
THE EUROPEAN SOCIAL POLICY AREA BETWEEN DIVERGENCE AND CONVERGENCE

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The European Social Area is one of the elements of the European integration process which—for some time now—has been left behind. Its evolution has been marked by numerous institutional and political difficulties and it is only since the middle of the 1990s that special attention has been given to social issues at this supranational level.

Due to the character and the institutional pattern which have been set since the Maastricht and Amsterdam Treaties for the social policy area, one can observe that the European Union still does not influence these particular decision-making mechanisms to a great extent. As the essay will show, this is partly due to the soft-law character of the governance process in what regards social issues and partly to the resistance of the national states and the practical inability of the Union to deal with problems which could be better covered by the Member States. Another important element which should be taken into consideration is connected with the character of the European Union, which means that it assures the normative, legislative aspects of integration, instead of playing a role in the redistribution of resources. Thus, thanks to the existence of the subsidiarity principle, the Member States are still holding the power over the Union in social policy matters. As it will be presented later, there are several factors which play a significant part in allowing or inhibiting opportunities for further supranational actions in this sphere, the national political context being one of the most important among them.

On the other hand, the national welfare states had to face pressures coming from both inside and outside their 'borders'. To name only a few, these include the burden of increasing unemployment rates, demographic growth and the fiscal pressures imposed by the Union as a result of the implementation of the EMU (European Monetary Union). The national welfare states were thus left with two options. Some authors consider that we can already talk about a retrenchment of the European welfare states whilst others (Kleinman, 2002) argue that the welfare state model has actually survived and managed to adjust itself to the situation.

Bearing these ideas in mind, the present paper focuses on unraveling the mechanisms which have led to the development of what is currently known as the European Social Model. The main hypothesis of the study rests on the assumption that in analyzing the European social policy area one must pay attention to two intertwined processes. The first one is connected with the institutional development of the Union as such and therefore the role which social policy plays in the wider integration picture; while the second deals with changes in the structure and character of the national welfare states. I believe that one can better understand what is meant by the European Social Model and more precisely what its future can be only by looking at the links which can be established between these two levels of governance.

In order to be able to prove the above-mentioned hypothesis, I will attempt to develop an explanatory model of the problem under examination here. As a result, the study is structured as follows: The first part deals with the historical development of the European Social Policy Area. Its main goals are: to underline the increasing importance which has been attributed to the social dimension since the early beginnings of the Union, as well as to present its main institutions and their functions. The second part deals with the problems that the national welfare states have to face and tries to make assumptions about their future. The third and last part is dedicated to conclusions.

THE EUROPEAN SOCIAL POLICY AREA (EVOLUTION IN TIME AND THE IDENTIFICATION OF THE MAIN EUROPEAN ACTORS)

The evolution of the European Social Policy Area can be described as having been rather slow since the beginning of the Union. The most important reason for this was connected with the desire of the participant member states to focus primarily on the economic and later on political integration.

Economic integration was the purpose of the first type of collective decisions taken at the supranational level in Europe, namely the European Economic Community (EEC). This was created in 1957 with the major objective of developing an economic unity which would be achieved through the free movement of goods, capital, services and labour. At the same time, the Treaty of Rome (signed in 1957) emphasised the main structure which the community was bound to have from then on. This led to establishment of the European Commission conceived to represent the general interests of the Community as such and practice 'the legislative

initiative and control over its implementation' (European Navigator Site, 2006). It shared responsibilities with the European Council formed at that time by six representatives of the Member States. Its institutional function was to take decisions and 'coordinate the actions of the Member States and the Community' (European Navigator Site, 2006).

The initial function of the Parliamentary Assembly was to represent the interests of the members of the community. It had limited legislative and budgetary powers.

At the time when the Treaty of Rome was signed the question of integrating the social dimension into the development of the Union was of marginal importance. It would not be right to say that the social consequences of the integration were not mentioned at all; however, they were strictly connected with economic development (Kleinman, 2002). One of the provisions clearly referring to social rights was Article 119 which specified that women have the right to equal pay with men within the Member States of the Union (O'Connor, 2005).¹

However, this was not the only objective connected with the social sphere. M. Kleinman (2002) presents three others which can be considered to have an indirect impact on the evolution of social policy at the European level. These deal with setting the criteria for working conditions and the living standards of the active population, 'a closer co-operation in the social field' (Kleinman, 2002: 84) as well as the establishment of the European Social Fund.

