

***SOCIAL EXCLUSION AND SOCIAL WELFARE INITIATIVES IN THE
EUROPEAN UNION AND THE UNITED STATES***

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INTRODUCTION

At the turn of the 21st century, poverty in the developed nations has become a larger, more serious and less tractable problem than could have been predicted after WW II. Although economic theory held that as countries income grew those incomes would also become more equally distributed (Glennerster, 2000) perhaps they had not envisioned tax systems favoring the aggregation of income in the top quintiles.

The rise of conservative regimes in the United States and the UK after 1980 allowed theorists reflecting those conservative reference points to shape current thinking on poverty (Murray, 1994, Mead, 1992) in the respective systems. Conversely, during the same time, the European Union developed an approach to poverty and disadvantage that go beyond Anglo-American definitions to include notions of social and political exclusion. Although the return of the Labor Party in the UK allowed the adoption of the by then well conceptualized policy of social exclusion as a key policy of the European Union, under a Democratic president in the US, conservative policies, if anything, were enhanced.

This paper will briefly review the development of the policy of social exclusion in the European Union and social welfare initiatives in the United States and make some comments on the respective processes.

THE CONCEPT OF SOCIAL EXCLUSION

Perhaps the most recent definition of social exclusion, contained in the first Joint Report on Social Inclusion (Commission, 2002), states that the condition occurs:

“...When people are prevented from participating fully in economic, social, and civil life and/or when their access to income and other resources (personal, family, social and cultural) is so inadequate as to exclude them from enjoying a standard of living and quality of life that is acceptable by the society in which they live. In such situations people often are unable to access their fundamental rights. (P.15)”

According to Mayes (2001) social exclusion represents “not just a description of the adverse consequences of disadvantage but of the process by which people become distanced from the from the benefits of participating in a modern society (p. 1).”

Thus it is both a condition and a process. There are many causes of social exclusion, among them, homelessness, mental illness, disadvantaged neighborhoods, age, disability and race. These are common problems in nearly all developed countries to some extent or another.

According to Vleminckx and Bergham (2001), the term itself seems to derive initially from a 1974 book entitled *Les Exclus, un Français sur Dix*, (*The Excluded, One Frenchman in Ten*), though the author refers the credit should go to his publisher, who picked it out of a long list that included *L'autre France* (*The Other France*)¹. Vleminckx and Bergham (2001) note that the term was initially used during a period of economic progress and low unemployment referring to those who had been left behind by the “rising economic tide”(p. 28). The term was not widely used until the 1980's when it first appeared in EU documents.

In the early days of development it was a “diffuse concept with a non-quantifiable air to it”(Mayes, 2001, p. 4). Refined through dialogue in a number of constituencies and academic conferences (Bessis, 1995, Room, 1995, Eurostat, 1997, Barnes, Heady,

¹ Reminiscent of Michael Harrington's *The Other America*, which includes chapters on a range of disadvantaged people in various conditions, and is credited with providing the spark for the War on Poverty.

Middleton, Millar, Papadopoulos, Room, Tsakloglou, 2001) the concept is interpreted programmatically in a variety of ways in member countries.

Most strategies have some reference to employment and include the many social protection issues that impede employment on an individual level.

For example, the Netherlands has viewed the problem as one of a “lack of resources of human and financial wealth” and therefore, the remedy acquisition of skills and sufficient finances. (Muffels & Fouarge, 2001). One study has noted that there are groups of people who move in and out of exclusion more frequently than the rest of the population.

The United Kingdom has defined the problem mostly in terms of deprivation, and suggests that labor force participation does not necessarily equal inclusion. The UK has included both employed and unemployed in programming, acknowledging that employment can coexist with certain definitions of poverty (Carmichael, 2001) especially among the underemployed. Significant improvement has been made on child poverty (Piachaud & Sutherland, 2001).

Ireland has enacted an Anti-Poverty strategy, which seeks to halve the number of consistently poor by 2007 (Mayes, 2001, p. 17).

The French approach seeks to be comprehensive by taking on all aspects of exclusion, from exclusion of ethnic minorities to poor healthcare access and poor housing, and involving all levels of government in the process (Choffe, 2001).

