



The November edition of the Global Cooperation Newsletter is devoted to an analysis of some key features of the European social model. For that we are giving the floor to the past President of ICSW, Dirk Jarré (Germany), who will address various options in the context of the evolution of European society, including normative developments in the European Union. The article seeks to provide food for thought for policy-makers, representatives of civil society, and the public at large, exploring some policy solutions and reform opportunities. This analysis is particularly timely in view of the forthcoming discussions at the General Assembly of the European ICSW scheduled later in November 2018 in Vienna, Austria

Sergei Zelenev, ICSW Executive Director and Editor of the Newsletter.

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The Future of the European Social Model - Considerations, Challenges, Developments

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Understanding the European Social Model

In current debates about globalization some politicians based in the member states of the European Union (EU) often refer to "The European Social Model", particularly in the context of its competitiveness in relation to other models existing in the world. However, they do not offer a clear definition or an unambiguous understanding of what the term means. The consensus is, however, that the **European social model is the type of model that is embedded in European society** with its fundamental values, convictions, goals, structures and ways of acting.

To reach a better understanding of what this prevalent model is all about, it is not enough to analyse social policies in the individual countries of Europe. Such an analysis would only lead to a classification of welfare-state systems and provide more evidence of the existing differences rather than of what these countries have in common. To gain a better understanding we need to look at what the European Union as such — the most ambitious

European economic, political and social integration project — has to tell us on the subject. The best sources for the key elements needed to understand the European Social Model are the *Lisbon Treaty of the European Union*, which entered in force in December 2009, and the *Council of Europe's Strategy for Social Inclusion*.

The 2009 EU Treaty establishes the European Union as a union of the peoples and states of Europe open to all European states which respect its values and undertake to promote them jointly. In its preamble it states: "Convinced that, while remaining proud of their own national identities and history, the peoples of Europe are determined to transcend their ancient divisions, and, united ever more closely, to **forge a common destiny**". The Treaty mentions the following values on which the Union is based: "respect for human dignity, freedom, democracy, equality, the rule of law, and respect for human rights, including the rights of persons belonging to minorities — values common to the member states in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail".

By incorporating the **Charter of Fundamental Rights of the European Union**, the Treaty achieves a major breakthrough, which allows the Union to have its own catalogue of rights for its citizens. Those rights will have binding legal force and must be respected by institutions, bodies and agencies of the Union, as well as by the member states when they implement the Union's legislation.

In the Union's policies, the Treaty provides a horizontal '**social mainstreaming**' clause by stating "*in defining and implementing the policies and actions referred to in this part, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health*". The principle of participatory democracy is mentioned as well: "*The institution shall, by appropriate means, give citizens and representative associations the opportunity to make known and publicly exchange their views in all areas of Union action*".

Accordingly, the Model identifies the following **main objectives**: to protect individuals and groups against the economic and social risks of life and changes in society; to secure adequate income and conditions to live a life in human dignity and with fullest possible participation in society; to combat discrimination and create equal opportunities for all; to avoid marginalization and to integrate the socially excluded; to break the vicious circle transferring poverty from one generation to the next; and to diminish to a certain extent extreme gaps in the distribution of the wealth in society.

Grounded in and inspired by international and intergovernmental agreements and compacts, the European Social Model is based on **citizens' individual and collective rights** embedded in a legal system. Consequently, social justice and social inclusion are seen as basic principles. Under the rubric of social protection, it combines monetary social security systems with personal social services — both indispensable and complementing each other. It is underscored that without material security, good education, adequate health and equal opportunities there can hardly be ongoing and constructive involvement of the citizen in the governance of the community.

The European Social Model embraces the different roles played by the main actors in European society: the state at its various levels, the market economy institutions and civil society. Only the state, however, has the capacity to guarantee the fundamental rights of citizens, to be able to put common interests on the agenda, and to create a socially cohesive environment. While a free market economy can be an efficient and effective provider of services to consumers, civil society is indispensable to give people's needs a voice, to be their advocate, and to foster empowerment and volunteering.

Connecting economic and social dimensions through a socially responsible market economy, the Model envisions "marrying" market competition with solidarity and social justice, and aims at economic growth that strengthens social cohesion. Consequently economic, employment, educational, health and social policies are seen as interrelated and considered as mutually supportive.

