

The contributors to the debate on a European Social Union (ESU) share some common ground. **The ESU is meant to be an institutional framework for the European Union of nationally constituted tax-transfer states, not a federal welfare state.** The ESU's role would be to promote certain policy goals that very different welfare systems are built to address: [Bea Cantillon mentions](#) a minimum wage geared to fight poverty; [Chiara Saraceno argues](#) that rising inequality must be reined in, in particular where the EU itself is a contributing factor through openness and intensified competition.

In a world of finite resources, details matter

The base for an ESU is the European Pillar of Social Rights (ESPR), announced with great fanfare by Commission President Juncker. A future ESU is meant to add to this time-honoured rights-based approach, bringing in more policy coordination and, crucially, budgetary instruments like an EU-wide unemployment scheme, as [László Andor points out](#). All this would make permanent what [Anton Hemerijck advocates](#) in an apt phrase: the shift from a “disciplining device” for member states to a “holding environment” for active welfare states to prosper”.

Needless to say, the devil is in the detail. ‘Social protection for all workers’ sounds like motherhood and apple pie. No decent EU citizen will oppose it. Except that **in a world of finite resources and limited willingness to pay taxes, budget constraints force us to set priorities.** Protection for all workers may not be the priority everywhere. In some member states, it is the many self-employed and self-exploiting who are failed by the system. In turn, they feel entitled to evade taxes, making it even less likely that they get the social protection they deserve.

I think one needs to take the ‘holding environment’ idea for an ESU seriously and talk about institutional detail so that we start to understand how compatible our priorities are. This must come before those with inside access to EU decisionmaking push for one or the other.

Tax evasion brings me to the disingenuous role of Jean-Claude Juncker, who figures

so prominently on the EuVisions pages. Surely, only libertarians and Eurosceptics would argue against the agenda of this compassionate Conservative and true European when he supports more social rights for EU citizens to create an ever closer union? Yet, **as a national politician, for many years the Prime (and finance) Minister of Luxembourg, he opposed increased European competences in income taxation.** Under his watch, the Duchy became a tax haven that starves other member states of funding for more generous welfare. Juncker's promotion of the ESPR thus sounds hollow to those in the EU who do not live in an international financial centre for which openness and mobility are the guarantors of privileged existence. In some parts of the Union, openness and mobility are genuinely mixed blessings.

All this is to say that I think **one needs to take the 'holding environment' idea for an ESU seriously and talk about institutional detail so that we start to understand how compatible our priorities are.** This must come before those with inside access to EU decisionmaking push for one or the other.

To give just one example. Can we agree on substantive goals like fighting working poverty? Or should the goal be rising inequality across the whole population, rather than focusing on the working population only? An EU-wide unemployment insurance scheme complementing national schemes will not make much difference to either. It is an automatic stabilizer for an 'insurance union', as [Frank Vandenbroucke rightly says](#), not a redistributive instrument of a transfer union. **I would not know how to choose between these valid goals of an ESU, let alone how to bring many fellow supporters of an ESU along with me.**

Political citizenship and the protection of tax states as key elements of an ESU

An ESU will not be chosen behind a Rawlsian veil of ignorance. It, therefore, needs political mechanisms by which those EU citizens who care about social rights and welfare can make their views heard. Those who care are the residents of a welfare state, and they express their sentiments with their votes. **The ESU should be backed by political citizenship.** Adopting a residence principle for political citizenship would be a genuine innovation for the EU. It could follow the example of many countries outside Europe where residents gain a right to vote after a period of residence or taxable economic activity.

Political citizenship in the EU and protection of tax states are aspects of an ESU that create a holding environment. They would enable a union of diverse welfare states to live together.

Voting rights for immigrant residents would change political debates. It would at least make some national members of parliament raise issues of openness and migration with other than welfare-chauvinistic messages. To solve the puzzle why the principle of 'no taxation without representation' has not played a more prominent role in European integration is beyond the confines of this blog. But we should see it as a genuine element of a future ESU. Taxation is, after all, a powerful redistributive and stabilising instrument of welfare states. Mobile EU citizens are disproportionately young and well-educated but not necessarily well-paid and well-treated. **The right to vote at the place of residence would contribute to a holding environment for open and accessible welfare states.**

Progressive taxation is jeopardized by the openness that an ESU is meant to uphold. National governments find it difficult to tax fairly and at the necessary level and have to take recourse to debt or expenditure cuts instead. **Progressive income taxes do not only redistribute, but they are also more effective automatic stabilisers. Also, the taxation of wealth, including housing property, must come back on the agenda if we want to stand any chance of retaining a meritocratic society: this is the upshot of [Thomas Piketty's analysis](#).** The ESU could organise a laboratory federalism that provides lessons on how tax systems can innovate and cooperate to get at the hard-to-tax sources of concentrated wealth and underused property.

Political citizenship in the EU and protection of tax states are aspects of an ESU that create a holding environment. They would enable a union of diverse welfare states to live together. The union would expect member states to be respectful of the needs of their neighbours, for instance, to abstain from freeriding on their tax base and from outsourcing stabilisation to others. Adding ever more rights to the menu of social citizenship will not do the trick.

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