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Times of Crisis, Times of Prospects: Can the EU Learn from the 1970s?

Mechthild Herzog (http://wwwen.uni.lu/recherche/flshase/identites_politiques_societes_espaces_ipse/staff/mechthild_herzog), University of Luxembourg, *draws comparisons between the socioeconomic situation the EU faced in the 1970s with that of today. Both periods followed extreme economic crises and were defined by rapid technological transformation. Looking to the past as a guide, Herzog argues that there is a potential for today's socioeconomic crisis to actually lead to the strengthening of social and employment rights for EU citizens.*

The European Union, which the UK voted to leave on 23 June 2016, is in some respects quite similar to the one the UK joined 43 years earlier: then and now, the member states face(d) a number of comparable issues in the area of social policy and employment. Following the famous quote dedicated to Mark Twain that *history does not repeat itself, but it rhymes*, this post dares to draw parallels, and to show what the EU and its institutions might learn from a time not so very long ago.

The 1970s have long been understood as the years shaking the myth of *ever more integration*: though off to a promising start in terms of economic growth following the booming 1960s, all member states were hit unexpectedly hard by a crisis unfolding in the first half of the decade, triggered by the end of the Bretton Woods system in 1971 and two oil shocks in 1973 and 1979. While full employment had seemed reachable during the late 1960s, with an average unemployment rate below five percent in the Community, unemployment rose significantly as a result of the crises.

Similarly, national and supranational institutions in today's Europe have to deal with the repercussions of economic and financial turmoil: in 2008-2009, the collapse of the US subprime mortgage market caused an international banking crisis, followed by the global economy's deepest downturn and worst recession since World War II, according to the **International Monetary Fund (http://www.imf.org/external/pubs/ft/weo/2009/01/pdf/text.pdf)**. Again, EU member states suffered heavily under the consequences, not least visible in once more significantly increasing unemployment numbers.

A re-nationalisation of Europe?

In both periods, two immediate reactions prevailed: on the one hand, both national and supranational institutions could not help a sense of impotence. Existing social-security systems and labour markets were not prepared for such a shock. In the 1970s, political actors had to admit that their belief in the self-regulation powers of the markets was disproved. In the years following the 2008-2009 crisis, governments as well as companies were forced to acknowledge that turning a blind eye to dysfunctional deals and large-scale irresponsible behaviour would eventually lead to collapse.

On the other hand, actors at European level quickly realised that the Community, and later the EU, did not have sufficient Treaty-based competences to meaningfully intervene, since the Treaties' authors had not foreseen either of the unfolding event chains. As a result, during both the 1970s and in recent years, a search for intergovernmental solutions evolved, next to a turn to seeking answers at national level. In December 1974, intergovernmental tendencies manifested in the creation of the European Council, composed of the member states' heads of state and government, with the task to define the Community's, and now the EU's, overall political direction and priorities. Not controlled by a supranational institution, the European Council was created as a tool of purely national interest representation.

A re-focusing on national priorities was also visible in the dealing with the Community's first **Social Action Programme (http://aei.pitt.edu/1253/1/social_action_program_COM_73_1600.pdf)**, adopted in January 1974. Facing the first visible consequences of the crisis, the member states showed rising reluctance to implement the programme's provisions, so that eventually only few social regulations were adopted within the given timeframe (for instance some regulations improving the living and working conditions of migrants), some only after years or even decades (for instance concerning maternity protection), and some not at all (notably: full employment).

One feasible alternative: supranational activism

Both periods of crisis led to a cut in welfare spending at the national level. While governments were hesitant to agree to the harmonisation of social-policy standards both in the 1970s and in recent years, they looked to the European level for funding aid. This opened a door to supranational institutions' involvement in the 1970s, and it does so again today. It remains to be seen how today's institutions will deal with the options in front of them. In the 1970s, they answered a status quo of insufficient Treaty provisions with supranational activism: the Commissioners for Social Affairs pushed for a Community answer to the deteriorating employment situation in the member states. When they realised that the member states were rather reluctant to agree to comprehensive action programmes, they applied a piecemeal approach: they included small, potentially controversial social-policy measures in proposals that were sure to meet the member states' approval.

