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QUO VADIS EUROPE? SOME REFLECTIONS ON THE EUROPEAN UNION SOCIAL POLICY

For decades the European Union has been perceived by scientific and political milieus as one of the greatest political achievements of the 20th century, if not of the millennium, aiming at second decade of the third millennium, causing concern even to some of its most deep desire to preserve the peace between European nations. However, the EU is now – in the ardent supporters, because it is inflexible and defensive in its responses to social changes and expectations. It has become contemptuous of public opinion.

Europeans around the continent who have voted in successive national referenda to join or to stay in the EU, now ask themselves if it is what they were looking for. Anxious not to be seen as skeptics, let alone hostile to the idea of civilized, united Europe, they nevertheless balk at what they see developing in Brussels, to such an extent as to put the whole European project at risk.

Challenges and barriers of the enlarged European Union

There are many potential and unavoidable crises on the horizon. One of them is still the European Union's enlargement towards Central and Eastern European countries that has been a highly complex issue and one that has dominated the politics of Europe's pan-regional relations for the last two decades and will preoccupy EU structures for many years to come. Among issues attracting such intense attention are: unemployment, poverty and social exclusion, all of them generating a lot of tension and conflict, as well as an economic barrier for the long-term economic growth. Labour productivity, critical for economic growth, depends on workers' knowledge, skills, motivation and health. Therefore relieving extreme poverty, maintaining human capital, and adapting it to the needs of a market system support growth as well as social justice and political sustainability. Tackling chronic labour immobility would encourage growth and reduce poverty at the same time. Growth and greater mobility would help most of the present losers from reform to make up their recent losses. Thus large parts of the population feel that transition has left them behind.

The tremendous social cost of the transition was not foreseen at its beginning. It was generally felt that the anticipated „frictional and temporary dislocations” would be

tempered by the rapid growth of the economy, the development of private and public social assistance and the increasing role of the family. The policy focus was mainly on „individual responsibility” and „self-reliance” rather than „social solidarity”. While in official economic and social programmes, free and universal access to basic services had been retained, households were in fact forced to bear a large and growing share of the cost of these services. The examination of family budgets in 1990s and 2000s Poland showed a large increase of expenses for maintenance of health and, in wealthier households, also on education. Long-term material deprivation had created already visible secondary effect of self-restraint of needs, which in turn caused a kind of passivity in life.

Open and creeping privatisation of many „public goods”, such as health, education, dwellings, social security and jobs has spread throughout CEE countries, pushing out of „healthy” core of society a growing number of those who – for different reasons – do not catch on with the main stream of social life. Price liberalisation together with extensive reduction in subsidies has caused high inflation. A majority of the CEE population has experienced a fall in their average living standard. Due to extremely high inflation many people lost part of their life savings, and only a few were able to convert these holdings into capital and thus increase their value. Also during the transition the share of wages in total income has fallen, while the importance of capital gains, such as profits, dividends, interests, rents, etc., has increased.

Commercialisation of the recently social goods combined with their high prices and low average household’s income has been causing under consumption of goods such as health, education and housing by differently clustered groups. Older people, unlike the young, will reap few of the long-term gains of the reform, and many have become victims of both inflation and inflationary income redistribution achieved through the downward adjustment of real incomes at different rates *vis-a-vis* particular household groups. Rapid trade liberalisation and the inflow of imported food products from more competitive markets have ruined several farms financially and have driven many of them into poverty.

Transition in Poland as well as in the Central East European countries has brought mixed results so far; in all of them poverty, inequity and inequality have been increasing significantly over the course of 1990s and the first decade of the 3rd millennium. The situation differs from country to country, however compared to the 15 old-member countries, in all and each of them the scale of poverty, unemployment rates, especially the long-term one, the Gini index and tax burden are higher. Wages, purchasing power and living minima are lower. Pockets of poverty and areas of social exclusion are larger, and people’s feelings of economic and social insecurity are increasing. In addition, under pressure of tight public finances new ex-socialist EU members had to brutally cut social expenditure. Our demographic changes are not different from the “old” EU-15, but due to our lower GDP per capita levels and heavy drop in state budget incomes increasing social expenditure is becoming unsustainable and a danger for all stabilization efforts. The most expensive are the pension and the health sectors. The principle “education for all” has received a new – politically and

economically determined meaning. Housing is also a problem in most of the new post-socialist members. Liberalization made housing inaccessible to young generation of the low-income cohorts. Social expenditure is growing quicker and becoming more unsustainable. In Poland the cuts in public financing will be even more drastic in the years to come. All governments, including the Polish one, have to reform social systems regardless of political orientation. Thus, the issues of social security have proven to be challenging for researchers and politicians alike since the beginning of the 1990s and with symptoms of creeping and growing Islamic migration they have become more complicated than ever before.

