

# REGIONAL INTEGRATION AND SOCIAL COHESION: THE EUROPEAN EXPERIENCE

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## SUMMARY

The EU has traditionally been considered a model of regional integration for other regions of the world but can we draw lessons from the way it has dealt with social cohesion issues? This is the question explored in this Policy paper, which served as note of discussion at a high-level conference Latin American conference on Social Cohesion, organised by the Chilean Senate and the Eurosocial Programme.

Four major conclusions stand out from the Policy paper.

- First, **the history of the European project reveals that regional integration can hardly be confined to the economic domain.** A decision to integrate national economies, even at a moderate degree, has spill over effects on other non-economic policy areas. A minimum degree of policy harmonisation and convergence is thus necessary to ensure that the process benefits all countries and the majority of citizens involved.
- Second, apart from the economic rationale, **what explains the important EU involvement in the social field over the years is the strong attachment of European citizens to their social protection systems and to a regulated model of market capitalism.** Whether these conditions are met in other regional integration experiences is an open question.
- Third, **supra-national interventions in the social field are to be respectful and/or compatible with the existence of different social policy preferences and national social protection systems.** This makes particularly recommendable the use of 'soft' forms of governance and differentiation.
- Finally, once the project of regional integration reaches a certain maturity, and thus spill-overs to policy sensitive areas (such as fiscal policies or social protection systems), it is essential to involve citizens into it. The European process evolved for a long time as an elite-driven project in the context of indifferent European public opinions (or, as it is usually argued in EU studies, in a context of 'permissive consensus'). Today, however, **convincing public opinions about the benefits of EU membership and giving them a say in the process of European integration has become crucial to secure its future.**

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This Policy paper served as concept note at the First Latin American Conference on Social Cohesion, organised by the Chilean Senate and the EUROSOCIAL programme on 22-23 January 2015. The aim of the conference was to strengthen a shared Latin American view of the challenges of social cohesion and to exchange viewpoints and experiences on this topic between Latin American and European parliamentary members. EUROSOCIAL is a programme of the European Commission for cooperation between Europe and Latin America on social cohesion issues.

## INTRODUCTION

Europe is by no doubt the most advanced experience of regional integration in the world. It is a ‘sui generis’ organisation that combines intergovernmental and supranational traits such as extensive executive competences, unified judicial control and a directly-elected European parliament, and which has significant capacities to develop common policies and coordinate national-level policies. The result is that a wide range of policies considered domestic elsewhere – such as social policies – cannot be understood in Europe without acknowledging the role of the European Union.

The means through which the EU intervenes in the social field are very diverse, to the point that it is difficult to talk about an “EU social policy”. An important part of EU’s action consists into the establishment of minimum social and labour standards that are binding on member states and require transposition into national law. But the EU also counts with ‘softer’ policy instruments, such as non-binding procedures of policy coordination, and makes use of it to intervene in social areas for which it does not have legal competences. In addition to that, other EU policies have important effects on European societies and social cohesion. The so-called “EU cohesion policy”, whose aim is to reduce territorial disparities within the Union, provides financial resources to national and sub-national authorities in areas such as education and training, active labour market policies or the fight to poverty and social exclusion. And the 18 member states that currently form part of the Economic and Monetary Union (EMU) are subjected to a strict procedure of budgetary surveillance which significantly constrains their choices with respect to social spending programs.

“THE CRISIS HAS LED TO A WEAKENING OF SUPPORT FOR EUROPEAN INTEGRATION AND HAS RE-OPENED THE DEBATE ON THE EU’S ROLE IN PROMOTING SOCIAL COHESION”

Over the last years, the project of European integration has been severely shaken. The Eurozone crisis has revealed important institutional fault lines and has forced major reforms in the structure of EU economic governance. The crisis has also led to a weakening of support for European integration and has re-opened the debate on the EU’s role in promoting social cohesion. This has taken place against the backdrop of a major change in the global economic order, involving the relative decline of the EU both in terms of GDP and population, which poses important challenges to the future of the European integration project and of the European social model in particular.

