trade-offs at best implicit. As explained in this chapter, the latter represent key

15 As we have shown in Section 2, while embracing a comprehensive and multidimensional understanding of sustainable development, the previous EU SDS was focussed on a more limited number of priority challenges. The same applies to the proposal of the Juncker Commission (Section 3) that relied on a limited number of policy foundations for a sustainable future, that have then been to a large extent included in the EGD.

elements of the notion of sustainable development, which the 2020 Semester managed to somehow incorporate. More in general and different to the previous cycle, in the ASGS 2021 the notion of competitive sustainability is not explicitly linked to the implementation of the 2030 Agenda and of the SDGs, with the latter only briefly and generically mentioned in the document as a reference framework for the Recovery and Resilience Facility (European Commission 2020d: 3). Similarly, the SDGs are not mentioned in the guidance provided by the Commission to Member States for drafting their Recovery and Resilience plans, i.e. the documents that will integrate the National Reform Programmes in 2021 (European Commission 2020e, 2020f). This circumstance casts doubts on the Commission's willingness to use the SDGs when assessing these plans. All in all, the initial resolution of the von der Leyen Commission to create a strong and explicit link between the Semester, the 2030 Agenda and the SDGs seems to have lost momentum, while the governance conundrum in the implementation of the UN 2030 Agenda and its SDGs at EU level is still in search of a solution.

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Chapter 7

A European minimum wage framework: the solution to the ongoing increase in in-work poverty in Europe?

Ramón Peña-Casas and Dalila Ghailani

Introduction

The European Pillar of Social Rights (EPSR), endorsed jointly by the European Parliament, the Council and the European Commission on 17 November 2017, reaffirmed a series of guaranteed rights for workers and citizens in the European Union (EU). The new European Commission, which took office on 1 December 2019, geared its work programme to the effective implementation of the principles set out in the EPSR (von der Leyen 2019). A number of initiatives were announced, including the development of European frameworks for minimum wages and guaranteed minimum incomes, the strengthening of collective bargaining and the roles of the social partners. The Covid-19 pandemic put the establishment of European Support to mitigate Unemployment Risks in an Emergency (SURE)¹ back on the agenda (see also Myant, this volume), an idea already floated by the previous Commission in response to the 2008 economic and financial crisis (European Commission 2020a). Furthermore, the idea of developing a European minimum wage framework has sparked lively discussions and renewed interest in the relationship between low wages and in-work poverty (Eurofound 2020a; Müller and Schulten 2020a). People in in-work poverty – both (low-paid) working individuals and members of households with a total disposable income below the at-risk-of-poverty threshold – are the focus of these discussions.

In light of these, this chapter begins by examining the incidence and development of in-work poverty in the EU before going on to explore the link (not necessarily automatic) between minimum wages and in-work poverty. It then reports on the wide variety of policies which, directly or indirectly, have an impact on the development of in-work poverty. The last section presents useful lessons to be considered in the European debate on minimum wages with a view to countering the current unacceptable situation in which more than 20 million Europeans are finding that having a job is not necessarily sufficient to keep them out of poverty.

1. This new European solidarity mechanism takes the form of 'temporary support to mitigate unemployment risks in an emergency'. With a budget of €100 billion, it is designed to provide financial support, by way of loans, to Member States affected by sudden increases in public expenditure for the preservation of jobs, particularly via temporary unemployment or income support schemes (European Commission 2020a).

1. In-work poverty and minimum wages in the European Union

1.1 In-work poverty: incidence and development

Under the various manifestations of the European Employment Strategy (EES), from the original 1997 version to its current one as part of the Europe 2020 Strategy and the European Semester, EU Member States have been strongly encouraged to undertake structural reforms aimed at bringing about full employment as a pre-condition for economic development and a guarantee of wellbeing for European citizens. This objective of full employment, which is far from being achieved after more than twenty years of reforms,² underpins the increasingly pressing activation requirements set for the unemployed and those with little or no work. It also explains the greater flexibility of labour markets, in most Member States resulting in a spectacular increase in the number of atypical jobs of various types – (very) part-time, (very) temporary contracts, bogus self-employment. Around one third of the European labour force is currently in atypical work (Eurofound 2018), a trend encouraged by the 2008 economic and financial crisis. These ‘new forms of employment’, particularly those generated by the ‘platform economy’,³ have increased the precarity of work and the prevalence of in-work poverty in recent years (Horemans 2019; Eurofound 2018).

In European social policies, employment is considered the solution to the problems of poverty and social exclusion. However, the existence of a large number of in-work poor seems to fundamentally contradict this view, undermining the model of full employment as a guarantee of wellbeing in Europe. Having a job is not necessarily enough to ensure individual wellbeing and protect people from poverty, particularly if this job is not only insufficiently remunerated but also of very poor quality (Peña-Casas *et al.* 2019).⁴

Using the EU definition of in-work poverty⁵, in 2018 on average 9.4% of EU-28 workers were living in poverty, a total of 20.7 million people (both employees and self-employed workers). If we add the number of in-work poor to the number of unemployed living in poverty (48.6% of the unemployed, i.e. around 7.7 million people), then around 28.3 million Europeans are ‘active poor’. These figures, importantly, do not include people traditionally missed by sample-type surveys like the EU Statistics on Income and Living Conditions (EU-SILC), such as those in informal work, the homeless, people living in collective shelters or those whose papers are not in order.

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2. With regard to the active population aged between 20 and 64, while the average employment rate for the EU-28 grew from 73% in 2000 to 78.7% in 2019, it is still far from the objective of full employment (Eurostat, Labour Force Survey, indicator `lfsi_emp_a`).
 3. The platform economy uses intermediary-based economic relationships, often with digital intermediaries, to link suppliers of goods and services to their customers who call on the intermediary to acquire these goods and services.
 4. This chapter is focused on in-work poverty in terms of income. We should nevertheless remember that the issue of job quality, involving aspects apart from remuneration (working conditions, health and safety, vocational training, statutory protection and eligibility for social security), should also be considered when speaking of in-work poverty. For example, atypical workers generally have lower-quality jobs (Eiffe *et al.* 2018).
 5. The European in-work poverty indicator is based on the EU Statistics on Income and Living Conditions (EU-SILC). For the population aged 18 to 64, a ‘worker’ is a person who has been in work for more than 6 months during the year preceding the survey, and a person in ‘in-work poverty’ is a worker who, in addition, lives in a household whose equivalised total disposable income is below the at-risk-of-poverty threshold, i.e. 60% of the national median equivalised disposable income (EU-SILC indicator `[ilc_li04]`).

For the increasing number of workers on atypical employment contracts, the in-work poverty rate is twice as high for part-time workers as for full-time workers (on average 15.6% compared to 7.6% in Europe in 2018). It is almost three times higher for those on a temporary contract than for workers on a permanent contract (16.2% compared to 6%), as well as for self-employed workers compared to employees (21.6% versus 7.5%). Comparing the various EU countries, the situation seems to be stable, polarised, and relatively similar to the picture regarding poverty risk: there is a group of countries with a low in-work poverty rate of around 5% (Belgium, Croatia, Czechia, Denmark, Finland, Ireland, Malta and the Netherlands) and a group with a high rate of above 10% (Spain, Greece, Italy, Luxembourg, Portugal and particularly Romania at 18.1%). Over the last decade, in-work poverty has grown in most EU countries, rising from 8.3% in 2007 to 9.4% in 2018 among the EU-28 (European Commission 2020a). In-work poverty is thus a widespread, growing and worrying phenomenon. Nevertheless, it is only rarely referred to as such in European and national policies (Peña-Casas *et al.* 2019).

1.2 In-work poverty and minimum wages

1.2.1 European framework: a directive on minimum wages

In January 2020, the European Commission launched an initial consultation of the social partners on possible action addressing the challenges related to fair minimum wages (European Commission 2020b). This refers, in particular, to EPSR Principle 6, which states that workers ‘have a right to fair wages that provide for a decent standard of living’ and emphasises the role of minimum wages to achieve this, as well as the need to tackle in-work poverty. The second consultation phase was launched in June 2020 (European Commission 2020c). This Commission initiative is at odds with the constant and strong pressure for wage moderation applied elsewhere in connection with the structural reforms implemented as part of the European Semester.

In the document launching the social partner consultation in early 2020, the Commission first describes the varying situation within the EU. Of the 28 Member States, 22 have national legislation setting a statutory minimum wage. The six other countries (Austria, Cyprus, Denmark, Finland, Italy and Sweden) have set minimum wages for individual branches or have systems whereby these are set by means of collective bargaining between the social partners. The aim is not, therefore, to establish minimum wage systems for the EU, but rather to remedy the shortcomings of the existing systems. According to the Commission’s analysis, many EU workers are not protected by adequate minimum wages, since these are either too low or, in some cases, because of insufficient coverage of collective agreements. Among the reasons for this vulnerability, the Commission cites five points where the EU could provide added value and help ensure fair and decent wages for European workers: a) strengthening collective bargaining; b) establishing clear and stable frameworks for the setting and adjusting of statutory national minimum wages; c) involving the social partners in the setting of minimum wages; d) reducing the many current exemptions; and e) enhancing compliance with minimum wage provisions (European Commission 2020b).

The reactions to the first consultation were lukewarm (European Commission 2020c). Among the social partners, there was a clear difference of views between the trade union organisations, which generally supported the initiative, and the employer organisations, which were against European interference in the area of wages for reasons of subsidiarity and competitiveness. The Member States, for their part, were also divided between those with a statutory minimum wage and those, particularly the Nordic countries, where the minimum wage is set by sectoral collective agreements, generally extended to all workers. Following this first consultation, the Commission concluded that there was a case for EU action and launched the second consultation phase. Following this phase, at the end of the second round of consultation, the European social partners were still unable to reach an agreement on 4 September 2020.

Consequently, on 28 October 2020, the Commission presented a proposal for a directive on adequate minimum wages to the European Parliament and the Council (European Commission 2020d; see Box 1). If these institutions adopt the directive, Member states will have two years to transpose it into national law. The Commission has therefore opted for a binding directive rather than recommendations. Although more binding in its form, the directive remains sufficiently flexible, even broad, to avoid encroaching on national competences and traditions of social dialogue.

The reactions of the European social partners were not long in coming and differed little from what they had already expressed during the two consultative phases. BusinessEurope, the European employers' association, reiterated its opposition to a binding directive, described as a 'legal monster' (BusinessEurope 2020). The European Trade Union Confederation, for its part, is more satisfied with the proposed directive, while highlighting certain aspects that should be improved (European Trade Union Confederation 2020).⁶

Both EPSR Principle 6 and the Commission proposal emphasise that a minimum wage must not only be fair in relation to other wages but also must provide a decent standard of living to the worker and his or her household. This is in line with the approach taken in international law.⁷ This relationship between the fairness of the minimum wage, in terms of the wage scale, and the decent standard of living it should provide reignited debate on the role of minimum wages as a cause of or solution to in-work poverty.

6. According to the ETUC, the main improvements to be made to the directive are the following: a) include in the legal provisions of the directive a clear decency threshold below which legal minimum wages cannot fall (60% of the median wage or 50% of the average wage); b) specify that private companies are obliged to respect collective bargaining as a condition for benefitting from public procurement and other funding, such as the Common Agricultural Policy and stimulus funds; c) specify that the action plans required of Member States to increase the extension of collective agreements to at least 70% must ensure respect for the right to collective bargaining and address real problems such as anti-unionism; and d) end the exclusion of certain workers, such as domestic workers and young people, from the legal minimum wage, and prohibit employers from making deductions from the legal minimum wage (European Trade Union Confederation 2020).
7. The right to a fair and decent wage is included by the United Nations in the Universal Declaration of Human Rights (1948), in International Labour Organization Convention 131 (1970). At European level it is enshrined in the Council of Europe's European Social Charter (1961) and more recently in the European Community Charter of the Fundamental Social Rights of Workers (1989).

Box 1 European Commission proposal for a directive on adequate minimum wages in the European Union

The proposed directive still pursues the two main objectives announced during the consultations: to improve minimum wages and to increase the coverage of collective agreements by revitalising the role of the social partners.

Chapter II (Statutory Minimum Wages) of the proposed directive specifies in its preamble that the provisions of this chapter apply only to Member States that have statutory minimum wages in place.

Article 4 of the proposed directive requires Member States to take measures to promote the capacity of the social partners to engage in collective bargaining for the purpose of fixing wages and to encourage constructive, meaningful and informed negotiations on wages. It also requires Member States in which collective bargaining coverage does not reach at least 70% of workers to provide a framework for collective bargaining and establish an action plan to promote collective bargaining.

Article 5 concerns the adequacy of these minimum wages in terms of the criteria for deciding and updating national schemes. This provision requires those Member States which have them to provide for the following: national criteria for setting and updating statutory minimum wages defined in a stable and clear manner, regular and timely updates and the establishment of advisory bodies. The national criteria should include at least the purchasing power of minimum wages, the general level of gross wages and their distribution, the growth rate of gross wages and labour productivity developments. They should be defined in accordance with national practices, either in relevant national legislation, in decisions of the competent bodies or in tripartite agreements. On the sensitive issue of assessing the adequacy of the minimum wage, the proposed directive is rather discreet. The Commission refrains from specifying a specific criterion and merely invites Member States to use indicative reference values to guide the assessment, such as those commonly used internationally, notably the Kaitz Index (see Section 1.2.2) and the at-risk-of-poverty rate. It is regrettable that the proposed directive is not more explicit on this key issue of the adequacy of minimum wages.

Article 6 calls on Member States, in consultation with the social partners, to limit the use of variations in minimum wages and their application over time and their extent. This article also provides for the protection of statutory minimum wages against unjustified or disproportionate deductions.

Article 7 requires effective and timely participation of the social partners in the setting and updating of statutory minimum wages, including through participation in the advisory bodies mentioned in Article 5. Member states must involve the social partners in the definition of the criteria referred to in Article 5, in the updating of minimum wages, in the establishment of the variations and deductions referred to in Article 6, and in the collection of data and studies in this area.

Article 8 of the proposed directive requires Member States to take the necessary measures, in cooperation with the social partners, to ensure that workers have effective access to the protection afforded by statutory minimum wages, in particular by strengthening arrangements for on-the-spot checks and inspections, providing guidance to enforcement authorities and providing workers with adequate information on applicable statutory minimum wages.

Chapter III includes horizontal provisions on compliance with minimum wage legislation when awarding public contracts (Article 9), requiring economic operators (including the subcontracting chain thereafter) to respect collectively agreed wages and applicable statutory minimum wages where they exist.

The proposed directive also contains provisions on the establishment of a monitoring and data collection system (Article 10), the right to redress and protection against unfavourable treatment or adverse consequences (Article 11), and sanctions for non-compliance with minimum wage legislation (Article 12).

Source: European Commission 2020d.

It is a complex task to ensure that wages are both fair and of a decent level. The link between minimum wages and poverty is certainly important, but not necessarily causal, since whether a worker lives in poverty is determined by a household's various sources of income, not just the worker's wage. Income from all activities of all household members is counted, including social transfers from the various social protection regimes. Income tax arrangements are also taken into account, since a worker's degree of poverty is measured on the basis of net household income. At the end of the day, only a fraction of low-wage workers actually live in poverty.

1.2.2 How can a wage be set that is both fair and decent?

The first part of this question is relatively straightforward. The fairness of minimum wages must be assessed in relation to the general wage distribution. Most stakeholders agree that a standard should be used that refers to a threshold set as a percentage of the median or average wage (Kaitz Index). The next question is whether gross or net average wages should be used as a reference. The European social partners differ on this point. The trade union organisations prefer an approach based on gross wages so that the cost of increasing the minimum wage is not shifted from companies to the state. The employers' organisations, however, tend to favour an approach based on net wages, to safeguard the competitiveness of businesses (European Commission 2020c). The Commission only indicates that the EU initiative could contain an obligation for national frameworks to include specific indicators making it possible to assess whether minimum wages are adequate, based on non-binding reference values estimated from thresholds for median or average gross or net wages.

The second part of the question is more complex. The 'decency' of a minimum wage is based on the extent to which it can ensure a decent standard of living. In other words, the minimum wage should be sufficient to achieve a household income that can lift the worker and his or her household above the poverty threshold. The Commission raises the possibility of using a reference value based on a criterion ensuring decent living standards, referring to a 'living wage' approach.⁸ A living wage is estimated with reference to a threshold based on the cost of a basket of goods and services considered as a minimum but essential (European Commission 2020c). The literature and international institutions distinguish between two main ways of assessing poverty and setting thresholds to identify what is considered a decent standard of living. The so-called 'absolute' approach is similar to the living wage approach, i.e. to ascertain the cost of a basket of goods and services reflecting the minimum needed by an individual and his or her household to have a decent standard of living within a particular social group or region. The so-called 'relative' approach refers to a threshold reflecting the minimum resources (financial, social and cultural) required by an individual and his or her household to enjoy a decent standard of living judged socially acceptable by society as a whole (Atkinson *et al.* 2002). Curiously, the Commission makes no reference in this context to the relative at-risk-of-poverty rate – 60% of the national median equivalised

8. For an overview of the living wage approaches used in Europe see, for example, the special issue of the *Transfer* review on this subject (European Trade Union Institute 2019).

disposable income – used to estimate whether a minimum wage can provide a decent standard of living. However, this ‘relative’ approach to poverty has nevertheless been used as a key indicator in European social policies designed to tackle poverty and social exclusion ever since the adoption of the first European poverty and social exclusion indicators by the Laeken European Council in 2001.⁹ Since then, other European indicators have been added that reflect difficult living conditions (on the most recently adopted European indicator, the indicator of material and social deprivation, see Guio and Marlier 2017).

Currently, at EU level, there is no agreed indicator that can be used to compare the ‘decency’ of living wages or social minima in the various Member States. Only a few European countries (Ireland, Romania, Slovenia and the United Kingdom) assess the value of minimum wages by referring to a basket of goods and services (Eurofound 2020b). As part of an EU pilot project, research was carried out into the budget needed by various types of household to obtain a basket of goods and services (including housing) considered essential to a basic standard of living, but acceptable in a given region. The study provided many lessons on the methods to use to decide, in a participatory fashion, on the content of a basket of goods and services. It shows how difficult it is to agree on this type of ‘reference budget’ in such a way that they can be used in the various European countries; it also shows that it is hazardous to compare the results for the various Member States, given the economic, social and cultural differences which may exist not only between countries but even between regions in one and the same country (Goedemé *et al.* 2015).

Given the lack of a specific criterion of this type, the relative poverty threshold and the material and social deprivation rate provide credible alternative ways to assess the extent to which minimum wages enable decent living standards and allow a worker’s household to rise above the poverty threshold or move beyond the deprivation threshold. These decent standard of living indicators are also, for now, the only alternative monitoring tool available to the Commission, enabling it to compare how far the minimum wages in the various Member States provide a decent standard of living, in the context of its proposal and more broadly of the EPSR. Currently, these indicators are used in research for making international comparisons and have been endorsed at political level by all Member States as key indicators for European social policies. Some European countries, such as Belgium, already use the European relative poverty threshold as a reference criterion to set the level of their minimum welfare support. The study by Marchal *et al.* (2018), referred to below, compares the level of minimum wages for European countries with the relative poverty rate, set at 60% of the median income.

9. This approach is based on the definition adopted by the EU Council of Ministers on 19 December 1984, which states that a person or household is considered poor if their income or resources do not seem sufficient or are not socially acceptable: ‘the poor shall be taken to mean persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State in which they live’ (European Council 1985).

1.2.3 Fair and decent wages: the miracle solution for reducing in-work poverty?

Given the situation described above, it is worthwhile asking whether the existence of fair and decent minimum wages is sufficient to significantly reduce in-work poverty.

Studies on the links between in-work poverty and low wages show that although the latter increase the risk of poverty, most low-paid workers do not, however, live in poverty (Salverda 2018; Maître *et al.* 2018; Horton and Wills 2018).¹⁰ While minimum wage schemes do have an effect on in-work poverty, these effects are limited. Comparing net minimum wages with the at-risk-of-poverty threshold (60% of the median) for the EU in 2017, Marchal *et al.* (2018) found that the minimum wage is sufficient in almost all the EU (the exceptions being Estonia and Czechia) to protect a single adult against poverty. However, households made up of one poor single worker only make up a small percentage of households. The minimum wage cannot fully support more than one person and is insufficient for households made of up several adults but with just one earner, or for single-parent households. The rare international assessments show that the overall impact of increased statutory minimum wages on reducing poverty is statistically significant but low, varying depending on the percentage of the population receiving the minimum wage (Arpaia *et al.* 2017). Though an increase in minimum wages is not per se sufficient to make a significant contribution to tackling in-work poverty, it is nevertheless a key step. Minimum wages are nevertheless useful, as they help ensure fairer wage distribution and establish a floor for wages, preventing employers from creaming off direct income support measures (Marchal *et al.* 2018).

Reducing in-work poverty cannot be done with minimum wage policies alone; it requires a broader range of instruments. Studies all point to the size and nature of households, as well as the work intensity of individuals and households,¹¹ as the most significant factors in in-work poverty, particularly when combined (Peña-Casas *et al.* 2019; Eurofound 2017; McKnight *et al.* 2016; Fraser *et al.* 2011). For this reason, in-work poverty can only be tackled effectively with a range of policies. In 2019, the European Social Policy Network (ESPN) published a comparative analysis of national policies to combat in-work poverty in the EU and candidate or pre-candidate countries (Peña-Casas *et al.* 2019). The report shows that while in-work policy is rarely a stated policy objective, many policy measures are taken in various areas that, in combination, may help reduce in-work poverty.

10. In 2018 on average in the EU-28, 39.9% of people aged between 18 and 64 living in poor households worked at least 6 months in the previous year on a wage (27.7%) or as self-employed (12.2%). In other words, 60.1% of poor individuals were not in employment, instead being unemployed (21.3%), inactive (34.2%) or retired (4.1%), according to EU-SILC indicator [ilc_lvhl02].

11. Work intensity of a household is described by Eurostat as ‘the ratio of the total number of months that all working-age household members have worked during the income reference year and the total number of months the same household members theoretically could have worked in the same period.’

2. Tackling in-work poverty: the various policies available to Member States

While minimum wages have a real but limited impact, in-work poverty cannot be reduced by them alone – this task requires a broader range of instruments (Eurofound 2020a; Peña-Casas *et al.* 2019).

A series of policies may help to prevent in-work poverty. They can be split into those which have a direct and those which have an indirect impact on income and work intensity (Marx and Nolan 2012). Direct-impact measures include a first group made up, in addition to minimum wages, of measures topping up (low) wage gains: family benefits, in-work benefits, reduced tax and social security contributions and guaranteed minimum income schemes, if these can be cumulated with income from employment. Aimed at increasing work intensity, a second group includes all measures falling under the heading of ‘active labour market policies’ or taken to tackle labour market segmentation, including job protection legislation.

