

Think Piece

Without Social Europe there can be
no Social Britain in our lifetime

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Discussion series: Europe

Can a left agenda reinvigorate Social Europe?

In his 1988 speech, Jacques Delors changed the parameters of the debate by sharing his notion of a Social Europe — a concept which put the values of collectivism, equality and solidarity, firmly at the heart of the EU. Just over two decades later, Mario Draghi, then President of the European Central Bank, declared Social Europe to be nothing more than a distant memory. Under growing neoliberal pressure for marketisation, the very principles on which Social Europe was built have increasingly come under attack. But does this mean that Delors’s model should be confined to history? Some on the left have argued that a renewed focus on Social Europe could promote equality and social cohesion, reducing the dividing lines that are increasingly present in Europe today. Ahead of the European elections, this paper was commissioned to examine whether a left agenda for Europe could promote a renewed focus on securing a Social Europe and with it a ‘Social Britain’.



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She played a significant role in the creation of more than 200 European Works Councils, has contributed to the overhaul of the services directive and fought for legislation covering temporary agency work, using the dialogue established with employers to achieve a better legislative framework within the European Union. One of her main focuses is wage equality in Europe.



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With nearly 15 years of experience working within the Labour and trade union movement, she was elected Confederal Secretary at the European TUC in 2011. She has represented workers in the service and communications sectors, manufacturing and basic industries. Within the ETUC, she directed work in the areas of international trade and development, energy, industrial policy, environment and health and safety.

Executive summary

Nearly six years on from the collapse of Lehmann Brothers and the economic crisis, working people in Europe have paid several times over for a crisis that they did not even create. Today, the European Union and its member states are struggling with a social catastrophe. Reading any European newspaper, you can see stories of the introduction of austerity measure after austerity measure alongside cases of incredible wealth. It's a snapshot of a Belle Époque for the super-rich and increasing misery for the majority.

Wealth is increasingly concentrated in fewer and fewer hands. A dangerous cycle has been created in which banks are not lending to small or medium enterprises (SMEs) but rather choosing to finance, or simply park their money with, speculative activities, such as the derivatives markets. This speculation has driven up the debt of European countries.

Vested interests have defended the financial markets from financial transaction taxes, reregulation and their responsibilities. It is understandable that people are so angry. People want and expect governments to stand up and protect them from the market. When they fail to do so, the risk is that they turn to far-right rhetoric. But xenophobic policies offer no future for working people. They are feeding on the very social instability that was created by the crisis. And it is not only migrants who are a victim of this. The benefit scrounger myth being purported by the Government and the media also creates dividing lines, pitting people against each other.

We need to revive Social Europe

A change in macroeconomic policies is a key starting point. If, in 2010, when faced with the credit crunch and the start of the Eurozone crisis, political leaders had put maintaining and creating jobs at the top of their priorities, the economic situation in the UK, Greece, Spain, Ireland, and elsewhere could have been very different. It is important to remember that these have been political choices.

Our aim must be to return to sound public accounts through an investment plan for sustainable growth. Let's face it, if we had hundreds of billions of euros to bail out the banks, then we should be able to find funds for that.

Common standards are also a central pillar of a more Social Europe. The reality is that people are being stripped of their rights in practice, even though they still technically appear on the statute book. To ensure stable industrial relations, respect for collective bargaining and the right to association - recognised as international fundamental labour rights – is paramount.

Alongside that, the promotion of European level industrial relations within sectors, companies and inter-professionally is crucial both for employers and workers. Our economies are increasingly integrated but our industrial relations are predominantly locally and nationally bound.

Perhaps most importantly and fundamentally, the EU needs to promote a more even distribution of wealth within and between countries. For the first time in many countries, the European Parliament elections are being fought on the kind of 'Europe' people want to see. We need to resocialise Europe.

Without Social Europe there can be no Social Britain

This year – 2014 – could go down in history as one of the cornerstone years in the development of EU co-operation. Nearly six years on from the collapse of Lehmann Brothers and the economic crisis, working people in Europe have paid several times over for a crisis they did not even create. It's hardly surprising there is so much anger and frustration amongst the working population.

The vast majority of people across Europe have been subjected to a sustained period of wage stagnation, or pay cuts, squeezing household incomes which have led to a continent-wide living standards crisis. Citizens across Europe have endured cuts in wages, pensions and social provisions, as well as attacks on industrial relations, collective bargaining and the selling of public assets. In every European country, some combination of this recipe is underway, even in those countries weathering the storm to a greater degree.

Today, the EU and its member states are struggling with a social catastrophe. While, high unemployment rates have already led to record levels of long-term unemployment, at the same time precarious employment has increased dramatically. Rocketing levels of youth unemployment have expanded the group of young people not in education, employment and training (NEET), to the point where we can no longer talk of a 'lost generation' as they are living amongst us. Increased poverty and social exclusion have followed the rise in jobless households and in-work poverty, with household incomes overall, consistently declining. This has created a grim new reality for many, in which hunger and energy poverty have risen rapidly across our continent, affecting physical and mental health. More than half a million people in the UK rely on food banks, according to a 2013 study by Church Action Poverty and Oxfam.¹

As the situation has deteriorated in some member states more than others, divergences between countries have been growing, especially within the Eurozone. The South and periphery of the EU have been particularly hard hit. However, even the more resilient member states have found themselves suffering the knock-on effects of reduced aggregate demand, eroded confidence, and financial markets contagion.

