Institutional and Political Economic Obstacles to a Social Europe

WSI Summer School 2014
Institutional and Political Economic Obstacles to a Social Europe
Content

I. Institutional obstacles: Asymmetry between positive and negative integration

II. Political economic obstacles: The heterogeneity of EU member states as basic problem of European integration

III. Discussion: The EU as market liberal nightmare? Your ideas for reform
I. Institutional obstacles: Asymmetry between positive and negative integration
Asymmetry between positive and negative integration

Positive Integration

Execution of political competences at the supranational level (political decision-making)

market-correcting  market-making

Negative Integration

Elimination of tariff and non-tariff trade barriers (judicial decision-making)

market-making
The effectiveness of integration through law
The effectiveness of integration through law

Court-generated principles:

- Precedence of European law
- Direct effect of EU law on third parties
- Principle of mutual recognition (country of origin principle)
- Prohibition of discrimination of foreigners to prohibition of restrictions of the free trade

All national regulations that \textit{potentially} restrain the free movement of goods, capital, persons and services can be interpreted as violating EU law.
II. Political economic obstacles: Heterogeneity between EU member states as basic problem of European integration
Social contributions in % of total tax revenues

Belgien
Deutschland
Frankreich
Italien
Luxemburg
Niederlande
EU-6
Dänemark
Großbritannien
Irland
Griechenland
Portugal
Spanien
Österreich
Finland
Schweden
EU-15
Tschechien
Zypern
Estland
Letland
Litauen
Ungarn
Malta
Polen
Slowenien
Slowakei
Bulgarien
Rumänien
EU-27

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Corporate tax rates

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Corporate tax rates for different countries, with Belgium having the highest rate among the listed countries.
Diverse interests between member states renders overruling of ECJ-judgements unlikely
Interplay of institutional and political economic factors

Quelle: Scharpf 2010
III. Discussion:

The EU as market liberal nightmare? Your ideas for reform
Discussion: The EU as market liberal nightmare? Your ideas for reform!

General questions:

- How to overcome the asymmetry between liberalization and social regulation?
- How to curb the ECJ?
- How to strengthen the social dimension?
- “More” or “less” Europe”?
- …?
Correcting the ECJ

- Social protocol (social rights have precedence over economic rights)
- Political control over ECJ (Council)
- Constitutional Court
- ‘Real’ European constitution
  (fundamental social and political rights, procedures, political institutions, competences → economic freedom rights not part of constitutional law)
- Non-compliance
Strengthening political capacities

- Voting modes in the Council
- Strengthening of the parliament (right to initiative)
- Strengthening of the Social Dialogue

Strengthening the social dimension

- Social Stability Pact
- European minimum wage (in % of median wage)
- Minimum standards for unemployment benefits and pension rates