## 1. Understanding the social dimension of the European integration project

When European integration started, in the late 1950s, social concerns were largely excluded from the project. The assumption at that time was that the process of economic integration would automatically trigger an improvement in social conditions, providing a minimal harmonisation of labour law and social protection schemes. Between 1956 and the mid-80s this assumption proved right, partly because the single market was imperfect at that time<sup>1</sup>, partly because the European community was formed by a small number of countries (six) having similar social protection systems, and partly because the process of regional integration coincided with a period of strong economic growth that allowed member states to expand their welfare state systems.

1. Despite the fact that the Treaty recognised the free movement of goods, capital, persons and services, in practice the freedom of movement was hampered by many non-tariff barriers.

In the mid-1980s, this division of powers between market issues (belonging to the EU) and social issues (belonging to the national level) became no longer tenable. The adoption of an ambitious project to ‘complete’ the Single market<sup>2</sup> together with the accession of new member states with lower levels of economic development and social protection<sup>3</sup> raised fears of social dumping and led to the development of an active European-level action to secure social and economic cohesion. A new Treaty was adopted recognising for the first time “economic and social cohesion” as an EC objective, new EU-level legislation set some basic social rights and minimum social and labour standards and an ambitious EC cohesion policy was put into place to provide funding to the less developed regions and states (*see box 1 for more details*).

**BOX 1 ► Main European Treaties and changes introduced on the EU’s role in the social field (1957-2014)**

MAIN EUROPEAN TREATIES	EU’S ROLE IN THE SOCIAL FIELD
Treaty of Rome (1957)	<ul style="list-style-type: none"> <li>• EC endowed with powers to harmonise some labour and social protection measures to enable the cross-border movement of workers</li> </ul>
Single European Act (1986)	<ul style="list-style-type: none"> <li>• Creation of a new Title on “economic and social cohesion” that serves as basis for the development of an EC policy to reduce territorial divergences (EU cohesion policy)</li> <li>• Changes to speed-up and facilitate the adoption of EC social legislation (i.e. EC legislation on some social and labour issues submitted to qualified majority voting instead of unanimity)</li> <li>• Provisions recognising the role of European social dialogue (dialogue between employers and employees at the European level)</li> </ul>
Maastricht Treaty (1993)	<ul style="list-style-type: none"> <li>• Attachment of a ‘Social Protocol’ to the Treaty, signed by all 12 Member States except the UK. Among other things, the social protocol extends the use of qualified majority voting to other social issues and recognises and deepens the role of EU social partners in the formulation of EU legislation.</li> </ul>
Amsterdam Treaty (1997)	<ul style="list-style-type: none"> <li>• Creation of a new Employment Title that set the basis for a coordinated strategy on employment</li> </ul>
Treaty of Lisbon (2009)	<ul style="list-style-type: none"> <li>• No significant changes concerning EU’s competences on the social field</li> <li>• Formal recognition of certain social rights to all persons resident in the EU territory, such as workers’ right to information and consultation, right to strike, right to fair and just working conditions, right to social security and health care or right to reconcile family and professional life</li> </ul>

In the early 90s employment and social issues were again at the top of the EU agenda. The creation of a common currency as well as rising global competition fuelled concerns about the future of the ‘European social model’ (the set of common social values and similarities in social protection structures that distinguishes European countries from the rest of the world). At the same time, the proposal to include a social chapter into a new EU Treaty (the Maastricht Treaty, approved in 1993), which was intended to ‘constitutionalize’ certain EU social rights and further facilitate the adoption of EU social legislation, was blocked by the UK opposition. Against this backdrop, a political consensus emerged to further strengthen the social dimension of the European project by setting common EU social and employment objectives and pursuing them through non-binding policy coordination processes. The first initiative in this direction was the European Employment Strategy (EES), launched in 1997. This employment strategy was later on incorporated into the so-called Lisbon Strategy (2000), a broader, ten-year EU growth strategy that combined social and economic elements.

**“ THROUGH THE USE OF ‘SOFT’ INSTRUMENTS, THE EU ACTION HAS EXPANDED TOWARDS SOCIAL AREAS FOR WHICH IT DOES NOT HAVE LEGAL COMPETENCES”**

Through the use of these non-binding, ‘soft’ instruments, the EU action has expanded towards social areas for which it does not have legal competences (health care and pensions, education, poverty and social exclusion). The logic of this type of intervention is different from the classic, ‘hard’, EU legislation: rather than preserving national labour and social protection systems from the negative effects of economic integration, the EU’s goal in this case is to anchor policy commitments, exchange viewpoints, induce national reform and coordinate national policy responses to common challenges.

