



# The European Pillar of Social Rights meets the Nordic model

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## Summary

The 'European Pillar of Social Rights' (EPSR), consisting of 20 principles, was adopted as a solemn declaration by EU institutions in November 2017. This paper examines how the EPSR changes the EU social policy regime and how it could impact the 'Nordic model', focusing on Sweden and Denmark.

The paper has four main conclusions. First, the EPSR principles build on and adapt previous EU initiatives, to be implemented mainly via soft law, including policy coordination and social benchmarking, but also updates to directives. Second, although the social partners, especially unions, generally support the EPSR, some fear that certain legislative updates – particularly those to work-life balance and on precarious workers – could undermine the Nordic collective bargaining model. To avoid this, a solution to this could be to introduce clauses in these directives, respecting the autonomy of Nordic social partners. Third, the EPSR mimics the main policies of the Nordic welfare model, which reveals the long-term diffusion of the Nordic model to the EU level. Fourth, due to the EPSR's strong reliance on soft law, its success ultimately depends on ownership in member states.

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## 1 Introduction<sup>1</sup>

The European Union promotes high social standards, but welfare is organized within the boundaries of nation-states (Ferrera 2005). Following the principle of subsidiarity,<sup>2</sup> member states decide on financing, governance, organization, access and generosity, as well as the delivery of social and labour market policy. There are, however, zones of legal uncertainty, where the division of competences between the EU and the national levels is blurred.

The European Pillar of Social Rights (EPSR), adopted in a solemn declaration by the European Parliament, the European Commission and the Council of the European Union in November 2017, embodies this legal uncertainty (European Parliament, Council of the European Union, European Commission 2017). While the declaration is not legally binding, the principles are to be implemented by various instruments, particularly social benchmarking and policy coordination, but also directives, which are legally binding (Rasnaca 2017).

Key actors in the Nordic countries are thus concerned about whether the EU could, through the EPSR, develop policy and law that might influence national welfare states and labour markets and potentially undermine the Nordic model of collective bargaining. MPs in Sweden and Denmark disagree about the potential effects of the EPSR and its principles, which is to some extent because of the lack of clarity regarding its legal status. The Danish and Swedish social partners covered in this study<sup>3</sup> declare that they are, in principle, supportive of the EPSR, but only if it is implemented through soft law. Unions see the EPSR as an important signal at the EU level that citizens and workers are a priority, while employers argue that the EPSR should be an opportunity to reaffirm ‘flexicurity’ ((Danish) LO, FTF & AC 2017; Preisler 2017; (Swedish) LO, TCO & Saco 2018; DA, EK, NHO, Svenskt Näringsliv 2017).

To understand the EPSR, this paper analyses what it means for the EU social policy regime and whether it could impact the ‘Nordic model’. The Nordic model refers to policies to maintain economic competitiveness, social cohesion and welfare and autonomous decision-making by social partners on labour market issues (Kvist et al. 2012). This study focuses on Sweden and Denmark, as ‘typical cases’ of the Nordic model.

Both have welfare states that are universal and tax-financed and social partners that decide on labour market issues, including wage formation, through collective bargaining. The findings for Denmark and Sweden are, therefore, likely to be valid for other countries with a Nordic model – Finland, but also Norway and Iceland – that follow EU legislation in social policy, since they are part of the European Economic Area.

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The primary data from the EU level includes official documentation about the EPSR from the European Commission, the Council of Ministers, the European Parliament and relevant Council formations. At the national level, the paper draws on national parliamentary debates and positions by social partners on the EPSR. In addition, six in-depth, semi-structured elite interviews<sup>4</sup> with social partners have been conducted (five with union representatives and one with an employer organization). Throughout the report, the data are analysed qualitatively and triangulated to ensure validity of the findings.

This paper is organized as follows.

- In the second section, the paper briefly presents the EU’s social policy regime, including the long-term influence of the Nordic model on EU social policy.
- In the third section, it analyses the instruments that the EPSR entails compared to previous initiatives.
- Fourth, it presents the features of the Nordic model and the reactions to the EPSR in national parliamentary debates and among social partners.
- The fifth section analyses the significance of the EPSR for EU policy and the Nordic model.
- The final section concludes the paper. It discusses the possibility of the EPSR being implemented in the current political context and argues that political leaders in the Nordic countries should support the EPSR.

## 2 The EU's social dimension and the influence of the Nordics

Labour market and social protection policies in the European Union (previously the European Community, EC) are organised within the boundaries of national member states (Ferrera 2005). Citizens working in member states other than their own are covered by the social protection systems of the host countries through coordination of social security systems.<sup>5</sup> However, the EU can propose social policy and labour market initiatives but must respect the principle of subsidiarity. The EU therefore cannot undermine member state sovereignty in the organization and financing of welfare states. In the early years of the EC, there were legal initiatives, particularly in health and safety at work and gender equality, but they did not touch upon core redistributive policies (Streeck 1995).

**"[...] the EU can propose social policy and labour market initiatives but must respect the principle of subsidiarity."**

This section presents four main phases of the development of EU social policy from the mid-1990s, following Swedish and Finnish membership to the EU.

- The first phase started in the late 1990s, when Nordic countries were forerunners in developing a common approach to labour market and social policy, at the EU level.
- The second phase, from the mid-2000s, was characterized by a more liberal approach to economic and labour market policy, in conjunction with the eastern enlargement, whereas social policy was not central.
- The third phase began in 2008, following the financial crisis, when fiscal consolidation was a central concern.
- The fourth phase, which started in 2014, marked the end of the focus only on fiscal consolidation and added a focus on social rights. It was during this phase that the EPSR was launched in 2016.

During the first phase, from the late 1990s to the early 2000s, the Nordic model – referring to economic growth, social cohesion and active labour market policy as complementary – was

influential at the EU level. When Allan Larsson<sup>6</sup> was director of Directorate General 5 in the Commission (now DG employment, social affairs and inclusion) from 1995 to 1999, he developed an EU approach to employment and social policy. This was proposed following the institutionalisation of the Economic and Monetary Union (EMU), when member state economies and by extension, public policies, became more interdependent (Begg & Nectoux 1996). At EU level, Larsson advocated for 'social protection as a productive factor', which was inspired by the Nordic model, but was also congruent with the New Left approach supported by Tony Blair in the UK and Gerhard Schröder in Germany.

Under these circumstances, member states adopted a common European Employment Strategy (EES) in an 'Employment Title' of the Amsterdam Treaty through (non-binding) policy coordination in 1997. In the EES, the features of the Nordic model that were transferred to the EU included the dual-earner model, unemployment benefits in case of unemployment and an active labour market policy to facilitate (re)entry into the labour market. These features, and a flexible labour market, were later conceptualised as 'flexicurity', based on the Danish labour market model. As an extension of this, 'social investment' is also characteristic in the Nordic countries. Social investment centres on human capital development throughout the life course and includes not only an active labour market policy, but also high quality early childhood care, education and life-long learning (Kvist 2015).