POLICY DELIVERY

Policy is carried out through a process of subsidiarity (devolution), at the lowest level of government suitable for decision-making, and, similar to the employment

National Action Plans (NAP's) proceeds under an Open Method of Cooperation (OMC) that emphasizes the exchange of best practices (Commission, 2002). The process is sweetened, as federal social policy in the United States often is, by seed funding from the central government, in the EU case, from the Structural Funds (Commission, 2002).

The development of the concept, moving from construct to operational term, was a consensus-building effort involving academics, representatives of member governments and EU commission staff. That development process is reviewed in the following section.

SOCIAL EXCLUSION POLICY DEVELOPMENT

Social policy was on the agenda since preparations for the Treaty of Rome (Begg, Berghman Chassard, Kosonen, Madsen, Matsaganis, Mayes, Muffels, Salais, Tsakoglou, 2001), and in 1973 the European Commission produced the Report on the Development of the Social Situation in the Community. This document set out in a purposeful way the initial practical steps on the road towards the ultimate goal of European Social Union (European Commission, 1974, p.9, quoted in Atkinson, 2002b)

Although it made limited progress until the mid-1980's, the development of the policy language may have taken place earlier. In December, 1984 the Council defined the poor as "persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member state in which they live"(Commission, 1991, p.1)

The move to the single market and the entry of Spain and Portugal in 1986 (as well as Greece in 1981) added countries with far less well developed social protection systems and related tax burdens and created dynamics that, left to the free market, might lead to capital flow from member countries with high social protection systems to those

with low, creating, according to Delors a “cornucopia for capitalists” (Grant, 1994: 83).

He stated in May 1988, during a speech to the EU Trade Union Confederation, that

“ it is not a question of ...simply creating a free trade zone, but rather an organized space endowed with common rules to ensure economic and social cohesion and an equality of opportunity in the face of new opportunities. Economic and social cohesion [is] an essential tool to prevent social dumping” (Grant, 1994: 84 Ross, 1995: 43)

Though Liebfried & Pierson (2000) state that “evidence that European integration will fuel a process of social dumping remains limited” (p.284), writing from the midst of the United States Rust Belt, with jobs fleeing to the developing world and plant closings continuing, the argument has salience.

The development of policies on social exclusion appears to have three stages, One, from the mid-1980’s to the Maastricht treaty, Two from Maastricht to the Amsterdam Treaty and, three, Post-Amsterdam.

Stage One of the Social Exclusion Debate: Development

Stage One includes the initial introduction of the concept and its early development, including related studies on indicators.

The first mention of ‘social exclusion ‘ occurs in a EU document by the then Commissioner for Social Affairs, Manuel Marin in 1988, which outlined how the ‘social dimension of the internal market’ (Archer, 2000, Berg ham, 1995) might work. A resolution approved by the Council in 1989 (Commission, 1992), to combat social exclusion formally widened the scope of EU social policy beyond working conditions and the rights of labor, stating,

“Exclusion is a widespread phenomenon affecting all Member States; it takes many forms and is not limited to insufficient income and has an impact on the various forms of economic and social integration” (Commission, 1992 p.1)

A 1992 Commission follow-up report on the implementation of the resolution found that public awareness had increased in the member states with public authorities, non-governmental organizations and the public are expressing increasing concern, but for policies aimed specifically at social exclusion, “their scale varies from Member State to Member State largely dependent on how far public debate of social exclusion has developed” (Commission, 1992, p.3).

Stage Two: Off the main agenda

Delors attempted to include the new policy approach in the Maastricht Treaty, but was blocked by Margaret Thatcher. This initiated a period when the debate was continued off the main agenda.

Because the UK opposed the agreement, it did not become part of the constitutional core and was simply attached as the Protocol on Social Policy (Vleminckx & Berghman, 2001). The election of a labor government in the UK in 1997 allowed the Amsterdam Treaty to reemphasize social policy.

The difficulties of Maastricht treaty led the Commission to “adopt a strategy which found it acting as a policy or image-entrepreneur” bringing together groups which brought together different interests (management, unions, NGO’s and consumer groups, to develop policy by consensus in a ‘civil dialogue’ (Atkinson & Divoudi, 2000: 430-431, Cram, 1993, Wendon, 1998)). Meanwhile, a focus on the residual aspects of social policy gained a larger share of the debate.

A 1992 Council recommendation established a ‘convergence strategy’ with the focus on identifying common goals, “while stressing that Member States are free to determine how their system is to be financed and organized”

(Commission, 1992,” (p.1) and requested the Commission to submit regular reports.