2. Launched in 1985 by Jacques Delors, the “single market programme” was an ambitious legislative program to abolish, within seven years, all physical, technical and tax-related barriers to free movement within the Community.  
3. Particularly the accession of Portugal and Spain in 1986.

EU ‘soft’ interventions are very relevant today, even if social legislation remain important. In fact, we can distinguish today three main types of EU action having significant effects on social cohesion:

1. EU social legislation. The EU has the power to enact binding regulations on certain aspects concerning labour law, employment conditions and social protection systems. The EU social legislation plays a double role; harmonize and co-ordinate national social protection systems to allow the cross-border movement of citizens and set some basic social rights and minimum labour standards (e.g., on health and safety in workplace, working hours, social protection for part-time/fixed-term workers, access and duration of paid maternity leave) to prevent practices of social dumping and ‘race-to-the-bottom’ welfare regime competition.
2. Non-binding procedures of policy co-ordination. The EU promotes the coordination of national policies in the fields of employment, poverty and social exclusion, education, health and long-term care and pensions<sup>4</sup>. Since 2010, this coordination is framed within a broader ten-years EU’s growth strategy, the Europe 2020 strategy (the successor of the Lisbon Strategy). The aim of the Strategy is to promote the transition to a greener, smarter and more inclusive EU economy. As the Lisbon Strategy, EU2020 is strongly influenced by the social investment perspective, which emphasizes the role of social policy as a productive factor (that is, as a tool to ‘prepare’ individuals and families for adapting to change rather than simply to ‘repair’ the damage done by market failures). It is built upon three main EU goals and five ‘headline targets’ (see box 2 in annex), three of them of relevance from a social policy perspective: raising employment rates to 75%, improving education levels (by reducing the number of school drop-outs and increasing the number of graduates in higher education) and reducing the number of people at risk of poverty and social exclusion by 20 million.

**BOX 2** ► Europe 2020 Strategy

EU PRIORITIES	Smart growth, i.e. “strengthening knowledge and innovation as drivers of our future growth”;	Sustainable growth, i.e. “promoting a more resource efficient, greener and more competitive economy”	Inclusive growth, i.e. “fostering a high-employment economy delivering social and territorial cohesion”.
	* Five headline targets - Employment rate of 75% - Spending on R&D amounting to 3% of GDP - Reduce greenhouse gas emissions by 20% - Reduce secondary-school drop-out rate by 10% and achieve 40% of graduates from higher education - Reduce the number of people at risk of poverty by 20 million * Ten integrated guidelines		
EU LEVEL TOOLS	* Monitoring and guidance in the framework of the European semester (Macro, thematic and fiscal surveillance) * Annual growth survey * Country specific recommendations * Seven flagship initiatives * EU levers for growth and jobs (Single market, Trade and external policies, EU financial support)		
NATIONAL LEVEL TOOLS	* National Reform programmes (with national targets)		

Source: Fernandes S., Maslauskaitė K., “Deepening the EMU: how to maintain and develop the European social model?”, *Studies & Reports No. 101*, Paris: Notre Europe - Jacques Delors Institute, November 2013.

3. EU funding. While social policies are largely funded at the national level, the EU provides targeted co-financing for certain social programs through the Structural and Cohesion Funds. In particular, the European Social Fund (ESF) provides funding for national initiatives aimed at helping people improve their skills and job prospects and fighting poverty and social inclusion. Although initially very small, the ESF has increased over time and now has a budget of 80billion€ to be spent over the next 7 years. As the bulk of this funding goes to less-developed regions and countries, its impact can be substantial in certain

4. Through a procedure called the Open Method of Coordination (OMC). The OMC basically consists into the establishment of common EU objectives and indicators and a procedure to assess national progress towards these common objectives.

places. In almost all those 12 member states having joined the EU during the 2000s (mostly Central and Eastern European countries from the former communist block), ESF spending accounts for more than 50% of all funding for active labour market policies<sup>5</sup>.