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Building on the EES, social investment policy became a centrepiece of the EU's socio-economic strategy, 'the Lisbon Strategy', in 2000, which identified an ambitious strategy for the EU to become a competitive and inclusive knowledge-based economy with high employment rates, but also high quality jobs and a high level of social cohesion. The Lisbon Strategy institutionalised a new yearly European Council meeting – the 'Spring European Council' – to decide on common

European policies for economic and public policy issues, including social policy. The Nordic countries influenced and supported the initial policy aims of the Lisbon strategy, mainly through soft initiatives. In the early 2000s, policy coordination (in the ‘open method of coordination’, OMC) was applied to social inclusion, pensions and health care (Barcevicius et al. 2014; de la Porte 2011; de la Porte & Palier 2018; de la Porte & Pochet 2012). At the same time, the EU developed directives on atypical work (part-time and fixed-term work) and on parental leave,<sup>7</sup> with a strong legal anchor in equal treatment and anti-discrimination. The directives on equal treatment had an impact in terms of upward social convergence across the EU, including in the Nordic countries.

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The second phase, from the mid-2000s, represented a change in priorities. The political context among member states shifted away from the left-of-centre consensus that had enabled a strong Nordic-inspired EU employment and social policy, to a right-of-centre political agenda. As new eastern countries – with more rudimentary welfare states – joined the European Union, liberal policies and ideas weighed very heavily in the Council. EU policy on socially inclusive growth, including investments in child-care and job quality, together with the active labour market policy, which had been at the centre of social investment that shaped the Lisbon Strategy, was replaced with an enhanced focus on competitiveness, structural reforms, flexible labour markets and jobs.

The third phase, following the financial crisis of 2008, was characterised by fiscal consolidation to contain the effects of the crisis and to regain stability in the Eurozone. EMU governance was strengthened considerably in terms of the precision of its objectives, surveillance and enforceability, whereas social policy received less attention. In addition, the EMU, the EES and the social OMCs were centralised at EU level in the ‘European Semester’ (de la Porte & Heins 2015). The leitmotif of ‘social protection as a productive factor’ was off the agenda and was replaced by ‘smart, sustainable

and inclusive growth’ in the Europe 2020 strategy<sup>8</sup> (Leschke et al. 2015). The EU aimed to contain the effects of the financial crisis and thus focused on austerity, especially for the countries severely hit by the crisis. The national responses to the crisis in Europe were characterised by budgetary restraint across all areas of social protection and public policy (Heins & de la Porte 2016).

In the fourth phase, the Juncker Commission, which took office in 2014, aimed to boost the social dimension of Europe following austerity, high unemployment and sluggish growth. Part of this response was to tackle the youth unemployment that resulted from the crisis (O’Reilly et al. 2018) through a ‘youth guarantee’, which is a co-funded EU activation scheme<sup>9</sup> (Tosun 2017). Rather than just responding to the negative effects of the crisis, Juncker aimed to enhance EU legitimacy by putting citizens and workers at the centre of the EU project. This was the context in which the Juncker Commission launched the European Pillar of Social Rights (EPSR).

### **3 The European Pillar of Social Rights: which aims, which instruments, how much bite?**

In 2016, when the Commission launched the EPSR, it echoed the Nordic-inspired discourse from the late 1990s: social policy was a ‘productive factor’ with well-functioning and fair labour markets and welfare systems, which in turn boosted productivity, strengthened social cohesion and increased standards of living (European Commission 2016a). Throughout the 18-month consultation period that followed, significant changes were made to the original Commission proposal.

First, the Commission suggestion that the EPSR should be mandatory for Eurozone countries and voluntary for other EU countries was not maintained.<sup>10</sup> Second, some principles, such as in housing, became more precise; other ambitions were dropped early on, due to political resistance, for instance the idea to propose a directive on minimum income (for changes during the consultation period, see Rasnaca 2017; Sabato & Vanhercke 2017). Following the consultation period, the European Parliament, the European Commission and the Council of the European Union, officially proclaimed their support for the EPSR in a solemn declaration at the Gothenburg social summit in 2017.



Although the proclamation is not legally binding, it represents political support for the 20 ‘principles’ of the Pillar (European Commission, Council of the European Union, European Parliament 2017). The EPSR does not denote a new approach to EU social policy (Sabato & Vanhercke 2016; Vesan & Corti 2017), but aims to modernise the EU’s social and labour market policy in the light of social, demographic and economic challenges. Some legislative initiatives were in the pipeline prior to the EPSR, while other principles are adjustments of the existing soft law framework.

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The novelty of the EPSR is its gathering of all EU social and labour market initiatives under one conceptual framework, thus embodying a strong symbolic value. The principles cover diverse areas, ranging from gender equality (where the EU has a strong legal base), through areas that represent a legal grey zone between the national and EU levels (e.g. parental leave) to areas of exclusive national decision-making (e.g. social protection). The 20 principles are organised under three headings: equal opportunities and access to the labour market; fair working conditions; and social protection and inclusion. These principles are intended to be transposed to relevant instruments, such as legislation, policy coordination or the ‘social scoreboard’. They should, furthermore, be implemented at the most relevant level of governance, based on the principle of subsidiarity.

Table 1 below indicates the principles covered by the EPSR under the three headings. For each principle, the table indicates the current instruments used and the instruments proposed in the Pillar. Four types of instruments are identified:

- Social regulation (SR) refers to EU-level legal standards in social and labour market policy, including directives, framework directives and regulation. Most social regulation in the Pillar is in directives, providing some discretion for member states to implement the norms.
- Soft coordination<sup>11</sup> (SC) is EU-facilitated policy coordination that involves common

EU guidelines, national reporting and EU surveillance/assessment of member state policies, including country-specific recommendations (although they are not binding, they may be agenda-setting). Policy coordination previously covered the EES and the OMC in pensions, health care and social inclusion (Barcevicus et al. 2014; de la Porte & Pochet 2012).

A variant of soft coordination is a Council Recommendation, which intends to underline the political willingness of member states in support of a principle, in an area where it is not feasible to develop legal initiatives due to subsidiarity. A Council recommendation could include analysis of the situation in member states and point to a relevant policy solution.

- Social benchmarking (SB) consists of comparisons in social policy based on common European data and EU benchmarks, but with no member state reporting, no EU surveillance and no country-specific recommendations. In the Pillar, social benchmarking is embodied in the ‘social scoreboard’ (European Commission 2017a) that has been developed in the European Semester to focus on key benchmarks such as achieving an EU employment rate of 75% by 2020. The Commission intends the current scoreboard in the European Semester to be extended to cover key EPSR principles on the basis of existing data. However, which EPSR principles and data are to be included is not settled yet.
- EU co-funding<sup>12</sup> (C) could strengthen the commitment to commonly agreed Pillar principles. The main funding instrument in social and labour market issues is the European Social Fund (ESF), which provides funding to spur growth and jobs and to decrease inequality (Verschraegen et al. 2011).

