Between odd and paradoxical - results of Social Europe

Brussels, 12/06/2012 (Agence Europe) - Two notions crop up time and time again in the report on the social developments of the EU for 2011 - that of how odd the situation is but also how paradoxical. As Philippe Pochet, General Director of the European Trade Union Institute (ETUI), put it, the evolution of Social Europe is strange as, although what is at stake is of primary importance and relates to the transition underway towards a new European model for economic management and production, the debate is biased by two preconceptions: - the reduction in public spending will promote economic growth, and Germany's industrial success is a desirable and exportable prototype within the EU (flexibility of the labour market and strong industrial specialisation). On the subject of the paradoxical nature of the situation, a phenomenon this time underlined by David Natali, Research Director within the European Social Observatory (OSE), the EU underwent deep institutional changes in 2011 but nonetheless remains the same. It is unable to strengthen its immune system to protect itself from endemic illnesses of a two-fold crisis - that of Greece and that of the eurozone.

This was the result of the debate held at the European Economic and Social Committee (EESC) on Monday 11 June, when the new edition of “Social Developments in the European Union” was presented, drafted under the leadership of David Natali and Bart Vanhercke, OSE Director. This collective work aims to cast an eye back to the past through the prism of the social challenges in 2011, the EU's institutional developments and the EU Court of Justice case law. From the very start, however, the authors were careful to give an indication of what was to come. It thus seems that, although considerable progress has been made in terms of European integration (revision of the treaties, strengthened economic governance and budgetary coordination), the eurozone continues to be unstable, the economy is stagnating and unemployment is increasing, while at the same time a new economic and social model is emerging, or rather is imposed, according to Pochet. It is a model that is still somewhat hazy and which seems to be built without any true long term strategy, he added.

Given this finding, the different speeches by those taking part at the debate were a blend of disarray and the expression of different concerns. Such feelings were not dissipated by Lieve Fransen, Director of Europe 2020 (social policy aspect) at the European Commission. Indeed, one of the concerns running through this latest report on EU social developments is the lack of a long term strategy. Although Fransen wanted to underline the importance of the Europe 2020 strategy, which includes several social aspects, she nonetheless concluded that most of the targets set will probably not be reached, such as that of a 75% employment rate for the population aged between 20 and 64 by 2020. The rate is expected to be no higher than around 70%, according to the latest estimates.

Quite apart from figures, it is the European social model as a whole that seems to be in question. For David Natali, the idea of separation between the societal paradigm of Europe and that of the outside world is perhaps doomed to disappear. It is the idea of an “Adam Smith on the outside and a Keynes on the inside” that seems to no longer work, he said. Current austerity policies focus essentially on improving public budgets
and on liberalisation of the labour market, which leads to reforms to make social protection more flexible and to the weakening of collective negotiation. Such reforms are deemed necessary by Lieve Fransen, even without the crisis, but are seen by Philippe Pochet as “absurd” as it is precisely those countries that have the strongest and broadest social welfare systems that have been best at managing not only the social but also the economic consequences of the crisis, he said.

The challenges facing the EU are therefore considerable and can be summarised by three essential questions, according to Roger Liddle, a member of the House of the Lords (Labour Party) and one of the authors of the latest report on social developments in the EU. How does one square the circle of the rise in inequalities? How can one face up to the demographic challenge (youth unemployment, increased cost of retirement systems and medical care)? What economic model should one adopt to safeguard EU competitiveness? Without really giving any concrete solutions, Natali hoped to shed light on the need to strike a balance between economic integration and social cohesion, while calling for a return to the values that were defended by the former president of the Commission, Jacques Delors, i.e. European solidarity and cooperation. Unable to counter current immobility and overcome the “fundamentalism of budgetary balance”, most speakers during the debate agreed about the worrying prospect of the EU suffering from a crisis of confidence and legitimacy - not to mention the risk of social tension, which increases as unemployment rises and with the growing inability to take up constructive dialogue between European leaders and social partners. (JK/transl.jl)

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