In addition to that, other EU-level actions have significant effects on national social and employment policies. In particular, euro area countries are subjected to strict procedures of macro-economic and budgetary surveillance that might severely constrain their choices on labour market policies and in the management of social spending programs<sup>6</sup>.

## 2. EU comparative perspective

“AROUND 40% OF THE WORLD’S PUBLIC SOCIAL PROTECTION EXPENDITURE IS PERFORMED IN THE EU, EVEN THOUGH IT ‘ONLY’ REPRESENTS 25% OF THE WORLD’S GDP”

In comparison to other regions of the world, Europe stands out both for the degree of regional integration and for the strong attachment of European citizens to their welfare systems and highly regulated modes of market capitalism (what is usually called the “social market economy” in Europe). EU countries spend on average 22.8% of their GDP in social protection and health care, a much higher percentage than in the US and in Latin American countries (*see table 1*). Indeed, around 40% of the world’s public social protection expenditure is performed in Europe, even though the region ‘only’ represents 25% of the world’s GDP (*see table 2*).

TABLE 1 ► The relative weight of Europe in terms of GDP and public social expenditures, mid 2000s

	GDP %	SOCIAL EXPENDITURE %	HEALTH EXPENDITURE %	TOTAL (SOCIAL PROTECTION AND HEALTH) %
EU27*	24	44	33	40
Eurozone	17	33	25	30
USA	22	21	32	25
OECD	60	80	83	81
China	10	4	4	4
World	100	100	100	100

\* The study collects the data for EU27 because it was elaborated before the accession of the 28th member state (Croatia) into the EU.

Source: Bontout O. and Lokajickova T., “Social protection budget in the crisis in the EU”, *Working paper 1/2013*, European Commission, 2013.

5. European Commission, “EU Cohesion policy contributing to employment and growth in Europe”, *Joint paper* from the Directorates-General for Regional & Urban Policy and Employment, Social Affairs & Inclusion, 2013.

6. The Stability and Growth Pact imposes upper limits to deficits and public debts to all EU member states. The non-respect of these limits might lead to the establishment of sanctions for euro area countries. In addition to that, the new Macro-economic Imbalances procedure (created in 2011) monitors, among other aspects, the evolution of “labour costs”. A country having experienced an excessive increase in labour costs can be summoned by the commission to take ‘remedial action’ and eventually, in the case of euro area members, be sanctioned.

**TABLE 2** ► Government expenditure on social protection, health and education as % of GDP (annual average 2004-2009), EU28 in global comparison

	SOCIAL PROTECTION EXPENDITURE %	HEALTH EXPENDITURE %	TOTAL (SOCIAL PROTECTION AND HEALTH) %	EDUCATION %
EU28	16.6	6.2	22.8	5.5
US	9	8.7	17.7	6.7
China	4.7	1	5.7	3.7
Japan	14.9	8.5	23.4	4.3
Argentina	9.2	6.3	15.5	5.4
Brazil	13.1	4.1	17.2	5.1
Chile	7.6	3.8	11.4	4
Colombia	6.5	5.4	11.9	4.7
Mexico	3.5	3.1	6.6	4.8
Peru	3.9	2.7	6.6	2.5
Uruguay	10.1	4.7	14.8	2.8
Venezuela	2	1.9	3.9	4.5

Source: Gill I., Raiser, M., *Golden growth: restoring the lustre of the European economic model*, Washington DC: World Bank, 2012.

The importance of European welfare systems explains the relatively low levels of income inequality and poverty in Europe. There are however important divergences across Europe, both in levels of spending and in rates of poverty and social exclusion. Thus, for instance, whereas severe material deprivation affects around 30-45% of population in Bulgaria and Romania it is practically inexistent in countries such as Luxembourg or Sweden<sup>7</sup>. There are also divergences in the patterns of poverty. In less developed member states, poverty tends to be higher in rural areas while in more developed ones it is typically higher in cities<sup>8</sup>.

“ THE OLD AGE RATIO  
IN EUROPE IS 4, AND IT IS  
EXPECTED TO DECREASE TO  
2 IN 2050 ”

A global comparison also reveals some particularities of the EU in terms of demographics and intra-regional mobility. While population ageing is taking place in nearly all the countries of the world, the phenomenon is more advanced in Europe. The old age ratio (number of working-age adults per older person in the population) is 4, and it is expected to decrease to 2 in 2050 (see table 3). This will have important consequences for labour markets (the shrinking of working-age population will reinforce the need for net inward migration from outside the EU) and the financing of social protection systems.