Indirect policy measures can be targeted either at enhancing work intensity by allowing a better work-life balance (childcare and access to long-term care), or at improving workers’ prospects for career progression (vocational training, further education, equality, non-discrimination, etc.). Indirect policies also include measures to support households’ standards of living (health care, housing, heating, transport, etc.). In the next section, we examine these various policy measures.

2.1 Policies with a direct impact on in-work poverty

2.1.1 Tax and social security contributions

Rather than increasing minimum wages, many Member States have taken measures to increase the net income of employees receiving the minimum wage or around this amount. There are several ways of cutting taxes and social security contributions to tackle in-work poverty (McKnight *et al.* 2016; Marx *et al.* 2012). One approach involves reducing taxation of wages. However, this is not an ideal strategy, since such reductions also benefit households above the poverty line. Reducing personal income tax can allow for more targeting, but most of the in-work poor already pay very little tax. Since social security contributions are often higher than the tax due by low-income households, cutting these in a targeted way would be a better strategy for reducing in-work poverty. However, this political choice is limited by the fact that social security contributions must be paid if a person is to be eligible for social security benefits (Marchal *et al.* 2018; Marx *et al.* 2012). Each of these approaches has its pros and cons, but they do not take account of the fact that some households have income so far below the poverty line that they would still be poor even if they paid no taxes at all (Marx and Nolan 2012).

2.1.2 In-work benefits

In-work benefits come in various forms: ‘permanent work-contingent tax credits, tax allowances or equivalent work-contingent benefit schemes designed with the dual purposes of alleviating in-work poverty and increasing work incentives for low-income workers’ (OECD 2011). More and more countries have invested in this type of benefits, with the best-known examples being ‘earned income tax credits’ in the United States and ‘working tax credits’ in the United Kingdom. These two countries have been the first to use these benefits and have invested the most in them in budgetary terms.¹² These credits are one of the most important aspects of the UK approach to tackling in-work poverty, but their positive impact cannot necessarily be replicated in the rest of Europe, particularly in continental and northern countries with less wage inequality. The various institutional and socio-economic contexts in the other countries could reduce the effectiveness of this approach (Marchal *et al.* 2018; Marx *et al.* 2012). Micro-simulations carried out for the southern European countries have shown that in-work benefits are of limited effectiveness in combating poverty, while the same is true for measures encouraging second-earners in households to work more (Figari 2011). Vandelanootte and Verbist (2017) showed that if 1% of GDP were spent on in-work benefits, in-work poverty would fall by 1.19% in Belgium, 1.13% in Italy and 2.59% in Sweden, with less of an impact in Poland (0.83%).

If measures are to tackle poverty effectively and, at the same time, be affordable within reasonable limits, they must be highly targeted. However, if low-income households are greatly targeted, there is a risk of creating mobility traps which can only be avoided if the rates are smoothly degressive. This can be extremely costly if there are many people at the low end of the household income scale, as is the case in many European countries. This cost can only be avoided by reducing the level of the tax credit itself, but in this case, there is less of an impact on poverty (Marchal *et al.* 2018).

2.1.3 Family benefits

Many studies show that family benefits, provided in the form of family allowances and tax breaks related to the presence of children in the household, are important instruments for reducing child poverty (Van Lancker and Van Mechelen 2015). Their effectiveness in reducing poverty, however, depends on how generous such benefits are and on how they are designed (as universal benefits or limited to a specific category, such as low-income or single-parent households; Marchal *et al.* 2018). Looking at the programmes aimed at children as a whole (universal and targeted), Van Mechelen and Bradshaw (2012)

¹². In addition to the United Kingdom, several European countries have also tried out this type of policy in recent years: ‘working family payments’ in Ireland, ‘income tax credits’ in Sweden and activity bonuses (the active solidarity income) in France.

observe that their effects vary among European countries.¹³ They find that the countries providing the most generous family allowances to people on a low income have the most targeted approach. If these benefits are to be effective in reducing poverty, they must be of a sufficient level, meaning considerable budgetary cost. One way of reducing this cost to some degree is to direct the resources of the universal system proportionately more towards the poorest. Combined with policies facilitating and supporting dual earners in households, particularly encouraging the partner doing most of the housework to also take on employment, these universal benefits with targeted components are a key element of any set of effective measures (Marx and Nolan 2012; Marchal *et al.* 2018).

2.1.4 Guaranteed minimum income

Social assistance supplements ensure that earned income is higher than the income a person would receive if he or she was not working. In several countries, these extra benefits are means-tested and available to low-income households, but even then, there are major differences between Member States. At the end of 2015, for example, 14% of social assistance recipients in France were in paid work, of whom a quarter were on open-ended contracts (Legros 2019). In Germany in 2017, nearly a quarter of those receiving basic income support under the income topping-up provisions of unemployment benefit II (ALG II) had a job (Hanesch 2019). The granting of a guaranteed minimum income to in-work poor can generate concerns. In Spain, for example, the trade unions hold the view that repeated recourse to the guaranteed minimum income to offset the disadvantages of temporary work may help make low-paid jobs more socially acceptable (Rodríguez Cabrero *et al.* 2019).¹⁴ Guaranteed minimum income schemes have also become an integral part of active labour market policies, as receipt of this income is increasingly dependent on actively seeking a job; at best, this follows the principles set out in the 2008 EU Recommendation on the active inclusion of people excluded from the labour market, combining an adequate income, personalised activation plans and access to high-quality services (European Commission 2008).

2.1.5 Active labour market policies

Active labour market policies can improve jobseekers' skills and enable them to take on better paid jobs. Nevertheless, the demanding activation requirements may oblige unemployed people to accept job offers even when the wages offered are low. In such cases, the income of these successfully 'activated' people may be too low to raise household income above the poverty line – poor unemployed become in-work poor (McKnight *et al.* 2016). Seikel and Spannagel (2018) have analysed the impact

13. In Austria, Czechia, Denmark, Finland, France, Greece, Italy and Latvia, the standard of living of households on an average wage with two children is above the poverty threshold only thanks to family benefits, while the programmes run in Bulgaria, Hungary, Portugal and Slovenia are not sufficient to raise such families above the poverty line. For a couple with two children, with only one adult earning and receiving the minimum wage, family benefits are not sufficient to keep the family above the poverty threshold in any of the countries examined. For a single parent on a low income with two children, these allowances are sufficient to protect the household from living in poverty only in Hungary, Latvia, the United Kingdom, Czechia and Sweden (Van Mechelen and Bradshaw 2012).

14. This system also means that some of the worker's income is indirectly supported by the social security regime rather than coming from the employer.

of various elements of activation policy on in-work poverty, based on EU-SILC and OECD data, in 18 EU Member States. They show that high expenditure on active labour market policies reduces the poverty risk for workers. However, strict conditions and a high level of recommodification¹⁵ heighten the risk of in-work poverty. They also show that a combination of well-financed active labour market policies and generous social benefits is the most promising strategy for tackling in-work poverty. This combination is generally associated with the ‘enabling welfare state’ model seen in the Scandinavian countries. It is also the approach underpinning the three pillars of active inclusion referred to in the 2008 recommendation on active inclusion of people excluded from the labour market (European Commission 2008).

2.1.6 Measures to tackle labour market segmentation

Measures taken to address low wages should be just the first step in a strategy to boost individuals’ ability to protect themselves and their families from poverty. Job stability and security, as well as the ability to progress in one’s work, are also essential. Permanent contracts and jobs offering wage increases and prospects for advancement are important to guarantee this stability (McKnight *et al.* 2016). We have already emphasised the continuing growth in atypical employment and the rates of in-work poor on part-time or temporary contracts, which are two to three times higher than those working full-time and with an open-ended contract. Job protection rules influence workers’ chances of employment and their risk of falling into poverty. Measures have been taken in many Member States to limit the wrongful use of fixed-term contracts, and, in some, to promote open-ended contracts (for example in France, Italy, Portugal and Slovenia; Peña-Casas *et al.* 2019).¹⁶

2.2 Policies indirectly influencing in-work poverty

2.2.1 Childcare policies

Childcare policies are often considered an effective policy tool for reducing in-work poverty. The link between childcare and in-work poverty is *a priori* fairly clear: available and affordable childcare is supposed to increase employment (above all of mothers) and the number of workers per household, thus resulting in a drop in in-work poverty. However, new research is calling into question the efficacy of childcare provision as a policy tool to tackle in-work poverty. Van Lancker and Horemans (2018) have thus shown that, although childcare provision is associated with a lower individual risk of poverty, no link can be established between the take-up of formal childcare services and the national in-work poverty situation. This is because households making use of

15. Commodification means an extension of what can be bought and sold in the market. It describes a process whereby goods and services that were not previously commercialised are transformed into tradable goods.

16. These provisions include exemptions or increases of social security contributions for employers (for example in France, Italy and Slovenia), a limitation of the maximum duration of fixed-term contracts (for example in Portugal or Slovenia), and a stepping-up of labour inspections (in Spain, for example).

formal childcare services tend to be high-work-intensity households, i.e. rarely poor households. When speaking of in-work poverty, it is important to differentiate between formal and informal childcare. Informal childcare services tend to be used by less work-intense households. For childcare to be an effective tool in the fight against in-work poverty, it must reach the target group – i.e. workers with young children living in low-work-intensity households, with less stable jobs and lower incomes (Van Lancker and Horemans 2018).

2.2.2 Measures to improve the standard of living of low-income households

Housing support is the most obvious of these measures, as it enables housing costs to be reduced, thus improving the standard of living of low-income households and the in-work poor. Most Member States grant means-tested housing support to such households (Salvi del Pero *et al.* 2016).

Access to essential services is vital to ensure that people are fully integrated into society and the labour market. These are services in different sectors such as transport or energy. These services can be hard to afford, meaning that the state needs to step in to ensure their availability, quality and affordability (Baptista and Marlier 2020). Energy costs, for example, are significant cost items for low-income households. To address this issue, some Member States apply social tariffs. In Portugal, for example, a social tariff is paid by any energy consumer with an annual income below €5,808 – thus excluding consumers earning the minimum wage – while in Spain the *bono social eléctrico* applies to the most vulnerable consumers, helping to reduce their electricity bills by 25-40%.

Finally, transport support can be useful to improve the purchasing power of low-income workers, involving subsidies or reduced tariffs for specific groups (for example in Belgium and Bulgaria; Eurofound 2017).

2.2.3 Health care and long-term care

Financial difficulties frequently await people needing health care services that require the payment of proportionately high direct costs. Even low direct payments can result in financial problems for poorer individuals or households and for people having to pay for long-term treatment. A lack of financial protection may hamper access to health care, compromise health, aggravate poverty and exacerbate health and socio-economic inequalities. As all health systems require a certain level of direct payments, financial difficulties can potentially be a problem in any country (OECD 2018). Low-income households generally have universal access to health care but have to pay for certain services and medicines.¹⁷ In some countries, direct costs are low (e.g. Belgium, the United Kingdom, Sweden, Czechia) and set at the same level for all groups (e.g. Sweden).

17. For example, in Belgium, Denmark, Greece, Spain, Latvia, Portugal, Sweden, the United Kingdom and Czechia.

In other countries, particular groups are exempted (e.g. Spain, Latvia, Malta, Portugal)¹⁸ or are eligible for a reduction (e.g. Belgium, Denmark; Peña-Casas *et al.* 2019).

Despite cultural changes, new attitudes and progress in the division of care responsibilities, women still provide the bulk of long-term care (Spasova *et al.* 2018). Absence of long-term care support may make it less likely for women to have a job or be employed full-time, thus reducing family income and resulting in a higher risk of poverty.¹⁹ Some countries have implemented identified measures to tackle these situations, such as care allowances or paid care leave (for example, Finland and Czechia).

2.2.4 Training

To conclude this overview of policies, we very briefly describe training measures. Incentives are offered for individuals to take part in training aimed at improving skills and qualifications. They can therefore be an important way to enhance low-skilled people's access to decent, remunerated work, thus helping to reduce labour market segmentation as long as the most vulnerable groups are able to participate (Eurofound 2017). In some Member States, for example, workers even have a right to training (for example, in Belgium and Portugal).

2.3 Policies influencing in-work poverty: varied combinations in the Member States

Of the direct measures, income support measures, including the minimum wage, are most frequently mentioned by the national experts in the ESPN network as being used to tackle poverty in their countries (Table 1). Active labour market policies and policies to combat labour market segregation are referred to less often. No country has just one policy; rather, all systematically use a combination of policies. Increasing the minimum wage, although all the countries examined have done this, is not sufficient to protect low-income households against in-work poverty. Family benefits and appropriate tax provisions are also cornerstones of any strategy to tackle in-work poverty (Peña-Casas *et al.* 2019).

With regard to indirect measures, the ESPN study shows that Member States face two major challenges when addressing in-work poverty: availability and affordability of childcare, and access to housing. The table below presents the various direct and indirect policies followed and the countries using them, even if reducing in-work poverty is rarely their main objective.

18. In Spain, people at risk of poverty are entitled to free health services (medical consultations, treatment, hospital care). They need only contribute to the cost of pharmaceutical products — 40% for workers with an annual income below €18,000, and 50% for those with an annual income between €18,000 and €100,000.

19. In 2016, on average in the EU, 10.1% of women working part-time and aged between 50 and 64 (compared with 3.6% of men working part-time) explained that they work part-time in order to look after dependent children or disabled adults (Eurostat, Labour Force Survey, [lfsa_epgar]).

Table 1 Direct and indirect policies addressing in-work poverty in the EU in 2019

Member State	In-work poverty rate (2018)*	Policies directly influencing in-work poverty						Policies indirectly influencing in-work poverty					
		Minimum wages	Tax and social security contributions	In-work benefits	Family benefits	Guaranteed minimum income	Active labour market policies	Measures to tackle labour market segmentation	Childcare policies	Health care	Long term care	Housing, energy, transport	Training
BE	5.1	x	x	x			x	x	x		x	x	x
BG	10.1	x	x		x		x	x					x
CZ	3.5	x	x		x	x	x	x	x	x	x	x	x
DK	6.1	x	x				x		x	x			
DE	9.0	x	x		x	x	x	x	x		x		
EE	9.5	x	x			x	x	x	x				
IE	4.8	x	x	x	x			x	x		x		
EL	10.9	x	x		x		x	x	x		x		x
ES	13.0	x	x		x	x	x	x	x	x	x	x	
FR	7.1	x	x	x	x	x		x			x		
HR	5.2	x	x			x	x	x	x		x		x
IT	12.3	x	x		x	x		x		x			
CY	7.4	x	x		x	x		x	x	x	x		x
LV	8.2	x	x			x		x			x		x
LT	8.3	x	x		x	x		x			x		x
LU	13.5	x	x		x	x		x			x		x
HU	8.5	x	x			x		x			x		x

Table 1 Direct and indirect policies addressing in-work poverty in the EU in 2019 (cont.)

Member State	In-work poverty rate (2018)*	Policies directly influencing in-work poverty							Policies indirectly influencing in-work poverty						
		Minimum wages	Tax and social security contributions	In-work benefits	Family benefits	Guaranteed minimum income	Active labour market policies	Measures to tackle labour market segmentation	Childcare policies	Health care	Long term care	Housing, energy, transport	Training		
MT	6.4	x		x		x		x				x			x
NL	6.1	x	x												
AT	8.0	x	x		x	x		x		x		x			x
PL	9.7	x	x		x	x		x		x		x			x
PT	9.6	x	x			x		x		x		x			x
RO	15.0	x	x		x	x				x				x	
SI	6.0	x	x		x	x		x		x		x			x
SK	6.0	x	x		x	x				x				x	
FI	3.1	x	x		x	x						x			x
SE	7.1	x	x		x	x				x					x
UK	10.4	x	x		x	x		x		x		x			x
Total		28	27	8	17	22	19	15	27	14	9	20		15	

Notes: * In-work poverty rate 2018, EU-SILC survey [lic_ iw01]. This table is not exhaustive and does not rule out the use of other policies. The national ESPN experts have chosen to highlight particular policies implemented in their respective countries, given the specific situations therein.

Source: own elaboration, based on Peña-Casas *et al.* 2019.

Conclusions

In-work poverty is an oxymoron in the economic and social development model promoted by the EU and implemented by Member States. It should not exist at all, or at most only marginally. It is not only unacceptable in itself but also harmful for poorer workers and their households, as well as damaging for the economy and society as a whole. Given its scale in EU countries and its persistence and even increase over the last decade, in-work poverty is a worrying issue and a significant challenge for the future, especially since the unprecedented crisis linked to the Covid-19 pandemic is more than likely to significantly increase poverty in general, and in-work poverty in particular, in the coming years. This crisis has rapidly become a large-scale economic crisis, the impacts of which are set to persist for the economy, for workers and for citizens in general. European economies have been hit by a pronounced recession in 2020, and a return to normal seems far off. Millions of workers have lost their jobs, temporarily or permanently.²⁰ Whole sectors of the economy are currently operating at half-throttle or even in stop mode. Several of these (retail, hospitality, tourism, personal services, art and entertainment, etc.) employ large numbers of poorly or averagely skilled, low-paid workers. These workers' future is uncertain in the short and medium term and will depend on, among other things, the duration and future of state temporary assistance schemes set up to counter the socio-economic consequences of the Covid-19 pandemic, as well as the restructurings and closures generated by this crisis (European Commission 2020c; Eurofound 2020a, 2020b).

On its own, the establishment of a European framework favouring an increase in minimum wages to a level allowing for a decent standard of living can only partially help reduce in-work poverty. Approximately a quarter of people living in poor households are salaried workers, and only a fraction of these are being paid the statutory minimum wage (when one exists). Nevertheless, fair and decent minimum wages are vital to ensure fairer wage distribution and to guarantee a wage floor protecting individuals earning this amount from poverty, at least if they are supporting themselves alone. Minimum wages are thus a necessary safeguard, though insufficient to alone prevent in-work poverty.

A heterogeneous group, the in-work poor, cannot all be reached by one sole targeted policy. The number and variety of policies already implemented in Member States with a direct or indirect influence on in-work poverty show that there is no simple solution: a holistic approach is vital, with a diverse set of policies combined to form an integrated vision of how to tackle in-work poverty. There is not only a need to maintain and boost the existing earnings of the in-work poor and to improve job quality, but also a need to increase the work intensity of individuals and households, facilitating the access to

20. More than a quarter of European workers, i.e. over 42 million people, have temporarily lost their jobs and part of their earnings due to the widespread implementation of protective temporary measures such as short-time work or similar measures (Müller and Schulten 2020b). According to Eurofound's recent 'Living, Working and Covid-19' survey, 29% of the people questioned had lost their job or contract, temporarily or permanently, due to the pandemic (Eurofound 2020b). And this is only part way through a crisis which may well last a long time. As it is, these figures only partially take account of future job losses due to redundancies and closures and the planned end of temporary support measures.

work of all adult members of such households. Social protection schemes making up for lost or absent earnings are playing a vital role and should be extended over the long term. These arrangements should be upheld not only as social shock absorbers in times of crisis but also as an essential contribution to the well-being of all European citizens, irrespective of their employment status. As such, they need to be continued and improved. In this respect, the European Commission must make determined headway on the proposal for a European framework for the setting and adequacy of guaranteed minimum income systems. Long announced, the proposal has been under discussion for several years now (European Anti-Poverty Network 2020; Peña-Casas and Bouget 2014). At this stage, we can only hope that the creation of a European minimum wage framework can help free up this issue which is just as essential.

With the introduction of a proposal for a directive that is both binding and flexible enough to take account of the specific features of the social dialogue while strengthening it, and by focusing its work programme on the effective implementation of the social rights included in the EPSR, the Commission is on the right track. And it is to be welcomed that this objective was recently strongly reaffirmed by the German Chancellor on behalf of the trio of EU presidencies (Merkel 2020). It remains to be seen what will remain of the Commission's proposal for a directive after it has passed under the caudal forks of the European Parliament and the Council.

But this effective implementation of social rights should also be fully reflected in the European Semester so that purely economic objectives are not the main driving force behind the structural reforms advocated to European countries, as has been the case so far with wage moderation, for example. The European Semester and the Social Scoreboard will have a role to play in the effective implementation of social rights. With regard to minimum wages, both the provisions of the (proposed) directive and the guidance and the monitoring framework of the European Semester should make it possible to better follow the progress made both in terms of wage catch-up and the coverage of the social partners. As a positive sign, the last cycle of the European Semester contains more recommendations to countries on social issues (Rainone 2020).

Vital cross-cutting issues such as ending social inequalities, poverty in general, in-work poverty and job quality should be better highlighted as political objectives by the EU and its Member States. Many observers emphasise the need for the European development model to be updated – as already highlighted during the previous economic crises. Given the extent of the Covid-19 crisis, but also the scale of the social and environmental challenges facing us, a return to 'normal' seems difficult to envisage in the short or medium term.

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Conclusions

Facing the economic and social consequences of the pandemic: domestic and EU responses

Bart Vanhercke, Slavina Spasova and Boris Fronteddu

Introduction: before 'it' – delivering Social Europe in 2019¹

In view of the first wave of the pandemic which engulfed Europe in the first half of 2020, it is easily forgotten that the preceding year proved fertile ground for EU social policy initiatives (see the chronology of key events by Boris Fronteddu and Denis Bouget, this volume). Several important developments took place under the Romanian presidency of the Council of the European Union (EU) between January and June 2019, *inter alia* the adoption of new directives on (a) transparent and predictable working conditions (EP and Council of the EU 2019a); (b) work-life balance (EP and Council of the EU 2019b); and (c) accessibility requirements for products and services (EP and Council of the EU 2019c). One milestone is the agreement revising the directive on protection from work-related exposure to carcinogens or mutagens (EP and Council of the EU 2019d), with the renewed EU focus on occupational health and safety pointing to a shift away from the 'deregulatory tone of the past' (Vogel 2018).² Also during the first half of 2019, the go-ahead was given to establish the European Labour Authority (ELA) in Bratislava.³ Finally, in the last year of its mandate, the Juncker European Commission continued its work on 'socialising' the European Semester, including strengthening its links with EU funding, notably through the Country Reports published in February 2019 (Vanhercke 2020).

These significant advances in the first half of 2019 were clearly facilitated by the solemn proclamation of the European Pillar of Social Rights (European Parliament *et al.* 2017), which gave the Juncker Commission a strong mandate to table proposals significantly expanding the EU's role in social policy (European Council 2017: 2; Schout *et al.* 2019). The major advances made in the first half of 2019 can also be explained by the resolve of EU and domestic policymakers to achieve as many tangible results as possible ahead of the European elections that May, an event set to bring EU decision-making to a standstill for several months.