Reading any European newspaper, you can see stories of the introduction of austerity measure after austerity measure, as if politicians were doctors rediscovering the medicinal value of leeches. Those stories come alongside cases of incredible wealth,

including the news that around \$23 trillion has been squirrelled away in tax havens by wealthy individuals. It's a snapshot of a Belle Époque for the super-rich and increasing misery for the majority.

Behind the banking crisis hid a much deeper structural crisis of inequalities: income, wealth, health and education. Wealth is increasingly concentrated in fewer and fewer hands. Globally, the richest 0.5% of adults now own over a third of the world's wealth.³ Even in Sweden, a country considered to be one of the most cohesive in the EU, inequality is rising rapidly. 2014 research shows that, in the UK, the top 100 individuals have as much wealth as the bottom 30% of the population.⁴ The 'Spirit Level' research was published 5 years ago by York University's Wilkinson and Pickett and shows that inequality undermines everyone's quality of life in advanced societies – rich and poor – because an individual's quality of life is dependent on that of the collective.⁵

Rocketing levels of wealth inequality have created a vast pool of footloose global capital looking for the quickest returns - a factor behind the explosive growth of financial markets, securitisation, and speculative trading over recent decades. A dangerous cycle has been created in which banks are not lending to small or medium enterprises (SMEs) but rather choosing to finance, or simply park their money with, speculative activities, such as the derivatives markets. Speculation accounted for over 90% of financial transactions in 2011, according to the Bank for International Settlements.⁶

This speculation has driven up the debt of European countries. Vultures in the bond markets bet on whether countries are going to go bankrupt, increasing the pain of ordinary people, forced to take another pay cut or pension squeeze to pay for debt interest payments. Governments have struggled to tackle this socially destructive and morally corrupt behavior. Vested interests have defended the financial markets from financial transaction taxes, reregulation and their responsibilities. It is understandable that people are so angry, but in a globalised financial market the answers do not lie at a national level. Joint action at European level is crucial to reregulate our regional and global markets.

Unfortunately, rising inequalities undermine the capacity for joint action, social cohesion and trust in governments and democratic institutions. People want and expect governments to stand up and protect them from the market. When they fail to do so, the risk is that they turn to far-right rhetoric. In light of this, the current debate around the free movement of workers in the EU has taken on a dangerous tone in a number of

member states, including the UK. But xenophobic policies offer no future for working people. They are agitating against the most vulnerable in society, promoting scapegoating and division. They are feeding on the very social instability that was created by the crisis.

It is not only migrants who are a victim of this. The benefit scrounger myth being purported by the Government and the media also creates dividing lines, pitting people against each other. The bad feeling that is stirred up as a result of this makes people believe that the welfare system is unfair, whilst the real villains, like multinational corporations and wealthy individuals, evade and avoid colossal sums of legitimate taxation but remain untargeted by the Government and the press.

Even after 10 years of a Conservative-Liberal dominated Council of Ministers, Commission and European Parliament, there are still strong neoliberal forces pushing harder and further to use the crisis as a means of rolling back the very foundations of Social Europe - workers' rights, the welfare state and public services. The UK Government is at the forefront of this agenda, notably in its attempts to eradicate social and employment rights under the guise of tackling 'red-tape', allegedly for small businesses, which has actually focused on removing EU health and safety, and environmental protections for all. The latest attempts to weaken protections and rights for workers posted to provide a service in another member state, is a prime example. In 2012, the leader of the Conservatives in the European Parliament, Martin Callanan, stated quite candidly: "One of the best ways for the EU to speed up growth is to ... scrap the Working Time Directive, the Agency Workers Directive, the Pregnant Workers Directive and all of the other barriers to actually employing people if we really want to create jobs in Europe".⁷ These rules aren't barriers to employment; they set standards for fairness at work.

The fragmentation of Social Europe and transfers of competences back to national level would only serve the interests of the least reputable employers. It would create a social jungle, based on survival of the fittest, not greater equality. Even the Federation of Small Businesses, who publicly, but all too quietly, argued that EU minimum standards are vital in protecting small companies from worker exploitation and cowboy operators, who undercut quality through weaker health and safety. Worryingly, it is acknowledged that this happens in the UK. We need to put a stop to this. It is time to change the narrative and revive Social Europe.

Reviving Social Europe: jobs, investment and equality

Social Europe may be dormant but it is not dead as was claimed by the European Central Bank's President, Mario Draghi, in the Wall Street Journal on 23 February 2012.⁸ 'Social Europe' can certainly sound like an oxymoron in the current context. However, this situation has arisen precisely because EU Treaty commitments to 'full employment' and 'improved living and working conditions' have been undermined. Demands for 'Social Europe' are not for a European welfare state to replicate one of the many different national examples but instead for a set of common standards and policies ensuring that those Treaty commitments are implemented effectively.

