

## BLOG POST

# THE PORTO SOCIAL SUMMIT: TURNING PRINCIPLES INTO ACTIONS

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Three and a half years after the Gothenburg Summit, which resulted in the proclamation of the European Pillar of Social Rights (EPSR),<sup>1</sup> heads of State and government will meet once again on 7 and 8 May 2021 for the Porto Social Summit. This summit is set to mark a significant moment in the Portuguese presidency of the Council of the European Union (EU), which has made the task of strengthening the European social model one of its priorities. The aim of the Social Summit will be to give a political impetus at all levels (European institutions, Member States, social partners and civil society) to the implementation of the European Pillar of Social Rights and more specifically to endorse its Action Plan.<sup>2</sup> Set out in the European Council's 2019-2024 strategic agenda and in Ursula von der Leyen's political guidelines, the roadmap, which translates the twenty principles of the Pillar into concrete initiatives, was presented by the European Commission on 4 March 2021 following a broad public consultation that lasted almost one year and gathered more than 1000 contributions.<sup>3</sup>

The severe social impacts of the pandemic, the worst of which may yet be to come, in addition to the acceleration of the green and digital transitions brought by the crisis and the European and national recovery plans, mean that implementing the EPSR is of the utmost priority. In this respect, the Porto Social Summit must be a pivotal moment for Social Europe. The time has come for the laudable statements calling for greater solidarity, inclusion and social justice to be translated into actions.

<sup>1</sup> European Pillar of Social Rights.

<sup>2</sup> Programme for the Portuguese presidency of the Council of the European Union.

<sup>3</sup> European Commission (2021), *European Pillar of Social Rights Action Plan*, 4 March.

## 1. The road from Gothenburg to Porto

In October 2014, during his first address to the European Parliament, the President-elect of the European Commission, Jean-Claude Juncker, set out his ambition for the EU to achieve a social triple-A rating, just like an economic or financial triple-A rating. The proclamation of the EPSR in 2017 confirmed the social ambition of the Juncker presidency, which then seized such an opportunity to turn into concrete initiatives some of the principles of the EPSR. By means of example, it proposed a Directive on work-life balance, and two initiatives aimed at ensuring transparent and predictable working conditions and access to social protection for all workers, including the self-employed. In addition, the Juncker Commission strove to 'socialise' the European semester by including the Social Scoreboard and taking into account the principles of the Pillar in the country-specific recommendations.

The Juncker Commission did, however, leave it to its successor to adopt a roadmap for the implementation of the EPSR, called for in particular by European trade unions. In her address to the European Parliament in November 2019, the President-elect of the European Commission Ursula von der Leyen placed social issues on top of the European agenda, this time under the lens of just transitions, to make sure that "the transitions of climate-neutrality, digitalisation and demographic change are socially fair and just".<sup>4</sup>

Yet the COVID-19 pandemic reshuffled the deck for Ursula von der Leyen. Before the pandemic, the stars appeared to be aligned in the EU. Growth had been on the rise since 2014, and poverty declining since 2012. Unemployment, which peaked at 11.4% in 2013, fell to 6.7% at the end of the Juncker term in 2019. Today, the indicators are in the red. In 2020, the EU recorded a recession of 6.2%, and the rising unemployment rate<sup>5</sup> may worsen with the end of short-time work schemes rolled out by States. COVID-19 has also increased the share of the European population at risk of poverty or social exclusion, by 4.8 percentage points according to the Commission's preliminary estimates, which has in particular been reflected in an upsurge in the need for food aid.<sup>6</sup> This is compounded by growing inequalities – particularly between the most qualified (highest-income) and least qualified (lowest-income) groups,<sup>7</sup> and between young people and older populations<sup>8</sup> – and the risk that home schooling affects equal opportunities. The impact of the pandemic has also been exacerbated for women, who are not only on the front line facing the disease (as "essential" workers) and facing job losses (in the worst affected sectors), but who, at the same time, have had to take on the lion's share of household chores and children's education during lockdowns.<sup>9</sup>

Against this backdrop, a collective commitment to turn the EPSR principles into actions on the occasion of the Porto Social Summit is particularly urgent as the social repercussions of the COVID-19 crisis are likely to be heightened in the coming months.

4. European Commission (2020), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *A strong social Europe for just transitions*, 14 January, COM(2020) 14 final.

5. Eurostat, *Labour force survey in the EU, Unemployment by sex and age, monthly data*.

6. European Commission (2020), *Strategic Foresight Report – Charting the course towards a more resilient Europe*, 9 September.

7. Darvas, Z. (2020), *COVID-19 has widened the income gap in Europe*, Bruegel, 3 December.

8. Grzegorzczuk, M. and Wolff, G. B. (2020), *The scarring effect of COVID-19: youth unemployment in Europe*, Bruegel, 28 November.

