



Adopted resolution

"Towards a more Social Europe / Towards more Social Justice in Europe"

Introduction

European Social Model is a concept that is often used to describe a combination of social, economic and employment policies aiming at social cohesion. When people are calling for a more social Europe, they do not only refer to social protection and good quality welfare services but also to employment issues. According to the European Trade Union Confederation ETUC, the European social model is a vision of society that combines sustainable economic growth with ever-improving living and working conditions, implying full employment, good quality jobs, equal opportunities, social protection for all, social inclusion, and involving citizens in the decision-making.

After the Dutch and French referenda on the European Constitution discussion on the European Social Model or "Social Europe" has increased rapidly. People have not been satisfied with the European Union. European Union has not created social policies strong enough, but instead it has been very active in sensitive market liberalisation questions, e.g. with legislation to create a free market area for services, which has raised disputes of the directive concerning the services of general interest.

However, this has not been the only theme discussed around the European Social Model. More focus on social policy in general has been demanded in order to tackle social problems, regardless of the reason behind the problem being market integration or the reforms implemented at the national level. The call for "Social Europe" has also been a call for stronger social cohesion locally and nationally. Social Europe and its development does not merely depend on a collection of European Union policies, but a more general matter concerning the future of the European welfare states.

European Social Model relies on welfare states

During the second half of the 20th century the development of the European welfare states took place under favourable circumstances. The European welfare states have many mutual features: Societies take care of people in cases of retirement, unemployment, sickness or disability and provide services, such as health care and education. Differences also exist. Redistribution of funds and the level of taxation vary a great deal. With respect to social services some states have been very active whereas some others have relied more on the care provided by families. In countries with liberal tradition, more services are market-based. Women's participation in the labour market has been and still is differentiated, which originates from different division of tasks between family, state and market. However, the common basis for the European Social Model is still social protection and

services arranged/funded by the state. These factors are the sole responsibility of nation states, which are still today in the key position in the creation of a Social Europe.

In the enlarged European Union there are now member states, which have their history in socialism but have in the 1990's transformed into market economies. During the first years of transition these countries were required to focus on reforming existing benefits and creating unemployment insurance. Later, severe fiscal pressure has constrained spending on social programmes and large-scale poverty has lasted longer than expected. Despite the challenges, many of these countries have high public spending and broad policies to tackle social exclusion. According to Eurostat, the general government expenditure as percentage of GDP has been in EU25 47.7 in year 2004, when the percentage in EU15 was 47.8 in the same year. Below, the average can be found most new Member States, but also Great Britain and Ireland with liberal traditions, and some other old Member States.

There is an understanding amongst European politicians and researchers that the European welfare states have to undergo a change in the near future. Increase in the number of elderly people will have implications to welfare state pensions as well as social care and health care. Health care reform in general is needed, with more focus on healthy diet, problems related to alcohol and drug use, daily physical activities and other preventive health care. Changes in the labour market have created a risk of social exclusion especially for those with poor education, but job security in today's labour market is lower for other groups as well. High numbers of unemployment are an engine for social exclusion and a risk for the funding of the welfare state. Migrant workers can be an important asset for Europe, but more focus is needed to guarantee positive development of the labour market in this sense.

The interdependence of social, economic and employment policies is very evident. In order to find adequate resources for social protection and public services, European countries cannot afford to lose the resources that they have in children and the youth, in women, in unskilled workers and in immigrants. This requires good quality education for the youth and adults, affordable full-time child care, new division of family responsibilities, more possibilities to combine family life and occupation and strong non-discrimination policies.

Therefore, transformation of the welfare states does not aim at their demolition or even at their harmonisation. The demand is quite the opposite - new risks require stronger social policies and different populations and different risks need variable answers. Globalisation does not require us to give up on the European social model, but instead it can be seen as an advantage in the international competition. From the Green point of view it is clear that even the transformed welfare states have to be based on solidarity and strong social cohesion. Market economy combined with social protection, redistribution of funds and good quality services available to all form the basis of the European Social Model also in the future.