Table 1 below shows that the Pillar covers labour market and social policy comprehensively, which is why most, but not all, initiatives are soft law (social coordination or social benchmarking). There is a shift away from social coordination to social benchmarking in the pillar. This builds on the post-2010 period, where Europe 2020 focused on key social and employment benchmarks, rather than having full policy coordination processes in social and employment policy. Where social benchmarking is proposed, it could be influential in terms of agenda setting in member states, if the data underlying the indicators and benchmarks is of high quality. Furthermore, for the benchmarks to have political

**Table 1** The 20 principles of the EPSR, current instruments and instruments proposed in EPSR.

Area	Principles	Current instruments	Instruments in EPSR
Equal opportunities & access to the labour market	1: Education	SC	SC & SB (incl. Council recommendation)
	2: Gender equality	SR	SB & SR
	3: Equal opportunities	SR	SR
	4: Active support to employment	C & SC	C & SC & SB
Fair working conditions	5: Secure and adaptable employment	SR	SR (revision)
	6: Wages	–	SB
	7: Information about employment conditions and protection in case of dismissals	SR	SR (revision)
	8: Social dialogue and involvement of workers	Social partner inclusion in SR	Social partner inclusion in SR (revision)
	9: Work life balance	SR	SR (revision)
	10: Health, safe and well-adapted work environment and data protection	SR	SR (revision)
Social protection and inclusion	11: Children and support to children	SC	SB
	12: Social protection	–	SC (Council recommendation)
	13: Unemployment benefits	–	–
	14: Minimum income	–	–
	15: Old age income and pensions	SC	–
	16: Health care	SC	SB
	17: Inclusion of people with disabilities	–	SB
	18: Long-term care	SC	–
	19: Housing and assistance for the homeless	SC	SB
	20: Access to essential services	–	–

Instruments: Social Benchmarking (SB), Soft Coordination (SC), Social Regulation (SR), Co-funding (C).

Source: European Parliament, Council of the European Union, European Commission (2017).

leverage, they should be integrated into the European semester.

**“[the EPSR] also provides impetus, through various new initiatives, to support member states in responding to current challenges in social and labour market policy.”**

The EPSR plans updates in social regulation in three directives, covering five principles. Two of these directives – the work-life balance directive and the written statement – are ambitious for citizens and workers. Social benchmarking is intended for eight EPSR principles: for three principles, social benchmarking is used with other instruments, while for five principles, the social scoreboard is the only proposed instrument. There are five areas where no instruments are thus far specified. However, the EPSR principles are interrelated and are thus often addressed together in one or more initiatives. For example, the Commission proposes a Council recommendation on access to social protection for atypical workers, which mainly addresses principle 12, but the recommendation is relevant for numerous other principles under the ‘social protection and inclusion’ heading as well (European Commission 2018a). Thus, the EPSR reiterates the current EU social policy regime and raises awareness of the EU’s social dimension. It also provides impetus, through various new initiatives, to support member states in responding to current challenges in social and labour market policy.

Many of the principles in the EPSR resonate with the features of the Nordic model, and add a social face to the EU, so most actors, especially trade unions, are supportive. Employer organisations, however, fear that legislative initiatives would undermine the competitiveness of business. Political parties have mixed reactions. These issues will be addressed in the following section.

## 4 The Nordic model and reactions in the Nordic countries to the EPSR

This section delineates the key features of the Nordic model and presents the reactions to the EPSR in Sweden and Denmark in the parliamentary debates and among the social partners.

### 4.1 The Nordic model

Nordic countries are known among the international policy-making and scholarly communities for successfully marrying capitalist market economies and welfare. There are four main features of the Nordic model:

- The first feature is that Nordic countries have engaged with global capitalism by being open to international trade and investing in innovation, education and business sophistication (Campbell et al. 2006).
- The second feature of the Nordic model is combining citizen-based access to tax-financed universal, high quality welfare services, high employment rates (for both men and women) and an active labour market policy (Esping-Andersen 1990; Kautto et al. 2001). In terms of welfare outcome, wage inequality and the risk of poverty are low (Kvist et al. 2012). Political parties on the left and right, as well as the general public, support the Nordic welfare state because the quality of social services is high and universally accessible (Korpi & Palme 1998).
- The third feature is the autonomy of social partners that agree, through collective agreements, on issues related to wages and working conditions.<sup>13</sup> Collective bargains are most often at the sectorial or even at the company level, covering all workers in a particular sector or company<sup>14</sup>.
- The fourth feature – in combination with the first two – is the capability to adjust to economic crises and social challenges at an early stage, which has enabled the Nordic countries to successfully exit economic crises (Dølvik et al. 2015; Kautto et al. 2001).

While the ideal-typical features of the model are static, the policies and institutions in the Nordic countries do undergo change (Kuisma 2017). For example, there has been a shift during the last few decades towards enhancing the earnings-based component of the pension scheme, while the universal flat-rate component has decreased over time (Kvist & Greve 2011). In labour market policy, the emphasis on activation – especially employment assistance and incentive reinforcement<sup>15</sup> – has increased in recent decades (Bengtsson et al. 2017). There is also considerable intra-Nordic variation across policy areas.<sup>16</sup> Compared to other models of welfare capitalism, however, the main features of the Nordic model – openness to international trade, universal welfare

rights with high quality services, social partner autonomy in labour market issues and capability of responding to economic challenges – are strongly institutionalised and relatively robust over time (Dølvik et al. 2015; Kvist et al. 2012).

#### 4.2 Political party responses to the EPSR

The heads of government in Denmark and Sweden took different positions towards the EPSR. The Swedish Prime Minister, Stefan Löfven, promoted the Pillar from the very beginning. Following the footsteps of Allan Larsson, he identified the Pillar as an important step towards ensuring that the EU had a (Nordic-inspired) social dimension, which is why he volunteered to organise the social summit – where the EPSR was adopted – in Gothenburg. Like Juncker, President of the European Commission from 2014, he saw the EPSR as an important step to prioritise welfare and work for citizens and workers across the European Union and to enhance the legitimacy of the EU for citizens (Sveriges Riksdag 2017). The Danish Prime minister, Lars Løkke Rasmussen, recognised the Nordic inspiration in many of the principles in the Pillar. However, he reluctantly supported it, because the like-minded (Nordic) countries supported it, and because the solemn declaration was not binding (Folketinget 2017; Løkke Rasmussen 2017).

**“The heads of state in Denmark and Sweden took different positions towards the EPSR.”**

Parliamentary debates about the EPSR in Sweden and Denmark reveal that, among political parties, there is suspicion on two points: first, that the EU could, following the Pillar, decide on member states’ social policies and, second, that it could undermine the Nordic model of decision-making in labour market issues through collective bargaining. In both countries, most parties doubt that the EPSR will enhance EU legitimacy, but support it because it is not legally binding. In both countries, a few parliamentarians emphasise that the Nordic countries should support the EPSR, because it is based on the Nordic model (Folketinget 2017; Sveriges Riksdag 2017). In Sweden, there was a very slim majority in favour of the Pillar, and considerable criticism of Löfven’s decision to prioritise a stronger social dimension for

Europe (Sveriges Riksdag 2017), and in Denmark, most parties<sup>17</sup> endorsed the Pillar.

