The 'European Social Model'

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Abstract

In the wake of the Treaty on European Union, there has been renewed interest in social policy within EU circles. Much of this renewed interest has materialised in high profile political arena with appeals to the 'European social model'. The phrase is used in a large number of documents emanating from various Community institutions, European-level organisations and national Governments. This paper establishes an analytical framework to consider alternative conceptualisations of the 'European social model'. The paper asks two key questions: First of all, how is the 'European social model' being conceptualised in high level EC/EU discussions and in the policy documents themselves? Second, what is significant about the way in which it is being conceptualised? Why, for example, are the Commission's and European Council's conceptualisations of this model significant? In examining these questions, I have come to the conclusion that in fact the phrase 'European social model' is misleading. Instead, the paper starts by talking about the 'European social bargain', rather than the 'European social model', and in particular, considers a crisis in the European social bargain.

The paper does not attempt to consider in any detail the nature of both internal and external pressures on social policy in Europe, For example, I have not discussed the processes of globalisation or competitiveness and their impact on social policy. To a large extent I assume that such processes have posed problems for national social welfare programmes - problems surrounding social dumping; problems surrounding the balance of power between organised labour and employers; demands for greater labour market flexibility in search for enhanced competitiveness and so on. Such problems are well-documented. The paper does not go into these in any detail - it assumes them. The focus is rather on the process of policy-making and the consideration of the 'European social model' as it is being conceptualised as a framework for further development of policy.

There are two parts to the paper: the first section establishes the analytical framework for the discussion of the 'European social bargain'. The second section examines the *slogan* of the 'European social model' as developed at Community level and as detailed in policy documents. The key question developed in the course of the paper is whether it is indeed possible to reconcile multi-tiered governance - and its policy output - with the rhetorical slogan of the 'European social model'.

The 'European Social Model': A Framework for Analysis

Caitríona A. Carter.

I. Introduction

In the wake of the Treaty on European Union, there has been renewed interest in social policy within EU circles. Much of this renewed interest has materialised in high profile political arena with appeals to the 'European social model'. The phrase is used in a large number of documents emanating from various Community institutions, European-level organisations and national Governments. For example; the Commission's 1994 White Paper on Social Policy devotes a whole chapter to a discussion on the preservation and development of the 'European social model'; the EP Opinion of that same White Paper confirms the EP's commitment to the 'European social model'; in March 1996, the French Government adopted a Memorandum, presented to the European Council meeting in Turin on the 29th March, 1996, which refers explicitly to the 'European social model'. More recently, the commitment of the UK Government to sign the Social Policy Agreement has been hailed as a triumph for the 'European social model'. So, there is much talk of the 'European social model'.

In this paper, I wish to establish an analytical framework to consider alternative conceptualisations of the 'European social model'. The paper asks two key questions. First of all, how is the 'European social model' being conceptualised in high level EC/EU discussions and in the policy documents themselves? Second, what is significant about the way in which it is being conceptualised? Why, for example, are the Commission's and European Council's conceptualisations of this model significant?

In examining these questions, I have come to the conclusion that in fact the phrase 'European social model' is misleading. Instead, I wish to start the paper by talking about the 'European social

bargain', rather than the 'European social model', and the distinction between the two will become clear in the course of the paper. In particular, I wish to address a crisis in the European social bargain.

The paper does not attempt to consider in any detail the nature of both internal and external pressures on social policy in Europe, For example, I have not discussed the processes of globalisation or competitiveness and their impact on social policy. To a large extent I assume that such processes have posed problems for national social welfare programmes - problems surrounding social dumping; problems surrounding the balance of power between organised labour and employers; demands for greater labour market flexibility in search for enhanced competitiveness and so on. Such problems are well-documented. The paper does not go into these in any detail - it assumes them. The focus is rather on the process of policy-making and the consideration of the 'European social model' as it is being conceptualised as a framework for further development of policy.

There are two parts to the paper: the first section establishes the analytical framework for the discussion of the 'European social bargain'. The second section examines the *slogan* of the 'European social model' as developed at Community level and as detailed in policy documents.

II. The 'European social bargain' - The Crisis

I would like to start off by saying a few words about the original social bargain which underpinned the founding Treaties of integration. It is commonplace that European integration has been, since the outset, a political project driven, principally, by economic integration. The political aspirations of the "founding fathers" equally, are well known, involving as they did the fusing together of European society within a collective (or common) governance structure with nation states becoming

3

increasingly interdependent as the barriers to the free movement of goods, services, capital and labour progressively were eliminated. In short, European integration was founded on the conviction - or the ideal - of establishing better governance in Europe (as Helen Wallace would put it) and of providing European peoples with a socially progressive society, underpinned by the fundamental social principle of solidarity among citizens.