As J. O'Connor (2005) emphasises, a series of measures connected mainly with poverty were adopted between 1975 and 1994 'with a break between 1980 and 1984' (O'Connor, 2005: 348). The significance of these actions was mainly political since their impact on reducing poverty was limited.

Another significant moment which marked the evolution of the European Social Policy area is connected with the ratification of the Social Action Programme in 1974 by the Council of Ministers. This document emphasises the importance of achieving the following goals: 'full and better employment, an improvement in living and working conditions [and] greater involvement of management and labour' (Kleinman, 2002: 85). It is quite obvious that the provisions in this paper represent a further step towards the integration of the social dimension in the European process.

¹ Kleinman (2002) underlines the fact that 'the dominant philosophy of the Treaty [of Rome] was that welfare followed from economic growth, not from regulatory or redistributive public policy' (Fallener, 1998 in M. Kleinman, 2002: 84).

In the early 1980s, following the election of Francois Mitterrand as president of France and Jacques Delors as President of the European Commission, a new boost was given to the processes connected with the social area. The ideological platform which the two French politicians proposed differed significantly from what had been previously established at the European level. This was the moment when, for the first time, the idea of a 'European social space' was mentioned. M. Kleinman (2002) identifies as main elements of the policy proposed by the two statesmen the importance which they attached to employment problems, 'the need to develop social dialogue [...] co-operation and consultation over social protection' (Hantrais, 2000; Wise and Gibb, 1993 in Kleinman, 2002: 86).

This particular political context helped the Union to come out of the deadlock prevailing between the late 1970s and the early 1980s. That was a period when not much was done for the social welfare of the citizens from a European point of view. The direction established by the Treaty of Rome was followed and thus the Commission limited its actions only to areas connected with health and safety at work and equal payment (Kleinman, 2002).

The middle of the 1980s as well as the beginning of the 1990s were beneficial for the evolution of the social policy area. Thus, the Single European Act (1985) and the Maastricht Treaty (1992) included more responsibilities the Union should take in relation to social issues. As it was previously emphasised, the concept of subsidiarity was embraced and thus—through the stipulations of the Maastricht agreement—the European Council was empowered to take decisions regarding social policy measures, but only in relation to those problems which did not fall into the competency of or could not be solved at the national level. As Kleinman (M. Kleinman, 2002) notes the process through which decisions in this area were to be taken consisted of '...directives, minimum requirements for gradual implementation, having regard to the conditions and technical rules obtained in each of the Member States' (Kleinman, 2002: 90). It can be thus concluded that apart from subsidiarity, the European Union was not ready to enforce decision-making patterns within the social sphere through hard, compulsory law (as it was the case with the monetary union, for example). Even though further steps were taken to accommodate a wider area of social topics within the agenda-setting of the Union, the decision-making process for which the Member States opted was of a soft-law character respecting the subsidiarity principle.

Mention should be made here of the next important European document, namely the White Paper on European Social Policy adopted in 1994 by the European Commission. This document pointed out several important elements which from that moment on were going to become the core of the debates concerning the social aspects of the Union. One of the significant achievements was that the Paper clearly spelled out the role which the European Social Policy should play within the integration process. Additionally, it defined and established as its main objective the development of a European Social Model. This is supposed to be based not on the commonalities which exist between the national welfare states, but rather on the 'shared core values' (O'Connor, 2005: 352). They were identified as '... democracy and individual rights, free collective bargaining, the market economy, equality of opportunity for all and social welfare and solidarity' (Kleinman, 2002: 95).

In addition to the previously established instruments the White Paper complemented the decision-making process with several dimensions. Thus, besides the legislative and collective agreements which had already been established, the financial aspects were also taken into consideration as well as 'mobilization and co-operation and [the importance of] information and analysis' (Kleinman, 2002: 95).

From this point of view, the European Commission became the key institutional player on the social scene. Starting from its initial legislative power it became also an important actor in the processes of disseminating information and 'commissioning research' (ibid, 2002: 95). Another important advancement which the Paper brought was a widening of the social areas in which the European Union could intervene. These included 'jobs, skills and working conditions, labour mobility, equal opportunities, social protection and social inclusion and public health' (Kleinman, 2002: 95-96). Despite these achievements the priority areas still remained those highly connected with the labour market and economic integration. Much less was realised, for instance, in the fields of social protection, social inclusion or public health.