The Commission produced a Green Paper in 1993 outlining priority issues, including “an integration plan for all the excluded” (Green Paper,p.1) and began a consultative process that brought together EU institutions, Member States, employers, trade unions, public bodies and individuals (White Paper, 1994). The resulting white paper stated that the Commission will make ‘every effort to ensure the adoption by the Council of the next programme of Union activities”, meantime continuing activities already underway to work...towards a solemn public declaration against exclusion (White Paper, p. 8).

An Action program followed which proposed a “flood” (Ross, 1995: 44) of legislation on matter from working conditions to social protection. This kept the dialogue engaged on “Social Europe” and a presence in the overall policy debate.

The increasing involvement of the EU in social policymaking, both at the universal and residual level, is seen by Wendon (1998) as a function of the European Commissions flexibility in seeking alternative venues for policymaking when one is not available or has been blocked by another party.

Indeed, the Medium-term (1995-97) social action program stated an intention “to press for the adoption by the Council of the action program to combat social exclusion and promote solidarity.” (Commission, 1995: Section 6) and predicted “1996 will see the opening up of an Europe wide debate on poverty and social exclusion”.

Stage Three: Establishment

With poverty growing, the UK now under a Labour government, and the prospect of enlargement, the policy on social exclusion was written into the Amsterdam treaty and rose on the EU agenda.

By the end of 1998 there were about 16.5 million people unemployed in the EU, just under 10% of the working population (EDSP, 1999, p. 61.). Of these, about half were long-term unemployed (out of work for a year or more). Some 18% of the population, or 65 million people lived in low-income households, defined as households at or below 60% of the median income. (Commission, 2000)

Although some member states complained that the EU was trying to take over social policy (Lange, 1992), the intractability of poverty, and the exclusion of a significant part of the population was becoming an increased focus of debate.

The 1998 preparatory program to combat social exclusion funded a range of programs that would later be reflected in the 2001 National Action Plans (NAPs): 1) improve knowledge of the problems of social exclusion, 2) exchange experiences on current approaches and 3) develop civil dialogue at the European level on the theme of promoting social exclusion and participation in society (Commission, 1998).

At a 1999 Insight Europe seminar the Acting Director, DG Employment Odile Quintin reflected that the

“European Social model...represents values shared across Europe: democracy, justice, participation, social dialogue and all the mechanisms which underpin social solidarity and social cohesion ...it is built on the principle of respect for human dignity...social dialogue is a mainstay of democracy” (Commission, 1999: 1)... but poverty and social exclusion remains a real problem affecting nearly 60 million people across the EU (p.6.”)

Ongoing development of strategies to combat social exclusion would be based on the development and dissemination of new ideas and new experiences, in an Open Method of Coordination (OMC), an approach that, under the principle of subsidiarity, social policy remains the responsibility of the Member States (Atkinson, 2002).

The European Council in 2000-2001 (Commission, 2001) decided to deepen the commitment “designed to encourage co-operation between Member States through initiatives aimed at improving knowledge, developing exchanges of information and best practices, promoting innovative approaches and evaluating experiences in order to combat social exclusion” (p. 3). To do this, member countries at the Nice meeting agreed to submit two year plans over the life of the resolution, from 2001-2010, agreeing to key objectives, including facilitating participation in employment and preventing exclusion (Commission, 2001: 12).

The first set of national action plans delivered in June 2001 (Commission, 2001) and accepted in October 2001, set forth a wide range of approaches, clustered within eight core challenges. These address areas which range from the development of an inclusive workplace to guaranteed incomes for all, combating educational disadvantage, preserving family solidarity, housing issues and improvement of service delivery and the regenerating ‘areas of multiple deprivation’ (Commission, 2002).

The next set of plans, due in 2003 will pose certain problems for national governments, summarized by Atkinson (2002) as integration of the NAP with national policies, engagement of the social partners; non-governmental and grass-roots organizations and the wider public (p.6).

In many ways these are familiar problems to United States policy-makers in communication of new policies from the federal to the state and local level. The general response is to design remedies, at the state level, in response to money or mandate at the federal level and later to integrate with day to day service provision or regulation, often with many adaptations (Pressman & Wildavsky, 1984).