Looking back, the Juncker European Commission (2019) took pride in having adopted 24 new initiatives (including some soft law measures) in the social field during its 2014–2019 mandate, out of the 27 initially proposed. Among the three initiatives postponed

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2. For an in-depth discussion of the process leading to the revision of this directive, see Vogel (2018).
3. Symbolically, it was Jean-Claude Juncker who presided over the inauguration of the European Labour Authority in October 2019, one of his last acts as President of the Commission.

to the next parliamentary term, two related to the new programmes under the next long-term EU budget for 2021–2027 (notably the European Social Fund Plus and the European Globalisation Adjustment Fund), for which negotiations were still ongoing. The other was the contentious revision of Regulation 883/2004 on the coordination of social security systems (EP and Council of the EU 2004), for which the preliminary agreement reached in trilogue was not confirmed by the EU legislator. At the same time, we should not get carried away by the achievements listed above: several legislative texts were significantly watered down in lengthy negotiations between the Member States and the EU institutions (in the social area, the European Parliament and the Commission were largely aligned).

The second half of 2019 was marked by the forming of the new Parliament, the new appointments to the highest-level posts in the EU and the proposal for a ‘European Green Deal’ (EGD), which was presented, not quite humbly, as Europe’s man-on-the-moon moment and the EU’s next grand strategy. The European Parliament (EP) elections were historic in two ways: the high voter turnout and the end of the dominance of the two main centrist parties, the centre-right European People’s Party (EPP) and the centre-left Progressive Alliance of Socialists and Democrats (S&D), which had commanded an absolute majority in the European Parliament since 1979 (Anderson and Heins, this volume). The elections resulted in an electoral breakthrough by the Greens, while Eurosceptics fared well in several countries and are now a force to be reckoned with within the European Conservatives and Reformists (ECR) Group in the EP. As for far-right populists in Europe, these elections did not turn out to be a ‘new dawn’, despite polling predictions to the contrary.

Perhaps this relative continuity explains why – despite a top-heavy institutional agenda and persisting political differences between the Member States – political agreement was reached during the second half of 2019 (under the Finnish Presidency of the Council of the EU) on the crucial ‘EU mobility package’, which includes new rules on drivers’ working conditions and special posting rules for drivers in international transport. Some aspects of compromise on the package, however, will lead to unnecessary emissions and pollution, a considerable setback to achieving the EU target of carbon-neutrality by 2050 (Anderson and Heins, this volume). Nearly one year after the political agreement within the EPSCO Council, the Council Recommendation on access to social protection for workers and the self-employed was formally adopted in November 2019 (Council of the EU 2019a). By May 2021, Member States should submit a plan to report on measures taken to address gaps in social protection that affect vulnerable self-employed workers in particular (Spasova and Wilkens 2018).

Despite the Presidency’s limited wiggle room, Finland also set in motion an EU-wide debate on the concept of the ‘economy of wellbeing’, though it seems unlikely that either the non-binding conclusions of the Council of the EU (2019b) on this topic or the conclusions pertaining to ‘gender-equal economies in the EU’ (Council of the EU 2019c) will have any lasting impact on EU or domestic policymaking. What is more, Anderson and Heins (this volume) argue that neither the 2019 Presidencies of Romania and Finland nor the Croatian Presidency in the first half of 2020 left any strong mark on the EU’s social dimension: during this presidency trio, the agenda was mainly

determined by the Commission and the European Council (*ibid*), raising the wider question of the leeway still available to the rotating Presidency of the Council of the EU under the Lisbon Treaty rules, which curtailed the ‘political’ dimension of the six-month presidencies (Maciej Kaczyński 2011).

The new European Parliament held its constituent session⁴ on 2 July 2019, electing David Sassoli (Progressive Alliance of Socialists and Democrats, S&D) as its new President. Taking office on 1 December 2019 under the leadership of Ursula von der Leyen, the new European Commission proposed an ambitious programme, including the December 11 publication of the Communication on the European Green Deal, together with a roadmap for its implementation, which foresees an impressive number of legislative proposals in key sectors of the EU economy with the cross-cutting objective of achieving a ‘climate-neutral’ Europe by 2050. The new Commission also announced proposals on a European Child Guarantee, a legal instrument for minimum wages and a European unemployment benefit reinsurance scheme (von der Leyen 2019).⁵ Nicolas Schmit, originally the Commissioner-designate for Jobs, became the Commissioner for Jobs and Social Rights, while the new Commission endorsed the European Pillar of Social Rights and the associated mandate to reinvigorate the social dimension. Under the slogan ‘an economy that works for people’, it promised an action plan to deliver further on the Pillar. Because it had been solemnly proclaimed by the European institutions and the need for its implementation was confirmed in the European Council (2019) Strategic Agenda 2019–2024 (adopted in June),⁶ accepting this heritage from the Juncker Commission became a necessity that was hard for von der Leyen to escape. Setting the scene for the other contributions, the opening chapter of this edited volume by Karen Anderson and Elke Heins argues that the pro-EU majority in the new European Parliament, the partisan composition and entrepreneurship of the von der Leyen Commission, and the mainstreaming of social policy across European Commission Directorates prepare the ground for more EU social policy activity. This new social policy agenda will partially be boosted by the European Green Deal, which aims at implementing a ‘socially just’ green transition for which the European Pillar of Social Rights should serve as reference framework.

This concluding chapter provides a synthesis of the analyses presented in the edited volume, updating them wherever relevant (until November 2020) and situating the key findings in the wider debates on the EU social dimension. The chapter is structured as follows. Section 1 describes the urgent policymaking to combat Covid-19, discussing the economic and social fallout of the pandemic, the domestic and EU policy responses, and its implications in terms of governance: *which entry points are available to ‘Social Affairs’ players in the new economic recovery instrument?* Section 2 looks at recent EU policy initiatives – the Green Deal, the EU’s sustainable development agenda, the revived debate on a European minimum wage and the EU gender equality agenda – being developed in parallel with the pandemic emergency. One key question raised in

4. With changes in composition following the UK withdrawal from the EU.

5. For a discussion of the new European Commission’s programme, see Vanhercke *et al.* (2020).

6. The European Pillar of Social Rights should be implemented at EU and Member State level, with due regard for respective competences (European Council 2019: 5).

this book is *has the pandemic been a driver of or a hurdle to the high ambitions of the new European Commission for the EU social agenda and its commitment to the Green Deal?* Section 3 turns to the future, drawing on the analyses presented in this book; in these uncertain times, the question is *what could be next?*

1. Urgent policymaking to combat Covid-19: economic and social consequences, national and EU responses

This section describes the urgent policymaking to combat Covid-19. Section 1.1 discusses the unequal economic and social consequences of the pandemic at Member State level, as well Member States' responses. Section 1.2 looks at the disruptive impact of the pandemic on EU policymaking, while Section 1.3 discusses some of the key governance issues related to the new EU recovery instrument and how it interacts with the transformed European Semester.

1.1 The unequal economic and social effects of Covid-19 and domestic policy responses

The global Covid-19 pandemic will have a dramatic effect on economies across the globe. As regards the EU, available data on the economic costs of the pandemic and the lockdowns highlights three main types of inequality, which are discussed in turn: (a) the economic divergences between Member States, (b) differences in employment status, and (c) inequalities between women and men.

At the beginning of the pandemic, it was hoped that the measures taken to stop the spread of the virus would lead to a 'V-shaped' economic depression – i.e. a sharp downturn in economic activity (a fall in GDP of around 7-9% for the EU), followed by a quick recovery as the virus was brought under control (Myant, this volume). Unfortunately, nine months after the outbreak of the pandemic, a second wave came rolling in. Given the unpredictability and magnitude of the pandemic, it comes as no surprise that the economic and social effects of the crisis are far worse than expected. According to the World Bank (2020), Covid-19 is about to plunge the global economy into its worst recession since World War II, while the EU's GDP could shrink as much as 8% in 2020. Preliminary Eurostat (2020) data shows that, compared with the same quarter of the previous year, GDP decreased by 14.8% in the euro area and by 13.9% in the EU-27 in the second quarter of 2020. Unsurprisingly, the largest declines in GDP were in the countries hardest hit by the pandemic and which imposed long-lasting and very strict lockdowns in March and April 2020: Spain (-22.1%), Italy (-17.7%) and France (-9%).

The smallest downturns in economic activity were in some Northern European countries and in the Central and Eastern European countries (CEECs): Finland (-4.4%), Estonia (-5.6%) and Lithuania (-5.9%) in the second quarter of 2020. The tourist sector suffered immensely, with all Mediterranean countries (Croatia, Cyprus, Greece, Italy, Malta, Portugal and Spain) experiencing a significant decline in GDP (Myant, this volume). A Eurofound analysis published in October 2020 shows that, due to the strong sectoral

nature of the crisis, the presence of low-paid and low-productivity jobs, and the lower preparedness for the large-scale transition to telework even in Member States where it was previously infrequent, Southern Member States were hit much harder by job losses (Eurofound 2020a; Fana *et al.* 2020).

The social consequences of the pandemic are more difficult to quantify, as the initial data is more limited than that on economic effects (Myant, this volume). Measuring the potential impact of voluntary and enforced social distancing (lockdown, capacity limitations), Palomino *et al.* (2020) find that the crisis is producing increases in the levels of inequality (within and between countries) and poverty in all European countries. An early study by the European Anti-Poverty Network (EAPN 2020) and evidence about the impact on disadvantaged communities in Ireland (Frazer 2020) confirm that the avalanche of negative social consequences has disproportionately hit those already poor or at high risk of becoming poor and vulnerable, especially in low-income countries. As a result, achieving the Europe 2020 target of 20 million fewer people at risk of poverty or social exclusion has become highly unlikely (European Commission 2020a: 25).

Before the pandemic, the EU27 unemployment rate was 6.7% (2019), the lowest level ever recorded in the EU. In contrast to the US, which saw a tragic hike in unemployment, the increase has been rather moderate so far in the EU: from a record low of 6.5% in March 2020 to 7.5% in September (*ibid.*: 74). According to the draft Joint Employment Report 2021 (published on 18 November 2020), this relatively moderate increase (but with considerable variations between countries) can be seen as the effect of the functioning of short-time work schemes and other support measures deployed at national level, ‘though inactivity could also explain part of it’ (*ibid.*: 40). But there is hardly any reason for unwarranted optimism. Unemployment in the tourist sector rose significantly. Among the groups hardest hit by the crisis were young people – who form an important contingent of non-standard and self-employed workers – as well as women (*ibid.*). Youth unemployment increased at a faster rate than overall unemployment, jumping from a low of 14.9% in March 2020 to 17.1% in September (European Commission 2020a: 6). Last but not least, hidden unemployment (working reduced hours, overqualified workers, those who stopped looking for work) and pay reductions may very well be masking the (un)employment situation in Europe (for a state-of-the-art analysis of the impact of the pandemic on the world of work, see ETUI and ETUC 2020).

In order to preserve employment and contain a growing crisis, Member States have relied on automatic stabilisers such as unemployment benefits, but also deployed short-time working schemes (STW), postponed the payment of tax and social security contributions and extended credit guarantees. By the end of April 2020, for example, applications for STW had been filed for 42 million employees in the EU, i.e. as many as a quarter of all employees. Again, the actual percentages ranged widely, from 3.6% in Bulgaria and 3.1% in Poland to just under 50% in France. The figures reflect a general tendency towards worse provision in lower-income countries (Müller and Schulten 2020a). Clearly, workers in lower-income CEECs were less well protected, since social protection benefits and other social inclusion provisions were less available and less generous than in the ‘old’ EU members (Myant, this volume).

But the social effects of Covid-19 not only differed between countries: they also varied dependent on employment status. People on non-standard contracts and the self-employed had less labour and social protection than those on standard contracts, with no support from short-time work schemes, for example, in any of the CEECs (Myant, this volume; European Commission 2020a). However, some Member States (among those most affected) loosened certain rules governing social protection schemes and created *ad hoc* allowances or benefits to (at least temporarily) plug the gaps in access to social protection. As this was a health crisis in turn impacting the economy and the labour market, conditions were relaxed mostly for sickness and unemployment benefits (e.g. reducing and abolishing waiting periods, extending the period of receipt of benefits, increasing the amount of benefits and coverage) as well as providing leave arrangements (see Eurofound 2020b; ILO 2020).

Finally, the pandemic has had very different impacts on women and men (Rubery and Tavora, this volume). With the closing of schools and childcare facilities and the increasing need for care work, the home arena suddenly moved centre stage. While in most crises the spotlight tends to be on the economy and paid employment, this time unpaid care work at home became the focus of attention. Moreover, the difference between this crisis and that of 2008 is that jobs mainly done by women – such as those in the health and care sector, routinely considered low-skilled and unproductive – are now being recognised for their key value for society (*ibid*). Moreover, by way of contrast with the previous crisis, the measures taken by several Member States (e.g. STW schemes and specific corona leave) show explicit efforts to support jobs and employment arrangements traditionally not eligible for social protection and potentially involving vulnerable women – whether domestic workers or self-employed.

Although Rubery and Tavora point out that it is too early to estimate the overall long-term gender impact of the pandemic, they highlight surveys indicating that women are more likely to have lost their jobs in the initial phase of the crisis, particularly lower educated women. The authors are pessimistic about this gender impact, not least because women remain overrepresented in jobs where telework is not possible, in non-standard forms of employment and in sectors likely to shrink in the medium term, in particular horeca and other activities associated with tourism. While Covid-19 has heightened, at least in the short term, the visibility and appreciation of workers in health and social care, one of the most feminised sectors of the labour market, with several Member States providing bonuses or benefits for them, this does not necessarily herald any long-term change in the gendered undervaluation of care work. It is also important to highlight the issues linked to the design of social protection and social inclusion benefits. This design may hinder women's access to benefits: as some sectors or jobs are not covered by specific crisis-related job protection schemes, women may not meet eligibility criteria or may receive benefits that are too low (*ibid*).

1.2 Disease knows no borders: disrupted EU policymaking

On 9 July 2020, WHO Director-General Tedros Adhanom Ghebreyesus declared that ‘disease knows no borders. It does not care about our political differences, and it disregards the distinctions we draw between health and economy, lives and livelihoods. The Covid-19 pandemic has disrupted them all’ (WHO 2020). As pointed out by Rubery and Tavora (this volume), this disruption – and not just interruption – of the usual functioning of our economies and societies is double-edged: it presents an opportunity for significant change (regarding the EU’s involvement in health and a first important step towards pan-European solidarity, for instance), but may also cause significant reversals in social progress (for example, as regards women’s work-life balance and the problematic involvement of ‘social affairs’ players in the EU’s overarching governance architecture).

1.2.1 Crisisification of healthcare policies

Recent research has highlighted an increasing ‘crisisification’ of European policymaking and integration, i.e. the importance of crisis-oriented methods for arriving at collective decisions. These methods, mostly consisting of early warning systems, prioritise the early identification of upcoming crises, specific kinds of actors and technologies, short-cut decision-making procedures, and new narratives on the *raison d’être* of European integration (Rhinard 2019). Indeed, the number of early warning systems⁷ grew from fewer than ten in 2000 to more than seventy in 2015 (Backman and Rhinard 2017). These structures include not only the communication of actions taken and planned but also the coordination of decisions. Previous research showed that the early warning and response system for health crises, for instance, was used by Member States to notify each other of the measures being taken during the acute phase of the highly pathogenic Asian avian influenza virus (H5N1) crisis; that information was then used to inform national decision-making and to shape collective decision-making (Bengtsson *et al.* 2018).

The question then is *can crisisification also serve as a plausible mechanism for legitimizing further European integration?* Scholars inspired by Bourdieu and Foucault argue that crisisification is a rationale of government that works to legitimize government encroachment into new areas of social and public life (Amoore and De Goede 2008; see also White 2015; for a different view, see Rhinard 2019). Brooks *et al.* (this volume) show how crises produce opportunities for expanding the EU’s role over the longer term, despite limited EU competences in the field of health. Even though most of the EU’s health competence comes from an extension of internal market and fiscal governance, previous crises and the critical junctures that they produced led to a ‘purposeful expansion’ of competences, achieved mostly through legislation. In this context, Brooks *et al.* (*ibid.*) note that the European Centre for Disease Prevention and Control (ECDC), a cornerstone of the EU’s health security regime, seems to

7. These include ‘the Early Warning and Response System (for communicating disease outbreaks), the animal disease notification system (for emerging animal health problems), the EU urgent radiological information exchange (for communicating urgent information in the event of a nuclear emergency) and the computer security incident response team (for notifying incidents of cyber-attacks) in the European Commission’ (Rhinard 2019).

have performed well at the outbreak of Covid-19, as have the newly created Clinical Management Support System and (although slower to mobilise) the Civil Protection Mechanism (CPM).

These positive experiences with EU-coordinated crisis management – in contrast to the largely informal and intergovernmental responses during the 2009–2010 swine flu outbreak – possibly explain why, in her first State of the Union speech (16 September 2020), European Commission President Ursula von der Leyen highlighted the need to build ‘a stronger European Health Union’, which can be seen as a strong new narrative from the EU in this sensitive policy area. This announcement was quickly followed, on 11 November 2020, by a European Commission (2020b) Communication on ‘reinforcing the EU’s resilience for cross-border health threats’, accompanied by three legislative proposals aiming to strengthen Europe’s health agencies⁸ and setting up a health task force, to be deployed quickly within the bloc and in third countries.

As predicted by the ‘crisisification’ perspective, this Commission Communication repeatedly refers to the need for rapid decision-making,⁹ justifying the idea of a European Health Union by, among other things, the need to embed ‘foresight’ in health policies and ‘to meet the expectations of our citizens’ (ibid). Another illustration of such a new narrative in the area of health care in the crisis context is provided in the chapter by Brooks *et al.* (this volume): in its 13 March Communication on a coordinated economic response to the Covid 19 outbreak, the European Commission (2020c) introduced a remarkable new interpretation of the legal framework for public health exceptions to national market barriers: historically, these have been justified with regard to the protection of *national* public health, while in this Communication the Commission importantly floated the idea of a reading of the public health derogation based on a notion of *European* public health and solidarity (de Ruijter *et al.* 2020).

Some have also argued that the crisis mode brought about by Covid-19 may provide a window of opportunity to re-examine how the notion of Services of General Economic Interest (SGEI) could apply to the healthcare sector, rather than introducing cycles of implementation and removal of temporary frameworks relaxing the application of the antitrust and state aid rules, as happened in response to the Covid-19 pandemic (Guy 2020). Guillén and Petmesidou (2020) furthermore contend that the pandemic creates an opportunity to rethink (as the EU prepares its new *Strategic Framework on Health and Safety*) a ‘holistic’ workplace health and wellbeing strategy placed squarely in the field of social protection.

As Brooks *et al.* (this volume) argue, however, Member State wishes remain vital for any further extension of EU health competences in the slipstream of Covid-19. According to

8. The three legislative proposals refer to an upgrading of Decision 1082/2013/EU on serious cross-border health threats, a strengthening of the mandate of the European Centre for Disease Prevention and Control (ECDC), and an extension of the mandate of the European Medicines Agency (EMA) (European Commission 2020b).

9. ‘It is our shared and *urgent* responsibility to take forward these measures *quickly* and *thoroughly*’ (European Commission, 2020b: 21). Other references in the Communication are to ‘the *immediate* future’, ‘*fast* track’ scientific advice, procedures and communication channels, ‘*fast* and *streamlined*’ positioning and communication etc (emphasis added).

these authors, the window of opportunity created by Covid-19 could quickly be closed if, for example, a vaccine is promptly issued and distributed. At the same time, internal politics may hamper Member States' commitment to further integration in the field of health, as Eurosceptic parties may well keep on exerting pressure on governing authorities. The fact that, in July 2020, the Heads of State and Government pruned the EU4Health programme to €1.67 billion, down from €9.4 billion proposed by the European Commission in May, indeed seems to signal that Member States still agree that the EU executive should not interfere with their national health programmes, even in times of Covid-19.

1.2.2 Economic and social policy progress: the crisis as a window of opportunity

As argued by Myant (this volume), the longer-term economic consequences of the pandemic are less clear at this stage and will partially depend on decisions taken at EU level: ultimately, the hard-won EU responses will be key to the recovery of the EU economy. The EU's response to the 'perfect storm' it has been facing since the beginning of 2020 has been quite impressive, in stark contrast to the austerity-driven response to the 2008 financial and economic crisis, as can be seen in the dedicated Covid-19 Chronology by Boris Fronteddu and Denis Bouget (this volume). The EU has indeed taken unprecedented steps to achieve economic recovery by providing financial help to those in greatest need, thus eliminating for the time being the danger of a repeated sovereign debt crisis (Anderson and Heins, this volume; Myant, this volume).

As argued by Tholoniati (2020), the EU's economic response was extremely quick, being basically deployed over a period of no more than a few weeks, while negotiations would normally have taken months or even years. Three main stages can be identified (ibid).

In the *first stage*, as early as March 2020, the EU decided (a) a major relaxation of the EU rules on state aid via a new temporary framework; (b) an unprecedented suspension of EU budget rules, using (for the first time) the 'general escape clause' to temporarily suspend the obligations of the Stability and Growth Pact; and (c) the Coronavirus Response Investment Initiative, which introduced extraordinary flexibility into the European Structural and Investment Funds and abandoned co-financing requirements, allowing the funds to be fully mobilised to fight the emergency.

In a *second stage*, during April 2020, efforts focused on the creation of three new firewalls, endorsed by the meeting of the Heads of State and Government on 23 April. First, an unprecedented European instrument was created. Backed by €25 billion in guarantees paid in by Member States, the temporary Support to mitigate Unemployment Risks in an Emergency (SURE) fund provides loans up to a total of €100 billion (0.7% of GDP) to support short-time working and job support schemes. SURE was made operational by the European Commission during the summer of 2020 and the national guarantees were signed by all Member States in September. Second, a €25 billion Covid-19 European Guarantee Fund established by the European Investment Bank (EIB) will be lending up to €200 billion to businesses, especially SMEs. Thirdly, the new and temporary Pandemic Crisis Support instrument allows Eurozone members to use loans from the European Stability Mechanism (ESM) for 'direct and indirect

healthcare-, cure- and prevention-related costs due to the Covid-19 crisis'. Taken together, the measures implemented during the first two stages of the EU's response represented additional financial firewalls of €540 billion (4% of EU GDP) in the form of loans on favourable terms and almost 25% of GDP in the form of guarantees and liquidity assistance (Tholoniati 2020). If the associated investments and reforms are properly designed, the leverage for Member States could be formidable.