Expenditure in the areas of education, health and social protection are seen as **productive investments**. Social cohesion and security schemes facilitate structural changes and increase people's readiness to accept risks and go for chances, thereby increasing the flexibility of the labour market. Solid labour legislation, state responsibility and an organised 'social dialogue' — the autonomous negotiations between employers and trade unions — form another pillar for this basic social agreement. The financing of social protection systems is assured either through taxes or by contributions, often a combination of both. It is not based on charity but on societal solidarity and on equality.

Major considerations and challenges

Embedded in the European political culture and its institutions, the social model represents a part of a common European approach, spelling out specific rights and obligations of societal groups and individual citizens. At the same time a number of ongoing processes present significant challenges to this model. Those changes include the globalization of production, trade and consumption; the ongoing liberalization of markets and the informalization of employment conditions; a short-term horizon in planning and investment strategies in most areas; the growing dominance of individual profit generation over the values of universal well-being; growing individualization and questioning of state authority; demographic changes caused by low fertility rates and increased longevity; increasing migration movements without appropriate integration mechanisms.

The **consequences** are also multidimensional by definition: economic, social, structural, and, above all, political and psychological, along with not yet fully assessed cultural effects. Increasing threats are, for example: unemployment and poverty, inequality and the widening gap between rich and poor, functional illiteracy, school drop-outs and young people's difficult access to the labour market. Such social ills as crime and drug abuse; xenophobia and racism; indifference, loneliness and isolation could be added to the list. On the other hand, important socio-cultural pillars show a certain erosion — e.g. decreasing trust in state authorities, in political parties and politicians, in public institutions' capacities to act in the general interest, in the possibility for

individuals of combining their professional careers and family life; we also see decreasing solidarity in society and social security, in public order and justice, as well as trust in the reliability of social-security systems.

The **need for modernization** within the framework of the European Social Model is now widely recognized. Areas where responses and solutions are urgently needed are: reforms of the various social-security systems, including updated concepts of sustainability without losing solidarity; new orientation in employment policies, including adaptation of work-related regulations; new responses to demographic changes and enabling family and youth policies; courageous designs in immigration and integration policies; and forward-looking strategies for education, cultural identity and active citizenship.

However, the **actual policies and approaches** to address this complex and precarious situation do not seem to provide a clear answer. Often, they are hardly connected to the real needs of society and the basic common 'philosophy' of the citizen. Therefore, there is a need to develop a shared vision of the common future that interconnects visions and aspirations with ethical norms and with economic, social and cultural conditions. Reform plans aiming at structural changes and new processes have to make clear what the advantages for citizens and social groups in society are and what their responsibilities are, including costs and commitments.

All reforms should be based on the values and principles that characterize European society: full **respect for human dignity**, recognition and implementation of fundamental rights, social justice, solidarity, non-discrimination, equal opportunities, social inclusion and participation.

The **re-establishment of trust** in public political and administrative management, in the reliability of security and care systems, in the social responsibility of economic actors, and the re-building of citizens' confidence in the future of Europe are essential. Such social capital has to be considered and nurtured as the main prerequisite and as the driving force of positive societal developments.

Reform considerations have to be highly receptive to **successful experiences** in other countries and based on the understanding that macro-economic policies include social policies and are actually part of one whole. The "either-or-approach" is non-productive. In the long run there is no economic growth where there is no stability and social cohesion. A **balance between economic performance and social cohesion** is to the benefit of society at large. Social protection needs to be recognized as a productive factor. Labour market flexibility is perfectly compatible with social security — they can be complementary features serving both the interests of the economy and the needs of the individual. Only people who feel safe are ready to take risks.

Reform policies need to be built on the **principle of sustainability**. They must strengthen the balance between the economic, social and environmental dimensions of development. Thus, policies and strategies have to ensure that the resources, the potential and the options of Europe's society are not endangered but rather developed — in particular in terms of natural resources, human capacities, entrepreneurship, innovation and welfare. Decisions should not be determined solely by the choices of today's generation but also by a careful assessment of the needs and the opportunities of the generations still to come.

General and consistent reforms of taxation, financing and compensation systems need to be achieved. Reforms of structures and processes will inevitably have financial effects but should not be primarily driven by **financial considerations**. They should pursue the goal of making **taxation systems** transparent and understandable for all, more just and less subject to abuse, and, most importantly, justified in volume by the clear objectives of society. Public financing strategies need to be more focussed on investment in the areas of human capacities, in innovation processes, in enabling environments – just to mention some key areas.