In Sweden, the left (Vänsterpartiet) is opposed to certain elements of the EPSR, while in Denmark the red-green alliance (Enhedslisten) is opposed to the whole EPSR. The left in Sweden and the red-green alliance in Denmark would have preferred a social protocol, which would have entailed a change in the Treaty. In Sweden, the Sweden Democrats and, in Denmark, the Danish People’s Party did not support the Pillar either, due to their general scepticism towards the EU, particularly in social policy matters. Most of the discussion was one of principle, about whether or not social policy should be discussed at the EU level, although some legal initiatives were also mentioned in the parliamentary debates.

#### 4.3 Social partner reactions to and influence on the EPSR

The social partners in Denmark and Sweden support the EPSR, because it reflects the policies of the Nordic welfare model, but especially when these are applied through non-binding initiatives (Elite interviews 2018a–f). The reactions are mixed when it comes to hard initiatives. However, as long as Nordic social partner autonomy is not undermined and agreements can be reached whereby social partner autonomy in the Nordic countries is respected, the unions are supportive. One interviewee mentions that if legislative instruments are used, then they should be directives, not regulations, as directives are implemented in line with national practices and institutions (Elite interview 2018e). There is also an understanding that directives may help to improve policies in countries where these are underdeveloped (Elite interviews 2018b–f). Employers support flexicurity but are sceptical of all legal initiatives in the EPSR (DA, EK, NHO, Svenskt Näringsliv 2017).

**“There is also an understanding that directives may help to improve policies in countries where these are underdeveloped.”**

Below, I present the main positions of trade unions and employer organisations on the EPSR, then I briefly mention where social partners have had a tangible impact on the Pillar.



Overall, the Danish and Swedish trade unions support the EPSR, characterising it as a signal from the EU that social and labour market policy is essential to complement the single market. They welcome that social policy figures more prominently on the EU political agenda, as they have been recommending for many years (Elite Interviews 2018b–f). The representative from 3F (the United Federation of Danish workers) notes that the EPSR is a ‘step in the right direction [...] the Pillar which we will be discussing is a perfect example for something that we have been wanting for so long’ (Elite interview 2018c). The Swedish LO representative underscored that what is new is the ‘ambition for the EU to take on responsibility for what happens with social conditions within the EU’. Adding to this, the interviewee mentioned that ‘even if you just have to deliver on quite a few principles, it is still a kind of a signal to the public and the European citizens that somehow the EU also takes in what happens for the average citizen’, and ‘we really think the proclamation of the Pillar is something extremely positive, notably in these times when we see that the legitimacy of the EU is low’ (Elite interview 2018d). The 3F hopes the Pillar could help to counter the scepticism towards the EU – and towards free movement of labour in particular (Elite interview 2018c).

The Danish and the Swedish unions also mention, however, that the Nordic model of decision-making by social partners through collective bargains should not be undermined. The Danish LO interviewee notes that ‘maybe we sometimes have to bend a little, but also the EU Commission and the system has to bend the other way’ (Elite interview 2018b). Similarly, the representative from Saco states that ‘we have to defend the Nordic model and the status of the social partners’, but was generally supportive of the pillar (Elite interview 2018f). The federation of Nordic unions (Nordic-IN)<sup>18</sup> for manufacturing industries, energy and mining in the five Nordic countries issued a joint position on the EPSR, supporting the Pillar, noting that the ‘Social Pillar policies should improve working life, work-life balance and ensure an active pension life. Policies should guarantee social security nets covering the entire life cycle’ (Nordic-IN 2017). The generally favourable attitude towards the Pillar as ‘symbolic politics’, highlighting the social dimension of Europe, is shared among unions across various sectors in the

Nordic countries. However, they are also concerned about the impact of the Pillar on the collective bargaining model in areas where legislation is proposed. They are therefore keen on defining clauses in the legislation, whereby collective bargaining is maintained in the Nordic countries (Elite interviews 2018b–f).

The Nordic employer organisations<sup>19</sup> have a clear and unitary voice on the Pillar, and they are sceptical, as they see the EPSR as focusing on citizen and worker rights only, not on business activity and competitiveness. In their joint position on the EPSR, they strongly advocate flexicurity through social benchmarking, but they are against directives and against regulation in the labour market<sup>20</sup> (DA, EK, NHO, Svenskt Näringsliv 2017; Preisler 2017). The Nordic employer organisations emphasise that EU legislation should not interfere with the collective bargaining model in the Nordic countries (DA, EK, NHO, Svenskt Näringsliv 2017).

**“Concerning more critical issues, the Nordic social partners – employers and unions – and governments are opposed to minimum wages being discussed at EU level.”**

Together with their governments, the Nordic social partners have successfully ensured that the role and autonomy of social partners is specified in the preamble of the Pillar, while principle 8 of the EPSR was strengthened following the consultation period, highlighting social dialogue and the involvement of workers (European Parliament, Council of the European Union, European Commission 2017). This is a reiteration from the EU charter of fundamental rights and the EU social dialogue and is in line with the principle of subsidiarity in social policy. The social partners consulted see this development as very positive (Elite interviews a–f).

Concerning more critical issues, the Nordic social partners – employers and unions – and governments are opposed to minimum wages being discussed at EU level. As underlined by the Swedish Union TCO: ‘wage setting [...] is one of the most prominent features of the Nordic Model’ (Elite interview 2018e). Similarly, the Danish LO stated

that ‘we do not legislate on wages’ (Elite interview 2018b). The interviewee from the Danish blue-collar union representative (3F) emphasised that ‘we are the ones that need to keep reminding the European Commission, the European Parliament and the European Council that we need respect for our national models’ (Elite interview 2018c). The Nordic-IN union federation also highlighted that they were against the EU developing legislation requiring national minimum wages (Nordic-IN 2017). Unions in the Nordic countries feared that a requirement to legislate on minimum wage could lead to a race to the bottom in social standards, as expressed by one interviewee (Elite interview 2018f). Similarly, employers are also against an EU-level minimum wage, expressed in a joint position paper of Danish, Swedish, Norwegian and Finnish employer organisations (DA, EK, NHO, Svenskt Näringsliv 2017). Thus, the issue of wages in the EPSR has been altered following the consultation period. Now the EPSR merely advocates that wages should be set in a transparent and predictable manner. The initial proposal to adapt wages to developments in productivity was dropped (Saba-

to & Vanhercke 2017). In the EPSR adopted in Gothenburg, social benchmarking is suggested for this area. Two indicators are proposed in the scoreboard on fair wages on the basis of existing data: the compensation of employees per hour worked and the in-work at-risk-of-poverty rate. While the latter – the working poor – can raise the issue of the adequacy of wages, it is unlikely that these indicators on their own would have a major influence in member states. This is because the indicators are not accompanied by core benchmarks, and they are unlikely to become central in the European Semester, because wages are – in line with subsidiarity – the sole competency of member states.

## 5 The EPSR: exploratory analysis

This section scrutinises the content of the Pillar, focusing on the main policies and instruments for each heading: 1) equal opportunities and access to the labour markets, 2) fair working conditions and 3) social protection and inclusion. This section presents a comparison of the EPSR initiatives with the current EU institutional framework in social and labour market policy. It also considers the implications of the EPSR for the Nordic model. The views of the Swedish and Danish political parties and social partners are included where they have positions or relevant perspectives.