All these have and will have, an impact on social processes in currently bigger EU. The worse is that an individual's utility to society has been very often looked at only from the economic standpoint. Investment is channelled towards the people who can be a factor for the economic growth (for example: the reduction of social charges and of corporation tax in order to attract new enterprises). Other types of contribution to society (its ideas and ways of thinking) are relegated to second place, and thus we end up by accepting that a certain minority of the population is useless and hence not worthy of interest and still less of investment.

Hopes and expectations of public opinion

It will take time to remove the undesirable social differences and install social cohesion within the European Social Union. The process will not be easy one and may be accompanied with social tensions and manifestations of disillusion and discontent. The "poorer brother" complex as a natural psychological consequence of higher living standards in the "old" 15-EU member countries, result from high sensitivity to arrogance of people from affluent societies. This complex will, probably, evoke, on the one hand, an undesirable attitude of the new comers attempting to milk the "rich brother", and, on the other hand, a dissent of better-off people against the "parasitism" of the newcomers, including immigrants. The social confrontation of attitudes may take place sooner than one can foresee it.

The societies of the new EU members have been constantly expecting in the nearest years level of granted wellbeing, including social security similar to their Western European peers. Instead of that "patchwork" provision is becoming more prevalent in those countries where there was previously universal provision. In formerly centralised administrative systems there has been decentralisation of service provision. Local municipalities have new responsibilities for social provision and administration of limited budgets, whether for unemployment or other benefit incomes, or for health, education or social service provision.

Social policy is a very broad concept interlinked with other sectors it has no hard legal definition neither in primary and secondary EU legislation, nor in the rulings of the European Court of Justice. Nevertheless, there is evidence in the EU Commissions working papers that social Europe is considered a process, something in the making, developing, learning. Social Europe originally involved social issues connected with

the free movement of workers, later common principles to be respected in national legislation and recently the method of open coordination (OMC) and social indicators to measure levels of social protection. Old hope that a major step would be achieved, if the EU Constitution were ratified, had to be postponed.

There is still lack of balance in the decisions on economic and social issues at the EU level for many years to come. Free movement of people, capital, goods and services and thus the creation of free European markets will be based on hard law and the EU social policy – such as social cohesion – still mainly on “soft law.”

If we accept the European values (social inclusion, solidarity, non-discrimination, justice, equity, equality, societal cohesion etc.) and the idea that economic and social progress are mutually strengthening, we should be interested in how to develop the social dimension of the EU. This will not be easy as the enlarged European union is the most heterogeneous political structure in the world. Moreover, The weak point of modern society, Europeans including, appears to be that people no longer know how to live together, no longer know how to listen, whereas we live in societies which are without precise contours and are becoming more and more multicultural, in which it is necessary to approach others with respect.

What social policy?

The question to consider is: do we want social policy at the EU level, and if we do, what kind of a policy it could and should be? The EU needs to urgently reconsider the possibility of implementing a new strategy of social intervention. May be at the beginning in – at least – the poverty and social exclusion areas. What should be reconsidered are the principles and premises of the EU’s approach to social policy. EU’s social policy has never been appreciated neither as an area legitimizing EU nor as a method helping to manage conflicts between two contradictory systems: democracy and free market economy. There is a growing need of a new developmental paradigm that would help to rearrange social links towards more solidarity and responsibility for each other, for fair access to basic necessities.

According to Matti Kari’s profound studies on EU social policy¹, the feasible development of EU’s social policy is highly haphazard. Social policy in relation to persons does not exist in the EU. The EU’s social policy seen as the social scheme of most of the Member States is based on employment and limited to the sphere of working life. There are practically no individual rights as the family members of workers derive their rights from the breadwinner. It has become more visible when Scandinavian countries joined the UE. Under their scheme all persons resident in the country have a right to social security, assistance and services. Those who are employed acquire additional benefits based on income, but their primacy rights are also based on residence.