The European Parliament strategically used its power to approve or reject the Community budget, gained in two treaties of 1970 and 1975. The Parliament turned its new responsibility into leverage over the Council. Prior to the budgetary treaties, the Parliament had a mere consultative role; the Council was not obliged to adopt its amendments to Community legislation. After 1975, however, the Euro-parliamentarians repeatedly threatened their ministers: if the Council would not amend a legislative draft according to the Parliament's wishes, the latter would withhold its approval to the Community budget.

Today, the European Parliament is much closer to a real parliament than it was during the 1970s. Yet, its impact on EU legislation and action in the area of social and labour policy still depends in large parts on the Council's goodwill – or its own creativity in using the powers it has: there remains much room for supranational activism particularly in the field of social policy, which is until today one of the areas in which member states are the most reluctant to delegate sovereignty to European level.

Beyond economic and financial crises: the impact of technology

In the 1970s, as well as in recent years, not only did the consequences of crises deeply change the labour situation of numerous workers in Europe: both periods experienced a rapid technologisation in comparison to previous decades. Similar phenomena were, and are, visible as a result, notably jobs becoming redundant due to the continued advancement of machines and information technology. Such developments went, and go, hand in hand with a rising percentage of part-time jobs and the creation of precarious working models, allowing employers to easily reduce their staff whenever necessary, and

to save money on social costs.

While such crises create uncertainty that is perceived by many as a potential threat to job security, they also allow for the evolution of new labour concepts that may offer improved working conditions. A fundamental change took place from the late 1960s through the 1980s in the Community countries: industry and manufacturing jobs decreased, while the service sector grew significantly. As brain capacities became more important than muscle power, female and elderly workers' employment prospects improved. In a comparably fundamental development, today's digitalisation processes result not least in the deviation from classical nine-to-five models. Home-office work and more flexibility in fulfilling tasks allow for a better compatibility with family life and non-work-related occupations.

Obviously, both developments had and have their downsides for big parts of the working population: in the 1970s, not everyone had the required qualifications to take up an occupation in the services sector, or a job created through technological progress. Today, digitalisation and a looser connection to one's workplace come with the danger of never actually stopping to work. Here, the EU could once more set high standards of labour protection rules, as it has done repeatedly in the history of European integration. Examples are the 40-hour working week, annual vacation (4 weeks minimum), maternity (14 weeks minimum) and paternity leave (18 weeks minimum).

Setting new social standards – a European opportunity

In many aspects of European social policy, standards were set according to the member state with the most favourable conditions. There are, however, issues in which the Community/EU established a new highest standard. The 1970s witnessed one prominent case: equality policy. Back then, more and more women wanted to work after getting married and having children. Unfortunately, their push for employment went hand in hand with the outbreak of the crisis. Given that men were officially still considered more important for the household income than women, and that women were not as strongly represented by the social partners, women had more problems finding employment. If they did, this was often in precarious and worse-paid positions.

Just like the 1970s, our time faces a group of potential workers who face precarious and insecure employement prospects, who are often hired in part-time, badly paid and not, or insufficiently, socially protected positions: third-country migrants, particularly those coming from developing countries, and refugees looking for a temporary or permanent new home. In the 1970s, the Community institutions managed to install an increasingly dense framework of labour protection and guaranteed equality for women, despite sceptical governments and hardly existent Treaty provisions. Their motivation was not least to give the Community a more human face, and to show that it was more than the technocratic, purely market-oriented construct as which it was widely perceived. If today's EU wants to retain a leading role in the global political system, it should continue to set social standards. Next to economic aspirations, it should feel committed to setting an example in protecting the people living on its territory, and offering them opportunities for development. In the area of social policy, our time offers a lot of potential.

At this point of manifold open opportunities, the UK has decided to leave the EU. Brexit in itself might open as yet unreachable possibilities of social harmonisation at European level, given that the UK has often been sceptical to delegate competences in the area of social policy to the EU – Margaret Thatcher's European politics and the British opt-out of the Maastricht Treaty's social chapter are famous examples. Yet, British members of the European institutions have played a significant role in the shaping and indeed strengthening of EU social legislation since the 1970s. The British input in legislative processes will be missing, whether or not EU rules will continue to apply in the UK, which remains yet to be seen.

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Note: The views expressed in this post are those of the author, and not of the UCL European Institute, nor of UCL.