### 5.1 Equal opportunities and access to the labour market

Of the three areas in the EPSR, ‘equal opportunities and access to the labour market’ is where EU activity is most consolidated, through ‘social regulation’, ‘soft coordination’, ‘EU co-funding’ and ‘social benchmarking’. The EU has a strong anchor through the legal base in equal treatment and anti-discrimination. There are numerous relevant directives, crucially directive 2006/54/EC on the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation and directive 2010/41/EU on equal treatment between men and women engaged in self-employment. Another important directive in this area is directive 2000/78/EC against discrimination in the workplace due to religion or belief, disability, age or sexual orientation (Bell 2011; Howard 2011; Kantola 2008; Mazey 2012).

In addition, soft coordination – including indicators and benchmarks – is well institutionalised in this area and has had an agenda-setting impact

### Equal opportunities and access to the labour market

There are four EPSR principles in this area:

1. The right to equal pay for work of equal value. This has had an equalizing effect between men and women’s wages across the EU, even in the Nordic countries (Kantola, 2014). Current gender wage gap in Sweden is 13,4% and in Denmark, 5,7% (OECD, 2018).
2. Anti-discrimination at the work place (directive 2000/78/EC). Prior to the Gothenburg summit, the Commission envisaged a new directive that would extend equal treatment and anti-discrimination beyond labour market issues. However, it is not politically and legally feasible, as it concerns core re-distributive policy (Council of the European Union, 2018).
3. Education in relation to skills for the labour market, and
4. Active support to employment, both based on Nordic best practices and policies. They have led to an increase focus on preparing workers for the labour market, across EU countries, since the mid-1990s.

across member states (de la Porte & Pochet 2012). Finally, EU structural funds have focused on the labour market integration of the long-term unemployed in regions with high unemployment (Verschraegen et al. 2011). The EPSR includes new initiatives in this area, but not through legislation.

**“Of the three areas in the EPSR, ‘equal opportunities and access to the labour market’ is where EU activity is most consolidated [...]”**

In equal opportunities and access to the labour market, gender equality and anti-discrimination policies have been effective in creating a level social playing field across the EU, because of the legislative framework accompanied by policy coordination (Rubery 2002). The Pillar underscores that these issues are still important, and it puts a focus on the remaining challenges in gender equality, such as the gender pay gap. It proposes two ‘social scoreboard’ indicators focused on gender equality in the labour market: the gender gap in part-time employment and the gender pay gap (European Commission 2017a). These data already exist and aim to map the situation across member states. The aims of the EES related to increasing (female) employment rates are integrated into the European Semester, but the focus on gender equality in the European Semester is not very strong (Rubery 2017).

Concerning the integration of youth in the labour market, since the financial crisis, there has been a focus on reducing the proportion of early school leavers and of young people not in education, employment or training (NEET). The Youth Guarantee, one of Juncker’s initiatives following the financial crisis that is now integrated into the EPSR, complements soft co-ordination in employment policy and EU reporting in education (European Commission 2016b). The Youth Guarantee was inspired directly by the policies of the Nordic countries. Activation and retraining to prepare individuals for (re)entry into the labour market has been the red thread of EU employment policy throughout the last two decades, and this continues with the EPSR.

In higher education, there has been cooperation – akin to social benchmarking – during the past few

decades. This has involved Commission reporting and analysis, but not a full coordination process (Alexiadou & Lange 2015). One of the new initiatives is a proposal for a Council Recommendation on Tracking Graduates, which intends to follow the labour market trajectories of graduates from tertiary education and vocational education and training (European Commission 2017b). This would provide a tool for governments to be able to update educational programmes related to developments in the labour market, such as digitalisation. This is congruent with the approach already being used in Denmark, where reforms in tertiary education have been made following analyses of statistics on long-term unemployment following graduation.

To summarise, various instruments are combined to promote equal opportunities and access to the labour market, which is strongly institutionalised at EU level. It is noteworthy, as shown by Kantola (2014), that EU gender equality legislation has had a significant positive impact in the Nordic countries, enhancing rights for women in matters of employment. No updates of this legislative framework are planned under the EPSR as adopted in Gothenburg.

The instruments based on social coordination – the EES, the Youth Guarantee, and the proposed recommendation on ‘Tracking Graduates’ – are based on or in line with Nordic good practices and policies. Consequently, there have not been any conflictual issues with Nordic governments or social partners. The principles and accompanying instruments in the policy promoting ‘equal opportunities and access to the labour market’ do not undermine the Nordic model or the autonomy of social partners in the Nordic countries.

## 5.2 Fair working conditions

In ‘fair working conditions’, the EU has a relatively strong legal base, including a directive on labour contracts and directives on part-time, fixed-term and temporary agency work (de la Porte & Emmenegger 2017). This area also includes a directive on parental leave and numerous directives on health and safety at work. The area of ‘fair working conditions’ is where the EPSR is most ambitious, not so much in policy, but in the means used, because three directives are being updated.

In the following, I present the two initiatives on social regulation that are the most far-reaching: secure

and adaptable employment (an update of the ‘written statement’ directive), and work-life balance (an update of the ‘parental leave’ directive).<sup>21</sup> I present the views of the Danish and Swedish actors, where relevant, and reflect upon the consequences of the directives for the Nordic countries in this study.

### 5.2.1 Secure and adaptable employment

The update to the ‘written statement’ directive aims to enhance protection for the increasing number of workers on atypical contracts, which are flourishing in the digital economy. Workers in non-standard employment often lack adequate social insurance coverage and are more vulnerable regarding access to training, wage increases and transition to open-ended contracts. The EU directives on part-time, fixed-term and temporary agency work cover specific types of workers concerning pay, access to training and the prospect of obtaining an open-ended contract. Based on the principle of anti-discrimination, workers on such contracts must be treated equally (relative to the number of hours worked) to a comparable permanent worker. This has led to changes in member states, particularly those with rigid labour markets, both to enhance protection for workers on atypical contracts, but also to decrease protection for permanent workers (de la Porte & Emmenegger 2017: 300–301).

However, various ‘non-standard’ forms of employment, such as on-call work, zero-hour contracts, on-demand and multi-party employment, are not covered by these directives. Twenty per cent of new jobs since 2014 have been in ‘non-standard’ employment not covered by the part-time, fixed-term and temporary agency contracts. The update to the

‘written statement’ directive 91/533/EC proposes a more open-ended and inclusive approach to the notion of ‘work’, ‘worker’ and ‘employee’, whereby even workers in more precarious ‘non-standard’ employment would be better protected (European Commission 2017c). The update would increase obligations for employers to inform workers of their work, in a written form and in a timely manner. This includes information on the place of work, type of work, working time, remuneration, amount of paid leave, the institution receiving the social security contributions, training entitlement and the procedure for terminating employment. The draft directive stipulates that workers would have the right to request a more secure job and to receive a written reply from the employer.

In the Nordic countries, involuntary part-time work is low, compared to other European countries. In Denmark, 12% of total part-time employment is involuntary, while in Sweden, it is 28% of all part-time workers (European Commission 2017d).