¹ M. Kari, *Meeting with EU social policy*, Antwerpen 1998.

The EU has never claimed it has the power to put social policies into practice independently of individual member states, or displayed any serious intention of homogenizing social policies as a further stage towards European integration. In fact, the “Structural Funds” – the EU’s major economic tool for implementing its redistribution programs are under control of the member states while other minor programs, like the ones aimed at combatting poverty and social exclusion, are intended as a small scale demonstration experiments, which, if successful, could at best be developed and expanded by member states or local authorities. EU officials and member state representatives stick to the line that any homogenisation of social policies cannot be a part of the integration process since it would be too expensive, not realistically convenient and, more importantly, it would interfere to an unacceptable degree with national sovereignty. Thus, the principle of the European countries have responded in different ways to the welfare crisis, even if the emphasis on privatisation has been the most common reaction. The Single Internal Market, the Maastricht Treaty, the Social EU Constitution, Lisbon, Bologna and other treaties, in my opinion, do not alter this trend substantially.

Policymakers have to find a meeting ground between fiscal pressures and political and social imperatives. People left behind even after growth rebounds and labour markets becoming more flexible should be able to count on continued government support, including well-targeted social benefits. What we witness in CEE countries is not that much a crisis in resources to deal with e.g. poverty, but a crisis of both distributional and social policies. The latter seems to serve and protect more political and economic systems than society and its most vulnerable members.

Economic integration accompanied by social and political disintegration is becoming a frightening possibility. We Europeans need wide – open debate on European social policies for dealing with poverty, social exclusion, uneven development and current migration issue. Economic integration accompanied by social disintegration would have a devastating effect. A common European social policy is likely to remain a marginal and “subsidiary” feature. A homogenizing trend towards optimal quality levels is extremely unlikely because of high costs and budgetary restrictions. Also growing internal competition and tighter EU control on member states as well as financial and fiscal policies are bound to further restrict the capacity for preventive intervention in the part of both nation states and local authorities. Thus, the question to consider is: do we want social policy at the EU level, and if we do, what kind of a policy it could and should be?

Launching an idea of a single European social policy model is far from real life. After enlargement of the EU there are different national social policy systems and the differences are wider than ever. Moreover, the EU membership is for the new members more of an economic exercise rather than adoption of a new society model. Policymakers have to find a meeting ground between fiscal pressures and political and social imperatives. What we witness in CEE countries is not that much a crisis in resources to deal with e.g. poverty, but a crisis of both distributional and social

policies. The latter seem to serve and protect more political and economic systems than society and its most vulnerable members. There is still the lack of balance in the decisions on economic and social issues at the EU level for many years to come. Free movement of people, capital, goods and services and thus the creation of free European markets will be based on hard law and the EU social policy – such as social cohesion – still mainly on “soft law.”

The future of the European social model is in the hands of politicians. If politicians want to promote the European values they should aim to strengthen significantly the social dimension of the EU. The principle of subsidiarity should be reconsidered or at least it should be given a new meaning. The open method of coordination should cover equally both economic and social aspects. E.g. the pensions systems should not only be sustainable economically but also socially. However social policy cannot be any longer limited to the policy of social protection. The latest enlargement is not a mere extension of the present system but a marriage of two Europes with a different political, economic and social past. The debate on European social policy should take into account the heritage of the “post-socialist” members with which they one by one had entered the EU. This heritage consists of a completely different experience in the past 70 years; 40 years of communism and 28 years of painful transformation from a planned economy into a democratically operating capitalist market economy. The new accession CEE members (with the exception of Cyprus and Malta), representing 100 million people require understanding and tolerance. The EU has become more multicultural than ever before. People providing services and offering their manpower import their culture, habits and ideologies. Mutual learning will certainly have an important impact on future discussion of the European social model.

