The most competitive economies of the European Union (EU) spend more on social policy and public services than less successful ones. Knowledge economies and ageing societies require European welfare states to focus as much – if not more – on ex-ante social investment capacitation than on ex-post social security compensation. To make way and sustain for 21st-century social investment progress, untold lessons from the Great Recession call for a transformation in the Eurozone governance regime from a ‘disciplining device’ over member welfare states into a European Social Union (ESU) as a ‘holding environment’ for active welfare states to prosper.

A decade after the first deep economic crisis of 21st-century capitalism, Europe has passed the nadir of the aftershocks unleashed by the 2008 global downturn. Time to count our blessings: a rerun of the Great Depression has been avoided, and recovery is underway. The jury is still out on whether employment growth will return to pre-crisis levels. Unemployment remains very high, especially, in the Eurozone economies most adversely affected by the crisis. The political aftershocks of the Great Recession, the rise of populism across the continent, Brexit, and illiberal nationalist turns in Hungary, Poland and Romania, confront the European Union (EU) with an existential crisis. Most precipitously, the EU’s fall from grace as an even-keeled project of regional economic cooperation, committed, in the words of the Lisbon Treaty, to the ‘social market economy’, fostering economic prosperity and social solidarity in tandem, within and between member states, has fueled anti-globalization discontent, rising national welfare chauvinism and increased support for xenophobic and popular anti-EU populist in national and European parliament elections.

Can Europe’s unique ‘double commitment’ to inclusive social citizenship at the level of the nation-state and progressive economic integration on the European level be rescued in the years ahead? Is there political room for a more assertive social reform agenda, bolstered by EU policy instruments and institutions, to countenance both the ‘efficient market hypothesis’, falsified by the serious 2008 financial crash and the equally threadbare protectionist welfare populist backlash? These two questions figure prominently in Frank Vandenbroucke’s introductory contribution the ‘European Social Union (ESU) debate’, followed by Maurizio Ferrera’s call to craft a viable political roadmap for delivery, together with Manos Matsaganis’ warnings on the ‘snakes and ladders’ the detours ahead.

Reflecting on the prospects of a more robust ESU, at a time when the Commission is about to embark on an “excessive deficit procedure” against Italy’s the populist coalition government
Who’s afraid of the European Social Union? A contribution to the ESU debate
By Anton Hemerijck

do not come across as early out of synch with political reality. **Ongoing blame gaming between Eurozone creditor and debtor countries continues to leave the burden of keeping the single currency afloat entirely to the ECB.** Additional finger-pointing between refugee frontline states and unaffected Central and East European countries anxious to protect cultural homogeneity, if need be, by trampling with the rule of law, does not bode well for enlarging the future political space for European solidarity. Still, numerous experts ponder on a European Monetary Fund (EMF), the introduction of an EU rainy day infrastructural investment facility, or a joint Eurozone unemployment re-insurance layer, as advocated by Frank Vandenbroucke in his contributions. Are these intellectual endeavours in vain? I think not.

Manos Matsaginis aptly reminds us that Lord Beveridge wrote his reports on full employment (1944) during the World War II when Winston Churchill’s more immediate concern was ending the war rather than crafting the postwar consensus behind a more inclusive welfare state. Good ideas may not be expedient, but they are never wasted. Searching exploration may come in handy when additional contingencies appear. Taking heed from the Beveridge reports, the ESU debate should obviously start with a proper diagnosis of the 2008 crash, and the Eurozone crisis more in particular that follow suit. Concurrently, due attention should to the pace of transformative demographic and techno-economic change and the inescapable depth of economic interdependence, fast-forwarded by European integration over the past three decades.