Quo vadis, Europe? Some thoughts on the European Union social policy

Abstract: The leading theme of the article revolves around the growing need for a new developmental paradigm that would help to rearrange social links towards 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. To put it briefly, we need to put the human being in the centre of interest of politicians. Without this the efficiency of the economy and the viability of the political system will be less than optimal.

Keywords: social politics, societal development, social values, human dignity, solidarity, responsibility, social cohesion
The European Union (EU) has been perceived by scientific and political milieus as one of the greatest political achievements of the 20th century, if not of the millennium. Yet the EU has been continuously causing concern even to some of its most 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 skeptic, let alone hostile, towards the idea of a 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. There were and there are many potential and avoidable crises on the horizon.

Almost 20 years ago one of them was the EU’s enlargement towards Central and Eastern European (CEE) countries. It is a highly complex issue and one that has dominated the politics of Europe’s pan-regional relations for the last decade and will preoccupy EU structures for many years to come. Among issues causing such intense concern are: labour market, poverty and social exclusion, all of them generating a lot of tension and conflict, as well as economic and social barriers to 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 of the economic reform to make up their recent losses. Thus, still large parts of the population feel that the 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 that was to be played by the family. The policy focus was mainly on “individual responsibility” and “self-reliance” rather than on “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 at the turn of the millennium in Poland showed a large increase of spending on maintenance of health and, in wealthier households, also on education. Long-term material deprivation had created the already visible secondary effect of self-restraint of needs, which in turn caused a kind of passivity in life.

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1 J. Hrynkiewicz, “Report on the human development of Poland in 1996. What social policy?,” [in:] Habitat and Human Development: Poland 1996, Warsaw 1996, p. 93.
Open and creeping privatization of many “public goods,” such as health, education, dwelling, social security, jobs, has spread throughout CEE countries pushing out of the “healthy” core of society a growing number of those who — for different reasons — do not catch the main stream of social life. Price liberalization, together with an extensive reduction in subsidies, has caused high inflation.\(^2\) The majority of the CEE population has experienced a fall in their average living standard. Due to extremely high inflation many people lost a part of their life savings, and only a few were able to convert those holdings into capital and thus increase their value. Also, during the transition the share of wages in total income had fallen, while the importance of capital gains, such as profits, dividends, interests, rents, etc. had increased.

Commercialization of the — until recently state-subsidized — social goods combined with their high prices and a low average household income had been causing underconsumption of goods such as health, education, housing by differently clustered groups. Older people, unlike the young, reaped few of the long-term gains of the reform and many became victims of both inflation and inflationary income redistribution that occurred through the downward adjustment of real incomes at different rates of particular household groups. Rapid trade liberalization and an inflow of imported food products from more competitive markets financially ruined numerous farms and drove many into poverty.

Transition in Poland as well as in the CEE countries so far has brought mixed results; in all these countries poverty, inequity and inequality has increased in the course of the 1990s and in the first decade of the third millennium. The situation differed 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 long-term, the Gini index, and the tax burden are higher. Wages, purchasing power and living minima are lower. Pockets of poverty and areas of social exclusion are larger, people’s feelings of economic and social insecurity are increasing. In addition, under pressure of tight public finances the new ex-socialist EU members had to brutally cut social expenditure. Our demographic changes are not different from the old EU, but due to our lower GDP per capita and a 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 of “education for all” has received a new — politically and economically determined meaning. Housing is also a problem in most of the new post-socialist member countries. Liberalization made housing inaccessible to the young generation of the low-income cohorts. Social expenditure is growing quicker and becoming more

\(^2\) This was the case in Poland in the years 1989–1993; see: L. Dziewięcka-Bokun, Human Dignity and Social Exclusion: Country Report on Poland, Strasbourg 1997; then an issue in Bulgaria and Romania for the years 1997–1999 and in Belarus and Ukraine for the years 1999–2001. See also Grzegorz W. Kolodko, Transition Economies — Selected Issues, Warsaw 1998, p. 11.
unsustainable. In Poland, the cuts in public financing will be even more drastic in the years to come. All governments, the Polish one including, regardless of political orientation have to reform social systems. Thus, the issues of social policy have been challenging researchers and politicians simultaneously since the beginning of the 1990s. With the creeping symptoms of economic crises and growing Islamic and East European migrations, EU politicians seem trapped — they do not know where to go and for what purpose.

All these factors had, still have and will have, an impact on social processes in the current 28 EU countries. It will take time to remove the undesirable social differences and install social cohesion within the European Social Union. The process will not be an easy one and may be accompanied by 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 results from the high sensitivity to the arrogance of people from affluent societies. This complex will evoke, on the one hand, an undesirable attitude of the newcomers attempting to milk the “rich brother,” and, on the other, a dissatisfaction of the better-off people with the “parasitism” of the newcomers. The social confrontation of attitudes may take place sooner than one can foresee it.