As it can be observed so far, the Treaties which dealt with social elements were much more preoccupied with questions such as: On which areas could the European Union have a significant influence and what should its character be? They took a diminished interest in how the decision-making process should look like. However, this was the element which subsequent Treaties started to take into consideration. For example, the Treaty of Amsterdam (1997) set the objective of achieving high levels

of employment in the Union. This particular goal meant that the institutions should take more concrete actions in this direction and the document even mentioned the need for more co-ordinated action on the part of the Member States (O'Connor, 2005). The Treaty led to the establishment of an Employment Committee and it was followed by two important councils in Essen and Florence. These focused only on the labour market conditions and job creation processes.²

By this time it was already clear that the decision-making mechanism in social policy was headed towards the Open Method of Co-ordination. However, it was only with the Luxembourg Process in 1998 that this line of development became visible. The summit brought more clarity in the employment area. It proposed the realization of National Employment Action Plans which meant the establishment of employment guidelines and the adoption of specific targets (O'Connor, 2005).

This was followed by the Lisbon Council in 2000 which established a similar decision-making pattern but involved also the field of social exclusion. At the same time, the Lisbon Council clearly stated for that—for the first time—the economic and social goals were finally given equal priority. This is the reason why the central idea developed around the modernisation of the European Social Model.

The historical presentation of the evolution of the Social Policy Area had the purpose to emphasise two important elements. The first is connected with how the priorities of the European Union have changed over the years in order to incorporate more socially related areas, whereas the second focuses on the institutions which have achieved the highest degree of power over the decisions in the social sphere. As previously discussed, these are the European Commission, the social partners and the European Parliament, the latter playing only a secondary role. However, according to Liebfried and Pierson (1997) one should not neglect the growing importance of the European Court of Justice. Its role has been facilitated by the soft-law character of the social policy decision processes which do not require the member states to comply with all the social policy goals and objectives established in the Union's treaties.

² As D. Meulders and R. Plasman (1997) present the European Council of Essen established the following priorities: 'Improve job opportunities for the working population by promoting investments in educational training; particularly the acquisition of qualifications by young people; increase the intensity of the work content of economic growth; reduce unsalaried labour costs, particularly for non-qualified workers; improve the efficiency of employment policies by active ones; improve measures concerning assistance to groups that have been most affected by unemployment: young people, long-term unemployed workers, women, and older employees' (D. Meulders and R. Plasman in W. Beck et al, 1997: 34).

DEVELOPMENTS AT THE NATIONAL LEVEL: WHAT IS THE FUTURE OF THE WELFARE STATE?

The first part of the present essay had the purpose to identify the main evolutionary elements of the European Social Policy Area. We had a look at the processes which have guided the formation of the social dimension from the very beginning of the integration process up until the present time. Nevertheless this is only one side of the story and—as it was presented in the introduction—the main hypothesis of the present paper rests on the assumption that any debate about the European Social Area has to take into consideration two dimensions: one connected with the European development as such and the other with the evolution of the national welfare states. This part deals with the latter of these two dimensions.

Researchers (Gough in Beck et al, 1997; Kleinman, 2002; Esping-Andersen, 1999, etc) have emphasised to various extents the diversity and the ensuing problems which the current welfare states are confronted with. Any discussion about the European Social Model has to stop and take these factors into consideration.

As it has already been underlined in the first part of the paper, the aim of the European Union through its Open Method of Co-ordination is to establish a better governing mechanism for the social area. This would be based on peer review and the development of National Action Plans as a result of the consultations between the Member States. This method would prove to be less coercive than the one used in the case of the Monetary Union and would allow a certain degree of independence for the states. There is, however, a question that should be answered in this context: To what extent can we talk about the harmonisation of the national welfare systems if there are fundamental differences between them as we are soon going to see?

In general, welfare development theories mention the existence of a wide variety of welfare states. The problem of the diversity of welfare provision throughout Europe (and not only) is thus considered to be one of the main factors which hinder a faster development of social provision at the European level. There are various types of interpretations and classifications of the European welfare states, but for the purposes of the current paper I will focus only on two such divisions.

The first and one of the most prominent in welfare literature is the perspective articulated by G. Esping-Andersen (1990). The author considers that any attempt at classifying the welfare state should start from two dimensions: the social structure and rights and de-commodification. The first element refers to the idea according

to which the welfare state is a system of stratification itself. The redistributive social mechanisms are not only based on a given social structure (trying to reduce the existent inequalities), but, at the same time, they strengthen or even create a system of stratification. In what regards rights and de-commodification, the author refers mainly to the choice which every citizen should have to opt out of the labor market without suffering severe financial losses.