The *third stage* of the European response was the establishment of a recovery plan, the outline of which was proposed in May 2020. The Commission's proposal for a European Recovery Plan – dubbed 'Next Generation EU'¹⁰ – will make available €750 billion, in addition to the increased 2021–2027 EU budget of €1.074 trillion, for economic recovery, while accelerating (through earmarked spending requirements, see below) the green and digital transitions. Taken together, the EU long-term budget together with Next Generation EU totals a mind-boggling €1.8 trillion. For the first time in its history, the EU will borrow from capital markets on a very large scale to finance expenditure throughout the Union (Darvas 2020). However, it should be noted that the agreement diverges significantly from the Commission's original proposal, particularly due to opposition from the so-called 'Frugal Four', an informal grouping of the Netherlands, Austria, Sweden and Denmark, with Finland often a further ally (see Anderson and Heins, this volume). The total volume of the EU recovery instrument is kept at €750 billion, as in the initial proposal, but the balance between grants (€390 billion, down from €500 billion in the Commission's proposal) and loans (€360 billion, up from €250 billion) has been tilted towards the latter. Moreover, the time available for commitments is shortened by one year to speed up the recovery dynamic (2021–2023 instead of 2021–2024).

The abovementioned measures 'can be seen as a test of whether the EU can prove its worth in enabling Member States to weather the crisis and to achieve economic recovery with political stability' (Myant, this volume). Although recognised as essential for addressing the issues thrown up by the crisis, some of the new measures have been subject to criticism and debate, with doubts voiced as to their ability to 'sufficiently' counteract the expected serious economic and social consequences of the pandemic. It seems fair to say that all the EU can possibly do is to provide assistance to soften the social impact and create the conditions for quick recovery. Among the most important criticisms of the NGEU is that the allocation key has shifted from favouring low-income countries (in the Commission's proposal) towards giving more weight to a country's size and decline in GDP, thus favouring large countries such as France and Germany (Darvas 2020). Other observers, however, have argued that Multiannual Financial Framework (MFF) funds are expected to continue to go mostly to Central and Eastern European Member States, whereas the NGEU would prioritise Southern European countries. Critics also highlight two main risks which might reduce the economic impact of these instruments: the traditionally slow absorption rate of European structural investment

10. Next Generation EU is made up of three pillars: (a) instruments to support Member States' efforts to recover, repair and emerge stronger from the crisis, including the Recovery and Resilience Facility (560€ billion, the bulk of the NGEU); (b) measures to boost private investment and support ailing companies; and (c) the reinforcement of key EU programmes, to learn lessons from the crisis, make the single market stronger and more resilient, and to accelerate the twin green and digital transitions.

funds and the limited capacity of national governments to channel very large amounts of public investment (Alcidi *et al.* 2020), both of which make the discussion as to whether the recovery package is ‘sufficient’ rather theoretical.

In this respect, Myant (this volume) wonders whether the EU’s ‘convergence’ aim is realistic. He points out that higher-income countries, especially those with lower public debt burdens, can also take greater advantage of the decisions relaxing state aid rules, simply because they have more spending power. This therefore threatens to accentuate the concentration of higher-level activities (such as research and development) and the most modern products and processes in higher-income countries, making Central and Eastern European Member States more dependent on innovation and technology developed elsewhere. An unintended consequence of the relaxation of state aid rules may therefore be a widening of economic and social divergence across the EU. Moreover, according to Myant, any redistribution between Member States would be small. All the measures discussed above reduce the need for extra spending and keep new redistributive elements at a very low level. In this respect, although Member States have agreed on new stabilising mechanisms, the very idea of European solidarity – without conditions – remains a taboo, even when the EU is being hit by one of the worst crises it has ever had to face. This is illustrated by the 26–27 March 2020 European Council deadlock, which infuriated Italian Prime Minister Giuseppe Conte, on the possibility that the EU might issue ‘Corona bonds’ (a common debt instrument to help finance the response to the pandemic).

As for the reaction from the EU social partners, the European Trade Union Confederation (ETUC 2020a) welcomed the MFF agreement and Next Generation EU but was rather critical of several points. It sees an absence of any robust reference to the social dimension, to the European Pillar of Social Rights, or to the need to protect and create massive employment opportunities. Moreover, the ETUC does not see ‘any guarantee of a proper involvement’ of social partners in the governance of the plan, whether in the design and implementation of the investment priorities or in the monitoring of results (see Section 1.3). Business Europe mainly welcomed the agreement, undertaking to follow its implementation very carefully and to make sure that the money was well spent.

With regard to the SURE mechanism, Anderson and Heins (this volume) praise the mechanism, describing it as a ‘quantum leap’ in EU social policymaking, given the lengthy debates in the past on a potential European unemployment benefit scheme (for a discussion, see Schmid 2019). While recognising the importance of this decision, Myant (this volume) shows that, by offering loans at lower interest rates than would be available on financial markets to a number of Member States, it did little to address problems of limited fiscal space. He considers that there will at most be a very small redistributive element in this policy. As of November 2020, the EU Council had approved €87.9 billion in support for 17 Member States, while further requests are pending. According to Myant, countries that are able to borrow at low interest rates without difficulty, such as Germany, France, the Netherlands, Austria and the Scandinavian countries, are likely to show little or no interest in the scheme. Several observers hope that the SURE mechanism, an important step forward in the organisation of European solidarity but

with some important drawbacks, will act as a lynchpin in the establishment of a fully-fledged European unemployment re-insurance system (Fernandes and Vandenbroucke 2020; Corti and Crespy 2020). Even though much more modest, it should be noted that the new SURE mechanism has already encouraged some Member States to introduce new short-time working schemes: in some cases, significant EU funding, if well-designed, can be an alternative to legislation to achieve labour market convergence, without leading countries into excessive debt.

1.3 The (temporary?) end of the Semester as we know it¹¹

1.3.1 From the 'old' Semester to a new Facility

In practice, Next Generation EU will mostly be implemented through a newly created 'Recovery and Resilience Facility' (RRF), which should become operational on 1 January 2021; ongoing disputes about linking EU funds to the rule of law (see Section 3), however, could delay the start of the RRF and the disbursement of loans and grants.¹² The European Commission set out strategic guidance for the implementation of the RRF in its pivotal 2021 Annual Sustainable Growth Strategy (European Commission 2020d). The RRF will provide €672.5 billion (of the €750 billion announced in NGEU) in loans and grants for the crucial first years of the recovery: for Member States such as Croatia and Bulgaria, the financial contribution will be above 10% of GDP, while for at least five other countries the injection will be between 5% and 10% of GDP.

Although official EU documents explain that the RRF and the European Semester are 'mutually beneficial' and give rise to 'important synergies' (European Parliament 2020a), it is fair to say that, in practice, the European Semester has been largely put on hold for at least one year, and probably more: according to several of our interviews, it is very unlikely that the EU will ever return to the European Semester as we knew it. The European Commission's Country Reports are being replaced, as the main analytical reference documents, by the assessments which the Commission will make (in the form of *staff working documents*) of the 'Recovery and Resilience Plans' (RRPs) that Member States are asked to submit between 15 October 2020 and 30 April 2021. Multilateral surveillance between Member States, one of the slowly-built cornerstones of the Semester, is likely to be reduced to a discussion on specific topics (e.g. short-time working schemes), while much more emphasis will be put on bilateral dialogue between the Commission and individual Member States about the reforms and investments proposed in the framework of the RRF. Until further notice, no new Country-Specific Recommendations (CSRs) will be issued in 2021 to Member States having presented an RRP, except on fiscal matters in the context of the Stability and Growth Pact (SGP). However, the general escape clause remains in place for as long as is necessary to

11. This section draws on an analysis of secondary (EU) documents, as well as six semi-structured interviews in October and November 2020 with high-level officials in the European Commission (3), EMCO (1), the SPC (1) as well as a representative of the ETUC (1).

12. The facility is scheduled to remain operational until 2026.

allow Member States to implement measures to contain the coronavirus outbreak and mitigate its negative socio-economic effects; as a result, the level of public debt could exceed 100% of GDP on average in the eurozone (Tholoniati 2020).

The 2019 and 2020 CSRs are still valid and should, in principle, steer the reforms and investments proposed by the Member States in their RRFs. Given Rainone's (2020) finding that the overall number of (implicit and explicit) 2020–2021 social CSRs is the highest ever registered (around 80% higher than usual),¹³ this link with the RRFs should, in principle, provide the Commission and national stakeholders with an opportunity to combine the 'stick' of past social CSRs with the 'carrot' of significant funding (this combination has proved effective in other contexts, see Verschraegen *et al.* 2011). In practice, however, this guidance through the CSRs has its limitations: as the European Court of Auditors (2020) pointed out in its recent opinion on the RRF, 'in certain cases, the CSRs contain a mix of issues, and generally lack clear timeframes and costs'.¹⁴ In other words, Member States will try to spend the new funds according to their domestic preferences, while the European Commission will try to use its authority to ensure that each RRF contains the required minimum of 37% of expenditure related to climate, and a minimum level of 20% of expenditure related to the digital transition (European Commission 2020d). The Commission will also pressure Member States to explicitly contribute, through their RRFs, to seven 'flagship initiatives', each of which sets targets for 2025 (or 2030). One flagship initiative – 'Reskill and upskill' – is concerned with the adaptation of education systems to support digital skills and educational and vocational training for all ages.¹⁵ At the time of writing, no explicit 'social' targets have been included in the RRF Guidance, but negotiations are ongoing: the EPSCO Council formation has called upon the Commission to set social targets in the context of the Pillar action plan (see Section 3), while the European Parliament has similarly called upon the Commission 'to develop social targets, including on poverty reduction' (European Parliament 2020b: §11). Others have argued that the EU's new recovery strategy should be gender-mainstreamed (Frazer 2020): gender equality is not 'a policy agenda only for good times' (Rubery and Tavora, this volume). The exact requirements will depend on the final text of the RRF Regulation about to be agreed by the Parliament and the Council.

Overall, the Next Generation EU deal 'is symbolically a major step for the EU because it overcomes two historic taboos of European integration': long-term opposition to large-scale EU common debt issuance and staunch opposition to explicit (even if temporary) fiscal transfers between countries (Merler 2020). It remains to be seen which domestic and EU players will, in the end, gain from this new, flexible arrangement to spend unprecedented EU funds.

13. The proliferation of social CSRs is likely to be an effect of the EU Commission's reaction to the socioeconomic crisis triggered by Covid-19 (Rainone 2020: 4).

14. A recent report from the European Parliament (2020a) flags several other problematic features regarding the interactions between RRFs and the European Semester and provides a number of recommendations.

15. Targets for this flagship initiative include raising the share of adults with basic digital skills from 42% to 70%, reducing to below 15% the share of 13- and 14-year-old students who underperform in computer and communication literacy, and ensuring that at least 80% of vocational training graduates are employed and 60% benefit from on-the-job training (European Commission 2020d).

1.3.2 Socialisation under pressure

As spectacular as the amount of the recovery plan may be, there are also some real concerns, notably as regards the governance of the RRF. Thus, the ‘social affairs players’ – the European Commission’s DG EMPL, the EPSCO Council formation and its advisory bodies (the Employment Committee and the Social Protection Committee), as well as the European social partners and EU-level NGOs – seem to have lost much of the voice they had, slowly but certainly, acquired in the European Semester (Zeitlin and Vanhercke 2018). Arguably this is why the EPSCO Council formation recently encouraged the Commission

‘to build on the established processes and governance practices within the European Semester cycle, thereby involving all relevant Council formations and their preparatory bodies, as much as possible, to support the effective implementation of the Recovery and Resilience Plans’ (Council of the EU 2020: §17).¹⁶

The implementation of the RRF, as well as what remains of the European Semester (see below), will mainly be driven by the newly established Recovery Task Force (RECOVER), set up in August 2020 within the European Commission’s Secretariat-General. Working in close cooperation with the DG for Economic and Financial Affairs (DG ECFIN), the task force reports directly to the Commission President. At least on paper, a key role has also been assigned to the Economic and Finance Committee (EFC),¹⁷ an EU advisory body made up of high-level officials tasked with preparing the meetings of the Council of Economic and Finance (ECOFIN) Ministers. The EFC will have the right to pull on the ‘emergency brake’ if a Member State has not fulfilled the milestones and targets set in its RRP – the basis for the assessment of payment requests. In this case, the matter may be referred to the European Council. While the brake can slow down disbursement of funds by up to 3 months, some argue that ‘ultimately the Commission’s assessment would prevail’ (Merler 2020).

The role of the Commission’s Social Affairs DG (EMPL), previously a key player in the European Semester’s ‘Core Group’ of four European Commission DGs (Zeitlin and Vanhercke 2018), seems to have been significantly pruned. The same is true, *a fortiori*, for other European Commission DGs (such as SANTE and EAC), though these had a more peripheral role in the Semester. By contrast, Sabato and Mandelli (this volume) argue that the 2020 Semester has drawn more on the expertise of the DG for Climate Action (CLIMA) and the DG for the Environment (ENV), previously less involved in the Semester. More generally, it would seem that with the creation of the RRF, much of the ‘territory’ gained by social affairs players over the past decade is now being contested. This is quite striking, to say the least, in view of the requirement that ‘in light of the European Pillar of Social Rights, Member States should also adopt measures to ensure

16. The possible avenues for, and added value of, involvement of the EMCO and SPC in the RRF governance process were being intensely debated by both Committees at the time of writing. The EPSCO Council formation, in November 2020, called on the Commission ‘to propose appropriate arrangements for the return to a fully-fledged European Semester process as soon as possible, including its governance’ (Council of the EU 2020: §19).

17. When the EFC meets in euro area only format, it is known as the Eurogroup Working Group (EWG).

equal opportunities, inclusive education, fair working conditions and adequate social protection’ in the context of the RRF (European Commission 2020d: 8). In other words, while the Member States’ RRP will propose essential social investments and reforms that will, for some countries, be linked to unprecedented EU funding, social affairs players have (so far) few formal entry points to the RRF decision-making process.

For instance, the Social Platform (2020a) points out that, at national level, finance ministers are the ones mainly steering RRP decision-making: this means that civil society organisations (and other social players) need to quickly build new links to new stakeholders, an undertaking that generally takes more time than is available to them in this cycle of the Semester. Their involvement in this cycle, and therefore their overall impact, will most likely be reduced (ibid). At least at first sight, it would seem that the ‘socialisation’ of the EU’s overarching governance framework is under pressure, even if it is too early – in November 2020, the time of writing – to arrive at firm conclusions in this respect. Some prudence is indeed warranted, since there are some indications that the socialisation of the Semester of the past decade may, in the end, prove to be quite robust, creating spillover effects for social affairs players and allowing them to get their voices heard in the new architecture. First, the German Presidency of the Council of the EU is attempting to bring the ESPCO Council formation on board the RRF setup: in its Council Conclusions of 23 November 2020, the Social Affairs Ministers decided to take the unprecedented step of explicitly invoking Article 148 TFEU. The Council

‘tasks the Employment Committee to examine – pursuant to Art. 148(3) and 148(4) of the TFEU and in light of the employment guidelines – the implementation of the relevant policies of the Member States as set out in their National Reform Programmes, including their Recovery and Resilience Plans, to cooperate with the Social Protection Committee where relevant, and to inform the Council of such an examination’ (Council of the EU 2020: §20).

Second, key respondents across the Commission confirm that the Secretariat-General and DG ECFIN are working in close cooperation with their counterparts in DG EMPL – for example, in the European Semester ‘Country Teams’ made up of Commission officials across different DGs. The reason is quite straightforward: DG EMPL’s country intelligence (in social policy and labour market issues) is needed to assess the important ‘social’ parts of Member States’ RRP. Whether this kind of cooperation will be effective and how it can be sustained will largely depend on the *ad hoc* arrangements that are being implemented at the time of writing (November 2020) and on the uncertain fate of the European Semester as the EU’s economic coordination instrument.

Third, it would seem that DG EMPL’s know-how in managing EU cohesion policy (through the European structural and investment funds, ESIF) gives the directorate additional leverage in the RRP, which are being negotiated (between the Commission and the Member States) in a coherent package that includes the ERDF, the ESF and Cohesion Fund Operational Programmes.

Fourth, the Commission’s RRP guidance (European Commission 2020d) stipulates that it ‘will be crucial that Member States engage as soon as possible in a broad policy

dialogue including social partners and all other relevant stakeholders to prepare their recovery and resilience plans'. Even if RRP guidance does not specify how this policy dialogue should be organised at national or EU level (nor does it specify a role for civil society organisations),¹⁸ the Employment Committee scheduled a review (with EMCO members, national social partners and the Commission) of social partner involvement in the European Semester (as it has done since 2016)¹⁹ on 8 December 2020. Key questions on the agenda are (a) *are social partners involved in a timely and meaningful way in the design and implementation of reforms and policies, including as part of the RRP?*; and b) *does this involvement cover the design and implementation of reforms and policies in the context of the Covid-19 crisis?*

These examples demonstrate that, whereas the 'socialisation' of the new Recovery and Resilience Facility cannot be taken for granted, the social affairs players are gearing up to seize their place in its final architecture, which is still under construction. How this attempt to get a foot in the door of the RRF will work out in practice remains to be seen.

2. Beyond the Covid-19 emergency

2.1 In search of a new overarching political strategy for the EU: the European Green Deal

The pursuit of social fairness, preparing for the green transition and readying Europe for the digital age (also regarding social security arrangements for platform workers) were united in a single narrative – 'an economy that works for people' – by the new von der Leyen European Commission when it took office in December 2019. Importantly, the strategy aims at a 'socially just' transition through the establishment of a Just Transition Mechanism ensuring that 'nobody is left behind'. The EGD was launched as the new Commission's founding act: a long-term and cross-cutting strategy with the ambition to shape the core of EU policy for the decades to come. It is meant to constitute the EU's new, overarching political strategy, and is the *de facto* successor to the 'Europe 2020' strategy of 'smart, sustainable and inclusive growth' in place for the past decade. However, just three months after its publication, Covid-19 considerably overshadowed the EGD, with EU institutions struggling to provide a coordinated response to the pandemic.

While the EGD's intentions are 'laudable' and constitute a shift away from the EU's 'wait-and-see' attitude, Eloi Laurent (this volume) argues that the new strategy has serious shortcomings, seemingly still prioritising economic efficiency over social justice and environmental sustainability. For this reason, the author argues that the EGD

¹⁸. The Social Platform (2020a) rightly points out that civil society organisations are not referred to directly.

¹⁹. EMCO conducted its first review of social partner involvement in the European Semester in 2016 with the participation of the European social partners. All Member States were covered by the review and no written conclusions were produced. The 2017 review was more focused, looking in greater detail at 14 Member States and leading to country-specific conclusions. The reviews held in 2018 and 2019 examined CSRs and recitals related to social dialogue, along with case studies. This time, country-specific conclusions were submitted to the EPSCO Council.

'looks like a strategy for a century past'. He also notes that the Commission has not yet defined the indicators to be used to measure 'sustainable and inclusive growth', highlighting that GDP is 'unable to measure inequalities or environmental degradation'. In this context, the author calls for the use of alternative indicators to properly measure the progress and impacts of the transition. More fundamentally, however, the pandemic and the 'meteoric acceleration' of natural disasters must generate deep reflection on the shortcomings of the EGD and its key – and quite controversial – paradigm: that economic growth can be decoupled from environmental degradation. To overcome this deadlock, Laurent proposes the development of overarching policies that acknowledge and mitigate environmental inequalities rather than primarily aiming at economic growth. This will require institutions capable of implementing a holistic strategy integrating both socio-ecology and the wellbeing transition, ultimately enabling the EGD to serve as a catalyst for the establishment of a 'European social-ecological state', considered as 'the best suited framework for robust social-ecological policies embedded in a just transition framework' (ibid).

The tension between mitigating the socioeconomic impacts of the crisis and implementing a coherent and overarching climate strategy as set out in the EGD is likely to increase even further as the economic downturn worsens. The question of how the EGD will be financed, not least given the Covid-19 crisis, indeed raises concern, particularly since the July 2020 European Council slashed the Just Transition Fund from €40 billion to just €10 billion.²⁰ The upcoming deep recession will be decisive in determining whether the EGD is relegated to a simple 'narrative' or whether it acts as a true, properly-funded political framework guiding recovery measures, as intended in the initially proposed NGEU (Laurent, this volume). As shown in the chapter by Sabato and Mandelli (who discuss the planned integration of the United Nations Sustainable Development Goals into the European Semester), even a strong political commitment can quickly lose its momentum if an external, unexpected event severely disrupts the political agenda.

Whether the EU's climate ambitions can be upheld in the new context will partially depend on who calls the tune as regards the implementation of the Recovery and Resilience Facility (see Section 1.3), which has environmental sustainability as one of its core guiding principles. Member States will have to propose, in their Recovery and Resilience Plans (RRPs), investments and reforms that effectively contribute to the green and digital transitions. As explained above, each national plan will have to include a minimum of 37% of expenditure related to climate,²¹ and the plans developed should be consistent with the countries' proposed Territorial Just Transition Plans under the Just Transition Mechanism. Furthermore, in theory, the 'do no significant harm' principle applying to all public spending under the recovery plan and restated in the legislation should mean that no funding goes to projects capable of harming the EU's environmental and climate objectives.

20. Horizon Europe, designed to boost innovation, suffered severe cuts as well, as did the EU4Health programme (see Section 1.2.1).

21. Each RRP will also have to include a minimum of 20% of expenditure to drive the digital transition.

An optimistic reading would then be that the RRF, as the centrepiece of Next Generation EU, will allow the EU institutions, and notably the European Commission, to keep the ambitions of the EGD at the centre stage of European policymaking. Some observers have indeed seen the public health crisis as an opportunity to accelerate the much-needed green transition through boosting the development of sectors crucial to this transition. While one source interprets the abovementioned slashing of the Just Transition Fund by the Member States in July 2020 as an illustration of ‘how low down the pecking order environmental policies ultimately fell during the talks’ (Euractiv 2020), one can also see this as symbolic politics: the ‘slashing’ is indeed peanuts when compared to the mindboggling size of the RRF to be earmarked for climate. In other words, in this scenario the Green Deal will move forward, irrespective of the size of the JTF.