Three Swedish trade unions (LO, TCO & Saco 2018) are against some elements of the update to the directive, while Danish trade unions are supportive (LO & FTF 2018). The Swedish trade unions are sceptical because they argue that the definition of ‘employee/worker’ concerns working conditions and social security, which is the responsibility of social partners in the Nordic countries. They are, furthermore, concerned that the introduction at EU level of new rights for workers would enable the Court of Justice of the European Union (CJEU) to further interpret the term ‘employee’, which could conflict with national practices regarding working conditions and potentially overrule collective bargains and social partners (LO, TCO & Saco 2018).

The Danish unions LO and FTF, mainly following the European Trade Union Confederation (ETUC 2017), support the directive. Concerning the directive’s centrepiece, the concept of the employee, the Danish LO and FTF are supportive<sup>22</sup>. Regarding the CJEU, they argue – in contrast to the Swedish trade unions – that it already refers to numerous types of workers listed in the directive, so the directive would clarify the notion of ‘worker’. The Danish LO and FTF even propose strengthening the directive in favour of precarious workers by including work under 8 hours per week in the scope of the directive.<sup>23</sup> The Danish trade union movement sees the EPSR as an opportunity that unions should

### Fair working conditions

There are six principles under this heading and a total of three updates to existing directives.

- The directive which is most advanced is on ‘work-life balance’ (political agreement in the Council in June 2018).
- A second update to a directive is planned in health and safety, including the right to protection of personal data.
- A third legislative update (on the ‘written statement’ directive) is on enhancing protection for workers on atypical contracts, including those that are in jobs related to the 4<sup>th</sup> industrial revolution.



engage with, because they have been asking for a stronger EU social dimension for many years (Elite interviews 2018b–c; LO & FTF 2018). In their position, LO and FTF emphasise that the directive should not undermine social partner decision-making competency in the Nordic countries, especially regarding working conditions.<sup>24</sup> Concerning the written statement directive, the interviewee from 3F noted that ‘we did not form an official position, but we are very happy because it is very thorough and it is taking all the increasing numbers of atypical work types into account, so that is a good example of how there is an initiative related to the social Pillar, that improves the conditions of regular European workers’ (Elite interview 2018c). In their joint position, Nordic employers explicitly state that they are against making an update to the written statement directive (DA, EK, NHO, Svenskt Näringsliv 2017).

**“In Denmark, 12% of total part-time employment is involuntary, while in Sweden, it is 28% of all part-time workers.”**

The main difference between Swedish and Danish unions, as described above, is that the Swedish unions fear that the Commission and the CJEU will intervene in labour market issues, while the Danish unions believe that a compromise is possible that would respect the Nordic model of collective bargaining, while improving the protection of precarious workers.

### 5.2.2 Work-life balance

The second initiative, which is far-reaching, is the proposal on ‘work-life balance’ (European Commission 2017e), which aims to boost the take-up of family-related leave by men. This would contribute to equalising the family care burden among men and women and would enhance female labour market participation.

The proposed directive could have consequences for many member states in terms of upward social convergence on several accounts. The first is the right to paternity leave, which is proposed at 10 working days. This corresponds to the current paternity leave in Denmark<sup>25</sup>, while in Sweden paternity leave (earmarked leave for a second carer) is 90 days. The second is earmarking parental leave

for each parent, targeted at the second carer, most often men.

Sweden has been one of the pioneers in earmarked leave for both parents, and the government supports the work-life balance directive, which was mentioned by the Löfven government as an important priority for 2018 (Swedish Government 2018). Some parties fear, however, that it would open the door to EU influence on Swedish parental leave, although the Swedish rules are more generous than the proposed EU rules (Sveriges Riksdag 2017). The Danish government is against earmarked parental leave from the EU level, arguing that it breaches subsidiarity, and that it is a matter to be decided at the national level (Folketinget 2017).<sup>26</sup>

The Swedish and Danish unions support more involvement of fathers in care, but they do not find it appropriate that the EU should make decisions on the level of pay (even minimum level) during maternity and paternity leave. They fear that the EU would incrementally overrule social partner competency. This reaction can partly be explained by the fact that the Commission draft of the directive stipulated that parental level should be paid at least at the level of sick pay (LO 2017; Rasnaca 2017). The Danish LO supports many aspects of the directive, but is against earmarked leave for each parent, which does not exist as part of the legislative framework in Denmark. Furthermore, it is an area partially decided by collective bargaining (LO 2017). The Nordic employer organisations are against the work-life balance proposal, seeing it as more regulation. They argue that it could be detrimental to business activity (DA, EK, NHO, Svenskt Näringsliv 2017).

The Employment and Social Affairs Council (EPSCO) reached an agreement on the overall approach to the work-life balance directive on the basis of QMV in June 2018 despite opposition by some member states, including Denmark. The EPSCO agreed on the following: 10 days of paternity leave, paid at a level defined by the member state; two earmarked months of parental leave per parent, out of a minimum four months of parental leave; 1.5 months of parental leave should be paid at a level decided by each member state; carers should have leave when a child is ill (although this is not specified further); and flexible working arrangements for parents, until the child is at least 8 years old (Council of the European



Union 2018). This directive would not have an impact in Sweden, but in Denmark it would have consequences, making earmarked leave of 1.5 months mandatory for second carers.

**“Swedish trade unions are opposed to the revised written statement directive, fearing that the EU could indirectly undermine social partner competency regarding working conditions [...]”**

To summarise, the fair working conditions area is where the EU has considerable competency and where proposals in the EPSR are most ambitious. Swedish and Danish trade unions have different positions on the two most far-reaching initiatives in this area. Swedish trade unions are opposed to the revised written statement directive, fearing that the EU could indirectly undermine social partner competency regarding working conditions, in particular by defining the concept of worker. By contrast, the Danish unions LO and FTF are supportive because they think it would improve protection for precarious workers, and they think that a solution could be found that would respect social partner autonomy while creating EU legal norms.

Swedish unions support the work-life balance directive, although, like the Danish unions, they are against the EU level specifying the level of benefits during parental leave. The Danish trade union LO is against earmarked parental leave.

The Danish government also opposes earmarked parental leave, arguing that it breaches subsidiarity. Among Swedish political parties, there was concern that the EU would incrementally affect Sweden's capability of developing policy, law and collective bargains in family policy, although Sweden meets all the provisions in the directive. Thus, the fear is about the EU incrementally gaining competency in family policy, which is considered to be at the centre of national welfare states.

### 5.3 Social protection and social inclusion

The EU has a weak legal basis for social protection and inclusion, because most of the policies are at the core of national welfare states. This area has been addressed since 2000 via the OMC and social benchmarking. The EPSR principles under ‘social protection and social inclusion’ are not controversial for the Nordic countries, because they are proposed through the social scoreboard, which is a selection of EU indicators, mainly from the EU-SILC (income and living conditions) and the LFS (Labour force survey) databases.