There is also a need to reflect on new concepts of what should be considered as labour and which kind of activities (e.g. in the areas of caring, education, etc.) have to be recognized as productive contributions to society and should therefore be directly remunerated.

The **principle of flexibility** in working life should not only apply to the labour force but, first of all, to work places using the possibility of new technologies and management processes. That would allow people to better combine family life, raising children, caring obligations, professional work and leisure.

Moreover, people's responsible choices in balancing education, work orientation, income, material security, risks and chances, as well as quality of life, should be extended by making systems more reliable. Opportunities, as well as dangers, should become more transparent. The mainstreaming of **gender equality** must be one of the strongest features in that respect.

Demographic changes, such as low fertility rates and ageing, do not need to be seen as a threat to society or to economic growth and the stability of social security systems. In that perspective it is necessary to provide forward-looking answers on such issues as working time, retirement age, productivity and the quality of work, and the relationship between the use of the experience of the old and the drive for innovation and change of the young.

Europe urgently needs a concerted and responsible **immigration policy** that respects both Europe's needs for foreign labour and the consequences for the countries of origin of immigrants. Immigration policies need to clearly address the issue of integration, reflecting the principles of mutual cultural respect, societal diversity and social cohesion. Both immigrants and the host society have to know that integration is a mutual responsibility that includes rights, duties and respect on both sides.

Another important area for substantial modernization is the sector of **personal social services**. In particular the principle of users' involvement needs to be fully recognized and implemented by service providers under the guidance of the responsible authorities. That concerns all stages of conceiving and implementing those services: the assessment of needs, the strategies of provision, the design of the services, the monitoring of their actual provision and, last but not least, their evaluation and possible readjustment.

European policies and strategic concepts should not be limited to a restricted view of the situation of the members of the European Union. Europe is a cultural space in which all European nations have their importance and where the concepts, needs, thinking and developments in one part of the region affect all the other parts. Consequently, a **strong and ongoing dialogue** among all European nations is indispensable and certainly the only reasonable way to go.

Societal reforms and development programmes can be successful in the political process only if they are subject of a broad and necessarily controversial public debate in society. That requires time and substantial investment in **general consultation processes** on "the society we want" before being decided upon by citizens through referenda.

It is evident that such an approach needs a sound **communication strategy** in order to inform citizens about challenges and opportunities, to guarantee transparency and accountability, to promote participative democracy and thus to create for citizens a sense of ownership in shaping the future of their lives and their children's lives.

All **societal actors** must feel concern for the common good of society and its future development — despite the different and specific interests they may pursue. After all, their individual opportunities and successes are dependent on the state of health of society. Continuous investing in society in terms of ethical convictions, education, innovation, and material means, but also personal commitment and time represent a precondition.

Finally, it has to be clearly acknowledged that globalisation doesn't only constitute a threat but also offers at the same time great opportunities. Europe needs to be more than just competitive in the global economic market in order to survive. More importantly, Europe needs to demonstrate that its specific European Social Model is a highly successful one that can hold its own in international competition. Globalization offers an outstanding opportunity to redesign structures, arrangements and procedures in European society.

Recent EU social policy developments and prevailing problems

Important changes in governance were made to make processes more democratic and transparent, to strengthen the position of the European Parliament, especially through the principle of co-decision, and to ensure that the role of social partners is emphasised and diversity receives more attention, while the concepts of "subsidiarity" and "proportionality" are gaining in importance.

Very importantly, the incorporation of the *Charter of Fundamental Rights of the European Union* as an integral part of the Treaty (primary law), as well as article 11 on *Participatory Democracy*, containing the *European Citizens' Initiative*, meant a significant step forward in giving citizens a voice. Also, the goal of "improving the life of Europeans" through measures regarding freedom, security, justice, energy policy, public health, civil protection, climate change, services of general interest, research, territorial cohesion, humanitarian aid, and sports, etc. came into much better focus.