However, a more pessimistic reading may be warranted. First, the NGO network Fossil Free Politics has demonstrated that, by June 2020, fossil fuel companies had already received seven billion euros of liquidity from the ECB’s Pandemic Emergency Purchase Programme. This situation is creating a ‘risk-sharing relationship’ with these companies, as they will have to generate enough profit to pay the ECB back with interest. This – just like numerous emergency support schemes for carbon-intensive sectors such as aviation at both EU and national levels – calls into question the likelihood that the EGD objectives will be met: in practice, there are no safeguards to ensure that recovery funds do not go to inefficient and polluting industries (Fossil Free Politics 2020). The ‘do no significant harm’ principle may therefore remain a dead letter.

In other words, the jury is still out on whether Member State and EU institutions alike are prepared to seize the window of opportunity created by the pandemic to speed up a green and socially just transition.

2.2 Sustainable development: goals in search of a strategy

The Green Deal is an integral part of this Commission’s strategy to implement the United Nation’s 2030 Agenda and the Sustainable Development Goals (SDGs). One of the initiatives announced by the von der Leyen Commission was to integrate the SDGs into the EU’s framework for the coordination of economic and social policies, the European Semester. Sebastiano Sabato and Matteo Mandelli (this volume) provide an analysis of the complex governance arrangements resulting from this decision and consider the previous attempts to integrate and monitor sustainable development standards at EU level. The authors show that the new features introduced into the European Semester did indeed help align the 2020 Semester cycle with the UN 2030 Agenda and the SDGs. For instance, the Country Reports 2020 included ‘environmental sustainability’ among the key reform priorities, while the Employment Guidelines 2020 were aligned with the SDGs. Furthermore, the new Commission President tasked each Commissioner with implementing the SDGs in their respective policy areas, with a view to mainstreaming them in EU policies. The new notion of ‘competitive sustainability’ represents a partial departure from the narrative of the Europe 2020 strategy: growth and competitiveness are no longer the main objectives, but rather ‘enabling conditions for the shift towards sustainability’ (ibid).

However, they also describe serious shortcomings, including the realisation that it is impossible for the Semester to cover all 17 SDGs.²² While this finding may suggest the need for a dedicated SDG-centred EU strategy for implementing the UN 2030 Agenda, Sabato and Mandelli's analysis of past EU sustainable development initiatives shows that this solution runs the risk of being ineffective. On the other hand, full and consistent integration of the 2030 Agenda and the SDGs into the Semester is neither feasible nor even desirable. The implementation of the UN 2030 Agenda and its SDGs at EU level therefore represents a 'governance conundrum' (in the words of the authors) still in search of an answer – except of course if the whole idea of integrating the SDGs into the Semester fades into oblivion, now that the Semester itself has been downgraded in view of the implementation of the recovery plan (see Section 1.3). The fact that the SDGs are not mentioned in the guidance provided by the Commission to Member States for drafting their RRP may indeed signify that the momentum has passed.

2.3 Towards a European minimum wage

The EU's renewed ambition to develop an EU framework for minimum wages is discussed by Ramón Peña-Casas and Dalila Ghailani (this volume) from the following angle: *is it a solution to the ongoing increase in in-work poverty in Europe?* The issue of ensuring adequate minimum wages has since become even more important, with the pandemic likely to have a long-lasting adverse impact on the living conditions of vulnerable populations. As minimum wages may not offer sufficient protection against in-work poverty (IWP), the authors review a large range of social and employment policies with a direct or indirect influence on IWP, concluding that a European minimum wage framework will most likely help reduce in-work poverty but will certainly not be enough. Only a holistic and integrated approach, involving a wide range of policies, will be able to do away with in-work poverty. Social protection schemes are key to compensating for insufficient income from work. Such schemes should be seen not only as social shock absorbers in times of crisis, but as an essential weapon in the fight against poverty. Effective implementation of the social rights included in the EPSR must be fully reflected in the European Semester (*ibid*).

As announced by Ursula von der Leyen (2019) in her 'Agenda for Europe' – and in view of the fact that the European social partners were unable to reach agreement on the topic – the Commission published a proposal for a directive on adequate minimum wages in the EU on 28 October 2020, which some observers refer to as 'a watershed in the history of European social and economic integration' (Müller and Schulten 2020b). It pursues two main objectives: (a) to improve minimum wages in countries providing a statutory minimum wage and (b) to revitalise the role of the social partners, so as to increase the coverage of minimum wages in Member States where these are set by means of collective bargaining between the social partners. Even though the then candidate for President of the European Commission had boldly announced that she would 'propose a legal instrument to ensure that every worker in our Union has

22. The ITUC published a report on the centrality of SDG 8 to drive all other SDGs. The ETUC used this approach to build an SDG 8-based monitoring tool.

a fair minimum wage’, the fact that the Commission opted for a binding directive, rather than a (Council) recommendation, still came as a surprise to some observers. Indeed, as argued by Peña-Casas and Ghailani, the initiative is somewhat at odds with the pressure for wage moderation applied elsewhere by the EU, notably in connection with the structural reforms implemented as part of the European Semester. This new initiative could therefore be seen as an important change in the EU’s take on the issue: historically, European policies have tended to consider full employment as an effective response to poverty and social exclusion. However, poor quality or low-wage jobs – which have been increasing in number with the emergence of the platform economy and bogus self-employment – are sometimes not sufficient to protect against poverty. Against this backdrop, the Commission’s stated intention is to address the shortcomings and loopholes of national minimum wage schemes. Since collective bargaining plays a key role for adequate minimum wage protection, the European Commission wants to ensure that it covers at least 70% of workers: if coverage is lower, Member States will have to provide a framework of enabling conditions for collective bargaining, either by law or through an agreement with the social partners, and establish an action plan to promote collective bargaining.

The initial reactions to the European Commission proposal do not prompt much optimism as regards the outcome of the negotiations. BusinessEurope, the European employers’ association, reiterated its opposition to a binding directive, describing it as a ‘recipe for disaster’ and even a ‘legal monster’ (BusinessEurope 2020). The ETUC (2020b), for its part, is more positive but finds that the text, as it stands, is rather general (as it ‘fully respects national competencies and traditions’), making it difficult to assess whether it will have a clear positive impact on minimum wages. In its view, the directive needs to include a clear ‘decency’ threshold below which legal minimum wages cannot fall (60% of the median wage or 50% of the average wage). At Member State level, negotiations may be complicated between Member States with statutory schemes and those where minimum wage levels are set by collective bargaining. Scandinavian trade unions promptly stated that the EU minimum wage directive would be in breach of the Treaty and would undercut the well-functioning Scandinavian labour market models (Scandinavian trade unions 2020). All this will make it very difficult to come up with more precise and binding criteria for adequate minimum wages and more practical tools for the promotion of collective bargaining (Müller and Schulten 2020b). Without such precisions, the text may end up as a very general framework, yet nevertheless put the issue of minimum wages – and indeed the debate on an EU framework for minimum income²³ – squarely on the European agenda.

2.4 The new EU gender equality strategy: paying lip service?

‘All crises have gendered impacts and Covid-19 is no exception’ is the starting point of the chapter by Jill Rubery and Isabel Tavora (this volume). Indeed, while Covid-19 has done a lot to push fathers to take on care responsibilities for their children, the

²³ A recent study by Van Lancker *et al.* (2020) commissioned by the EAPN argued that the proposed directive on minimum wages does not exhaust the need for a framework directive on minimum income.

lockdown measures – such as the closure of childcare facilities and schools – have hit women hardest. What is more, women have also been on the front line as ‘key workers’ in healthcare and other essential services. Building on a rich data set, the chapter provides a first assessment, corroborated by national correspondents, of the gendered impact of the crisis and the policy responses in three domains: (a) the labour market (women are far more at risk of losing their jobs in this crisis); (b) social protection policies (women face more gaps in the social protection floor); and (c) the work-care interface and social support for parents (school closures have made the combination of waged work with parenting much more difficult).

In this context, it is disappointing that the European Commission’s new Gender Equality Strategy 2020–2025, adopted on 5 March 2020 (European Commission 2020e) mainly features existing legislative plans blocked in the Council, including proposals on women on boards (which was first put forward in 2012) and on tackling gender-based violence (which dates from 2014): no country has been spared the surge of domestic violence during lockdowns.²⁴ The Commission also announced that it will table a (single) piece of new legislation by the end of 2020, with a view to ending the gaping difference between women’s and men’s pay. Commenting on the new gender strategy, Evelyn Regner, chair of the European Parliament’s Committee on Women’s Rights and Gender Equality, explained that ‘commitments are good, but legislative proposals have to follow. If we continue at this snail’s pace, it will take almost 100 years to achieve equality’ (Politico 2020).

This lack of ambition as regards the EU’s gender equality dimension is not corrected by the Commission Work Programme 2021 (adopted on the 19 October 2020), which does not mention the goal of gender mainstreaming and only refers to the aforementioned proposal to combat gender-based violence (European Commission 2020f: 7). What is surprising, in view of the fact that addressing the gender pay gap was announced by Ursula von der Leyen as a key political priority for the new Commission, is that the Work Programme does not mention the implementation of the announced pay transparency directive. This has led to strong criticism from civil society, especially in these times of pandemic which, as argued above, puts the over-representation of women as frontline workers in essential sectors in the spotlight. This does not imply that the Commission has been silent on the issue of the gender pay gap: in March 2020, the Commission published an assessment of the previous gender gap action plan 2017–2019, which concluded that the current non-binding recommendation on pay transparency was not sufficient to ensure proper implementation of the 2006 Directive on the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (European Commission 2020g). Following this assessment, and on the same day as the announcement of the new Gender Equality Strategy, the Commission launched a public consultation on pay transparency which ran between 5 March 2020 and 29 May 2020.²⁵

²⁴ The European Institute for Gender Equality (EIGE 2020) published a study (November 2011) examining the factors that encourage witnesses of intimate partner violence to intervene.

²⁵ The European Commission is also organizing an EU peer review hosted by Estonia on ‘Closing the Gender Pay Gap through Pay Transparency’ under the Mutual Learning Programme (MLP) during the course of spring 2021.

Especially in view of the gendered impact of Covid-19, the EU needs to do more than pay lip service to gender equality. With a view to delivering on the EU's promises in this policy area, Rubery and Tavora (this volume) argue for a stronger and more ambitious framework for gender equality at EU and Member State level, through comprehensive gender-mainstreaming of Covid-19 recovery policies and the development of a new agenda for sharing both waged work and unpaid care work. With the support of the EU's first female European Commission President, these can be ingredients for a paradigm shift as regards gender equality. Such a change is indeed possible: the pandemic has demonstrated the potential for radical and rapid development of stronger and more inclusive social protection systems, contrary to pre-Covid-19 assumptions that reform takes years rather than the days or weeks it took to design new schemes in the presence of the pandemic. Clearly, caring and household responsibilities fall essentially on women, who therefore still face greater challenges in reconciling work and family life. However, preliminary evidence indicates that these responsibilities are being shared more equally than before the pandemic, particularly childcare: this could have lasting effects on social norms and the gender division of labour (ibid).

3. Social policymaking in uncertain times: what to expect?

On taking office in December 2019, Ursula von der Leyen presented an ambitious plan to seize the momentum created by the European Pillar of Social Rights to advance the EU's social dimension (Vanhercke *et al.* 2020). The analysis presented in this edited volume demonstrates to what extent the pandemic shook the EU's policy agenda. Nevertheless, as described in this book, the new European Commission is trying to uphold many of its social ambitions despite this dramatically changed context.

What is more, despite difficult political and economic circumstances, the 2019 European elections and the appointment of the von der Leyen Commission seem to have further improved the prospects for a reinvigorated Social Europe (Anderson and Heins, this volume): in terms of substantive policy orientations, the concerns of 'social affairs' players are by and large (possibly with the exception of gender equality, see above) receiving proper attention, even during this period of crisis management. At the same time, the book demonstrates that the first half of 2020 saw a crisisification of EU policies: prioritisation of speed in decision-making, new perceptions of which actors matter, and to some extent even new narratives on the role and purpose of the EU. A crucial question is this: *how long can this crisis mode be sustained in the European governance of the EU's recovery policies (notably the RRF) without appropriate involvement of the legitimate social affairs players?* This, in turn, begs a further question: *what will happen when the pandemic ends?* Myant (this volume) warns that it is unclear whether all available resources will be used effectively within Member States and whether new policies presage a longer-term willingness within the EU to finance investments to support convergence across the Union. Alternatively, the pandemic may prove to be a brief episode, followed at the worst by a return to the austerity policies of the past: the risk of social policy aims being subordinated, once again, to budgetary issues is ever-present.

The digital transition is a further important initiative of the von der Leyen Commission – also to trigger the post-Covid recovery. This will also have consequences for the realm of work and social policies. Initiatives include a Digital Services Act, a Platform Work Summit and a review of the occupational safety and health strategy in the light of digitalisation, all of which are confirmed in the Commission Work Programme for 2021.²⁶ The Commission has announced a roadmap with clearly defined goals for 2030 in, for instance, connectivity, skills and digital public services. It has also announced a legislative proposal to improve the working conditions of people providing services through platforms, with a view to ensuring fair working conditions and adequate social protection. A binding directive on the latter issue would echo a longstanding ETUC demand and could address the shortcomings of the 2019 Council Recommendation on social protection for all workers. An ambitious package of legislation will be the Digital Services Act, intended to better regulate issues in the internet space such as online security, freedom of expression, fairness and a level playing field in the digital economy.²⁷ The public consultation ran between June and September 2020 and the package is expected to be adopted by the end of 2020. The Platform Work Summit, a major event foreseen for the third quarter of 2020, was unfortunately removed from this year’s agenda due to the Covid-19 pandemic.

As regards the EU’s approach to social protection, various ongoing initiatives may bear fruit during 2021. For instance, the potential of the non-binding Council Recommendation on access to social protection should not be discarded too quickly: based on an initial monitoring framework (adopted by the SPC in October 2020),²⁸ the Commission will assess progress, e.g. in terms of establishing minimum standards and ensuring formal and effective coverage. While lacking legal ‘bite’, the recommendation may pave the way for (binding) EU initiatives in the future. Perhaps as importantly, Member States and the EU may seize the context of the recommendation to organize ‘fit for the future’ tests of national social protection systems, an aspect even more salient in view of Covid-19. It is also worth noting that the negotiations on Regulation 883/2004 on the coordination of social security systems, shelved for a long time (see Cornelissen and De Wispelaere 2020), resumed at the end of September 2020. Moreover, an EU initiative on long-term care (LTC) is to be expected in the near future. The European Commission’s important ‘just transitions’ communication of January 2020 emphasises demographic change as the third transition the EU is facing (in addition to climate neutrality and digitalisation). In this context, the Covid-19 pandemic has shone a light onto the dark side of long-term care provision, i.e. the situation of institutional LTC and of informal carers. The research community and stakeholders have assessed why residential care for older people was so badly hit by Covid-19 (Declercq *et al.* 2020), referring to older persons being ‘neglected, sacrificed’ during the pandemic (Ortiz 2020). They have made strong pleas for long-term care to gain a higher, and more

26. The Commission Work Programme 2021 announces several other initiatives, including an EU Disability Strategy, individual learning accounts, a European approach for micro-credentials, an action plan for the Social Economy (European Commission 2020f).

27. Commission launches consultation to seek views on Digital Services Act package. https://ec.europa.eu/commission/presscorner/detail/en/IP_20_962

28. Since December 2019, the SPC Indicators Sub-Group and the Commission have worked jointly towards the development of such a monitoring framework.

social, profile on the EU agenda, calling for massive public investment in LTC (Inzitari *et al.* 2020).

A notion that could further boost the importance of the EU's social dimension is that of 'resilience', which, according to the European Commission's first 'Strategic Foresight' report, has the potential to become a new compass for EU policies (European Commission 2020h). Somewhat underspecified at the moment, *resilience* refers to 'the ability not only to withstand and cope with challenges but also to undergo transitions in a sustainable, fair, and democratic manner'. For instance, in the latest Semester cycle, the Commission used the notion to issue health-related recommendations to every single Member State: these call for measures to enhance the resilience of national health systems, with reference often made to the need to improve healthcare accessibility (which, arguably, cannot be achieved through under-funded healthcare systems). A well-conceived strengthening of resilience across the social, economic, green and digital dimensions, structured around the Commission's new concept of 'competitive sustainability' (see Sabato and Mandelli, this volume), can guide Member States and the EU when they have to handle the unavoidable trade-offs between some of the EU's key objectives.

At least on paper, the new Commission has adopted a more inclusive and open approach, declaring its intention to enhance the role of the Parliament as 'the citizens' voice' and also using tools of participatory democracy, notably the planned Conference on the Future of Europe starting in 2020 (as soon as the epidemiological conditions allow for it) and ending in 2022, which should involve a wide range of citizens and stakeholders. During the first half of 2020, the European Parliament also showed its teeth in the debates on protecting the Union's budget – covering both the Multiannual Financial Framework and Next Generation EU – and with regard to numerous 'rule of law' deficiencies in the Member States. Following weeks of negotiations, EU leaders unblocked the €1.8 trillion budget after they reached a compromise, on 10 December 2020, with Hungary and Poland on ways to link EU funds to the respect for rule of law.²⁹ Another big stumbling block for the next months is whether the Council will ultimately be ready to provide more money for the EU Framework Programme for Research and for Erasmus, both of which have suffered the biggest cuts by the Council compared to the Commission's budget proposal. Compared to the previous period, most programmes will receive more money, though the increases are much smaller than the Commission, and particularly the Parliament, would have liked. At the time of writing, the ball is in the Council's court, specifically that of the German Presidency of the Council of the EU (1 July – 31 December 2020).

Perhaps *the* key factor set to determine the scope of the EU's social agenda – and the position of social affairs players in the recovery initiatives – in the next years is the roadmap for implementing the European Pillar of Social Rights. The European

29. EU leaders agreed that the rule-of-law conditionality will only be used for the seven-year budget starting in 2021 as well as the recovery fund, not for payments made from the current budget. Leaders also agreed that any sanctions process could only be triggered by the Commission once the Court of Justice of the EU rules on the new mechanism.

Commission (2020i) communication of 14 January on ‘a strong social Europe for just transitions’ paved the way for a broad discussion (running until 30 November 2020) with EU Member States, social partners and other stakeholders on further action. Based on these exchanges, the Commission is expected to present an Action Plan to implement the Pillar in early 2021. The stakes have been raised for this Action Plan. For instance, in its conclusion on the employment and social aspects of the Annual Sustainable Growth Strategy 2021, the (EPSCO) Council of the EU ‘strongly encourages the Commission, in close cooperation with the Member States, to revise or develop new employment and social policy targets to steer the implementation of the principles of the European Pillar of Social Rights (Council of the EU 2020: §18).³⁰ The Social Platform (2020b) argues that the Action Plan must define ambitious and concrete targets and timelines for the realisation of each of the 20 EPSR principles.

The Action Plan is to be endorsed at the highest political level through an EU Social Summit in May 2021 hosted by the Portuguese Council Presidency (January–June 2021), which has put the social dimension at the heart of its programme: just over two decades after the Lisbon European Council, this EU Social Summit in Porto will be a further opportunity to reinvigorate Social Europe. This will not be enough to avert the labour market and social crisis awaiting the EU in 2021, but it may provide domestic and EU policymakers with a more detailed and reliable compass to navigate through the storm.

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³⁰ In its Resolution on cultural recovery of Europe, adopted with an overwhelming majority, the European Parliament proposes to earmark at least 2% of the RRF for the cultural and creative sectors and industries, and to include culture in all recovery funds (EP 2020c).

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All links were checked on 13 December 2020.

The European Union in 2019: key events

Boris Fronteddu and Denis Bouget

Introduction

In terms of social policy, 2019 was a fruitful year. The first half of the year, with Romania holding the presidency of the Council of the EU, saw the adoption of several regulations and directives which represented significant progress for Social Europe: the directive on transparent and predictable working conditions; the directive on work-life balance; the revised directive on the protection of workers from the risks related to exposure to carcinogens or mutagens at work; and finally the directive on accessibility requirements for products and services. Under the Romanian presidency, moreover, the European Labour Authority (ELA) was inaugurated, based in Bratislava. These events were largely due to a political wish to achieve results before the European elections and the forming of a new European Parliament.

In the second half of 2019, Finland took over the presidency of the Council of the EU. These six months were marked by the formation of the new Parliament and new appointments to the top EU posts. The elections did not bring about any fundamental change in the political balance in the European Parliament. The constitution of the new European Commission was, however, a more laborious task. After tough negotiations between the Member States, circumventing the *Spitzenkandidat* process, Ursula von der Leyen (Germany) was appointed president of the European Commission.

The president sent out a strong message in her agenda for Europe, introducing a far-reaching plan for environmental and digital transition, while strengthening the EU's social dimension. She announced, in particular, proposals for a European minimum wage framework (see Peña-Casas and Ghailani, this volume), a 'European Child Guarantee' and a European unemployment benefit reinsurance scheme.

The notable social progress made during the second half of 2019 included the agreement reached between the Parliament and the Council on the 'Mobility I' package. Finally, on 11 December 2019, Ursula von der Leyen presented a key communication: the 'European Green Deal', a long-term strategy for the EU to become climate-neutral by 2050 by means of a 'socially just' ecological transition. For this purpose, the Commission presented a trillion-euro plan over 10 years.

Finally, the European Trade Union Confederation (ETUC) also went through a process of renewal at its fourteenth Congress held in Vienna, electing a new President, Laurent Berger, and adopting an action plan for the period 2019–2023.