Partly the need for reforms has its origin in the current welfare states, which have not been a success in all areas. According to Eurostat, 72 million citizens of the European Union are at the risk of poverty. In Slovakia, Ireland and Greece 21 % of the population was below the threshold of 60 % of the national equivalised median income in year 2003. The welfare state has not been able to guarantee dignity and value for all its members. In addition to the high poverty risk, good examples of this are the positions of the Roma people and of the migrant workers, which are not satisfactory in any European country. Also other very serious problems such as racism and xenophobia, and discrimination of same-sex couples are not yet solved.

Social dimension of the European Union

European Union has always had a social dimension, but even today its regulatory power is largely restricted to areas directly related to the construction of an open market in labour, services and goods, e.g. employment rights, equal opportunities, free movement of labour, working conditions and employee participation. Social cohesion has been pursued also through soft law mechanisms, such as resolutions, action programmes funded by the European Union and the open method of coordination (OMC).

Many of the European Union social policies have had their origin in the creation of a fair arena for competition. Especially this is the case with minimum employment standards. The creation of fair rules has not meant that the conditions of employees would be identical in every way. A good example of equal but different conditions are the various trade-offs between job security and income security. Whereas in the Nordic countries high unemployment benefits are combined with weak legal protection against dismissal, continental model offers lower unemployment benefits and stronger legal protection against dismissal. Both systems are acceptable from social, employment and economic perspectives. The pressure to develop the European Union as a fair arena has increased after the latest enlargement due to the increased competition.

Social policy in the European Union context has also been regarded as an element of economic policy that improves the efficiency of the market and the employability of workers. In fact, social policies of the European Union have been criticised for being hard economic policies carried out in the social sphere. From the European Union point of view, a large reform of welfare states is needed and the new framework for this has been the OMC. It has been a strategy to transform the national welfare states on voluntary basis. Member States negotiate common targets and implement them at the national level. At the moment, there are important ongoing processes with pension and health care policies.

Even though social protection and public services are in the sole competence of national welfare states, it is obvious that they cannot be isolated from their European context. The European Union social policy is one reason to this, but even more significant issues are the internal market and single currency policies. There is a severe spill-over from the core European Union policies into the other policy areas. Policy competition between Member States, the European Union regulation and the single market create limits on national social choices. The European Union legislation has also created large pressure for traditional welfare policies, especially concerning public services or services, which have traditionally been arranged by the state. Processes such as the service directive can have unexpected consequences and therefore precaution is needed.

After the latest enlargement European Union is very different from what it used to be. On the one hand the enlargement is putting pressure on the traditional welfare policies; on the other hand it has made it more visible that the current social situation is not in any way in order. Can Europe be called social, when many of its citizens are living in poverty? There are no minimum standards for subsistence, which would ensure reasonable living conditions for all. In addition to strong national policies more solidarity amongst European Union Member States is needed, if we wish to develop Europe as an area of social cohesion. This is a two-edged sword: giving the European Union benefits to Member States cannot mean that the Member States could slow down with the improvements needed at the national level. There is a limit to transnational financial solidarity; therefore stronger social cohesion must be developed as a joint effort. Wealth gap must be reduced and fundamental social rights of citizens must be realised, but this is not possible without the input of the Member States.

The European Greens

- aiming at an open, fair and democratic social model based on solidarity between individuals and on diversity (cultural, religious, sexual...) and more child and family friendly, where occupation and family responsibilities can be combined;
- aiming at the positive development of welfare States across Europe, so as to guarantee the right of every citizen to social protection and to quality public services (health, education, ...), and to strengthen the social cohesion across the continent;
- aiming at the reorientation of the European Union policies in order to strengthen its social dimension;
- aiming at promoting a practice of cooperation rather than competition among the EU member states as regards social policy ;
- recognizing and opposing the threat posed by a majority of political parties across Europe, who advocate a reduced role, if not no role at all, for the Union on social matters in order exactly to promote competition between the member states at the expense of social benefits, in a Europe becoming solely a single economic market;
- recognising that citizens and the civil society are active partners in the development of the society, especially with regard to public services;
- Recognizing the specific role of social partners especially for the development of EU legislation and EU collective agreements;
- Recognising that the social “policy mix” in terms of
 - benefits,
 - financing
 - the respective obligations of State, employer and worker
 - the balance of roles and responsibilities between public and private actors

can only be sustainable if it enjoys widespread support among the population, that is if it fits with a country's rooted values and traditions.