The structural, political and institutional crisis of the European Union, together with some unfortunate developments such as the loss of trust and support in the transnational institutions by a growing number of EU citizens, is disappointing. But there is a silver lining — eventually it led, in recent years, to new reflections and debates, including in particular social policy aspects — that potentially can trigger off quite positive long-term developments. Three main initiatives have to be mentioned here: (1) the European Commission's *White Paper on the Future of Europe* of March 2017; (2) the European Union's efforts to establish a *European Pillar of Social Rights*; and (3) the "Meseberg Declaration" of the Franco-German Council of Ministers of June 2018, entitled "Renewing Europe's promises of security and prosperity".

To stimulate the thinking and the debate within the ranks of ICSW in the European region, some critical reflections on the possibilities and limitations of European social policy-making are in order. They may be useful in the

development of clear objectives and strategic concepts concerning lobbying, pressuring, cooperating or supporting national and European policy-makers, as well as the European institutions, in their efforts to shape the future of European society and the European Social Model.

A major problem is the fact that social policy is still predominantly a nation-state matter, even though significant strides have been made in developing region-specific social policies. Member states still show keen interest in maintaining sovereign decision-making rights in the European Union through differentiated voting rules, which are enshrined in the Treaty and often pose serious barriers or even blockages in efforts to advance the European integration process. Difficulties in the harmonization of social policy between EU member states do exist, making an integrated European Union Social Policy — with guaranteed equal social rights, comparative social protection, quality treatment and benefits for all throughout the whole European Union — an important but yet elusive goal.

The social dimension of European integration has witnessed a slow, long but in the end progressive process leading to an extension of the Union's competences in the area of social issues. That has been stimulated by Treaty revisions, secondary law, such as directives (and their transposition into national legislation), the *Community Social Charter*, the *Social Protocol*, various *Social Action Programmes*, the *Open Method of Coordination*, the implementation of the *European Semester* with its national reporting and country-specific recommendations, and, very importantly, the judgements of the European Court of Justice. These have profoundly influenced not only the goals and the content of EU social policy but also, and in particular, the mode of governance and the degree of responsibilities of the actors involved.

In our view, ICSW-Europe may wish to suggest a clear strategy to renew the European Social Model. Such a strategy should be designed as a broad political process aiming simultaneously at conceiving the necessary reforms and at restoring the trust of the people in social security and solidarity.

Its key elements are:

- The reform of the Social Model has to respect economic and social aspects in an equal way and recognize that economic growth and social cohesion have to go hand in hand.
- Economic growth can be achieved by combining increased flexibility in the labour market with more reliable social-security systems.
- Taxations and financing systems have to be developed in a more transparent and accountable way in order to increase social justice and insure sustainability.
- Demographic changes need to be addressed in new ways, including by making use of concepts of a new distribution of rights and obligations between generations.
- A realistic immigration policy should be developed by considering the interests of the receiving and sending countries, as well as the interests of the migrants themselves.
- The consultation process on the European Social Model should engage a wide variety of actors in the economic and social field in the framework of an *Assembly on the Future of European Society*.

There still are major obstacles impeding the achievement of such an integrated European Social Space. They lie, on the one side, in the very different economic performances of the member states of the European Union and, on the other side, in the unwillingness of national governments and political power elites to renounce their privileges in regulating political, economic and social conflicts, and their unwillingness to profoundly shape society through social policy decisions and social benefits allocations.

In our view ICSW-Europe — as part of the knowledge-based and policy-oriented global organization:

- should set up a list of priority issues in the area of social policy that need to be addressed urgently and argue convincingly for immediate policy action,
- should emphasize that good social policy is the most rational investment — politically

and economically — and indispensable for social cohesion, peace and economic sustainability,

- should establish strong coalitions (and sometimes helping to create a movement) with other civil society organizations/networks aimed at defending social rights and promoting sound social policies,
- should identify political and strategic partners (including personalities), especially in the European Commission and the European Parliament, but also in the Council of Europe, to work closely with,
- should explore the use the Consultative Commission on Industrial Change — an important think tank inside the European Economic and Social Committee — to strengthen links with influential socio-economic actors.

It is of paramount importance to make national governments and the political power elites fully understand that without the cooperation and the support of civil society they will not be able to live up to their responsibilities, nor to uphold their full political influence, nor to insure an ongoing success of the European integration process, which is so essential for the peace and the well-being of present European society, for the globe at large, and for the generations still to come.

The article reflects solely the views of the author. It is based on a comprehensive study on the same topic authored by Dirk Jarré with the cooperation of Walter Schmid (Switzerland) and presented in full on the ICSW website.

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