January

1 January: 20th anniversary of the creation of the euro. On 1 January 1999, the euro became the official currency of 11 Member States.¹ Initially used solely for cashless transactions, coins and notes were made available to the European citizens on 1 January 2002. Twenty years later, the euro is now the official currency in 19 of the 27 Member States.²

1 January: Romania takes over the six-month presidency of the Council of the European Union. Its priorities are to reduce development gaps between Member States, to consolidate the single market, to promote digitalisation, to drive the convergence of social rights and to fight climate change. (romania2019.eu)

15 January: the British House of Commons rejects the draft Brexit withdrawal agreement negotiated by Prime Minister Theresa May. Several options are now open to the British government: to renegotiate a withdrawal agreement, to go for ‘no deal’, or to hold another referendum. (UK Parliament, Government loses ‘meaningful vote’ in the Commons, 16 January)

16 January: the EU Parliament and Council endorse the revision of the directive on protection of workers from the risks related to exposure to carcinogens and mutagens at work. This text strengthens worker protection by lowering the exposure limit values for five chemical agents deemed to be dangerous for workers’ health. (OJ L 30 of 31 January 2019: 112-120)

22 January: the Court of Justice of the European Union (CJEU) rules that granting certain employees a day of paid leave on Good Friday on the basis of their religious beliefs constitutes a form of discrimination on grounds of religion. (Case C-193/17)

February

6 February: the European Centre for Public Enterprises (CEEP), the European Trade Union Confederation (ETUC), BusinessEurope and SMEunited sign the sixth autonomous work programme of the European social partners for 2019–2021. This addresses the following six priorities: digitalisation, improving the performance of labour market and social systems, skills, addressing psycho-social aspects and risks at work, capacity-building for a stronger social dialogue, and the circular economy. (European Social Dialogue – Work Programme 2019–2021)

7 February: the CJEU publishes a judgment set to become a milestone in European social policy. According to the Court, the regulation on coordination of social security systems must be interpreted as meaning that a person residing in a Member State is

1. Finland, Germany, France, Italy, Spain, the Netherlands, Belgium, Luxembourg, Austria, Portugal and Ireland.

2. Greece, Slovenia, Cyprus, Malta, Slovakia, Estonia, Latvia and Lithuania adopted the euro between 2001 and 2015.

entitled to receive family benefits, in line with the legislation of that State, including for family members residing in another Member State, even if the person has no specific status, such as that of an employed person. (Case C-322/17)

20 February: the European Commission extends by six months the process of enhanced macroeconomic surveillance for Greece, in force since 21 August 2018. This surveillance is designed, above all, to assess compliance with the commitments entered into by Greece vis-à-vis the Eurogroup, concerning implementation of the reforms adopted under the European Stability Mechanism (ESM). (OJ L 60 of 20 February 2019: 17 and OJ L 202 of 31 July 2019: 110)

March

7 March: the European Central Bank (ECB) announces a new programme of loans, under favourable conditions, to banking institutions (TLTRO III) between September 2019 and March 2021. (ECB, Monetary policy decisions)

12 March: the British House of Commons rejects the proposal for a ‘no deal’ Brexit put forward by Theresa May. However, until an alternative is approved by the House of Commons and by the EU-27, the ‘default’ option is still for the United Kingdom to leave the EU without a negotiated agreement. (UK Parliament, House of Commons vote on no-deal Brexit)

14 March: the CJEU finds that, where a resident of a Member State is affiliated to the social security system of another Member State, income from the assets invested in the State of residence may not be made subject to a social levy by the latter State. (Case C-372/18)

22 March: the European Council makes a statement reiterating its commitment to the Paris Agreement on climate,³ expressing its wish to achieve climate neutrality. (European Council Conclusions, 22 March 2019)

25 March: the Parliament and the Council of the EU adopt a regulation establishing contingency measures in the field of social security coordination with regard to Brexit. The main purpose of the text is to safeguard rights linked to periods of insurance and employment for European citizens who have lived and worked in the United Kingdom. (OJ L 85I, of 27 March 2019: 35-38)

26 March: the European Commission registers the European Citizens’ Initiative (ECI) calling for stronger rights for platform workers. It thus confirms that the EU can legally take legislative action to improve worker protection. As a next stage, the Commission will analyse the content of the initiative and consider whether to present a legislative proposal meeting this demand. (European Commission, *#NewRightsNow – Strengthening the rights of ‘uberised’ workers*)

3. United Nations, *Paris Agreement*, 2015.

29 March: the Parliament and the presidency of the Council reach a provisional agreement on the proposal for a legal text amending the regulation on the coordination of social security systems and the implementing regulation (COM (2016) 815 final). However, the negotiations fail to produce a formal agreement.⁴ The main points of conflict between the two institutions are still a) the aggregation of periods for unemployment benefits; b) prior notification for posting a worker to the Member States concerned; and c) the Community definition of ‘pluri-activity’.

April

2 April: the EU, the Food and Agriculture Organization (FAO) of the United Nations, and the World Food Programme (WFP) present a report stating that around 113 million people experienced acute food insecurity in 2018, a slight drop compared to 2017. (Food Security Information Network, *Global report on food crises 2019*)

3 April: the European Commission launches an infringement procedure against Poland regarding the new disciplinary regime for judges. (IP 19/1957)

4 April: the European Parliament adopts a resolution to increase the budget of the European Social Fund plus (ESF+), boosting, in particular, the resources allocated to social inclusion, equal opportunities, the creation of a Child Guarantee, and assistance to young people not in education, employment or training. (European Parliament, procedure file 2018/0206 (COD))

5 April: the eurozone Ministers, welcoming the reforms adopted by Greece under the ESM programme, particularly labour market reforms and privatisations, approve a new €1-billion tranche of assistance to Athens. (Council of the EU, *Eurogroup statement on Greece*, 5 April 2019)

8 April: the high-level expert group on the impact of the digital transformation on EU labour markets, set up by the European Commission, publishes its final report. Its recommendations include a) expanding vocational training and skills-acquisition; b) preventing occupational safety and health risks; and c) strengthening social dialogue, particularly for platform workers. (European Commission, *Final Report HLG on the Impact of the Digital Transformation on EU Labour Markets*)

9 April: the Council of the EU adopts the directive on accessibility requirements for products and services. This text is intended, in particular, to facilitate accessibility to products, means of transport and services for people with a disability. The Member States must implement this directive by 28 June 2025 at the latest. (OJ L 151 of 7 June 2019: 70-115)

4. For further details, see Cornelissen R. and De Wispelaere F. (2020) Sixty years of European social security coordination: achievements, controversies and challenges, in Vanhercke B., Ghailani D. and Spasova S. (eds.), *Social policy in the European Union 2009–2019: the long and winding road*, Brussels, ETUI and OSE, 153-178.

11 April: the CJEU rules that a national law may establish fixed reference periods for the calculation of average weekly work time, as long as the objectives of protection of the health and safety of workers, set out in directive 2003/88/EC, are still respected. (Case C-254/18)

10–20 April: the International Labour Organization (ILO) holds the 108th session of the International Labour Conference, marking the centenary of the organisation. It adopts the ILO Centenary Declaration on the future of work. The resolution underlines, among other things, that the ILO must ensure a just transition to a future of work that contributes to sustainable development, must harness the potential of digitalisation to achieve widespread decent work, and must promote the acquisition of skills throughout the working life. (ILO, 108th session of the International Labour Conference)

23 April: the ETUC launches an appeal to tackle workplace deaths. According to the Confederation, almost 200,000 people die every year in the EU as a result of workplace diseases, illnesses and accidents. The real figure, the organisation claims, is higher, due to under-reporting by employers. (ETUC, *Work is to earn living, not cause death*)

May

8 May: in a ruling concerning gender equality, the CJEU finds that the Spanish system for calculating retirement pensions for part-time workers is contrary to Community law. The system results in an excessive reduction of pensions, purely based on working time. The vast majority of part-time workers are women. The CJEU therefore denounces this national legislation that places women at a particular disadvantage. (Case C-161/18)

8 May: in the view of the CJEU, the calculation of compensation payments for dismissal and redeployment of an employee who is on part-time parental leave must be carried out on the basis of the full-time salary. Conflicting national law results in indirect discrimination on grounds of sex, as the vast majority of part-time workers are women. (Case C-486/18)

8 May: the CJEU finds that the Austrian system for remunerating civil servants is contrary to Community law, as it wrongly maintains a difference of treatment on grounds of age. (Cases C-24/17 and C-396/17)

14 May: the CJEU finds that employers must set up a system enabling the measurement of the daily working time of each worker. Respect of the maximum working time, and daily and weekly rest periods, are fundamental social rights. (Case C-55/18)

23–26 May: European elections are held. The elections do not change the political balance within the European Parliament. Though polls predicted otherwise, the rise of the radical right was contained. The European People's Party (EPP) keeps its status as the largest party (24.2 % of seats), followed by the Socialists & Democrats (20.5 %),

the liberals of Renew Europe (14.3 %),⁵ the Greens (9.8 %), Identity and Democracy (9.7 %), the European Conservatives and Reformists (8.2 %) and the European United Left – Nordic Green Left (GUE/NGL) (5.4 %). With a turnout of 50.5 %, these elections are among those with the highest participation rate in the history of the EU.

24 May: the ETUC adopts an emergency motion calling on the European Commission to put the December 2015 social partner agreement between the European Federation of Public Service Unions (EPSU) and the European Public Administration Employers (EPAE) forward for adoption in the form of a directive. (ETUC, *ETUC Emergency Motion in support of Social Partner Agreement on Information and Consultation Rights for Workers in Central Government*)

24 May: Theresa May announces her resignation after the UK parliamentarians reject, twice in a row, her proposals for Brexit plans for the United Kingdom. She officially steps down on 7 June 2019. (Gov.UK, Prime Minister’s statement in Downing Street, 24 May 2019)

21–24 May: the ETUC holds its 14th Congress in Vienna. It elects a new President, Laurent Berger (France). The Congress amends the ETUC constitution and adopts several key documents, including the Vienna Manifesto and the ETUC Action Programme 2019–2023. (European Trade Union Confederation – 14th Congress #ETUC19)

June

4 June: the European Network Against Racism (ENAR) publishes an analysis showing that ethnic minorities and people of non-European origin account for just 5% of the 751 MEPs. (*ENAR’s Election Analysis – Ethnic minorities in the new European Parliament 2019–2025*)

5 June: the European Commission publishes its country-specific recommendations as part of the European Semester. These are issued against the backdrop of a particularly low unemployment rate in the EU. The recommendations therefore largely aim to reduce the socio-economic gaps between Member States, regions and population groups, particularly by means of targeted investment strategies. (European Commission, *2019 European Semester: Country Specific Recommendations / Commission recommendations*)

13 June: the Council of the EU adopts the interinstitutional agreement on the work-life balance directive. Paternity leave is set at ten working days, to be remunerated at the same rate as sick leave or hospitalisation pay. Parental leave is set at four months, including two non-transferable months. It is up to Member States to set the level of remuneration, in line with CJEU case law. In a particular step forward, the directive also introduces rules for ‘carers’ looking after a family or household member suffering from a serious illness. These carers will be eligible for five working days of unpaid leave.

5. Formerly ‘Alliance of Liberals and Democrats for Europe’ (ALDE).

All EU countries must implement the directive by 2 August 2022 at the latest.⁶ (OJ L 188 of 12 July 2019: 79-93)

13 June: the CJEU finds that, in cases where a company production unit is sold or transferred, and where the transferor, the transferee or both act with the intention of continuing the economic activity, then directive 2001/23/EC, on the safeguarding of employees' rights, applies. (Case C-664/17)

14 June: the Council of the EU endorses the interinstitutional agreement on the regulation on a pan-European Personal Pension Product (PEPP). The regulation reinforces surveillance by the national and European authorities and requires businesses providing these services to offer savers a basic option, together with explanations. The ETUC strongly regrets that the regulation does not require PEPP providers to guarantee workers' retirement savings if the service providers invest these in the financial markets. (OJ L 198 of 25 July 2019, 1-63 and ETUC, press release, 5 September 2019)

20 June: the Member States set the European strategic agenda for the institutional cycle 2019–2024. The document focuses on four main priorities: 'protecting citizens and freedoms, developing a strong economic base, building a climate-neutral, green, fair and social Europe, and promoting European interests and values on the global stage'. (European Council, *A new strategic agenda 2019–2024*)

20 June: the Parliament and the Council of the EU sign the regulation establishing a European Labour Authority (ELA). Based in Bratislava, this body aims to ensure 'fair labour mobility' within the EU and proper enforcement of regulation EC 883/2004 on the coordination of social security systems. (OJ L 186 of 11 July 2019: 21-56)

20 June: the Council of the EU and the Parliament adopt the directive on transparent and predictable working conditions. This text requires employers to provide written information to employees on the employment relationship at the latest on the seventh day from the beginning of their employment contract. According to this directive, it is up to the national authorities to define the concept of 'worker', subject to CJEU case law. Contrary to the expectations of the ETUC and the European Federation of Public Service Unions (EPSU), many workers, such as those in the civil service, public emergency forces, the armed and police forces, judges, prosecutors' investigators and other law enforcement services, are excluded from the scope of the directive. (OJ L 186 of 11 July 2019: 105-121 and EPSU, press release, 8 February 2019)

20 June: the CJEU finds that, in accordance with the European Framework Agreement on fixed-term work, teachers on fixed-term contracts should receive the same additional grade-related remuneration as statutory teachers if they have the same length of service and if the periods of service completed are the sole condition for receipt of the additional remuneration. (Case C-72/18)

6. Except for payment of the two last weeks of parental leave, for which the deadline set is 2 August 2024.

25 June: the Council of the EU adopts a free trade agreement (FTA) and an investment protection agreement between the EU and Vietnam. The FTA includes commitments concerning implementation, by Vietnam, of ILO fundamental standards. (European Council, *EU-Vietnam: Council adopts decisions to sign trade and investment decisions*)

July

1 July: Finland takes over the six-month presidency of the Council of the EU. Its programme calls for a strengthening of the EU's social dimension ('work towards achieving an "economy of wellbeing"'), and for Europe to position itself as a 'global leader in climate action'. (Finland's Presidency of the Council of the EU, *Sustainable Europe – Sustainable Future*, 1 July 2019)

3 July: Italian David Sassoli, member of the European Socialists & Democrats party, is elected President of the European Parliament until 2022. After this, Manfred Weber, initially put forward as a candidate for European Commission President, will take over. The European People's Party (EPP) and Renew Europe had not nominated any candidates for the Parliament presidency, thus – implicitly – indicating that they accepted the appointments proposed by the European Council for the posts of President of the European Commission and EU High Representative for foreign affairs.⁷ (European Parliament, election of the President of the Parliament)

3 July: following changes made by the Italian government to its budgetary policy, the European Commission finally decides not to open an excessive deficit procedure against Italy. In addition to a reduction in public spending, the improvement is largely because two of the Italian government's key measures – early retirement and universal income – cost less than expected. (IP 19/3569)

4 July: the European Commission publishes its annual report on the labour market and social development in the EU. The 2019 edition is dedicated to the theme of 'sustainability'. (European Commission, *Employment and Social Developments in Europe 2019*)

16 July: the European Parliament elects Ursula von der Leyen (Germany), from the German Christian Democratic party (CDU), president of the new European Commission. In her programme 'A Union that strives for more',⁸ she states that she wishes to accelerate the environmental and digital transition and strengthen the EU's social dimension. (European Parliament, Minutes, 16 July 2019 – Strasbourg)

22 July: the European Agency for Safety and Health at Work (EU-OSHA) publishes a report documenting the large number of work-related accidents in the EU. (EU-OSHA, *The value of occupational safety and health and the societal costs of work-related injuries and diseases*)

7. See *Libération*, Le Parlement ouvre la voie à la confirmation d'Ursula von der Leyen, 5 July 2019.

8. See Von der Leyen U. (2019) *A Union that strives for more. My agenda for Europe*, 16 July 2019.

23 July: Boris Johnson becomes British Prime Minister, having won the election to leader of the Conservative party with the slogan ‘Get Brexit done’.

31 July: the European Commission publishes a report on gender inequality. Almost half of single-parent families in the EU are at risk of poverty – a situation which largely affects women. In addition, they suffer multiple types of discrimination in access to the world of work and remuneration. *European Commission, Mechanisms supporting single parents across the European Union.*

September

5 September: the European Commission publishes a communication reporting progress made in the implementation of national Roma integration strategies. However, several major challenges remain, particularly in relation to housing and access to health care. (COM (2019) 406 final)

13 September: the European Commission proposes to extend the period of establishment of the European network of public employment services (PES) until the end of 2027. The national PES are the main actors for implementing activation policies in the Member States and play an important role in facilitating successful labour market transitions and integration. (COM (2019) 620 final)

20 September: the Network of Presidents of the Supreme Courts of the EU, the European Judges Association and the European Network of Councils for the Judiciary send a letter to Ursula von der Leyen. In it, they express their concerns over the independence of the judiciary in the EU and denounce the political pressure put on the judiciary in several Member States. (ENCJ, *Judicial Networks express concern over the Rule of Law in letter to President-elect von der Leyen*)

October

7 October: the presidents of the Parliament and the Council sign the directive on the protection of persons who report breaches of Union law. The directive sets out rules and procedures to protect whistleblowers. Any company with at least 50 employees must establish internal reporting channels. The ETUC welcomes this directive, emphasising that trade unions will ensure that it is implemented effectively. (OJ L 305 of 26 November 2019: 17-56)

7 October: the Council adopts conclusions on the occasion of the 10th anniversary of the Charter of Fundamental Rights of the European Union. It emphasises the considerable progress that still needs to be made on non-discrimination and calls on Member States to strengthen their collaboration with the European Union Agency of Fundamental Rights. (*Council Conclusions on the Charter of Fundamental Rights after 10 years: state of play and future work*)

16 October: the ETUC and the European Federation of Building and Woodworkers report nine situations of exploitation to the European Labour Authority involving hundreds of workers in the EU. (ETUC, *Unions refer first exploitation cases to new European Labour Authority*, 15 October 2019)

17 October: the EU and the United Kingdom reach agreement on some of the Brexit provisions. In particular, this agreement avoids establishing a physical border between Northern Ireland and the Republic of Ireland. (OJ C 384I of 12 November 2019: 1-177)

18 October: the European Council appoints Christine Lagarde to the post of President of the ECB. She takes over from Mario Draghi, who has made his mark on the history of the Bank, especially by reducing interest rates and launching a programme to buy up public debt as a stimulus to growth. (OJ L 267 of 21 October 2019: 1-2)

24 October: the Governing Council of the ECB announces that interest rates for the main refinancing operations, deposits and lending will not be increased. The ECB decides to pursue its asset purchase programme at a monthly pace of €20 billion. (ECB, *Monetary policy decisions*)

24 October: the European Parliament adopts a resolution calling for use to be made of the European Globalisation Adjustment Fund (EGF) following the bankruptcy of tour operator Thomas Cook. (European Parliament, procedure file 2019/2854 (RSP))

24 October: the General Court of the EU rejects the appeal brought by the European Federation of Public Service Unions (EPSU) against the European Commission, thus marking a turning point in the history of European social dialogue. In the view of the General Court, the Commission's right of initiative authorises it to decide whether a social partner agreement should be transposed into a directive; see 24 May. (Case T-310/18)

24 October: the EPSCO Council amends the provisions of the European Globalisation Adjustment Fund (EGF) so that it can be used to provide assistance to workers who lose their jobs as the result of a no-deal Brexit. (Council of the EU, *Results of the Council session of 24 October 2019*)

28 October: the Boards of Directors of the European Stability Mechanism (ESM) and the European Financial Stability Facility (EFSF) decide to waive Greece's early repayment obligation of ESM/EFSF loans, which was initially linked with a partial early repayment by Greece to the International Monetary Fund (IMF). (*ESM, ESM and EFSF approve waiver of Greece's mandatory payment obligation*)

29 October: following a request from the United Kingdom, the Council adopts an extension of the deadline for the implementation of an effective Brexit until 31 January 2020. In the meantime, the UK remains a Member State, and must meet all the obligations set out in the treaties and Community law. (OJ L 278I of 30 October 2019: 1-3)

November

5 November: the CJEU finds that the Polish law establishing different retirement ages for men and women judges and public prosecutors is contrary to EU law. The measure reducing the retirement age for certain judges and giving the Minister of Justice the right to derogate from this is also contrary to EU law. (Case C-192/18)

8 November: the Council of the EU adopts its recommendation on access to social protection for workers and the self-employed. The recommendation aims at ‘supporting all self-employed and non-standard workers who, due to their contract type or labour market status, are not sufficiently protected by social protection schemes regarding unemployment, sickness, maternity or paternity, accidents at work and occupational diseases, disability and old-age.’ (OJ C 387 of 15 November 2019)

13 November: following pressure from the ETUC, Nicolas Schmit, initially Commissioner-designate for employment, becomes Commissioner ‘for Jobs and Social Rights’. (European Commission, *Adjustments to names of portfolios of Commissioners-designate*, 13 November 2019)

14 November: the European Investment Bank (EIB) announces that it will end financing for fossil fuel projects from the end of 2021. (EIB, *EU bank launches ambitious new climate strategy and Energy Lending Policy*)

28 November: the European Parliament votes in favour of two resolutions aimed at combating climate change. One declares a climate and environment emergency, while the other calls on the EU to submit its strategy to reach climate neutrality as soon as possible to the United Nations Framework Convention on Climate Change. MEPs also speak out in favour of a target of a 55% reduction in greenhouse gas emissions by 2030 in the European Green Deal; see 11 December. (European Parliament, 2019/2930(RSP) and 2019/2712(RSP))

29 November: the Council of the EU refuses an application made by the Walloon Region to deploy the EGF following the dismissal of 400 workers by the supermarket Carrefour, which is highly unusual. The Permanent Representatives’ Budget Committee had asked the European Commission to provide more evidence that this restructuring was indeed a consequence of globalisation. Despite a positive opinion from the European Parliament, the Commission’s arguments did not convince the Budget Committee, which issued a negative recommendation to the Council. (Permanent Representatives Committee, Budget Committee, 12777/19, COM (2019) 442 final)

December

1 December: the new European Commission, with Ursula von der Leyen as its president, takes up office. It announces an ambitious environmental and social programme, including, in particular, the European Green Deal, a proposal for a minimum European wage, a European Child Guarantee, and a European unemployment benefit reinsurance scheme. (European Commission, *The Commissioners. College 2019–2024*, Mission letters)

2–14 December: the United Nations hold the 25th Conference of the Parties (COP) on the climate. All sensitive decisions are postponed to a later date. (UN Climate Change Conference – December 2019)

4 December: the eurozone finance ministers approve a financial grant of €767 million to Greece, which comes from profits made by the Member States' central banks after they bought up of Greek public debt in the form of bonds. (Council of the EU, *Eurogroup statement on Greece of 4 December 2019*)

11 December: the European Commission presents its communication 'The European Green Deal'.⁹ This is a long-term growth strategy setting the objective of 'climate neutrality' for Europe by 2050. The communication sets out a cross-cutting policy covering many areas: industry, energy, the agri-food sector, housing and the digital transition. (COM (2019) 640 final)

12 December: the European Parliament and the Council of the EU reach provisional agreement on the 'Mobility I' legislative package, under which a) posting rules will not apply to drivers travelling between the Member States where their undertakings are based and other Member States; b) drivers will be allowed to return to the country where the undertaking is based at least once every two months and will have a two-week rest period; c) the rest period will be remunerated and d) all lorries will be equipped with new tachographs by 2025. (European Parliament, procedure files 2017/121(COD), 2017/122(COD) and 2017/123(COD))

12 December: the Conservative party of British Prime Minister Boris Johnson wins the general election in the United Kingdom. He promises to complete Brexit by 31 January 2020 at the latest.

12 December: the CJEU finds that European law precludes the establishment of a pension supplement differentiating between fathers and mothers. (Case C-450/18)

9. For further details, see Sabato S. and Fronteddu B. (2020) *A socially just transition through the European Green Deal?*, Working Paper 2020.08, Brussels, ETUI.