OUTCOMES OF THE NEW POLICY

Have these new policies gone beyond rhetoric? Though it is still too early, with the first NAPs only a little over a year old and discussions on the measures still ongoing (Atkinson, 2002), but some comments may be made on the outcomes of this new approach.

At the least, the new focus appears to have altered approaches to service delivery and access to the social safety net. For example, Austria has made access to the social security system available on favorable terms to part-time workers and the self-employed (Commission, 2002, p.41), while Portugal has increased the relocation of people living in shacks into social housing (p.44). France put in place a universal health care system in January, 2000, increasing universal coverage to insure the poorest have access to services previously only covered under complementary insurance (p. 46). Luxembourg has introduced measures to integrate immigrant children into the regular education system (p. 49), and Italy has put in place innovative measures to reintegrate to the education system young people 13 to 15 years old who have completely withdrawn from school (p. 51). These few examples from the Joint Report on social inclusion (Commission, 2002) reflect numerous examples of innovative service delivery contained in the report.

A decade and a half of social policy development

The beginning of Social Dialogue and the passage of the Single European Act signaled an increased focus on social policy that the EU has been able to maintain, despite a slowdown in the early 1990's. Recently it has become an important part of EU social policy. Yet, as Berghman (1995) comments, the introduction and spread of the concept of social exclusion has 'to some extent [been] astonishing' (p. 27). It might have been reasonable to expect that the European Union would develop guidance for general societal institutions, 'rather than focusing on complex situations and processes of social marginalizations' (p.27).

SOCIAL POLICY IN THE UNITED STATES

In general, American social policy is a legatee of the Anglo-Saxon system. Early settlers brought a system that excluded those who could not work, Katz, (1996) and through the 19th and into the 20th century relied on systems of poorhouses and workhouses as sanctions to encourage employment. Historically, delivery of social services has been concentrated at the local level, though today responsibility is divided between the federal, state and local levels, making for an often confusing array of policy actors. Except for a few programs, enacted primarily during the 1930's and 1960's the federal government has eschewed direct responsibility for social services, except for veterans. The Federal government's major role in social services lies in enacting legislation containing funding incentives that reinforce particular types of service provision. An example is the former Aid to Families with Dependent Children, the welfare program that was reformed in 1996. Enacted as part of the Social Security Act of 1935, the federal government turned over administration of the program to the states.

Throughout the life of the program, (replaced in 1996 by the Personal Responsibility and Work Opportunity Act) states established differing criteria for who was eligible and issued various levels of benefits (states could chose to supplement the minimum grant provided through the federal government).

In general then, both at the policy and the service delivery level, social services are characterized by the fragmentation and inconsistency of a variety of initiatives.

For example, an incident widely reported in the media described the case of a man who became ill with heart disease and lost his job, thereby losing his health insurance. Although he needed a heart transplant, his family had to raise over \$100,000 have him placed on an organ transplant list. At the same time a prisoner of the California prison system was given a heart transplant, at an estimated cost of \$1million dollars (NBC Nightly News, 2002) Social policy bills also often have a personal aspect to their advocacy. Legislators become interested in a topic because of a family issue. Mental retardation services, for example, improved during the 1960's, in part, because one of President Kennedy's siblings suffered from that affliction. This can sometimes lead to seemingly unlikely partnerships between legislators from either ends of the political spectrum. An example, until his death in a plan crash in the autumn of 2002 was the sponsorship of the Mental Health Parity Act, in the U.S. Senate, by Paul Wellstone (D-Minnesota), a liberal Democrat and Pete Domenicic (R-New Mexico), a conservative Republican. Both have an extended family member who has experienced problems with

private health insurance related to mental illness (2001 Pittsburgh Post-Gazette).² This personal advocacy also can lead to inconsistencies in policymaking and appropriations.

Finally, service delivery varies widely from one region to another and even from state to state, leaving unaddressed questions of equity. Such variation has only grown as devolution, begun during the Reagan administration, continues. In a number of cases, most recently with the Personal Responsibility and Work Opportunity Act of 1996 (welfare reform) what had been an entitlement program, i.e. a program that covered any eligible applicant, became a block grant program, giving states wide discretion in its administration.

Citizenship in the US generally means voting, and voting rates among those considered to be disadvantaged or poor are often among the lowest in the community. However, economic disadvantage is not linked in the U.S. poverty literature to barriers to civic participation.