9. Fernandes, S. and Kerneis, K. (2021), *Bearing the brunt: the impact of Covid-19 on women*, Social Europe, 22 April.

## 2. A roadmap for the implementation of the European Pillar of Social Rights

Unveiled on 4 March 2021 in these special circumstances, the Commission's Action Plan presents concrete initiatives that aim to implement the twenty principles of the European Pillar of Social Rights. It sets three EU objectives in relation to employment, skills and social protection to be achieved by 2030: (i) at least 78% of people aged 20 to 64 should be in employment; (ii) at least 60% of adults should participate in training every year; (iii) the number of people at risk of poverty or social exclusion should be reduced by at least 15 million.<sup>10</sup>

This Action Plan is a welcome development that fits in with the new priorities of the von der Leyen Commission, combining COVID-19 crisis management and preparing the EU for transitions both underway and upcoming. In drawing up this Action Plan, the Commission leveraged all the tools at its disposal to take action in the field of employment and social policy, namely legislative and non-legislative acts –we give a few examples hereafter– and also financial tools, and in particular budgetary tools such as the Recovery and Resilience Facility, as well as coordination instruments, specifically through the Social Scoreboard that is integrated into the European Semester.

As regards content, one can only welcome the attention given to populations at greatest risk of being affected by the crisis. These groups include young people, persons at risk of poverty or social exclusion, lower-skilled and lower-income workers and those with non-standard contracts –in particular platform workers– and women.

More broadly, the Action Plan can be credited for not opposing economic and social issues, and is instead geared towards their mutual reinforcement. Hence, in the area of employment, the Plan presents a set of initiatives aimed at guaranteeing a job-rich recovery. Following the establishment of SURE in 2020, which supports national short-time work schemes during the crisis, the Commission has proposed a recommendation for Effective Active Support for Employment (EASE) that aims to promote job creation and job-to-job transitions, including towards the digital and green sectors. The Commission also intends to allocate at least €22 billion of its financial framework for 2021-2027 and resources from its recovery plan to support youth employment, since young people have been particularly exposed to unemployment because of the pandemic. Nevertheless, the lack of a dedicated target on this issue is to be regretted, whereas the commitment by the EU to halve the youth unemployment rate would have sent a powerful signal to young Europeans in these times of crisis and uncertainty. The upcoming proposal to improve the working conditions of platform workers is also timely, in addition to the proposals concerning health and safety in the workplace and for quality traineeships, as they can also influence the quality of jobs, rather than simply the quantity.

The Action Plan acknowledges the broad scale of the skills challenge the EU is facing by proposing a range of measures to facilitate professional transitions and to encourage the development of skills related to the transitions underway. This includes the idea of establishing individual learning accounts, so that the right to adult learning can actually become a reality for each European citizen.<sup>11</sup>

<sup>10</sup>. European Commission (2021), [European Pillar of Social Rights Action Plan](#), 4 March.

<sup>11</sup>. Fernandes, S. and Kerneis, K. (2021), [Towards a European individual learning account](#), Jacques Delors Institute, Policy brief no 266, 30 April.

As regards social protection and inclusion, the Child Guarantee and proposals for minimum wages and income are essential to help the poorest households. The objective to reduce poverty is a welcome step, but could still be more ambitious,<sup>12</sup> given that more than 90 million Europeans were at risk of poverty or social exclusion in 2019 –and that, as already stated, the crisis is likely to make this figure grow. In addition, this objective should have been completed by the explicit ambitions to end homelessness in the EU, urged by more than a hundred MEPs and representatives of cities and NGOs,<sup>13</sup> and to eradicate energy poverty,<sup>14</sup> in line with the objectives of the green transition. Lastly, the Action Plan also highlights the creation of a “Union of Equality”. The Commission thereby renews its commitment to combat all forms of discrimination –on the basis of gender, sexual orientation, origin, disability or any other factor– for example by proposing strategies in favour of equality for LGBTIQ+ people, rights of persons with disabilities and gender equality. In this last area, the Directive on Pay Transparency, once adopted, could be a major step towards equal pay between men and women in the EU.

While the initiatives listed in the Action Plan are a step in the right direction, some stakeholders, particularly the European Trade Union Confederation<sup>15</sup> would have preferred a more ambitious roadmap with more legislative initiatives –legally binding for States– whereas the majority of actions are based on coordination, support and guidance to national policies. It is in particular regrettable that the Commission has not included a proposal for a permanent unemployment re-insurance mechanism –despite this being promised by Ursula von der Leyen<sup>16</sup>– based on the current experience of SURE.<sup>17</sup>

The EU’s limited competences regarding social issues and the difficulties it usually encounters to adopt legislative proposals in this area have most likely dampened the Commission’s impetus and led it to prefer feasibility over ambition.

Despite its shortcomings, this Action Plan is a first milestone towards a more social Europe. Rather than focusing on what is missing in this Action Plan, the priority today must be to ensure broad support so that the initiatives set out in the Plan can actually come to fruition.

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12. Damon, J. (2021), *Les sans-abris en Europe, l’Union contre le sans-abrisme*, Jacques Delors Institute, upcoming

13. Euractiv (2021) *EU leaders urged to commit to ending homelessness by 2030 at Porto Social summit*, 26 April.

14. Fernandes, S. and Pellerin-Carlin, T. (2019), *Making the European energy transition socially sustainable*, Jacques Delors Institute, Blog post, 20 May.