However, despite this conviction that European integration had something to do with creating a "better" European society, the Treaty of Rome included very little that had a **direct** bearing on the social, or civic, welfare of individual 'Europeans'. Indeed, in devising the original Treaty, it was expressly decided to exclude from the Treaty any provisions relating to what we generally understand as "social policy" - health care, pension rights, etc.. It was agreed that:

> "re-distributive benefits used as an instrument of social policy should remain entirely a matter for member states" (Collins 1975, p.9).

What became (common) EC social policy instead focused on addressing a narrow range of effects associated with the development and functioning of the common market. The Treaty set down provisions for the establishment of a European Social Fund to finance programmes to increase worker mobility and to re-skill workers. The Treaty also gave powers to the Community to ensure the provision of social security for migrant workers, eg. through the co-ordination of social security systems, and mandated the application of the principle that men and women should receive equal pay for equal work - a provision included primarily on the insistence of the French to prevent distortions of competition between Member States caused by different levels of equal pay legislation.

So, social policies directly bearing on re-distribution would continue to be dealt with by individual

member states, delivered at the national level. This, then, was the original bargain. Crucially, therefore, social policy was not excluded in the original bargain of integration, but was to be developed at national level. The fact that social policy was to be delivered through national systems - all be they 'social democratic', 'corporatist' or 'liberal' (Esping-Andersen 1990) - is important in terms of both consensus and legitimacy, with national welfare systems seen as providing a clear link between the state and civil society.

Much of the criticism levelled against EC social policy focuses not on any failings on the part of the founding fathers to incorporate provisions for the introduction of a common social policy with *re-distributive* objectives, but rather on the failure of the EC subsequently to develop such a policy (see, for example, Gold 1993; Teague 1989; Wise and Gibb 1993). A standard critique is to view the restricted (regulatory) nature of EC social policy as a consequence of the inter-governmental process decision-making arrangements of the Community, with lowest common denominator bargaining and weak law being the inevitable outcomes. Such an intergovernmentalist culture, it is argued, has thus encouraged the continuance of national divisions in the articulation of social group interests, preventing the emergence of a pan-European dialogue and stifling the establishment of the type of common social base essential for the emergence of pan-EC redistributive social policies.

However, it is not at all certain that the problems in social policy stem from the fact that the EC has failed to adopt at supranational level the kind of social welfare policy promoted at national level. This view relies significantly on a certain idea of the process of European integration that does not, in fact, conform to what has been the reality. It conceptualises integration as a continuous process that inevitably culminates in the creation of a European federal state which discharges social welfare programmes in the same way that nation states traditionally have done. On the other hand, a quite different conceptualisation of the process of European integration - one that does not regard it culminating in the European federal state - would lead us to different conclusions. Thus,

"Social policy in Europe, this implies, can be understood only if one dissociates oneself radically from the received image of a slowly but steadily evolving European federal welfare state...Taking the end-point for granted, on the assumption that integration could lead only to replication of the familiar on a larger scale, resulted in the typical discussions on the 'social dimension' of integrated Europe, which essentially were about the question of whether the glass was already half full or still half empty" (Streek 1996b: p64)

Thus, critiques of EC social policy that locate the "problem" as a direct consequence on the part of the EC to fail to complete the journey initially mapped out (sic) towards a federal governance structure (this being a pre-requisite for formulating a, somehow defined, "strong" social programme) can only be valid to the extent that the assumption that this preordained destination (of a federal European super-state) in itself is a valid understanding of the process of integration envisaged at the outset. And it is here that one might reasonably take issue with the critics, not on the basis of their disappointment at the present state of development of EC social policy (which many might share), but because of what this approach implies is required in order that social policy can be further developed - namely greater steps to create a federal governance structure within the EC. It is worth noting that integration was to be regarded as 'irreversible' only in the sense that the ultimate objective of integration was to secure (for ever) peace in Europe. The supranational framework was there to cultivate a climate of sustained co-operation. As long as participant countries turned to co-operation rather than war to settle differences, this in turn would change forever the political relations between them - hence 'irreversibility'. Consequently, it is the process as such, rather than any imagined end objective, which should define our approach.