Intra-EU labour mobility remains relatively marginal (annual cross-border mobility is estimated at around 0.2% of the EU population, approximately one tenth of the level seen across US States), even it has increased since 2006. Mobility is particularly important from the ‘new’ 12 EU member states (Central and Eastern European countries from the former communist block) to the ‘old’ member states. With the recent Eurozone crisis there has been a trend shift away from East-West to more South-North mobility but East-West mobility remains most significant in volume terms.

7. European Commission, *Social Europe: many ways, one objective, Annual report of the Social Protection Committee on the social situation in the EU*, 2014.

8. European Commission, *6<sup>th</sup> Cohesion Report*, 2014.

**TABLE 3** ▶ Old age support ratio by major area, 2013 and 2050

	2013	2050
World	8	4
Africa	16	11
Asia	10	4
Europe	4	2
Latin America and the Caribbean	9	3
Northern America	5	3
Oceania	6	3

Source: United Nations, [World population ageing Report 2013](#)

“ THE HISTORY OF  
THE EUROPEAN PROJECT  
REVEALS FIRST THAT  
REGIONAL INTEGRATION  
CAN HARDLY BE CONFINED  
TO THE ECONOMIC DOMAIN”

Finally, from a comparative perspective, a look at the European integration process can be also useful to draw some lessons for other experiences of regional integration in the world. The history of the European project reveals first that regional integration can hardly be confined to the economic domain. A decision to integrate national economies, even at a moderate degree (i.e. the establishment of a customs union) has spill over effects on other non-economic policy areas. A minimum degree of policy harmonisation and convergence in economic and social conditions is necessary to prevent negative effects from the process of integration on national economies and societies, and thus to ensure that the process benefits all countries and the majority of citizens involved. A second lesson, related to the former one, is the need to carefully assess the implications of further steps towards deeper integration or decisions to enlarge the number of countries involved in it. Finally, a third important lesson that derives from the former two is the importance of involving citizens into the process of regional integration, especially once the project reaches a certain degree of maturity. The European process started as an elite-driven project that evolved in the context of indifferent European public opinions (or, as it is usually argued in EU studies, in a context of ‘permissive consensus’). This situation however ended in the early 1990s, when major steps were taken towards more economic integration and national public opinions became conscious of the important spill over effects of EU integration on national policies, economies and societies. Since then, EU issues are very salient in national arenas and conflict over Europe is an important political cleavage in some countries. In this new scenario, convincing public opinions about the benefits of EU membership and giving them a say in the process of European integration has become crucial to secure the future of the EU project.

### 3. Recent advances in the process of European integration and main challenges

Today, the process of European integration is confronted to various challenges. First, the Eurozone crisis has led to important reforms in the system of EMU governance. The procedures of economic and budgetary surveillance have been significantly strengthened for Eurozone countries and there has been a major transfer of responsibility for banking policy from the national to the EU level. These reforms have basically involved Eurozone countries<sup>9</sup>, and in certain countries they have fuelled concerns about too much involvement of 'Europe' into national affairs. In addition to that, further integration within EMU has accentuated the distinction between those member states belonging to the EMU and those out of it and has raised some fears that a deepening of EMU threatens the integrity of the single market.

The Eurozone crisis has also resulted into an unprecedented exercise of solidarity within EMU countries<sup>10</sup>. This exercise of solidarity has created important tensions between national public opinions, with northern Eurozone populations being reluctant to help other 'irresponsible' countries and the southern Eurozone populations blaming their northern counterparts for the harsh conditionality imposed to the EU support.