15. European Trade Union Confederation (2021), *ETUC position on the Assessment of the Action Plan implementing the EPSR + Roadmap to the EU Social Summit in Porto*, 3 March, p. 2.

16. Von der Leyen, U. (2019), *A Union that strives for more: My agenda for Europe, Political guidelines for the next European Commission 2019-2024*.

17. Vandenbroucke, F. and Fernandes, S. (2020), *SURE: A welcome lynchpin for a European Unemployment Re-insurance*, Jacques Delors Institute, Policy paper no 251, April.

### 3. The Porto Social Summit: political impetus, and then what?

Through the organisation of the Porto Social Summit, the Portuguese presidency of the Council of the EU wishes to “spark the political dialogue at the highest level on how to reinvigorate [the] European social model and shape a vision for 2030”.<sup>18</sup> Yet going beyond political impetus, the Social Summit must bring about commitment not only from European institutions and Member States, but also from companies, trade unions and civil society to implement the EPSR. In practical terms, this means ensuring that the ambitions and proactiveness that, it is to be hoped, Member States will demonstrate during the Summit will be just as strong when the Commission tables the initiatives featured in the Action Plan. The European Parliament, which has positioned itself over the years as a demanding legislator for a social Europe, will have to bring all its institutional weight to bear and remain on course for the EU to shift from ambition to action regarding social issues.

However, while the proper and effective implementation of the Action Plan is a necessary condition to strengthen the EU’s social dimension, it is far from sufficient.

For the EU not to be, as Jacques Delors wanted, “only a market, a free trade area with no soul, no conscience, no political will, no social dimension”,<sup>19</sup> social concerns must be mainstreamed into all EU initiatives –in line with the horizontal social clause introduced in the Treaty of Lisbon.<sup>20</sup> If the EU is to fulfil this new social contract, its industrial policy must for example act as a catalyst for the creation of sustainable and quality jobs, and for heightened social dialogue within companies, sectors and on an interprofessional level. The EU will also have to ensure that the international trade agreements that it signs are accompanied by greater workers’ rights and improved living conditions for citizens, not only within its territory but also in third countries. With the same requirement of coherence, the EU will have to place social objectives and economic and budgetary goals on an equal footing as part of the European Semester.

The quest for social justice in Europe will also be played out in the field of taxation, which has remained the poor relation of the European project. Overcoming the unanimity requirement for tax issues at the European level is first and foremost a prerequisite to ensure fairer tax systems. In addition, Joe Biden’s plans for higher taxation of multinationals (including the “Gafam”) may result in a major international fiscal reform for which the EU and several of its Member States have been advocating for years within the OECD. These would be crucial developments to meet citizens’ expectations for greater fiscal justice, alongside greater social justice.

Yet European measures alone will not be sufficient. Action taken at national level will be crucial. The realisation of the principles of the Pillar are primarily based on national action, as national governments have the competence to act in favour of equal opportunities, access to the labour market, fair working

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18. Programme of the Portuguese presidency of the Council of the European Union.

19. *Toute l’Europe* (2013), *Biographie : Jacques Delors*, 15 September (in French).

20. According to which “in defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training” (art. 9 TFEU).

conditions and social protection and inclusion. In the short term, Member States will thus have to ensure that the twenty principles of the EPSR are taken into account in the implementation of their national recovery and resilience plans post-COVID-19. The pre-eminent and essential position of States must also be stressed to reassure those within the EU-27, particularly in Northern Europe, who are against too much European interference in social issues, which are considered a predominantly national competence.

European companies also have a sizable role to play if this project is to be successful. They must now conduct an in-depth overhaul of their business model and decision-making processes to place social, economic and environmental considerations on an equal footing. To achieve this, in particular, the role of social dialogue will have to be bolstered, and the social economy must become a fully-fledged model for the European economy.

In addition, the Porto Social Summit will be held just ahead of the launch of the Conference on the Future of Europe. This conference will strive to express citizens' aspirations to shape the Europe of tomorrow. In this respect, Europeans are rightly expecting the European project to contribute to improving their working and living conditions –as provided for as far back as the Treaty of Rome in 1957. According to a recent Eurobarometer survey, almost nine out of ten Europeans claim that a social Europe is important to them personally and more than six out of ten believe that there will be a more social Europe in 2030.<sup>21</sup> To meet these expectations, the EU-27 must therefore ensure that the Porto declaration is one of the cornerstones of this Conference.

Lastly, as a testament of their commitment, European leaders should not close the Porto Summit without agreeing to meet again for a first assessment of the implementation of the EPSR Action Plan. Towards a new Gothenburg Summit in two years, under the Swedish presidency of the Council of the EU (first semester of 2023)? ■

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<sup>21</sup>. European Commission (2021), [Special Eurobarometer 509 on social issues](#), March.

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