The societies of the new EU members expect in the nearest years a level of granted wellbeing similar to their Western European peers, including social security. Instead, “patchwork” provision is becoming more prevalent in those countries where previously universal provision had been the standard. In formerly centralized administrative systems the decentralization of service provision has taken place. Local municipalities have new responsibilities for social provision and for 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 that has no hard legal definition neither in primary and secondary EU legislation, nor in the European Court of Justice rulings. Nevertheless, there is evidence in the EU Commission’s working papers that social Europe is considered as a process, something in the making, developing, learning phase. 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. The old hope that a major step would be achieved if the EU Constitution were ratified had to be postponed.

There will be an unbalance in the decisions on economic issues and on 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 — will still be founded 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 EU is the most heterogeneous political structure in the world. One characteristic of modern society 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, even if they are strangers or foreigners. The migration phenomenon may bring riches if we look at it positively and without preconceived ideas. A great effort has to be made to be tolerant, and this is a quality that is learned in the family and at school, though it is never too late.

The EU needs to urgently reconsider the possibility of implementing a strategy of social intervention in at least the poverty and social exclusion areas. What should be reconsidered are the principles and premises of the EU approach to social policy. EU 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 policy, the feasible development of EU social policy is highly haphazard. Social policy in relation to persons does not exist in the EU. The EU social policy seen as the social schemes 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 became more visible when Scandinavian countries joined the EU. Under their schemes, all persons resident in the country have a right to social security, social assistance and social services. Those who are employed acquire additional benefits based on income, but their primary rights are also based on residence.

The EU has never claimed that 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 tools for implementing its redistribution programmes are under the control of the member states while other minor programmes, combatting poverty and social exclusion, are intended as 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 homogenization of social policies cannot be part of the integration process since it would...
be too expensive, not realistically convenient and, more importantly, would interfere to an unacceptable degree with national sovereignty. Thus, such an attitude towards the EU social policy has resulted in different ways of responding to the welfare crisis, even if an emphasis on privatization 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 substantially alter this trend.

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 become more flexible should be able to count on continued government support, including well-targeted social benefits.

Launching an idea of a single European social policy model is far from real life. After the enlargement of the EU there are different national social policy systems and the differences are wider than ever. Moreover, EU membership is for the new members more of an economic exercise than an 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 so 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 the political and economic systems than society and its most vulnerable members. There is still an unbalance in the decisions on economic issues and on 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 the politicians. If the 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. For example, the pensions systems should not only be sustainable economically but also socially. But 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 the present Poles, Czechs, Hungarians and others have entered the EU. This heritage consists of a completely different experience in the past 75 years; 45 years of socialism and 30 years of painful transformation from a planned economy into a democratically operating capitalist market economy. The new accession of CEE members, representing some 100 million people, requires understanding and tolerance. The EU has be-
come more multicultural than before. People providing services and offering their manpower import with them their culture, habits and ideologies. Mutual learning will certainly have an important impact on the future discussion of the European social model.

Recommendations

1. Economic integration accompanied by social and political disintegration is becoming a frightening possibility. We Europeans need a wide-open debate on European social policies for dealing with poverty, social exclusion, uneven development and currently migrations issues. 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. Homogenizing trends towards optimal quality levels are extremely unlikely because of high costs and budgetary restrictions. Also, growing internal competition and tighter EU control over member states, financial and fiscal policies is bound to restrict further the capacity for preventive intervention on 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?

2. What is urgently needed is a vision. Europe and Europeans need a different project, new foundations! Instead, the EU and its democrats advance the old project, put virtually out of reach of their European peers, and say “Now catch us if you can!” The EU has to reflect on 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 backgrounds is part of it. People in different nations feel European in different ways, they are born of different histories and cultures.

3. Europe must realize its unity through its diversity rather than by merging it. But 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 in being confident of one’s own identity and in respecting the identity of others and the sources of their sense of identity. There is talk of a democratic deficit but little sign of any changes that would be felt by electors in the member states. Most of the votes cast for Members of the European Parliament are cast on the basis of national political loyalties rather than of European ones and, in general, voters look to their representatives to defend national interests rather than to pursue European objectives.

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4 See: M. Różycki, “United in diversity — a forgotten challenge?,” [in:] European Union as a Global Actor, eds. J. Dyduch, M. Michalewska-Pawlak, R. Murphy, Warsaw 2014, pp. 46–57.
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