Starting from these two dimensions, Esping-Andersen (1990) goes further and defines three main categories of welfare states, namely: the liberal welfare state, the corporatist one and the social-democratic one. In what regards the liberal welfare state its main features can be synthesized as follows. It is characterized by means-tested benefits (assistance) and low levels of universal transfers. The main target group of the social redistribution plans is constituted by those people who are at the bottom of the social scale, partially or completely dependent on the state. The state encourages the development of the market either through passive or active types of policies.

From the point of view of de-commodification rights this type of regime minimizes its effects. This type of welfare state creates a social structure dualism between those equal in poverty and those in the majority who rely on the provisions of the market (Esping-Andersen, 1990).

The second type of welfare model is the corporatist one. This is much more wide-spread in continental Europe in countries like Germany, France or Italy. Its main feature consists in preserving the social structure and thus maintaining the differences between various types of social status. As a result, the sets of rights and benefits are ascribed to class and status (ibid, 1990). As Kleinman (2002) points out, the main goal of the state is not necessarily redistribution. In fact, this model presupposes the existence of a strong, powerful state which manages the public sphere so as to incorporate the wide variety of social groups. At the same time, a heavy emphasis is placed on the important role which the family, the church and the larger community play in ensuring the social protection of the individuals.

The last model which Esping-Andersen identifies is the social democratic one. This is associated with the Nordic part of the European continent and is considered to be the model which is closest to the ideal type of universal benefits and equality. One of its main characteristics is that 'equality [is achieved] by guaranteeing workers full participation in the quality of rights enjoyed by the better-off' (Esping-Andersen, 1990: 27). From this perspective, de-commodification is present to a

higher degree than in the previous social models and the political ideology of this regime creates ‘...an essential universal solidarity in favour of the welfare state’ (Esping-Andersen, 1990: 28).

However comprehensive this division of the welfare provision may be, the models proposed are considered to be ideal types. In reality the situation is much more complex and elements of each of these clusters can be found in the others as well. At the same time, if the theoretical lines of division are modified, other types of welfare regimes can appear. This is the case with Abrahamson in Kleinman (M. Kleinman, 2002). This author is of the opinion that there is another model which could be easily added to the types already described and that is the Latin model. It is typically found in the south of Europe and is characterized by a high degree of fragmentation and internal polarization. It places a heavy accent on the duties and responsibilities of the family. These states are considered to be ‘closed, particularistic [...] with [a] relatively weak state apparatus’ (Kleinman, 2002:50).

S. Liebfried (Liebfried, 1993) considers that the countries of the ‘Latin Rim’ are only partially developed as welfare states. They present elements which are common to the liberal model like residualism combined with a stronger traditional emphasis coming from the influence of the Catholic Church. At the same time, an important element of these states is the lack of a full employment tradition, especially in what regards women. In addition, family is known to play an important role in social protection.

As it can be concluded from the two theoretical models presented above, Europe is quite fragmented as far as welfare development is considered. The models which have been reviewed show very few commonalities and many differences and variations from country to country. As regards their common points these are mainly connected with the universal ideological commitments of these states. As A. Hemerijck (Hemerijck, 2002) points out, one of the most important points of convergence is the commitment to preserve social justice. This goal is shared by the members of all states and constitutes a solidarist way of sustaining those who fall through the safety nets of the systems. This ideology is deeply embedded into the recognition that social justice can contribute to economic development. To these elements Hemerijck (Hemerijck, 2002) adds the institutional functioning of the welfare states. By this he understands the various types of bargaining mechanisms between the organizations of the market, the state and the social partners. This tri-dimensional bargaining procedure lies at the core of the development of the national social policies.

Nevertheless, despite these convergence points the differences between the national welfare states are still prominent. Starting from the theoretical conceptions of Esping-Andersen and Kleinman we can say that the points of divergence can be analyzed according to the following dimensions: the development of specific, model and even country related mechanisms of redistribution and social justice; the evolution of a particular type of institutional setting (one in which unequal accents are placed on the state, the church, family or the market) and last, but not least, an element which is not taken into consideration by these two authors, the value related dimension. This last aspect refers to the different types of value loaded attitudes which result from political ideology and the configuration of these welfare regimes. Just to give an illustration of this dimension, let us mention the various attitudes regarding work or the importance of equality on the labour market between men and women (bearing in mind that in the Southern European model women are not encouraged to work).