This section exemplifies activity for one principle, ‘children and support to children’ (principle 11), to show that even through soft instruments, EU activity can be influential (through agenda-setting and ideas) in member states. Childcare has been on the EU agenda since the launch of the EES. In 2002, the EU specified two benchmarks: 90% of children from age 3 until mandatory school age and 33% of 0–3-year-old children should be in childcare by 2010. In the EPSR, the proportion of children in childcare institutions will be monitored in the scoreboard on the basis of the same data, but with more ambitious benchmarks because the targets set in 2002 have been met (European Commission 2018b). The Danish trade unions LO, FTF, and AC mentioned that childcare, especially for the 0–3-year-olds, should be strengthened in the EPSR (LO, FTF & AC 2017; LO 2017). Among EU countries, Denmark has the highest proportion of 0–3-year-old children in early childhood education and care. This is an area where Sweden is also successful. One of the Swedish interviewees

#### **Social protection and social inclusion**

This area consists of 10 principles concerning re-distributive welfare policy: social protection, pensions, health care, children and support to children, long-term care, inclusion of disabilities, housing and assistance to the homeless, access to essential services and minimum income.

The available EU instruments are thus social benchmarking, social coordination, and to some extent co-funding.

These issues, if data is available, could be included in the social scoreboard and inform ‘Country specific recommendations’ via the European Semester. Although not binding, these recommendations can have symbolic ‘normative’ and ‘ideational’ power. The principles under this heading resonate well with the Nordic models.

mentioned child-care as a central feature of the Nordic welfare model (Elite interview 2018f).

Altogether, in social protection and social inclusion the principles are relevant, but mainly concern core redistributive issues that are addressed through rather weak instruments. This area is not controversial for the Nordic social partners or governments. The policies proposed in this area reflect many features of the Nordic welfare states, which have been highlighted in the interviews with social partners (Elite interviews 2018a–f). The example of childcare shows that social benchmarking, in conjunction with other factors, has been influential in the reform processes of member states. If core indicators from a social protection and inclusion scoreboard are included in the European Semester, then their potential for upwards social convergence across the EU – even if only through voluntary benchmarking – would be enhanced.

## 6 Concluding remarks

This concluding section first highlights the political significance of the EPSR and assesses how it alters the EU social policy regime. Second, it discusses reactions among social partners to the EPSR, including on legislative initiatives. Third, it underscores that the EPSR is strongly influenced by the Nordic model, which has been diffused to the EU level over the course of many decades. Fourth, related to this, it discusses the implications of the Pillar for Nordic welfare and labour market policies and for the Nordic collective bargaining model. Finally, this section contains reflections on the future prospects for the EPSR in a divided Europe, based mainly on voluntary instruments.

- First, the EPSR, the Juncker Commission's flagship initiative, aims to increase social rights for workers and citizens in the EU and thereby to enhance the EU's legitimacy among citizens. The solemn declaration adopted in Gothenburg in November 2017 embodies high symbolic value supporting the EU's social dimension and reflects the commitment to the 20 principles of the EPSR. From a minimalist perspective, most principles in the EPSR could be characterised as old wine in new bottles. Even so, the commitment to a strong and future-oriented social policy, where workers and citizens are centre-stage, is new.

Since the 2017 Gothenburg declaration, the Pillar has given rise to extensive work and paved the way for the implementation of the 20

principles. The Commission has been learning by consultation, including with the Nordic social partners, and has adapted most proposed instruments to what is politically and legally feasible following the principle of subsidiarity in social policy and labour market issues. The EPSR re-affirms existing EU principles in social policy that were in the background during the austerity period that followed the 2008 financial crisis. The EPSR adapts and builds on existing EU rules and initiatives, which are well institutionalised in terms of data, practices and instruments. Most new initiatives are introduced through soft law – in particular social benchmarking – used mainly for social protection and social investment policies. The intention is to integrate key indicators and benchmarks in the European Semester. Council Recommendations are proposed for some new initiatives, as a way to politically highlight EPSR priorities vis-à-vis member state governments. Finally, directives are being updated in areas that are relevant for workers, families and citizens that could have a significant impact in terms of upwards social convergence. The directives aimed at working families – work-life balance – and the one aimed at precarious workers that can, in particular, have positive social effects.

**“[...] the EPSR could be characterised as old wine in new bottles. Even so, the commitment to a strong and future-oriented social policy, where workers and citizens are centre-stage, is new.”**

- Second, Nordic social partners have been very engaged with the Pillar throughout the consultation period leading up to the Gothenburg social summit, but also thereafter. All unions considered in this study are supportive of the EPSR, underlining that the Commission's focus on citizens and workers is positive. There was, however, some concern about the legislative initiatives, not so much because of the policies, but because social partner autonomy could be undermined. Possible solutions to this challenge were suggested by unions, indicating that they are willing to find compromises because they consider the EPSR to be important for all EU

member states. More specifically, some Danish unions have suggested that clauses could be introduced in directives that concern social partner competency, underlining their authority in labour market issues. Employers are against updates to directives and are only in favour of benchmarking. They do, however, mention that the Nordic flexicurity model is worth spreading across the EU. The Commission is eager to respect the Nordic social partners because it needs their continued support, particularly considering the influence of Nordic social policy at the EU level.

- Third, the EPSR reproduces the main policies of the Nordic model, thus reflecting the successful diffusion of the Nordic model in labour market and social policy to the EU level, which has taken place over the course of several decades. Across all three headings – equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion – the EPSR policy framework is similar to that of Nordic countries. In the conclusions to the Gothenburg Summit, Löfven underlined that there was agreement at the Summit that member states would strive to meet four interrelated goals: 1) achieving full employment, with men and women in employment, which has been central at EU level since the late 1990s, due to a strong Nordic influence; 2) ensuring easier access to the labour market, which is a crucial feature of the Nordic model; 3) ensuring fair employment and good working conditions, which is supported by the Nordic unions, as long as it does not undermine their competency; and 4) investing in people to facilitate transitions between jobs, which is also central in all Nordic countries, especially through an active labour market

policy and flexicurity (European Commission and Government Office of Sweden 2017). All four aspects focus on labour markets rather than welfare states issues. They are, furthermore, central features of Nordic labour markets. These aims – and also the 20 principles of the EPSR – are in line with existing policies and institutions in Nordic countries.

- Fourth, the success of the EPSR depends upon ownership by governments and social partners in member states. This is currently challenging because Eurosceptic and nationalist parties, such as the Danish people's party and the Sweden Democrats, see the EPSR and the legislative initiatives in particular as a confirmation that the EU would be getting involved in domestic policy matters, such as social policy. However, they could, instead, see it as an opportunity to strengthen the Nordic model across the EU, particularly as the EPSR does not fundamentally change the Nordic model of welfare or collective bargaining.

**“While the EPSR certainly will leave a footprint at EU level, the implementation of most principles will be determined by the member states’ own political agendas.”**

While the EPSR certainly will leave a footprint at EU level, the implementation of most principles will be determined by the member states’ own political agendas. Political leaders and actors in Nordic countries should support the EPSR as complement to the single market and EMU, as they have done in the past.