UNITED STATES POLICY DEVELOPMENT

Often, policies develop through the work of 'policy communities', that, as described by Kingdon (1995)

“are composed of specialists in a given policy area --- health, housing, environmental protection, criminal justice.... In any one of these policy areas, specialists are scattered both through and outside of government. Some of them are on committee staffs in Congress, or in such government staff agencies as the Congressional Budget Office...Others work downtown in places like planning and evaluations offices and budget offices...Still others are academics, consultants, or analysts for policy groups (p.117.)

² This is not unique to the U.S. Grant (1994) reports that Martine Aubry, the Minister of Labor in France, was quite vocal in her support of further policy-making in the 'social dimension, to her father, Jacques Delors, during his term as Commission president.

The players commonly know each other's "proposals, ideas and research", (p.117), as well as often knowing each other personally. The communities exist next to and interacting with, but to some extent independent of, the political system. Ideas are debated, retreat and advance as the discussion continues. Policy entrepreneurs within these sectors advance and debate ideas. Generally ideas are sold to legislators as, "this is the greatest thing to come along in years" (p.127). These ideas tend to be single issue, such as health care or welfare reform, or environmental protection.

Rarely, however has an administration submitted an overall plan for social policy reform. The number of examples is few, and most, if not all, have followed a similar pattern. For, example, enactment of Social Security, a social insurance program, saw the commissioning of a Taskforce following a presidential address in June 1934. The legislation was formulated, enacted and signed by August 1935.

This effort foreshadowed most of the subsequent social welfare policy initiatives of the 20th century. Though many Democratic presidents presented social welfare bills, they were only enacted in circumstances where the Democrats had a large majority in Congress. The War on Poverty, the product of another entrepreneurial president and a high-level commission (Matusow, 1984), also developed programs under a very short timeline and passed Congress virtually unamended.

The same pattern was apparent in the Health Care taskforce, convened in the Clinton first term, which did not pass Congress. Other social policy initiatives like the War on Drugs and the War on Cancer have tried to force a solution to a social problem by heavy expenditures. But, "The idea of a war sets up a false metric", said Dr. David Golde (Groopman, 2001), in a statement referring to the War on Cancer, which could speak to

any of the United States domestic policy wars. "If a complete victory is not achieved then it is deemed a failure."

The most recent large initiative, the Personal Responsibility and Work Opportunity Act of 1996 (Welfare Reform), was the most recent in a long line of bills to 'fix' the welfare 'problem'."

This bill reflected the neo-conservative policy bent of a Democratic president who had grown up in a southern state with minimalist welfare policies, and whose own mother, in order to better support him as a single mother, left him in substitute care while she pursued further education. Policy choices were based largely on large population income studies that failed to reflect the day to day lives of recipients, though such research was increasingly available (Edin & Lein, 1997, Pavetti, 1996). It was the transformation of campaign slogan (to end welfare as we know it) into policy. Recent studies reflect that while it has not caused the severe consequences predicted by some critics, it has not been without negative effects (Meckler, 2003). It may be soon to adequately measure long term impacts..

Although some have criticized the NAPs (Atkinson & Divoudi, 2000) for having a too large a focus on employment and welfare reform, welfare reform, even in Britain looks nothing like US welfare, where mothers frequently have to return to work six months after the birth of a child and training is de-emphasized for the sake of low-wage employment.

LESSONS TO BE LEARNED

Though, as Glennerster (2000) remarks, there has been remarkable similar analyses of poverty in the Anglo-American countries through the mid-1990s, poverty policy in the UK has also adopted ideas from the European Union.

The adoption of social exclusion as a guiding philosophy in policies towards the disadvantage, beyond the EU is perhaps the most remarkable, and largely unknown, social policy case study of the 1990's. Social exclusion, beginning in the late 1980's in the EU is now found in the dialectic of social welfare policy analysis in all the developed countries outside the US, in policy documents in the United Nations and in developing countries in Latin American. It is not just in the War on Iraq that the United States is setting itself apart from world trends.

Social exclusion restores the dignity of the poor and disadvantaged. The predominant US model has been to blame the poor for their poverty. While the current US administration is seeking to make current welfare policy even tougher on recipients, the European Union has moved in a completely different fashion to enhance strengths, prevent marginalization and build a main-stream society truly for all.