An alternative approach is thus to conceptualise integration as a continually renewing process. Arguably, only by understanding that the political and economic regime in Europe is a "new kind of animal" altogether (Streek 1996: p65), can one begin to conceptualise the crisis of the European

social bargain. Indeed, the EU's unique governance arrangement is producing a distinct pattern of social policy-making, different from that of any national welfare state (Leibfried and Pierson 1996). And a defining feature of that policy-making arrangement is the emergence of multi-tiered governance. Multi-tiered governance is, of course, the product of European integration. With the progressive dismantling of obstacles to the "four freedoms", nation states have, inevitably, found it ever more difficult to secure purely national objectives in delivering policies. National economic and social policy instruments are subject to "leakage" in the sense that these instruments are no longer as able to secure their objectives as was the case prior to integration. So, rather than the development of single policy instruments (as is implied in the federal model), we have multiple instruments which are guided and coordinated through a process of local, national and supranational mediation described as multi-level, or multi-tiered, governance.

As Sharpf has pointed out,

> "the success of market-correcting policies did in fact depend on the capacity of the territorial state to control its economic boundaries. Once this capacity was lost, through the globalization of capital markets and the transnational integration of markets for goods and services, the 'golden years' of the capitalist welfare state came to an end" (Sharpf, p.16).

Consequently, when we examine social policy through the lens of multi-tiered governance, rather than through a lens which locates the problem as linked to a failure to create a federal Europe, a quite different perspective becomes apparent. This theme is developed by Leibfried and Pierson in a volume devoted to investigating European social policy within the context of multi-tiered governance. In that volume, they point out that, although national welfare systems remain the principal providers of social welfare in the EC, they do so in an increasingly multi-tiered system of governance (Leibfried and Pierson 1996: p44). And this raises problems.

First, a multi-tiered system can be problematic in the pursuit of certain policy objectives. Those groups opposed to the pursuit of "extensive" and "highly redistributive" social polices may be greatly advantaged in a multi-level system (Leibfried and Pierson 1996: p27):

> "the prospect of competitive de-regulation introduces an important dynamic in multi-tiered systems that combine economic integration with territorially dispersed authority over social policy" (Leibfried and Pierson 1996: p27).

Balancing claims of representation thus becomes even more problematic within such a system, one that lacks a strong 'state' apparatus. Questions of opportunities that such a system offers to social groups become pertinent - for instance, Leibfried and Pierson question the extent to which this fractured institutional setting shifts the balance of power between the two sides of industry (Leibfried and Pierson 1996: p39).

Second, the fact that national social and welfare models are being constrained in their ability to deliver becomes a problem given the original bargain of the Treaties, which saw member states performing re-distributive functions to off-set (negative) effects of (market-driven) economic integration. The fact that social policy was to continue to be delivered through national systems is important. This is because there is a direct relationship between the provision of social welfare in European society and the social legitimacy of governance arrangements (Leibfried and Pierson 1996). Redistributive social welfare programmes that offset unacceptable market outcomes have played a central role in post-war Europe in shaping political events. Throughout that period something approaching a consensus between political parties emerged regarding what the polity could reasonably expect in terms of a minimal level of social welfare provision. This social bargain was, in large measure, inviolate. And attempts to violate it were uniformly unpopular. However, the progressive deepening of economic integration within the EC, and later the trend towards globalization (i.e. informal, though extremely powerful, international economic integration), posed what are by now well-documented problems for national social welfare programmes. Problems

surrounding social dumping; problems surrounding the balance of power between organised labour and employers; demands for greater labour market flexibility in the search for enhanced competitiveness, etc..

The problem confronting the EC therefore becomes a problem rooted in legitimacy. Increasingly, EC member states are unable to deliver what is expected in terms of social welfare provision, and this is regarded as being a direct consequence of European integration. Moreover, the arrangements of governance at the EC level seem incapable of fashioning a response to this problem, and EC social policy simply is not developing as a replacement for national measures. It is in this sense that we might reasonably talk of there being a European social bargain and of there being a crisis in that bargain. The crisis exists in the sense that, on the one hand, the delivery of the original bargain is being threatened at the lower level as a direct consequence of integration and, on the other hand, the original bargain cannot be re-constructed at the higher level, because at this level there is no strong state apparatus which would establish a 'Community of fate' (in Hirst's terms). The question which emerges is whether it is possible to fulfil the original bargain within a multi-tiered system of governance.