12 December: the European Council, except Poland, endorses the objective of achieving a ‘climate-neutral’ EU by 2050. The European Council underlines the importance of, in the long term, establishing ‘adequate instruments, incentives, support and investments to ensure a cost-effective, just, as well as socially-balanced and fair transition’. (European Council Conclusions, 12 December 2019)

17 December: the Parliament and the Council reach agreement on Regulation EU 2020/852 establishing a classification of ‘sustainable’ economic activities. The European Commission will decide detailed arrangements for this classification, in cooperation with the Member States and a platform of experts. (Council of the EU, Approval of the final compromise text, 14970/19, 17 December 2019)

19 December: the European Parliament and the Council of the EU reach informal agreement on the recast of the ‘drinking water’ directive, intended, in particular, to improve access to drinking water for all. (European Parliament, procedure file 2017/0332 (COD))

Sources

The main sources of information for this chronology are the following:

Council of the EU

<https://www.consilium.europa.eu/en/european-council/president/news/>

ECB

<https://www.ecb.europa.eu/paym/intro/news/html/index.en.html>

European Commission

<https://ec.europa.eu/commission/presscorner/home/en>

European Parliament

<http://www.europarl.europa.eu/news/en>

References to legal texts are from the CURIA website:

https://curia.europa.eu/jcms/jcms/Jo2_7052/en/

The follow-up to all these issues is based on information in the Europe Daily Bulletin:

<https://agenceurope.eu/en/home.html>

Chronology: the European Union response to the first wave of the Covid-19 pandemic (January to August 2020)

Boris Fronteddu and Denis Bouget

Introduction

The novel coronavirus (Covid-19) made its appearance in Wuhan in the province of Hubei, central China on 17 November 2019. Two months later, on 22 January 2020, the Chinese government locked down the whole region. One week later, on 30 January, the World Health Organization (WHO) declared a public health emergency of international concern and, on 11 March, characterised the situation as a pandemic.

Within the European Union (EU), between 8 and 17 March 2020, most Member States established health protection protocols and tried to coordinate their actions through the European Council and the Council of the EU and by following the recommendations issued by the European Commission and European and international health bodies (see chronology below). Member States adopted increasingly restrictive measures: in particular, national lockdowns, the closing of national borders, air traffic restrictions, requirements to wear a mask, campaigns promoting safety precautions and school and business closures. These measures were gradually lifted between the end of April and mid-June 2020.

National policies were initially not coordinated, with Member States adopting differing levels of restrictions. While France and Italy basically forced their populations to stay at home, Germany, for example, put its trust in a large-scale tracing campaign and compliance with social distancing, without imposing a strict lockdown. Sweden and the Netherlands (and initially the United Kingdom) adopted a policy based on acceptance that the virus would spread within the population, hoping to achieve herd immunity, while taking measures to protect those most at risk.

January¹

28 January: the Croatian presidency of the Council of the European Union activates the Integrated Political Crisis Response (IPCR) in ‘information sharing’ mode. (Croatian presidency of the Council, press release, 28 January 2020)

1. This chronology is largely based on the timeline produced by Christophe Degryse (ETUI) entitled the ‘Covid Social Impact Timeline’ and on the European Health Care Newsletters no. 53 and 54, written by Rita Baeten and Boris Fronteddu (OSE). <https://www.etui.org/covid-social-impact> and http://ose.be/health_newsletter/newsletter_soins_sante.htm

28 January: the European Union activates the Civil Protection Mechanism to repatriate European citizens. This follows a request from France to provide consular assistance to French nationals in Wuhan, China. (IP/20/142)

30 January: the European Commission launches an emergency call for expressions of interest for research projects relating to the epidemic, its clinical management, response preparation and the public health response. (European Commission, *Advancing knowledge for the clinical and public health response to the 2019-nCoV epidemic*²)

February

4 February: the European Medicines Agency (EMA) activates its plan for managing emerging health threats. The Agency analyses all available information on drugs in the process of development. It works together with EU public health authorities. (EMA/57041/2020)

13 February: on the basis of a steering note from the Croatian presidency, the Council adopts conclusions on the Covid-19 epidemic, with a view to strengthening European and international cooperation in the field of public health, while welcoming the EU response to the threat of a possible pandemic. (Council of the EU, *Conclusions of 13 February 2020*)

24 February: the European Commission releases an aid package worth €232 million to support the World Health Organization (€114 million), research (€100 million) Africa (€15 million) and to help repatriate European nationals from Wuhan (€3 million). (IP 20/316)

28 February: the Commission launches a first call for tenders for personal protective equipment (PPE), in this case for the supply of gloves and coveralls.³ (IP 20/523)

March

2 March: the Croatian presidency of the Council of the EU triggers ‘full activation’ of the IPCR. (Council of the EU, press release, 2 March 2020)

2 March: the European Parliament suspends all its non-legislative activities. (EP, CP D(2020)9024)

2. For Covid-19 research projects (co)financed by the European Commission, see European Commission research projects on Coronavirus. https://ec.europa.eu/info/research-and-innovation/research-area/health-research-and-innovation/coronavirus-research-and-innovation_en

3. The European Commission also launched calls for tenders on 17 March (goggles, face shields, masks and respirators), 19 March (laboratory equipment including testing kits) and 17 June 2020 (medicines for intensive care units). 26 Member States participated in these calls. See European Commission, coronavirus response, public health. https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/public-health_fr [accessed on 4 November 2020].

9 March: Italy is the first European country to lock down its entire population. (Euronews, 10 March 2020)

10 March: first meeting of the EU executive steering group on shortages of medicines caused by major events.⁴ (EMA, 10 March 2020)

11 March: the World Health Organization (WHO) characterises the Covid-19 epidemic as a ‘pandemic’. (WHO, *Opening remarks by the WHO Director-General*)

12 March: the European Centre for Disease Prevention and Control (ECDC) recommends social distancing and remote working. The Centre calls for all health care and long-term care staff and infrastructure to be prepared to tackle the pandemic. (ECDC, 12 March 2020)

12 March: the European Central Bank (ECB) announces additional long-term refinancing operations, bank lending support measures for those most affected by the spread of coronavirus and a new envelope of net asset purchases.⁵ (ECB, Monetary policy decisions)

13 March: the European Commission publishes a communication setting out all the instruments and mechanisms it can use to tackle the many health, social and economic challenges generated by the pandemic. (COM/2020/112 final)

13 March: the European Commission adopts a recommendation inviting economic operators, as well as the competent authorities and bodies, to deploy all measures at their disposal to ensure that the supply of personal protective equipment matches the continuously increasing demand within the EU. (OJ L 79I of 16 March 2020: 1-5)

15 March: the European Commission adopts an implementing regulation requiring prior authorisation for exports of personal protective equipment outside the EU. (OJ L 77I of 15 March 2020: 1-7 and OJ C 91I of 20 March 2020: 10-15⁶)

16 March: the European Commission publishes guidance to facilitate and coordinate checks at EU external borders to implement the temporary restriction on non-essential travel to the EU.⁷ (OJ C 102I of 30 March 2020: 3-11)

16 March: the European Commission publishes guidelines on mobility between the EU Member States, including movements of sick people for access to health care; cross-

4. This group is made up of representatives from the European Medicines Agency (EMA), the European Commission and the national competent authorities.

5. See 24 March on the Pandemic Emergency Purchase Programme.

6. These restrictions on exports were relaxed on 23 April. (OJ L of 24 April 2020: 7-15)

7. See also: on 11 June 2020, the Commission publishes a communication calling on Member States to maintain checks at the EU’s external borders until 30 June 2020. (COM(2020) 399 final)

border workers, especially health care workers; and free movement of essential goods.⁸ At the same time, the Commission issues guidance concerning checks at the external borders and confirms that medical equipment and supplies are essential goods and services, for which free movement is crucial. (OJ C 86I of 16 March 2020: 1-4)

17 March: an Austrian aircraft co-financed by the European Union repatriates 290 European citizens from Marrakesh (Morocco) to Vienna. This is the first pandemic-related repatriation measure organised in collaboration with the European Civil Protection Mechanism.⁹

17 March: the European Council adopts five priorities: limiting the spread of the virus, providing medical equipment within the EU, promoting research, tackling the socio-economic consequences of the pandemic and repatriating European citizens stranded in third countries. (*Conclusions by the President of the European Council*, 17 March 2020)

17 March: the European Investment Bank (EIB) mobilises €40 billion to finance small and medium-sized enterprises and midcaps. Member States are asked to provide further guarantees to ensure that this support is effective. (EIB, 2020-086)

17 March: the European Commission sets up an advisory panel on Covid-19. This panel, made up of epidemiologists and virologists, is tasked with drawing up guidance on managing the risks linked to the pandemic. (C (2020) 1799 final)

18 March: the European Commission recommends measures related to national testing strategies and sets out criteria for imposing social distancing and population lockdowns. (European Commission, *Covid-19: EU recommendations for community measures* and European Commission, *Covid-19: EU recommendations for testing strategies*)

19 March: the European Commission adopts a communication on a temporary framework for state aid measures to support the economy. Paving the way for a long series of exceptional state aid authorisations, this measure constitutes a paradigm shift away from the political management adopted in the aftermath the 2008 economic and financial crisis.¹⁰ (OJ C 91I of 20 March 2020: 1-9)

8. See the Communication on implementation of the Green Lanes under the guidelines for border management measures to protect health and ensure the availability of goods and essential services. (OJ C 96I of 24 March 2020: 1-7)

9. For a list of all the repatriation flights, see European Commission, Summary tables of repatriation flights, 29 July. https://ec.europa.eu/info/sites/info/files/summary_tables_of_repatriation_flights_29_july_2020_002.pdf

10. On 4 April and 13 June, the Commission adopts communications elaborating on this text, listing further State aid measures deemed to be compatible with Community legislation (OJ C 112I of 4 April 2020, p. 1-9 and OJ C 164 of 13 May 2020, p. 3-15). For further details, see European Commission, Competition, State aid rules and coronavirus. https://ec.europa.eu/competition/state_aid/what_is_new/covid_19.html

19 March: the European Commission creates a strategic reserve, ‘rescEU’, within the European Civil Protection Mechanism, of essential medical equipment. It is fully funded by the EU; rescEU centres are established in Germany and Romania. The Emergency Response Coordination Centre is responsible for distributing equipment to the Member States. (OJ L 82I of 19 March 2020: 1-5)

23 March: the EU Finance ministers activate the general escape clause in the Stability and Growth Pact. While not suspending SGP procedures, this measure allows for temporary departures from normal budgetary requirements. (Council of the EU, press release, 23 March 2020)

23 March: the European Competition Network publishes a statement permitting companies to cooperate to meet demand, while at the same time reminding them that sanctions will be imposed for excessive pricing. (ECN Joint statement)

24 March: the European Commission launches the ‘Covid-19 Clinical Management Support System’ to facilitate the rapid exchange of information between hospitals designated by the Member States as reference centres for Covid-19. (European Reference Network, press release, 30 March 2020)

24 March: the European Central Bank launches a temporary asset purchase programme, the ‘Pandemic Emergency Purchase Programme’ (PEPP), with an envelope of €750 billion until the end of 2020. (OJ L 91 of 25 March 2020: 1-4)

25 March: the European Commission updates the Horizon 2020 work programme to prioritise research and innovation projects concerning the Covid-19 virus. (Horizon 2020, press release, 25 March 2020)

25 March: the European Commission publishes guidance on screening foreign direct investment (FDI). This guidance is issued in response to risks of foreign acquisitions of health care capacities or related activities. (OJ C 99I of 26 March 2020: 1-5)

26 March: the European Centre for Disease Prevention and Control (ECDC) publishes recommendations on the use of textile face masks and the decontamination of respirators or surgical masks in health care settings in the event of shortages. (ECDC, Technical report)

27 March: the European Commission adopts a communication to help Member States maintain and facilitate air cargo operations, particularly for essential goods such as foodstuffs and medical supplies. (OJ C 100I of 27 March 2020: 1-4)

30 March: the European Parliament and the Council sign a regulation facilitating the granting of financial assistance to Member States and to countries negotiating their accession to the Union that are seriously affected by a ‘major public health emergency’. (OJ L 99 of 31 March 2020: 9-12)

30 March: the European Central Bank recommends that credit institutions refrain from distributing dividends to their shareholders or entering into irrevocable commitments concerning payment of these dividends at least until 1 October 2020. (OJ C 102I of 30 March 2020: 1-2)

30 March: the European Commission publishes a communication to ensure the free movement of workers in essential professions (including cross-border and posted workers). (OJ C 102I of 30 March 2020: 12-14)

30 March: the European Commission calls upon Member States to review their national strategies in accordance with its recommendations and to pursue actions to reduce pressure on national health systems. (European Commission, *European Commission recommendations on health systems resilience*)

30 March: the presidents of the Council and the Parliament sign the ‘Coronavirus Response Investment Initiative’, making 37 billion euros available to Member States by redirecting cohesion funds to, in particular, strengthening health systems, support for small and medium-sized enterprises (SMEs) and short-time work arrangements. The Council also expands the scope of the European Union Solidarity Fund, releasing European funds to help tackle Covid-19. (OJ L 99 of 31 March 2020: 5-8 and 9-12¹¹)

30 March: the Council of the EU adopts a regulation suspending the obligation for airline companies to use at least 80% of their take-off and landing slots. (OJ L 99 of 31 March 2020: 1-4)

April

1 April: the European Commission publishes guidance on using the public procurement framework in cases of extreme urgency, enabling public buyers to acquire medical equipment and supplies. (OJ C 108I of 1 April 2020: 1-5)

1 April: nineteen Member States¹² publish a joint statement calling on the European Commission to monitor national emergency measures to ensure that these do not violate the fundamental values of the EU. (Government of the Netherlands, Diplomatic statement 01-04-2020)

11. On 23 April 2020, the European Parliament and the Council adopt additional measures as part of the ‘Coronavirus Response Investment Initiative Plus’, introducing a more flexible use of the structural and investment funds. (OJ L 130 of 24 April 2020)

12. Belgium, Bulgaria, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Portugal, Romania, Spain and Sweden.

2 April: the European Commission proposes a regulation establishing a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE). This instrument would have lending capacity of up to €100 billion to address sudden increases in national public expenditure due to national short-term work schemes. To finance SURE, the Commission intends to take out loans on the financial markets. (COM/2020/139 final)

3 April: the European Commission publishes a communication calling on the Member States to strengthen cross-border cooperation, in particular by coordinating supply and demand of intensive care beds and co-funding emergency transport of patients and medical staff when a Member State asks for help via the Civil Protection Mechanism. (OJ C 111I of 3 April 2020: 1-5)

3 April: the European Commission introduces a temporary exemption from VAT and customs duties for medical devices and personal protective equipment imported into the EU from third countries. (OJ L 103I of 3 April 2020: 1-3)

6 April: the European Medicines Agency (EMA) announces the setting up of the i-SPOC system, which pharmaceutical companies can use to inform the EMA directly of risks of shortages of medicines useful for tackling Covid-19. (EMA, *Press release*, 6 April 2020)

6 April: the Council of Europe's Commissioner for Human Rights, Dunja Mijatović, calls on the 47 Member States to take urgent measures to protect the rights of people deprived of their liberty. (COE, Commissioner for Human Rights, Statement of 6 April 2020)

7 April: the European Central Bank adopts a set of measures to facilitate bank lending to companies and households. (ECB, *ECB announces package of temporary collateral easing measures*)

8 April: the European Commission, the Member States, the European Blood Alliance (EBA), the European Centre for Disease Prevention and Control (ECDC) and other health professionals are developing a common programme for the donation, collection, testing, processing, storage, distribution and monitoring of plasma for the treatment of Covid-19. (European Commission, *Covid-19 Convalescent Plasma Transfusion*)

8 April: the European Commission publishes guidelines to reduce the risk of shortages of essential medicines. (OJ C 116I of 8 April 2020: 1-6)

8 April: the European Commission publishes a temporary framework authorising companies, subject to certain conditions, to coordinate production, stock management and distribution in order to prevent shortages of essential medical equipment and supplies. (OJ C 116I of 8 April 2020: 7-10)

8 April: the European Commission invites the Schengen Member States and the Schengen Associated States to prolong the restriction on non-essential travel from third countries into the EU+ area until 15 May 2020. (COM/2020/148 final)

8 April: the European Centre for Disease Prevention and Control (ECDC) publishes recommendations urging patients to be sent home from hospital as soon as possible, to maintain health care capacity for the most seriously affected patients. (ECDC, Technical report)

8 April: in the view of the European Centre for Disease Prevention and Control (ECDC), there is a high risk of health and social care system capacity in the EU/EEA and the UK being exceeded. (ECDC, *Rapid risk assessment: Coronavirus disease 2019 – eighth update*)

14 April: the European Commission publishes guidelines calling on Member States to protect the health of workers in the maritime transport sector, seafarers, passengers and other persons on board ships. (OJ C 119, 14 April 2020: 1-8)

15 April: the European Commission publishes guidelines on Covid-19 in vitro diagnostic tests and their performance. (OJ C 122I of 15 April 2020: 1-7)

15 April: the European Parliament adopts a resolution calling on Member States to take measures to ensure that workers, including the self-employed, are protected against losses of income resulting from the pandemic. It calls for rapid implementation of the temporary support to mitigate unemployment risks in an emergency (SURE). (EP, 2020/2616(RSP))

17 April: the presidents of the European Council and of the European Commission publish a joint European roadmap towards lifting Covid-19 containment measures. The Emergency Support Instrument is the financing arm of this roadmap, preparing for post-Covid recovery.¹³ (OJ C 126 of 17 April 2020: 1-11)

17 April: the European Insurance and Occupational Pensions Authority (EIOPA) publishes a statement on principles to mitigate the impact of Covid-19 on the occupational pensions sector. (EIOPA, *statement on principles to mitigate the impact of Coronavirus on the occupational pensions sector*)

17 April: the European Commission publishes guidance to ensure the continuity of asylum and return procedures while protecting the health and fundamental rights of those concerned. (OJ C 126 of 17 April 2020: 12-27)

17 April: the European Parliament and the Council revise the EU budget for 2020, mobilising the ‘Flexibility Instrument’ to provide emergency assistance to the Member States and to strengthen the Civil Protection Mechanism and rescEU. (OJ L 125 of 21 April 2020: 5-6)

13. For the list of actions taken under the Emergency Support Instrument (production and supply of treatments, transport of essential goods, medical teams and patients, intensive care training for health professionals), see European Commission, coronavirus response, emergency support instrument. https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/emergency-support-instrument_fr

21 April: the presidents of the European Council and of the Commission publish a roadmap for a comprehensive recovery plan, aiming, notably, to re-establish a fully functioning single market and providing an ‘unprecedented’ investment effort. (European Council and EC, *A Roadmap for Recovery*)

22 April: the European Central Bank (ECB) relaxes its criteria for the purchasing of securities to avoid credit rating agencies carrying out a mass downgrading of European assets. (ECB, *ECB takes steps to mitigate impact of possible rating downgrades on collateral availability*)

23 April: the European Parliament and the Council of the EU endorse a regulation to strengthen the synergies between the European Regional Development Fund (ERDF), the European Social Fund and the Cohesion Fund. (OJ L 130 of 24 April 2020: 1-6)

24 April: the European Agency for Safety and Health at Work (EU-OSHA) publishes guidelines on the return to the workplace, particularly regarding risk assessment, coping with absences, and managing people working from home. (EU-OSHA, *Covid-19: Back to the workplace – adapting workplaces and protecting workers*)

24 April: the president of the European Commission, in cooperation with other international organisations including the World Health Organization (WHO), launches an appeal for donations to develop and ensure equitable access to coronavirus vaccines, tests and treatments. (European Commission, *Coronavirus Global Response*)

24 April: the European Parliament and the Council of the EU sign a regulation enabling the European Maritime and Fisheries Fund (EMFF) to support specific measures in the fishery and aquaculture sectors to mitigate the impact of the pandemic. (OJ L 130 of 24 April 2020: 11-17)

29 April: the European Commission adopts a package of measures to support the aviation, rail, maritime, inland navigation and road sectors. (To view all of these measures, see European Commission, *Coronavirus: package of measures to support transport sector*)

May

4 May: the European Commission adopts eleven implementing regulations to support the agri-food sector and proposes that Member States use rural development funds to compensate farmers and agri-food businesses. (OJ L 140 of 4 May 2020)

6 May: the European Commission publishes its economic forecast for spring 2020, describing a ‘deep and uneven’ recession and an uncertain recovery. (European Commission, *European Economic Forecast, Spring 2020*)

8 May: the European Commission publishes a communication intended to ensure the free movement of health professionals and to facilitate recognition of their qualifications when they travel across borders. (OJ C 156 of 8 May 2020: 1-4)

8 May: the eurozone finance ministers reach an agreement on the details of the Pandemic Crisis Support instrument. This is a €540-billion credit line. Loans will be granted via the European Stability Mechanism (ESM), the only requirement being that eurozone Member States requesting aid must commit to use this credit to support domestic financing of direct and indirect health care, cure and prevention-related costs due to the Covid-19 crisis. (Eurogroup, *Eurogroup Statement on the Pandemic Crisis Support*)

13 May: the European Commission publishes guidance and recommendations aimed at gradually abandoning the restrictions on leisure travel and at allowing tourism businesses to resume their activities. (For all the texts in the ‘tourism package’, see IP 20/854)

18 May: Germany and France present a proposal for a €500-billion European recovery plan. The proposal envisages, notably, the EU being given the capacity to borrow on the capital markets. (France Diplomatie, *Initiative franco-allemande pour la relance européenne face à la crise du coronavirus*)

19 May: at the 73rd World Health Assembly of the World Health Organization, 130 countries adopt a resolution in which they undertake to ensure equitable access to all essential health technologies and products to combat Covid-19. (WHO, *Historic health assembly ends with global commitment to Covid-19 response*)

19 May: the European Centre for Disease Prevention and Control (ECDC) issues guidance to the Member States on the establishment of surveillance systems in long-term care facilities and the setting of surveillance objectives. (ECDC, *Surveillance of Covid-19 at long-term care facilities in the EU/EEA*)

19 May: the Council of the EU adopts ‘SURE’: temporary support to mitigate unemployment risks in an emergency. (OJ L 159 of 20 May 2020: 1-7, see 2 April)

20 May: the European Commission publishes its country-specific recommendations as part of the European Semester. For the first time, it issues health-related recommendations to all Member States. (European Commission, *2020 European Semester: Country-Specific Recommendations / Commission Recommendations*)