“ THE EU IS NOW MUCH LESS POPULAR AMONG ITS CITIZENS THAN IT WAS IN 2007 BEFORE THE ONSET OF THE CRISIS ”

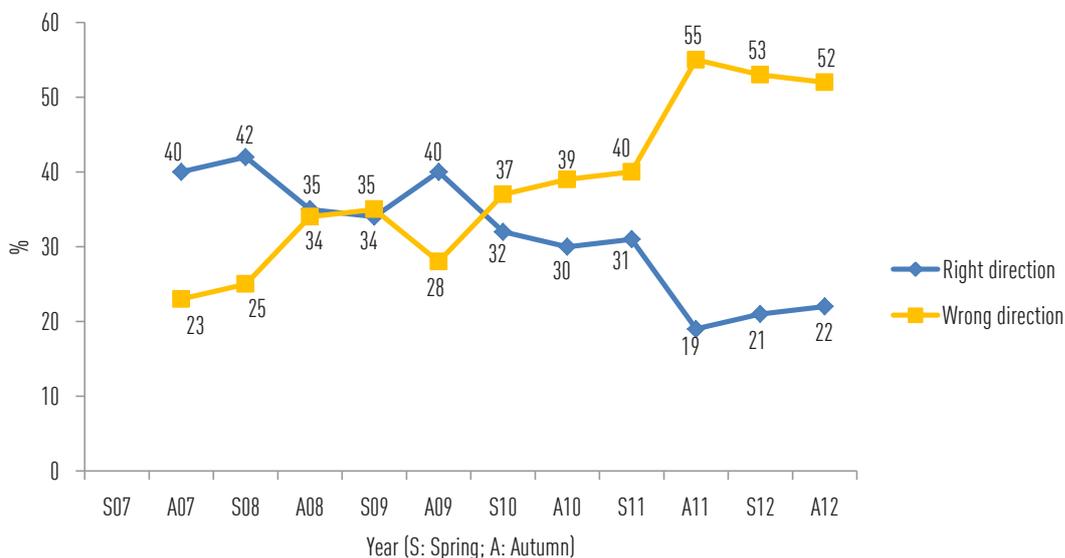
The prolonged economic crisis has also affected citizens' perception of the European Union. The EU is now much less popular among its citizens than it was in 2007 before the onset of the crisis (*see graphic 1*), with a decline of more than 30 percentage points in the number of people having a positive image of the EU in certain countries (*see graphic 2*). There are disagreements with respect to the reasons of this weakening support: some see it as a reaction to the 'democratic deficit' of the EU in general and in the management of the Eurozone crisis in particular (basically the lack of influence of national parliaments and the EU parliament in the decisions taken during the crisis), others

believe that it reflects citizens' perception of an EU 'effectiveness deficit' (the inability to take swift and effective action in case of crisis), still others interpret it as a proof of a loss of EU's popularity among citizens, who in the past saw the EU as a vector of growth and progress and now see EU institutions as the culprit of austerity and economic adjustment. In any case, this loss of EU support might significantly constrain the EU elites' capacity to make further integration steps in the future (some of them necessary for creating a stable and durable Economic and Monetary Union).

9. Some of the reforms have been open to non-EMU countries on a voluntary basis (i.e. such as the possibility to participate into the Single banking supervisory mechanism and the single banking resolution mechanism).

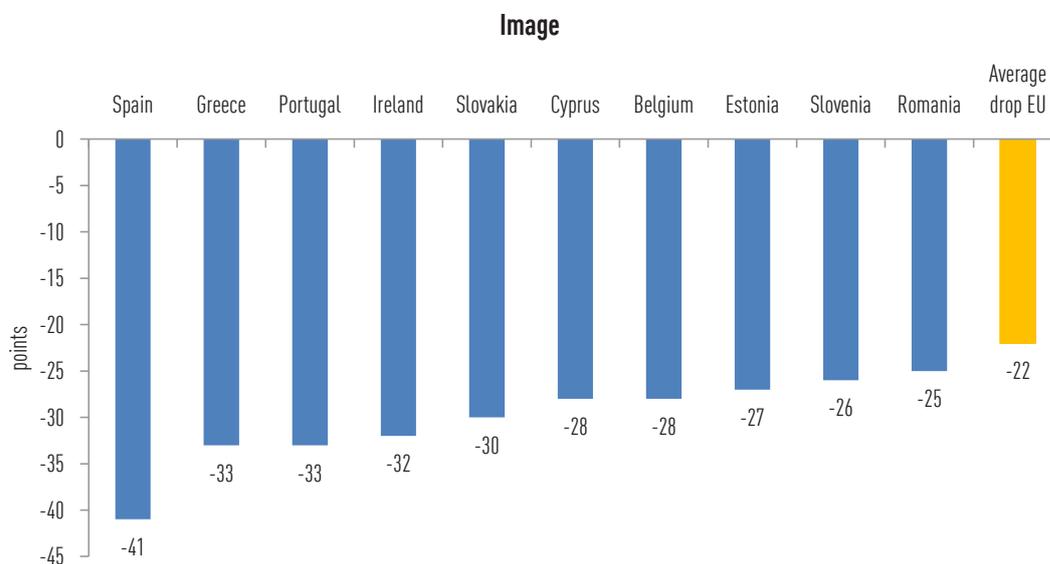
10. The crisis has led to the creation of euro-area intergovernmental mechanisms to provide financial assistance to Eurozone countries suffering financial difficulties. A temporary mechanism was first created in 2010 – the European Financial Stability Fund- which was replaced in 2012 with a permanent mechanism- the European Stability Mechanism (ESM).

