

## Opportunities and challenges in the area of employment, social affairs, skills and labour mobility

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On 1 October 2014, Marianne Thyssen, Commissioner-designate for Employment, Social Affairs, Skills and Labour Mobility, will face a European Parliament (EP) hearing. On this occasion, Thyssen will have to perform a delicate balancing act consisting of on the one hand, taking into consideration the significant budget constraints that a number of Member States are still facing and following the still prevailing political line of fiscal consolidation and sound public finances, and on the other hand, of demonstrating her strong commitment for Social Europe. In the context of the upcoming hearing, this commentary aims to outline the features, opportunities and challenges of the new portfolio related to employment and social affairs in view to providing an input into the political debate.

### New elements of the employment and social affairs portfolio

The mission letter of President Juncker addressed to Thyssen indicates few but important changes in the responsibilities of the future Commissioner in charge of employment and social affairs.

First, the strong focus on employment policies and the labour market is undeniable. While the term 'inclusion' has been removed from the Commissioner title, 'skills' and 'labour mobility' have been added. These changes raise questions regarding the attention devoted to aspects such as social protection, well-being, as well as cohesion and inclusion policies. In the same vein, it is worth noting that there is no mention of the social investment package in Juncker's mission letter. All this might suggest that the new Commission will concentrate its efforts on improving the employability of workers through skills upgrading and increased mobility, and pushing for labour market reforms. The possible emergence of an imbalance between employment and social policies is risky as the growing number of the working poor has shown that employment is not always a reliable route out of poverty.

Second, the new Commissioner will be expected to play a key role in the European Semester and more precisely in the coordination of reforms pertaining to the modernisation of labour markets and social protection systems. A deepening of the country-specific recommendations in those policy areas is therefore likely to occur. By becoming an essential player of the European Semester, the voice of the Commissioner could therefore grow in importance.

Third, by integrating 'labour mobility' in the title, freedom of movement officially receives renewed interest. While the importance of the topic was already recognised by Commissioner Andor, the work of his successor will have to go beyond ensuring the right implementation of existing tools (such as EURES) and legislation (such as the Posting of Workers Directive). Indeed, the responsibility of the new Commissioner will also touch upon labour migration from outside Europe. This is a welcome step forward, which will certainly require further work and deeper coordination with the Commissioner for Migration and Home Affairs, but which rightly recognises the importance of creating a 'Single European Labour Market' going beyond the artificial distinction between EU and migrant workers<sup>1</sup>.

### What challenges ahead?

#### *The increased need for coordination*

One of the new Commission's major novelties stressed by President Juncker is the need for effective and robust cooperation among the Commissioners. This will be a key but challenging pre-condition for Thyssen's success (if approved by the EP): not only due to the multi-dimensional nature of employment and social portfolio but also because of Thyssen's position in the new Commission architecture. According to the information given by the mission letter, Thyssen will have shared responsibility on numerous dossiers

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<sup>1</sup> See C. Dhéret, A. Lazarowicz, F. Nicoli, Y. Pascouau, and F. Zuleeg (2013), [Making progress towards the completion of the Single European Labour Market](#), EPC Issue Paper N°75.

(such as the European Semester and labour migration). Furthermore, the presence of vice-presidents might, to some extent, limit Thyssen's room for manoeuvre and power of initiative as she will have to report both to the Vice-President for Jobs, Growth, Investment and Competitiveness (Jyrki Katainen) and the Vice-President for the Europe and Social Dialogue (Valdis Dombrovskis) depending on the political dossiers. Worth noting are also the ideological tensions that might emerge from such an architecture. While both vice-president candidates are known as being in favour of strict budgetary policies, Thyssen might have to fight hard to push her most progressive initiatives and to defend Social Europe. Hence, Thyssen's major challenge will be to strike the right balance between cooperation with her 'superiors' and promotion of her own priorities.

### *High expectations...*

The general political environment marked by significant social tensions, high unemployment rates, growing inequality, mounting dissatisfaction with public services' lack of capacity to reverse poverty trends, and increased disconnect between EU citizens and the European project (as revealed by the last EP elections) will add further pressure. One of the key reasons for such a disconnect is to be found in the nature of the European integration history. While macro-economic policies have integrated much faster, social policies have always been left behind. In such a context, the sentiment that the EU has developed a punitive approach without protecting EU citizens against social risks is spreading widely. Expectations are therefore high but tools to meet them are limited.

### *...but few EU competences*

The governance of EU employment and social policies relies on soft tools and any moves towards better outcomes largely depend on national governments' good will. Against this backdrop, and given the heavy social consequences of the economic crisis, the lack of progress towards the Europe 2020 targets (in particular on employment and poverty) is far from surprising. Poverty has increased by nearly 10 million people since the start of Europe 2020, whereas the initial objective was to lift 20 million people out of poverty and social exclusion by 2020. It is therefore urgent to restore EU's credibility with regard to the delivery of Europe 2020. To this end, building up new EU competences in employment and social policies, in particular through the strengthening of the social dimension of the EMU, seems to be the only way to go. But even if the urgency is widely recognised, the future Commissioner is likely to encounter Member States' resistance. Employment and social affairs are traditionally the preserve of Member States.

## **Open questions**

There is a range of questions that the EP could ask to Commissioner-designate Thyssen both in respect of what the priorities will be and how they will be envisaged with cooperation of other colleagues. Below are some suggestions of relevant and topical questions based on the observation described above:

- What would be your proposals to restore credibility to the Europe 2020 strategy (in particular its employment and social targets) and to go beyond existing tools in order to facilitate its enforcement? In addition, how do you see your role in its mid-term review?
- How do you envisage following-up on Herman Van Rompuy's and Commissioner Andor's<sup>2</sup> call for strengthening the social dimension of the EMU? Do you see the well-debated European unemployment insurance as the best solution?
- Combating youth unemployment was a key priority of Commissioner Andor and Member States were requested to implement a Youth Guarantee Scheme. However, implementation is still weak in a number of countries. What is your plan to reinforce EU actions for boosting youth employment and to foster the implementation of the Youth Guarantee?
- How do you envisage playing your role for Social Europe within the new Commission architecture?

The nomination of Marianne Thyssen has generally been positively received by social partners. The EP hearing will now be the time to get more information on concrete plans. Commitment and clarity will be required as expectations are high and challenges significant. Thyssen holds all the cards she needs to make a good start. In charge of a large portfolio with possibly increased political weight, the key question is now how she will make use of her political skills to establish herself.

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*Disclaimer: The views expressed in this Commentary are the sole responsibility of the author.*

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<sup>2</sup> See L. Andor (2013), [Developing the social dimension of a deep and genuine European Monetary Union](#), EPC Policy Brief.