26 May: the European Investment Bank (EIB) approves the establishment of a €25-billion Pan-European Guarantee Fund to provide finance to companies which are ‘viable in the long term but are struggling in the current crisis’. For the fund to become operational, the Member States will have to contribute. (EIB, 2020-126)

27 May: the European Parliament and the Council of the EU sign a decision to provide €3 billion of financial assistance to certain third countries destabilised by the pandemic and its consequences, in order to support their economies and encourage structural reforms. (OJ L 165 of 27 May 2020: 31-37)

27 May: the European Asylum Support Office (EASO) gradually resumes its activities in Greece, Cyprus, Malta and Italy, after these were suspended in March 2020 as a result of the pandemic. (EASO, *EASO resuming full operational activities in Member States*)

27 May: the European Commission publishes a communication laying the foundations for a recovery plan. It proposes the creation of a new instrument, ‘Next Generation EU’, with a budget of €750 billion, in addition to targeted increases in the EU budget for 2021–2027, bringing the total amount available under the recovery plan to €1,85 trillion. (COM (2020) 456 final)

28 May: the European Commission proposes an increase, for the period 2020–2022, in the financial resources of the ERDF, the ESF and the FEAD to help Member States tackle the social and economic impact of the pandemic. (COM (2020) 223 final)

28 May: the European Commission proposes an extension to the scope of the European Social Fund Plus (ESF+), particularly the measures to support short-term working schemes, for people who are not in immediate socio-economic vulnerability. (COM (2020) 447 final)

28 May: the European Commission proposes a new health programme, ‘EU4Health’. This includes actions to ensure adequate medical human resources, to secure the manufacture of medicines and supply of equipment, as well as access to essential goods and services. EU4Health would have an exceptionally high budget: €9.4 billion. (COM (2020) 405 final)

29 May: the European Commission proposes a new solvency support instrument. This is linked to the European Strategic Investment Fund and is intended to mobilise private resources to provide emergency support to ‘viable’ businesses in the sectors, regions and countries hardest hit economically by the pandemic. (COM (2020) 404 final)

29 May: the European Commission presents a proposal for a regulation to expand the scope of the InvestEU programme to better meet the needs of the European economy and to ensure the strategic autonomy of essential sectors. (COM (2020) 403 final)

June

2 June: the European Commission publishes a proposal for a decision amending certain features of the Civil Protection Mechanism. The aim of these changes is to boost the Commission’s intervention capacity and give the EU greater autonomy in the event of a crisis, particularly a health crisis. (COM (2020) 220 final)

3 June: the European Commission proposes to amend the EU's general budget for 2020, making €11.5 billion available to tackle the consequences of the pandemic and to relaunch the European economy. (COM (2020) 423 final)

3 June: the European Commission classifies Covid-19 as a risk group 3 human pathogen with regard to the directive on the protection of workers from risks related to exposure to biological agents at work. This decision is strongly criticised by the trade unions, who were asking for the virus to be classified at the highest risk level, in group 4. (OJ L 175 of 4 June 2020: 11-14 and ETUC, *Press release*, 14 May 2020)

3 June: the European Transport Workers' Federation (ETF) stops all air traffic management activities linked to the European Commission's DG MOVE. There have been several reports of DG MOVE officials encouraging employers to reduce salaries in the context of the pandemic. (ETF Press release, 3 June 2020)

4 June: the European Central Bank (ECB) increases the envelope for the pandemic emergency purchase programme (PEPP) by €600 billion, resulting in a new total of €1,35 trillion. (OJ L 248 of 31 July 2020: 24-25)

8 June: the Council of the EU adopts measures concerning the 'Team Europe' package, which aims to provide financial assistance to third countries to support the fight against Covid-19. (*Council conclusions on Team Europe Global Response to Covid-19*)

11 June: the European Investment Bank grants a loan to the company BioNTech for the development and production of a vaccine against the new coronavirus. (IP 20/1034)

13 June: France, Germany, Italy and the Netherlands sign a contract with the company AstraZeneca for the purchase of a potential future vaccine against Covid-19. (French Ministry for Europe and Foreign Affairs, *Inclusive Vaccines Alliance reaches agreement with AstraZeneca*)

17 June: the European Commission presents the EU strategy for Covid-19 vaccines. The purpose of the strategy is to secure sufficient production of vaccines in the EU through advance purchase agreements with vaccine producers via the Emergency Support Instrument, and by 'adapting' the regulatory framework to speed up the development, authorisation and availability of vaccines. (COM (2020) 245 final)

17 June: the Administrative Commission for the Coordination of Social Security Systems publishes a decision indicating that the pandemic may make it impossible to apply the normal procedures for reimbursing certain social benefits between Member States. (OJ C 259 of 7 August 2020: 9)

18 June: the European Commission announces that Member States can now apply for additional funding from the Emergency Support Instrument to transport essential goods, medical teams and patients affected by Covid-19. (IP 20/1118)

19 June: the European Commission proposes a regulation to support the ‘rail market’ in view of the Covid-19 pandemic. (COM (2020) 260 final)

24 June: the Council of the EU approves, on its first reading, the Parliament proposal for a regulation facilitating the granting of loans by credit institutions to households and businesses. (OJ L 204 of 26 June 2020: 4-17 and COM (2020) 169 final)

25 June: the European Medicines Agency grants a first conditional marketing authorisation for a treatment for Covid-19. (EMA, *First Covid-19 treatment recommended for EU authorisation*)

26 June: the European Commission publishes a statement on the health and safety of workers who are or can be occupationally exposed to Covid-19. It emphasises the requirement for the employer to communicate all the necessary information on health and safety risks and the full protective and preventive measures. (OJ C 212 of 26 June 2020: 8-10)

July

1 July: the European Commission issues a proposal for a Council recommendation to strengthen vocational education and training for young people, given the economic recession, while ensuring that they are in step with the automation and digitalisation of the economy. (COM (2020) 275 final)

1 July: in the face of the recession, the European Commission publishes a communication encouraging the Member States to make use of the resources available under the Next Generation EU programme and the future EU budget in order to step up the support given to youth employment. (COM (2020) 276 final)

8 July: the European Parliament adopts a resolution on the rights of persons with intellectual disabilities during the Covid-19 crisis, emphasising the importance of access to social and health services. (European Parliament, 2020/2680(RSP))

15 July: the European Investment Bank approves €16.6 billion of additional financing to support, in particular, the health response to Covid-19 and the economic recovery. (EIB, 2020-197)

15 July: the Commission presents measures to reinforce the preparedness of EU health systems to counter future waves of Covid-19, especially with regard to testing, contact-tracing and availability of medical supplies. (COM (2020) 318 final)

17 July: the Parliament and the Council of the EU adopt a temporary derogation to some of the rules governing clinical trials in order to accelerate the development and authorisation of vaccines against Covid-19. (OJ L 231 of 17 July 2020: 12-16)

17 July: at the request of the European Parliament, the European Commission publishes guidelines to ensure respect of the rights of seasonal workers, which have been seriously endangered by the pandemic. (OJ C 235I of 17 July 2020: 1-7)

17-21 July: the European Council reaches an agreement on the 2021–2027 budget and the €1.82 trillion recovery plan. The European Commission’s ambitions have been significantly reduced, particularly the ‘EU4Health’ programme, the budget of which has been cut from €9.4 billion to €1.67 billion (see 28 May). The ‘centrepiece’ of the post-Covid recovery plan, the ‘Recovery and Resilience Facility’, has a budget of €672.5 billion and is to be used to finance the green and digital transitions. The budgets that could be allocated to tackling the pandemic include ESF+ (€88 billion, i.e. down 9% compared to the previous amount), the Horizon Europe research programme (€5 billion), the EU Civil Protection Mechanism (€1.9 billion) and the InvestEU investment-support fund (€5.6 billion). (Extraordinary European Council, 17-21 July 2020)

21 July: the European Medicines Agency sets up infrastructure for real-world monitoring of Covid-19 treatments and vaccines. (EMA, press release, 21 July 2020)

22 July: the European Union is co-funding, to the tune of €100 million, a call from the Coalition for Epidemic Preparedness Innovations (CEPI) to support the rapid development and global manufacture of Covid-19 vaccines. (European Commission, *Coronavirus: EU supports vaccine research with additional €100 million*)

30 July: the European Investment Bank grants a €2-billion loan to support the Italian health sector. (EIB, 2020-212)

31 July: under the Emergency Support Instrument, the European Commission invites more than 200 blood collection services to apply for funding for the purchase of plasmapheresis equipment, to take plasma from blood donors. (IP 20/1435)

August

1 August: the European Commission is financing 23 research projects linked to the fight against the pandemic, for a total amount of €128 million. (European Commission, *New research projects on coronavirus*)

19 August: the European Commission establishes a multidisciplinary network, financed by the Emergency Support Instrument, for training health care professionals and supporting intensive care units. (IP 20/1498)

20 August: the European Commission concludes a series of exploratory talks with pharmaceutical companies concerning the purchase of a potential vaccine against Covid-19 to ensure an EU supply of vaccine. (IP 20/1494)

22–28 August: the European Commission provides medical equipment and protection gear to the Côte d'Ivoire and to Venezuela under its 'Coronavirus Global Response' programme. (IP 20/1509 and IP 20/1532)

24 August: the European Commission concludes exploratory talks with the pharmaceutical company Moderna for the potential purchase of vaccine doses. This is the fifth company with which the Commission has started discussions on a purchase agreement. (IP 20/1513)

27 August: the European Commission signs a first contract with AstraZeneca. This should enable the purchase of 300 million doses of vaccine by the Member States, and includes an option for 100 million additional doses, to be distributed on a population-based pro-rata basis. This contract would also allow the donation of vaccines to 'lower and middle-income' countries. (IP 20/1524)

31 August: the European Commission confirms its commitment to participate in the COVAX facility and invests €400 million in it. COVAX, co-led by Gavi, the Vaccine Alliance,¹⁴ the Coalition for Epidemic Preparedness Innovations (CEPI)¹⁵ and the WHO, is a structure which aims to accelerate the development of a Covid-19 vaccine and to ensure broad and equitable access. (IP 20/1540)

All links were accessed on 19 October 2020, unless stated otherwise.

Sources

The main sources of information for this chronology are the following:

Council of the EU

<https://www.consilium.europa.eu/en/european-council/president/news/>

ECB

<https://www.ecb.europa.eu/paym/intro/news/html/index.en.html>

European Commission

<https://ec.europa.eu/commission/presscorner/home/en>

European Centre for Disease Prevention and Control

<https://www.ecdc.europa.eu/en/news-events>

European Medicines Agency

<https://www.ema.europa.eu/en/news-events/whats-new>

14. <https://www.gavi.org/fr>

15. <https://cepi.net/>

European Parliament

<http://www.europarl.europa.eu/news/en>

The follow-up to all these issues is based on information in the Europe Daily Bulletin:

<https://agenceurope.eu/en/home.html>

List of contributors

Karen M. Anderson is associate professor of social policy at University College Dublin. Her research focuses on comparative social policy, the financialisation of welfare, and the impact of Europeanisation on national welfare states. She is the author of *Social policy in the European Union* (Palgrave 2015) and the editor (with Ellen M. Immergut and Isabelle Schulze) of the *Handbook of West European pension politics* (OUP 2007). She is currently leading a research project funded by the New Opportunities for Research Funding Agency Cooperation in Europe (NORFACE) on the governance of funded pensions, with partners in Leiden, Madrid and Linz. Contact address: karen.anderson@ucd.ie

Denis Bouget is an emeritus professor at the University of Nantes (FR) and associate researcher at both the European Social Observatory (OSE) and the European Trade Union Institute (ETUI). His recent research interests are long-term care for older people; poverty, social exclusion and minimum income; and the comparison of national social welfare systems. He was the director of the Maison des Sciences de l'Homme (MSH) in Nantes (1999–2005) and general coordinator of RECOWOE, the FP6 network of excellence (2006–2011). He co-edited the *Work and welfare in Europe* series for Palgrave Macmillan (2011–2019). Contact address: denis.bouget@univ-nantes.fr

Eleanor Brooks is a lecturer in health policy in the Global Health Policy Unit at the University of Edinburgh and a scientific advisor to the European Public Health Alliance (EPHA), Brussels. For the period 2020–2024 she holds a UK Research and Innovation (UKRI) Future Leaders Fellowship, studying the impact of the Better Regulation Agenda on European Union health policy, while her broader research explores the changing governance of health within the EU. Contact address: eleanor.brooks@ed.ac.uk

Anniek de Ruijter is associate professor of European law at the University of Amsterdam. She is a research fellow at the Amsterdam Centre for European Law and Governance (ACELG) and an affiliated fellow of the Amsterdam Centre for European Studies (ACES). Anniek researches the intersection of EU law, health law and policy. In 2017 she received the Veni award of The Netherlands Organisation for Scientific Research for a four-year research project on improving the EU constitutional order for responding to human health disasters such as pandemics or bioterrorist attacks. Contact address: a.deruijter@uva.nl

Boris Fronteddu has been a researcher at the OSE since April 2019. He is currently working on sustainable development, social protection and socio-economic governance. He is also collaborating on the OSE's regular *European health care news* and on the European Digest for the *Revue Belge de Sécurité Sociale* (RBSS). He contributes to quality control for the European Social Policy Network (ESPN). Previously, Boris worked on international trade issues, such as the functioning of multinational businesses and free trade agreements between the EU and third countries. Contact address: fronteddu@ose.be

Dalila Ghailani has been working as a senior researcher at the OSE since 2001. She has a master's degree in law and an advanced master's in European business law. Since 2001, she has gradually extended her European law academic background to include issues in such diverse fields as employment, social protection, social inclusion, gender equality and digitalisation. She has conducted several studies for EU institutions and EU social partners, as well as co-authoring several studies for the European Social Policy Network (ESPN), most recently on in-work poverty in the EU. Contact address: ghailani@ose.be

Scott L. Greer is professor of health management and policy, global health and political science at the University of Michigan and senior expert adviser on health governance to the European Observatory on Health Systems and Policies, Brussels. He is also a member of the OSE's Scientific Advisory Board. His books include the edited collection *Federalism and social policy: patterns of redistribution in eleven democracies*, *The European Union after Brexit*, and *Everything you always wanted to know about European Union health policies but were afraid to ask* (second edition, 2019). Contact address: slgreer@umich.edu

Elke Heins is senior lecturer in Social Policy at the University of Edinburgh. Her research deals with comparative and European welfare state policies, with a particular focus on labour market and unemployment policy as well as the politics of welfare and wellbeing. She has published widely in these areas, including on the concept of flexicurity (with Jochen Clasen) and the impact of the Euro-crisis on welfare state governance and reform (with Caroline de la Porte). She is co-convenor of the EUROPEAN FUTURES Jean Monnet Centre of Excellence at the University of Edinburgh. Contact address: elke.heins@ed.ac.uk

Éloi Laurent is senior economist at the Sciences Po Centre for Economic Research (OFCE) in Paris. He teaches at Stanford University, Sciences Po and Pontois Paris Tech. A macroeconomist by training, his current work focuses on environmental sustainability and well-being and social ecology. Eloi Laurent is the author or editor of twenty books and one hundred articles. In 2020, he authored *Et si la santé guidait le monde? L'espérance de vie vaut mieux que la croissance* (Les Liens qui libèrent) and *The new environmental economics: sustainability and justice* (Polity Press). Contact address: eloi.laurent@sciencespo.fr

Matteo Mandelli is a PhD student in political studies at the University of Milan, where he is developing a thesis on the politics of eco-social policies. He is contributing to the projects *Sustainable European welfare societies: assessing linkages between social and environmental policy and Euroship*, both coordinated by OSLOMET. He previously worked as Policy Assistant with the European Anti-Poverty Network (EAPN). His research interests include eco-social policies, EU governance, energy poverty and comparative social policy. Contact address: matteo.mandelli@unimi.it

Martin Myant is emeritus professor at the University of the West of Scotland (UK) and associate researcher at the ETUI in Brussels, where he was formerly head of the research unit on European Economic, Employment and Social Policy. He has also

published widely on economic and political development in east-central Europe. His publications include *Transition economies: political economy in Russia, Eastern Europe, and Central Asia* (with Jan Drahekoupil; Wiley-Blackwell 2011). Contact address: mmyant@etui.org

Ramón Peña-Casas is a senior researcher who joined the OSE in 2000. He holds a master's degree in social sciences and is experienced in socio-economic analysis of European issues. His main areas of interest concern the transnational monitoring and analysis of economic and social issues, looking at the human, social and political consequences of changes in the complex relationships between work, social inclusion or social protection for European policy. Contact address: penacasas@ose.be

Jill Rubery is professor of comparative employment systems and director of the Work and Equalities Institute at the University of Manchester. She is an international expert on gender and employment; she has worked extensively for the ILO and for fourteen years coordinated the European Commission's expert group on gender and employment. Her research focuses on wages, working time, precarious work, social protection and the gendered impact of crises. Recent publications include a book on women and austerity and two studies for the ILO on the gender pay gap. Contact address: jill.rubery@manchester.ac.uk

Sebastiano Sabato is senior researcher at the OSE, where he has been working since 2014. He holds a PhD in political science from the Italian Institute for Human Sciences (Florence) and worked as research fellow at the universities of Milan and Antwerp. He is a member of the scientific board of the journal *Politiche Sociali/Social Policies*. His research interests include EU socio-economic governance, comparative social policy, social investment and social innovation, 'eco-social policies' and sustainable development, and industrial relations. Contact address: sabato@ose.be

Slavina Spasova has been a researcher at the OSE since 2016. She holds a PhD in political science (Université Libre de Bruxelles). Her research agenda focuses on various social policy issues such as social dialogue and social protection, pension reforms, work-life balance, health care, long-term care, sickness benefits and unemployment benefits. She is the OSE's coordinator in the European Social Policy Network (ESPN). She has been a co-editor of *Social policy in the European Union* since 2019. Slavina is also a research associate at the ULB's Centre d'étude de la vie politique (CEVIPOL). Contact address: spasova@ose.be

Isabel Tavora is a senior lecturer in human resource management and a member of the Work and Equalities Institute at the University of Manchester. Isabel's research focuses on comparative employment policy, collective bargaining, gender equality and work-family reconciliation. Her recent publications include an edited book on *Making work more equal* (Manchester University Press), an ILO report on social dialogue and economic performance and a journal article on collective bargaining in Portugal in the aftermath of the previous crisis. Contact address: isabel.tavora@manchester.ac.uk

Bart Vanhercke, PhD in social science (University of Amsterdam), has been OSE director since 2010 and lead editor of *Social policy in the European Union* since 2016. His current research focuses on the ‘socialisation’ of the EU’s economic governance and the European Pillar of Social Rights, topics on which he also works as an associate academic staff member at the Research Institute for Work and Society (HIVA), KULeuven. He was appointed visiting professor at the College of Europe in Bruges in October 2020. He is the author of around 130 articles, chapters, edited volumes and reports. Contact address: vanhercke@ose.be

List of abbreviations

ASGS	Annual Sustainable Growth Strategy
BSE	Bovine Spongiform Encephalopathy
CEEC	Central and Eastern European Country
CJEU	Court of Justice of the European Union
Covid-19	Coronavirus Disease 2019
CPM	Civil Protection Mechanism
CSR	Country-specific Recommendation
DG	Directorate General (European Commission)
DG EMPL	DG for Employment, Social Affairs and Inclusion
DG SANTE	DG for Health and Food Safety
DMC	Domestic Material Consumption
EAPN	European Anti-Poverty Network
ECB	European Central Bank
ECDC	European Centre for Disease Prevention and Control
EGD	European Green Deal
EIB	European Investment Bank
ELA	European Labour Authority
EMA	European Medicines Agency
EMCO	Employment Committee
EP	European Parliament
EPP	European People's Party
EPSR	European Pillar of Social Rights
EPSCO	Employment, Social Policy, Health and Consumer Affairs Council
EU	European Union
EU4health	Programme for the Union's action in the field of health 2021-2027
EU SDS	EU Sustainable Development Strategy
EU-SILC	EU Statistics on Income and Living Conditions
ETUC	European Trade Union Confederation
ETUI	European Trade Union Institute
EVP	Executive Vice-President
GDP	Gross Domestic Product
GHG	Greenhouse Gas
IMF	International Monetary Fund
JRS	Job Retention Scheme
MDG	Millennium Development Goal
MEP	Member of the European Parliament
MFF	Multiannual Financial Framework
OECD	Organisation for Economic Cooperation and Development

OMC	Open Method of Coordination
OSE	European Social Observatory
PEPP	Pandemic Emergency Purchase Programme
PPE	Personal Protective Equipment
PSPP	Public Sector Purchase Programme
RRF	Recovery and Resilience Facility
RRP	Recovery and Resilience Plan
S&D	Progressive Alliance of Socialists and Democrats
SARS	Severe Acute Respiratory Syndrome
SDG	Sustainable Development Goal
SGP	Stability and Growth Pact
SME	Small- or Medium-sized Enterprise
SPC	Social Protection Committee
STW	Short-Time Working Scheme
SURE	Support to mitigate Unemployment Risks in an Emergency
TEU	Treaty on the European Union
TFEU	Treaty on the Functioning of the European Union
TU	Temporary Unemployment
UK	United Kingdom
UN	United Nations
VP	Vice-president
WHO	World Health Organization

Social policy in the European Union: state of play 2020

Edited by Bart Vanhercke, Slavina Spasova and Boris Fronteddu

Sweeping across Asia like the hordes of Genghis Khan, the Covid-19 virus struck Europe in the early weeks of 2020. With the pandemic tightening its grip on populations across the continent, wide-ranging restrictions were implemented by Member State governments, albeit initially with little coordination from Brussels. With this as background for this year's *Bilan social*, the first chapters analyse the impact of the pandemic on various aspects of intense EU social policymaking throughout 2019 and the first half of 2020. These include the EU's quite effective coordination of public health measures and its unprecedented economic and social support measures. On the downside, gender equality has taken a hit, further raising the necessity for ambitious EU initiatives in this area.

Moving away from the direct effects of the pandemic, the book goes on to look at how the Green Deal is being implemented and whether it has sufficient clout to meet the EU's CO₂ targets without overly impacting employment. *Perhaps a completely new approach is needed.* In the same vein, the book analyses recent developments in the European Semester, looking at how the UN's Sustainable Development Goals and the European Pillar of Social Rights are moving up the Semester agenda, albeit not without difficulty. The final chapter looks at the difficulties involved in introducing a common framework for fair minimum wages through binding EU legislation. With less wiggle room available to social affairs players under the new EU Recovery and Resilience Facility and the European Semester at least temporarily put on the back burner, the conclusions discuss whether the ongoing 'crisisification' of European policymaking may, ultimately, pave the way for further European integration.

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