## Notes

<sup>1</sup> I would like to thank SIEPS, in particular Pernilla Wredenfors and Patricia Wadensjö, for helpful guidance, and my colleague, Janine Leschke, for her constructive comments on a recent draft of this paper. I also received useful comments from numerous colleagues at the Nordforsk-funded 'Reimagining Norden in an Evolving World' (ReNEW) workshop on 'Sign of the Times: Changes in the Nordic model', at Copenhagen Business School in August 2018, and at the 'European Social Policy' session of the Danish European Community Studies Association in September 2018. Last, but not least, I would like to express my gratitude to Amra Muratovic, my student assistant, for background analyses and data collection that was timely, precise and indispensable.

<sup>2</sup> The principle of subsidiarity emphasizes that it is at the most relevant level of governance – closest to the level of implantation – where decisions should be made.

<sup>3</sup> In this paper, the unions in Denmark refer to the major unions: the Danish confederation of trade unions (Danish LO), covering blue collar workers and salaried employees; the Confederation of Professionals in Denmark (FTF), covering white collar workers, mainly from the public sector; the United Federation of Danish workers (3F), covering blue collar workers; and The Confederation of Professional Associations (AC), covering employees with university degrees. The Swedish union representation in this study includes the Swedish Trade Union confederation (Swedish LO), the Swedish Confederation of professional employees (TCO) and the Swedish Confederation of professional associations (Saco). The paper also includes the Nordic-IN Federation, covering all Nordic countries. The employers' organizations are the Danish Confederation of Employers (DA), covering 30% of the Danish workforce, and the Confederation of Swedish Enterprise (Svenskt Näringsliv), covering over 50 employer and industry associations. The Joint Nordic Position papers from employers are also included.

<sup>4</sup> Semi-structured interviews with key actors (elites) working with labour market issues allow for an understanding of the contextual factors – socio-economic and political conditions – shaping the positions of the various actors towards the EPSR initiatives.

<sup>5</sup> With the exception of posted workers, which is an important issue, but which is not covered in this paper, due to space constraints.

<sup>6</sup> Allan Larsson had been finance minister in Sweden and was head of the party of European socialists (PES), prior to becoming Director General of DG 5 in the European Commission. During his time as head of the PES, Larsson wrote a report on developing a common employment policy for the EU (de la Porte 2011; de la Porte & Palier 2018).

<sup>7</sup> The part-time and fixed-term work directives were adopted by the Council of the European Union, based on framework agreements agreed upon by the EU-level social partners, while the temporary agency directive was agreed through ordinary legislative procedure.

<sup>8</sup> Europe 2020 replaced the Lisbon strategy, covering employment, social inclusion, anti-poverty, climate change and education policy. Like the Lisbon strategy, the common EU aims that were agreed upon, which included EU benchmarks, were politically significant, although Europe 2020 itself is not legally binding. At the spring European council, yearly assessments of member state progress are made by the Commission for the European Semester (this includes Europe 2020 as well as economic governance).

<sup>9</sup> The Youth Guarantee aims to ensure that all people under the age of 25 should receive a job offer, an apprenticeship, a traineeship or continued education within four months of leaving formal education or becoming unemployed.

<sup>10</sup> The declaration reads: 'the European Pillar of Social Rights is notably conceived for the euro area, but it is addressed to all Member States' (paragraph 13, EPSR), which means that it is mandatory for all member states.

<sup>11</sup> 'Soft coordination' is distinct from 'hard coordination', such as that used for coordination in the EMU. To monitor macro-economic policies, the Stability and Growth Pact is an instrument of hard coordination, which, in case of breach of the 3% budget deficit target by member states, involves an 'excessive deficit procedure', which is a mechanism to ensure member states take measures (i.e. reforms) to correct their deficits. In case of non-compliance, the EDP can ultimately lead to a sanction.



This makes ‘hard coordination’ qualitatively very different from ‘soft coordination’. There are no formal corrective mechanisms or sanctions in ‘soft coordination’, which is applied in re-distributive policy areas (see de la Porte & Heins 2015).

<sup>12</sup> Since the Single European Act, the EU has a full treaty base (and with it budgetary allocation) that provides a more systematic approach to the allocation of funding: co-funding (regional level receives funds), partnership, long-term planning and allocation of funding according to the needs of a region.

<sup>13</sup> Working conditions include pay during maternity/paternity leave, occupational pension, working hours and flexible working days and life-long learning, as well as pay during illness and holidays.

<sup>14</sup> In Iceland, Norway and Finland, collective agreements – including wage levels – can be extended (*‘ergo omnes’*) if conditions for a particular group of workers are considered to be below standard. It is especially for non-nationals – who may not be aware of national collective bargaining practices and rules – that the instrument is used. Such instruments do not exist in Sweden and Denmark.

<sup>15</sup> Employment assistance refers to a broad variety of interventions that focus on entry into the labour market. Incentive reinforcement refers to measures that aim to strengthen job incentives, such as increased conditionality to receive benefits, reduced period of entitlement to unemployment insurance, lower benefit generosity and hardened sanctions in cases of non-compliance.

<sup>16</sup> In Norway, the possibility to adopt legislation in labour market issues has been introduced for circumstances that are considered critical, if social partners cannot agree. In Sweden and Iceland, there is national legislation on earmarked father leave, which contributes to gender equality in the household and on the labour market. Norway has the most generous universal sick-leave scheme, while the other Nordics have reformed the scheme to contain costs.

<sup>17</sup> Except Enhedslisten (red–green alliance) and Dansk folkeparti (Danish People’s Party).

<sup>18</sup> Nordic-IN includes 20 unions and 1 million workers (details on the 20 members: [http://www.nordic-in.net/joomla/index.php?option=com\\_content&view=article&id=130&Itemid=2868](http://www.nordic-in.net/joomla/index.php?option=com_content&view=article&id=130&Itemid=2868)).

<sup>19</sup> The Icelandic employer organization was not involved in the joint position.

<sup>20</sup> The interview conducted with the Danish confederation of employers confirms this position (DA 2017).

<sup>21</sup> I do not analyse the non-controversial issue of the update to health and safety directives, where the EU has a strong legal foundation. The proposed update does not intervene in social security or undermine social partner competency.

<sup>22</sup> Their joint statement reads: ‘we support a definition of the concept of worker that secures the atypical employees and we believe that it is important that it is described more clearly how to obtain these aims’.

<sup>23</sup> The Commission draft proposes that a contract should be provided on the first day of work and that workers working under 8 hours weekly should be excluded from the scope of the Directive (European Commission 2017c).

<sup>24</sup> LO and FTF propose that the directive ought to allow for derogation from the minimum requirements concerning working conditions, if these are contained in collective agreements concluded by the most representative social partners.

<sup>25</sup> There is, however, earmarked leave for men in numerous collective bargains in Denmark.

<sup>26</sup> In Denmark, the current legislation allows for 10 days of paternity leave, 14 weeks (98 days) of maternity leave, 32 weeks (224 days) of parental leave to be shared. In Denmark, men currently take an average of 25 days parental leave (10%), while women take an average of 231 days of leave (roughly 90%). In Sweden, out of 480 days of parental leave, the total number of earmarked parental leave days (for each parent) was increased to 90 days. By 2018, Swedish men were taking more than 28% of the total paternal leave available, which is higher than their earmarked minimum (Swedish Institute 2018).



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