**GRAPHIC 1** ▶ Responses to question “in general, does the EU conjure up to you a very positive, positive, neutral, fairly negative or very negative image? % EU (2007-2012)



Source: Eurobarometer data.

**GRAPHIC 2** ▶ Sharp decline of EU image in certain countries (2007-2012 change in the % of people having a positive image of Europe)



Source: Eurobarometer data.

The crisis has also prompted new reflections on the EU’s role in promoting social cohesion. Albeit EU cohesion policy is conceived as a policy to support medium and long-term development, the crisis has put into evidence its high degree of pro-cyclicality. Between 1999 and 2009 Greece received an annual EU transfer of net 1.4% of GDP, and Spain 0.6% while already growing well above their potential and the same is true today: those countries benefiting most from the EU funding are not those most hit by the crisis<sup>11</sup>. While the long-term focus of

11. Enderlein H et al., “The EU Budget: which fiscal capacity at the European level?” in Sonia Mazey and Jeremy Richardson (Eds.), *European Union: Power and Policy-Making* (4<sup>th</sup> edition), Routledge, 2015.

the EU cohesion policy has not been questioned, there is now a growing consensus on the need to strengthen the coherence between long-term EU investment priorities and EU/EMU macroeconomic stability needs.

**“THERE HAS BEEN AN INCOMPATIBILITY BETWEEN THE EU2020 OBJECTIVES AND THE IMPERATIVE OF BUDGETARY AUSTERITY IMPOSED BY EU FISCAL RULES”**

The economic and social crisis has also highlighted the limits of non-binding policy coordination as a way of pursuing a common EU social agenda. Indeed, the EU is now clearly off track, with planned poverty-reduction and employment goals unlikely to be met by 2020. It should be noted that the effectiveness of ‘soft’ coordination was already questioned before the crisis. Evaluations of the various Open Coordination Method (OCM) processes in the social and employment fields conducted during the 2000s had revealed that, beyond broad shifts in national policy thinking and orientation, OCM processes failed to induce major substantive policy changes at the national level<sup>12</sup>. With the crisis, however, the problem has been not so much the effectiveness of the ‘soft’ coordination procedures to promote policy reforms but the incompatibility between the EU2020 objectives and the imperative of budgetary austerity imposed by EU fiscal rules. This incompatibility has been particularly acute in the four countries most hit by the Eurozone sovereign debt crisis (Greece, Ireland, Portugal and Spain). Between 2008/09 and 2011, public investment on education in these four countries has decreased by 37% on average, and by 14% in Italy<sup>13</sup>. Against this backdrop, many people believe that in the future it will be important to establish a ‘golden rule’ in the EU fiscal framework to protect public investment (and particularly social investment) from processes of budgetary consolidation.

With respect to the EU’s action in the social field, the EU is also confronted to a sort of paradox: A decrease of public support for the EU project and demands for ‘less Europe’ in some countries coincide in time with a demand for a stronger EU role in the social field. This is particularly the case in those countries having suffered most from the austerity prescribed at the EU level. A survey of 6 EU countries reveals that more than 70% of Greeks and Spaniards consider that ensuring a ‘healthy social protection system’ and ‘low unemployment’ should be the responsibility of the EU<sup>14</sup>.