- I. Demand that the policies of the European Union, specifically in the economic and employment domains, be made more consistent with its own goals of social cohesion, environmental protection and development cooperation. Important topics such as climate change and impacts of migration for developing countries must be taken into account when developing new policies.

Regarding existing policies, a careful screening of the European Union policies should be carried out in order to assess – and correct - their impact in the social, environmental and international development cooperation domains.

2. The EU treaties states that social policies belong to "shared competencies". Regarding more specifically welfare state regimes, the unanimity rule is maintained for any decision. The draft constitutional treaty doesn't change this situation. As regards the division of roles and responsibilities between the European Union and the Member States, maintain that
 - a. The organization of the welfare state must remain a national competency. The European Union must not aim at developing a "one size fits all" welfare state which should replace those in force at national level. It should neither prevent, however, any number of its Member States to develop common initiatives in the area of social policy, on a voluntary basis.
 - b. The necessary reforms of the welfare states in the Member States must be left at their own discretion. Important decisions made in e.g. social, health care and education policies cannot be subject to limitations arising from trade policies. Detailed targets agreed upon in the European Union are also a threat to participatory democracy at the local and regional level.
 - c. More generally speaking, the subsidiarity principle as already described in the EU Protocol of existing Treaties also implies the definition at the EU level of the necessary conditions to allow solidarity and diversity inside the Union. Therefore, European Union policies should support national social policies, not weaken them or make them impossible.
 - d. As regards services of general interest, the EU should take a step back from its generalized liberalization approach. First of all, domains such as health, education, public transportation and drinking water should not be subject to market mechanisms. In other domains, there is here too no "one size fits all" : the choice between liberalizing or not should be left at the appropriate local, regional or national level. European Union competition legislation and the proposed legislation aiming at the creation of a free market area for services needs therefore to be modified in order to enhance the ability of the public sector and actors close to it to produce and further develop services. This should however prevent the creation of undue monopolistic advantages in markets that are liberalized.

3. Strongly support the development of European Union policies in the following domains :
 - a. **Setting minimum rates of corporate, capital and environmental taxation**, so as to prevent harmful downwards competition between member States and to rebalance the financing of social policies away from a labour-only base;
 - b. **Setting a minimum level of subsistence or "basic income"**, taking into account national differences, e.g. set as a fixed percentage of the average income in each Member State. This could be developed through a system of negative income tax, where those whose earnings remain below the limit would get a top-up for their income from the relevant Member State. This system must however not encourage Member States to keep their social protection on this minimum level.

- c. **Providing the framework for EU-wide collective labor agreements.** Should trade unions and employers' organizations wish to regulate cross-border competition, so that it focuses more on innovation, the EU should be responsive. Such collective labor agreements could cover topics such as working conditions, training (investment in employability) and wages (taking national conditions and productivity into consideration). The EU Commission should be given the authority to make such collective labor agreements binding for all companies in the sectors concerned, provided the social partners involved are sufficiently representative.
 - d. **Enhancing existing EU legislation on non-discrimination**, especially as regards gender, ethnic origin, disabilities, sexual orientation etc...
4. In that perspective, are delighted by the work accomplished in this legislature by the Green Group in the European Parliament, which is actively promoting concrete steps in the above direction, e.g.
- a. the full and entire completion of free movement and access to national labour markets for all workers within the Union;
 - b. a revised working-time directive in order to suppress any possibility for "opting-out"
 - c. a revised and strengthened posting of workers directive (96/071) in order to increase the sectors covered by this directive and the minimum standards that must be respected by economic actors;
 - d. the presentation by the European Commission of a framework directive on services of general economic interest in order to guarantee the Member States' ability to define, organise and fund the missions of general interest
 - e. a budgetary agreement for the 2007-2013 period to increase the funds allocated to European exchange programmes for students, workers and actors in the fields of research and culture, as well as for the social policy programme
 - f. a resolute support to the suppression of temporary restrictions to the access of national labor markets to workers from the new member-states