Conclusions

1. Economic integration accompanied by social and political disintegration is becoming a frightening possibility that would have a devastating effect for social and economic development. We Europeans need wide – open debate on European social policies for dealing with unemployment, poverty, homelessness, social exclusion and uneven development. A common European social policy is likely to remain a marginal and “subsidiary” feature. A homogenizing trend towards optimal quality levels is extremely unlikely because of high costs and budgetary restrictions. Also growing internal competition and tighter EU control on member states as well as financial and fiscal policies are bound to further restrict the capacity for preventive intervention in the part of both nation states and local authorities. Regardless the fact that the institutions and associations that support these populations have a vital role to play for more solidarity in Europe they cannot replace neither the states nor EU structures. A vibrant civil society comprising collective organizations such as churches and other groups within the religious community, trade unions, neighbourhood and charitable associations, sporting and leisure clubs and other kinds of community organizations should be partners of the states and EU

institutions.² What is urgently needed is a vision. Europe and Europeans need a different project, new foundations! Instead of that, the UE and its democrats advance the old project, which is virtually out of reach of their European pears and say; “Now catch us if you can!”². The EU has to reflect the sense of identity of the people it claims to represent. A sense of identity gives much of the meaning and purpose to our lives. It is founded on a number of factors: family and origin, profession, religion, nation, culture and history. In the European family of the nations diversity is everywhere. If there is a European identity, the diversity of traditions and historical background is a part of it. People of different nations feel Europeans in different ways, as their identity is born of different histories and cultures.

3. Europe must realize that unity can be achieved through diversity rather than by merging. However the larger the area concerned and the greater the diversity within it, the harder it is for any representative body to encompass the identities of those they purport to represent.

EU citizenship should be a sign of maturity confidence in one’s own identity and respect for the identity of others and its sources. There is talk of a democratic deficit, but little sign of any changes that would be felt by electors in the member states. Majority of the votes for Members of the European Parliament are cast on the basis of national political loyalties rather than European ones and, in general, people look for representatives who defend national interests rather than pursue European objectives.

Summary

The leading theme of the article revolves around the growing need for a new developmental paradigm that would help to rearrange social links toward more solidarity and responsibility for each other, for more empathy for the vulnerable members of European societies, fair access to basic necessities, for policy of social cohesion based on human dignity and human rights, for sustainable societal development. Human rights ought to be at the base of any social development because they are a powerful lever for social cohesion and the establishment of true democracy. More attention should be paid to certain rights, including economic, social and cultural rights. Social development should base on a package of fundamental values such as: human dignity, solidarity, responsibility, equal opportunities, participation of all. Respecting these values would ensure more solidarity, maturity, respect to the others and thus result in better social cohesion. Briefly for putting a human being in the center of interest of politicians. Without this the efficiency of the economy and the viability of the political system will be less than optimal. Nevertheless, there is still a long way to go before this becomes a reality.

² See: R. Guthrie, *The Good European’s Dilemma*, “New Europe Research Trust”, 2000, p. 11.

Streszczenie

QUO VADIS, EUROPO? KILKA REFLEKSJI NA TEMAT POLITYKI SPOŁECZNEJ UNII EUROPEJSKIEJ

Wiodącą tezę artykułu jest rosnąca potrzeba stworzenia nowego paradygmatu rozwoju, który przyczyniłby się do powstania więzi społecznych cechujących się większą solidarnością i odpowiedzialnością za drugiego człowieka, większą empatią wobec najsłabszych członków społeczeństw europejskich, równym dostępem do artykułów pierwszej potrzeby, polityką spójności społecznej, opartą na ludzkiej godności i prawach człowieka oraz zrównoważonym rozwojem społeczeństwa. Prawa człowieka powinny leżeć u podstaw jakiegokolwiek rozwoju społecznego, ponieważ są potężną dźwignią dla spójności społecznej i pozwalają ustanowić prawdziwą demokrację. Należy zwrócić większą uwagę na pewne rodzaje praw, w tym na prawa gospodarcze, społeczne i kulturalne. Rozwój społeczny powinien opierać się na zestawie fundamentalnych wartości, takich jak: godność człowieka, solidarność, odpowiedzialność, równe szanse, udział wszystkich członków społeczeństwa w życiu społecznym. Poszanowanie tych wartości zapewniłoby większą solidarność, dojrzałość oraz szacunek dla innych, co zaowocowałoby wzrostem spójności społecznej. Mówiąc zwięźle, sprawiłoby to, że człowiek znalazłby się w centrum zainteresowania polityków. Bez tego wydajność gospodarki oraz wydolność systemu politycznego trudno będzie uznać za optymalne. Minie jednak wiele czasu, zanim stanie się to rzeczywistością.

Keywords: European Union, social Policy.

Słowa kluczowe: Unia Europejska, polityka społeczna.

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