II. The 'European Social Model'- The Slogan

The EC dimension to the question of social welfare and the delivery of social policy is, then, established. In the run up to the Treaty of Amsterdam, and with the future enlargement of the Union in mind, the content of recent policy documents suggest a serious interest in social policy, and in the 'European social model' in particular. As mentioned earlier, a large number of policy documents consider in detail the concept of the 'European social model' and uphold this model as a clear way forward for the Union. The matter was further aired when, in October 1995, the EC Commission convened a Comité des Sages to address the issue of fundamental rights, in particular fundamental

social rights, in the light of future Treaty revision. The Comité's report referred explicitly to the 'European social model' as a way forward in that regard. Speaking to the Social Policy Forum in March 1996 on this Report, the Chair of the Comité, Maria de Lourdes Pintasilgo, stated that;

> "the European social model, if it is to be true to its vocation, must be original, which means innovative".

Clearly, therefore, the idea of a 'European social model' is a powerful one. But, what precisely is this "model". How is this model being conceptualised within these documents and political declarations alike. Is it possible to even grasp a commonality in definition?

I would argue that it is indeed possible to (re-)construct both the Commission's and the European Councils' definitions of the 'European social model' in a specific way. First of all, the slogan 'European social model' is an appeal to a commonality. For example, the following (minimal) definitions state that it is,

> "a characteristic way in which European states take account of and deal with social problems" (Hansenne 1996).

Or, as the President of the European Commission described it,

> "it marks the fact that, over and above our historical and cultural diversity, there are certain shared ways of organizing our societies" (Santer, 1996: p10).

Secondly, and notwithstanding the fact that the 'European social model' represents a shared characteristic, close scrutiny of the policy documents reveals that the model is clearly being identified and presented as a systematic framework which aspires to certain, specified ideals in any 'future' development of policy. Importantly, in their conceptualisation it is clear the 'European social model' is premised on three social bargains, common to all participant countries (even though the

modalities of delivering these bargains may differ between one social welfare system to the next), and which must be protected in any future policy development. The three bargains are as follows:

First, a **system of industrial relations** based on a system of collective bargaining. Success here depends on actors considering the situation within which they bargain as being in what Hirst would describe as "a community of fate". Bargaining of this nature would take place within national structures, backed up by a substantial state apparatus, and can range from minimal labour legislation to extensive collective bargaining agreement arrangements, whereby collective agreements can be granted legal recognition in law.

Second, the 'European social model' is characterised by the **welfare state**. This includes a social security system, the public provision of health services, and can include minimum guarantees in law, such as a guaranteed minimum wage.

Third, is the process of economic policy-making which recognises the principle of **social partnership** in the production and distribution of wealth and in the creation of employment (in line with Keynesian policy). Policy is devised and implemented in the spirit of consensus or social cooperation.

The 'European social model' conceptualised in this manner, is premised on a set of social bargains and the slogan anticipates that the 'European social model' will be able to both deliver and protect these bargains, fundamental to the continued legitimacy of European integration. The extent to which the model will be able to do this becomes a crucial question (and one which I will return to later on in the paper).

Underpinning the 'European social model', and part of the three social bargains isolated above, are

a set of social values. The Commission has categorised these and sets them out as follows in the 1994 White Paper on Social Policy: "democracy and individual rights; free collective bargaining; the market economy; equal opportunity for all; social welfare and solidarity". At the level of the values-rhetoric, the appeal to commonality is even more marked in a symbolic sense. Here, the 'European social model' appeals to European <u>identity</u> in terms of societal organisation. This "Europeanness" is upheld by contrast with US and Japanese models in particular. In this sense, the European aspect of the "social" is hostile to the establishment of a low wage society, characterised by an inequality of earnings and the creation of an "underclass", where collective bargaining plays a minor role. What is stressed instead is investment in human resources which will, via increased productivity, raise industrial competitiveness. Only in this manner, it is stressed, will these fundamental 'European' values be protected.

A very strong sense of the inheritance of Europe thus comes through in these policy documents. The constant references to the "inheritance" of Europe in the promotion of the 'European social model' begs the question to what extent the current rhetoric surrounding the 'European social model' is simply an appeal to the past (especially given that the three social bargains are themselves challenged within a multi-level system), rather than representing a potentially radical development of policy. I would like to make a couple of observations about the appeal to the 'past' before drawing any conclusions.

First, the appeal to the past is especially marked in the context of the post-Maastricht EU, and the end of the Cold War. As Hirst points out (1995: p46), the ratification crisis along with the collapse of a unifying adversary in the form of the Soviet Union gave rise to a situation in which the fundamental "idea" of the European Union was questioned. As Hirst notes, this questioning extended also to the provision of social welfare in West European states. One might, therefore, interpret the current emphasis being placed on the 'European social model' as an attempt to define a new "ideal"

12

for the EU. Under attack from the economic pressures identified earlier, the 'European social model' is seen as a "third way" (Chirac) whereby the provision of social welfare can be reconciled with the harsh realities of a post-Fordist and increasingly global industrial system. Thus the focus on the 'European social model' is a victory of rhetoric over reality; a restatement of the importance of the values of European society; a restatement of the importance of trade unions and collective bargaining. So, although the 'European social model' is held up as being original and innovative, it can in fact be understood as a re-statement of the old, rather than something new. In this rendition, the 'European social model' is little more than a slogan.