Having presented the convergent as well as the divergent aspects which characterise the European welfare states we should now focus on the issue of how these states have been able to cope with the regional and global economic, social and political challenges. The structure of this part of the paper follows the main convergence/divergence dimensions mentioned above.

Various authors highlight different types of social processes which could lead to modifications and even future commonalities between the welfare states. On the one hand, S. Kuhnle and M. Alestalo (Kuhnle and Alestalo, 2000) stress the importance of increasing female occupation rates in the development of the welfare states. Of course, female employment has been dealt with in different manners depending on the institutional, economic and value attached mechanisms dominant in the individual countries. Nevertheless, the authors point out to the increasing similarities in female employment patterns between the European countries.

Another important element which is stressed not only by S. Kuhnle and M. Alestalo (Kuhnle and Alestalo, 2000), but also by M. Kleinman (Kleinman, 2002) is the rapid decline in fertility rates. As S. Kuhnle emphasised this phenomenon has affected Southern Europe to a higher extent, but the trend is also present in its northern parts.

As regards the institutional dimension, S. Kuhnle and M. Alestalo (Kuhnle and Alestalo, 2000) think that even though the necessity to reduce welfare costs

is a common problem which the welfare states have to tackle, the responses to this particular issue differ according to the various types of institutional settings and the importance which is attached in each welfare model to its main welfare providers: the market, the state (both national and local), the family and the civil society.

From an economic point of view, G. Esping-Andersen (Esping-Andersen, 1996) mentions the effect of high unemployment levels in Europe. In his opinion the main problem for the welfare states in adapting to higher social security demands lies in the discrepancy between the programmes which are already set in place and the current needs of the present societies. He underlines the fact that from a historical point of view the welfare states were built on the existence of a rather homogeneous working class present in the industrial period. Facing the multiple problems of post-industrialization, citizens need more diversified social programmes aimed at social protection. At the same time, more attention should be paid to the loosening of social bonds and the modification of the one-breadwinner family model which have implications for the way in which the institutional structure of the welfare system is designed and functions.

In conclusion and bearing in mind the ideas presented in this part of the paper we can state that despite the common problems which the European welfare states have been confronted with and despite some commonalities which can be approached from ideological, social or institutional points of view, the pressures for adaptation coming from both inside and outside the national borders are bound to be filtered through the specific sets of institutional agreements.

Summing up the ideas presented in this paper we can conclude that it is difficult to foresee the direction in which the European Social Policy is going to be headed in the future. Consistent progress has been achieved at the supranational level in order to bring the social issues more into the center of debates. However, as it was shown in the first part of the study only certain social dimensions have been stressed—mainly those connected with economic welfare. The others have been referred to the national states in accordance with the principle of subsidiarity.

At the same time, the option for a soft method of governance at the European level leaves the national actors a significant space for maneuver. Nevertheless, the Member States are themselves not ‘immune’ to the politics developed at the supranational level. They are affected mainly by the strict fiscal regulations which are the result of the European Monetary Union and which impose the maintenance

of the national budgets within strictly controlled limits. This has an indirect although no less significant effect upon the development of the welfare state.

Under these conditions how can the future of the European Social Model be perceived? From one, obvious point of view, at present this model lies somewhere between convergence (i.e close to being achieved in areas such as employment) and divergence (as regards social exclusion, poverty, health care, family policy and so on).

On the other hand, Begg and Berghman (Begg – Berghman, 2002) consider that under the current decision-making process it would be normal to have ‘the basic policy options discussed and the major policy decisions taken at the European level’ (Begg – Berghman, 2002: 190) with the implementation left in the hands of the lower entities. The achievement of this particular objective requires the existence of two prerequisites. The first is connected with the manifestation of a societal need for the regulation of social policy at the European level. From this is derived the necessary legitimacy which should be associated with the process. The authors underline that the European Union does not hold a clear-cut position on either of these accounts. Even though Begg and Berghman (Begg – Berghman, 2002) envisage a pessimistic scenario for the social policy area which would continue to be managed as it was before, they do agree that the latest developments which followed the Lisbon Council in 2000 could constitute a basis for a higher degree of convergence between the member states. This is made easier by the use of the Open Method of Co-ordination which currently allows for intergovernmental talks in what regards the social dimension of the integration process.

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