Finally, the crisis has also fuelled a debate about the benefits and costs of intra-EU mobility. On the one hand, mobility is seen as an essential tool to remove existing mismatches between labour supply and demand: despite the high unemployment rates of the past years, roughly 4 million jobs remained unfilled in Europe in 2012. On the other hand, intra-EU mobility creates tensions in both the countries of origin (that suffer from brain drain/youth drain) and the host countries (where it raises concerns of ‘social dumping’ and ‘social tourism’).

## 4. Issues for discussion

- **Is the EU a model of regional integration for other regions of the world? What can other processes of regional integration learnt from how the EU has dealt with the Eurozone crisis?**

The Eurozone crisis has shown major structural and institutional fault lines of the process of European integration, and in doing so it might have weakened the status of EU as a model for the rest of regional integration experiences. At the same time, there might be lessons to be learnt from what has happened in Europe. The crisis has evidenced that an ambitious project of regional integration can only work if there are certain conditions at place (a minimum degree of economic convergence between countries, willingness to exercise cross country solidarity and, above all, genuine investment by member states in the goal of regional integration).

12. Zeitlin J., “Conclusion: The Open Method of Co-ordination in Action. Theoretical promise, empirical realities, reform strategy”, in Zeitlin J. et al (ed), *The Open Method of Co-ordination in action: The European employment strategy and social inclusion strategies*, P.I.E. Peter Lang, 2005.

13. Barbiero F. and Darvas Z., “In sickness and in health: protecting and supporting public investment in Europe”, Brussels: Bruegel, *Policy contribution*, Issue 2014/02, February 2014

14. Dethlefsen K. et al (ed), *Social cohesion in Europe after the crisis*, Warsaw: Demos Europa, 2014.

- **Can we draw lessons for other regional integration processes from the way the EU has historically dealt with social cohesion issues?**

“WHAT EXPLAINS THE IMPORTANT EU INVOLVEMENT IN THE SOCIAL FIELD IS THE STRONG ATTACHMENT OF EUROPEAN CITIZENS TO THEIR SOCIAL PROTECTION SYSTEMS”

The history of the European project reveals that regional integration can hardly be confined to the economic domain. Once a project attains a certain level of maturity, it is unavoidable a debate on how to deal with social cohesion aspects. At the same time, one can argue that, more than the economic rationale, what explains the important EU involvement in the social field over the years is the strong attachment of European citizens to their social protection systems and to a regulated model of market capitalism (that is usually defined by the term “social market economy” in EU documents). Whether this can be replicated in other regional integration experiences is an open question.

- **How to render the EU project attractive at the eyes of the citizens, while pursuing the necessary reforms to further strengthen the EMU?**

Many people believe that further integration in the budgetary field is needed to create a stable and durable EMU. Some consider that EU institutions should have the right to veto national budgets. Others on the contrary think that, sooner or later, it will be necessary to create a sort of Eurozone ‘budget’ endowed with a capacity to stabilize the whole Eurozone. Both reforms would imply a transfer of responsibility for budgetary policy from the national to the EU level. Whether such steps are feasible in a context of weakening EU support is an open question.

- **What should be the EU’s role on social cohesion in the future? How to address the ‘social paradox’ affecting the European regional integration process (that is, the combination of weakening public support to the EU project with demands for a stronger EU activism in the social field)?**

The crisis has reinforced the image of the EU as an institution detached from citizens’ concerns and has led to a yearning for the EU to become more active in the social field. At the same time, employment and social affairs basically fall within national competences, something which is coherent with the existence of different social preferences and national social protection systems. The EU Commission has tried to compound with this situation showing some concern about the EU’s social and employment situation and launching some targeted initiatives, particularly in the field of youth unemployment (for instance, a new EU funding program has been created to help regions combat youth unemployment). Is this enough? Should EU institutions play a stronger role to promote social cohesion in Europe?

- **How to deal with the challenges related with Intra-EU mobility?**

The EU is facing important challenges in the field of intra-EU mobility. There is a need to strengthen worker mobility across Europe but it is important to ensure the latter does not become a source of tension in host countries, either as a source of ‘social dumping’ (putting downward pressure to workers’ wage) or by creating pressures to national social protection systems. In addition to that, actions to favour intra-EU mobility should go hand-in-hand with initiatives to promote territorial cohesion (that is, equal job opportunities across the whole EU territory) and avoid brain-drain processes.

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