Second, and following from the above, the appeal to the past must also be considered in the light of both the current IGC and the intended move towards European monetary union. The 'European social model' is presented as being the cornerstone of our society - its values being the values of the Union as a whole. Indeed, debate around the 'European social model' increasingly is being linked to broader discussions of the EU as a political or civil union. The language of the Reflection Group Report - the blueprint for the IGC negotiations - is one stressing shared values of the Union, viz.; human rights, democratic values and equality and non-discrimination. For example,

"We believe that Europe also shares certain social values which are the foundation of our coexistence in peace and progress" (RGR 1995: pIV).

These are similar to the "values" implicit within the European social model. The implication is that the development of European society will depend on the development of the 'European social model'. Support for this view is found in other fora. Since the TEU, the issue of legitimacy and relevance have come to dominate the debate. A key concern of the 1997 IGC was precisely to set down Treaty provisions which would enable the development of policies which 'speak' to the European citizen; for example, resolving the problem of rising unemployment; addressing the

13

looming pension crisis. Unless these are tackled, it was argued, public opinion would turn even further against the prospect of "an ever closer Union".

Within this debate on the re-configuration of the Union, it is understood that there is a clear link between legitimacy and social policy. The difficulty is that whilst the public may look to the EU level to provide answers to these problems, problems that member states can no longer tackle (for reasons given earlier), the multi-tiered governance structure at the EU level renders the speedy development of social welfare policies hugely problematic. The question thus becomes whether the 'European social model' can renew itself and protect the original social bargain, which is clearly very important in terms of legitimacy, or whether in fact what we are observing in the current debate is simply a rhetorical or symbolic discussion to pacify public concern over the social effects of integration.

Conclusions

In this paper, I have explored a number of key concerns in relation to the delivery of social welfare policy within the European Union and considered, in this context, the current debate on the 'European social model'. In particular, I have raised the question of the extent to which the 'European social model' offers a potential way forward for social policy.

The paper considers two related issues. The first concerns the nature of European governance and the difficulties of the delivery of policy in this area. Such difficulties are seen as being inextricably linked to the openness of economies. Given that economies are likely to become more rather than less susceptible to external pressures as we move into the new millennium, with the dynamic processes set in motion likely to continue, the problems highlighted in Section II will become ever more acute in the future. And given the huge question mark over the ability of the 'European social model' to deliver, problems for social policy are consequently likely to grow. As a result, the ability

of the 'European social model' to renew itself is crucial. And this is by no means an easy task when the 'old' is challenged by strong economic processes. But, the creation of new structures or policy instruments in order to deliver common social values is fundamental to ensuring the continued stability of European societies. Failure to deliver will potentially de-rail the EU project itself because of the critical link between welfare and legitimacy. This, then, is the policy crisis in social policy.

Crucially, therefore, the second issue discussed in the paper is whether the 'European social model' is mere rhetoric, or whether it can be made a reality. Is it simply being (re-)asserted by the Commission and politicians alike as an 'old' ideal (in the Weiler sense) to validate integration and pacify European publics in the run up to European monetary union and possible future enlargement. The original bargain, ie. that there would be mechanisms for re-distribution, is the source of consensus of economic integration. The Commission's and European Council's conceptualisations of the 'European social model' thus take on great significance precisely because the original bargain is being contested. How can the 'European social model' be an attempt to re-invent the original bargain, without the structures to implement it? Is it simply the case that the 'symbolic dimension is being constructed ahead of the tool kit'(Sbragia 1997)? The key question thus becomes whether it is indeed possible to reconcile multi-tiered governance - and its policy output - with the rhetorical slogan of the 'European social model'. Is it possible to fulfil the social bargain within a multi-tiered system? This is the starting point.

To answer this question will entail much detailed analysis, examining discreet areas of policy on the one hand and looking at institutional structures on the other. Are new kinds of structures being established which will enable the fostering of civil dialogue to re-claim the 'lost' relationship between the state and civil society. Clearly, questions of policy and questions of governance are beyond the scope of this paper. What is being proposed here is the framework within which such future academic research can be conducted.

15