A change in macroeconomic policies is a key starting point. Austerity is directly at loggerheads with what our main priorities should be - investing in our training and education systems, improving the quality of public services to address the ageing population, and transforming our transport and energy infrastructure to meet the challenge of climate change, to name but a few. There are other key aspects including, the introduction of a stable industrial relations system, well-resourced public services and a high level of social cohesion.

If, in 2010, when faced with the credit crunch and the start of the Eurozone crisis, political leaders had put maintaining and creating jobs at the top of their priorities, the economic situation in the UK, Greece, Spain, Ireland, and elsewhere could have been very different. It is important to remember that these have been political choices. This is clearly demonstrated by the low unemployment rates in those countries which chose a different route out of the crisis – Finland and Austria are both interesting examples. Ultimately, austerity was a political decision. Our leaders signed up to a collective suicide pact.

Our aim must be to return to sound public accounts through an investment plan for sustainable growth. A comprehensive programme to bolster growth by smart investment in infrastructure, innovation and education is the best basis to achieve the sustainability of public finances. As a first priority, investment should be squarely targeted at reducing our youth unemployment. Let's face it, if we had hundreds of billions of euros to bail out the banks, then we should be able to find funds for that.

Common standards are also a central pillar of a more social Europe. Currently, the rights created through EU health and safety legislation (working time limits, protection for

pregnant workers, risk assessment obligations), social partner agreements (parental leave, rights for part-time workers), and employment rules (rights for agency workers, information and consultation, etc), remain an important safety net for European workers. However, these are inadequate by themselves.

Rather than providing the minimum standards, as was foreseen in the early 1990s, in many countries including the UK, these are increasingly the only level of protection. By making it harder and more expensive for people to access Employment Tribunals and lodge benefit appeals, the UK Government is ultimately undermining the rule of law in this country. The reality is that people are being stripped of their rights in practice, even though they still technically appear on the statute book. This is a cynical move which is being replicated in other countries with reduced funds for labour inspectorates and reduced scope for union representation.

To ensure stable industrial relations, respect for collective bargaining and the right to association - recognised as international fundamental labour rights – is paramount. Since the launch of the World Trade Organisation, labour rights activists have argued that these fundamental freedoms must be protected in trade agreements. The EU, as the world's largest trading bloc, is no different. A number of cases, where the right to trade freely has been used to restrict fundamental labour rights, have been taken to national courts, and even the European Court of Justice (e.g. Vaxholm/Laval, Viking, BALPA). Such limitations cannot ensure a stable industrial relations system, and only increase social unrest and inequalities. Rebalancing the role played by the market with the rights of workers in Europe is a key change that future Commissioners and MEPs must prioritise.

Alongside that, the promotion of European level industrial relations within sectors, companies and inter-professionally is crucial both for employers and workers. Our economies are increasingly integrated but our industrial relations are predominantly locally and nationally bound. This creates the space for concession bargaining and employers putting workers in competition with each other. The European Commission, under Jacques Delors, created a stick to encourage employers to negotiate at European level with trade unions, through the threat of legislation, but Commission President Barroso has done little to support the social dialogue at EU or national level. In addition to this, current economic and labour market reforms, demanded of the crisis-hit countries, have included the dismantling of collective bargaining institutions.

A New Path for Europe

As European trade unionists, we face the challenge of a generation to fight for, and defend, our basic rights, to protect the social safety net and address the concerns of working people.

The ETUC has called for a New Path for Europe for a fairer and more sustainable economy. As new MEPs are elected and a new Commission takes office, their work is considerable to repair the damage done in recent years and reform the EU to ensure that it is capable of addressing future challenges. In our view, this demands a programme focused on:

- A growth plan worthy of the name: a ten year plan with co-ordinated investment of up to 2% of the European Union GDP.
- A proper industrial strategy for Europe to create and maintain jobs which directly addresses the need to tackle climate change. This could be achieved through investment in infrastructure, energy efficiency and savings, and better use of social and environmental criteria for public procurement to support industries. It is also important that this industrial strategy targets younger workers, with a particular focus on quality apprenticeships, vocational education and training programmes.
- Ensuring collective bargaining and social dialogue are promoted and fundamental labour rights are protected.
- A fully-fledged banking union and a more sensible timetable for deficit reduction.
- Reregulation of financial markets which ensures long-term sustainable investment is prioritised.
- Prioritising fairer taxation, including the agreement of an EU Robin Hood Tax on financial transactions, and concrete action on tax evasion and avoidance in the EU.

Perhaps most importantly and fundamentally, the EU needs to promote a more even distribution of wealth within and between countries. There are many ways of achieving this, whether through a living wage, worker representatives on company

boards, new models of corporate governance, greater shareholder activism, new systems of ownership or a bigger role for unions and collective bargaining. It has been consistently demonstrated that a more equal society is better for everyone regardless of wealth within that society. The EU has a role to develop common strategies and standards in this area. This would provide real sustainable economic governance.

The future of European integration - indeed the future of the European Union itself as we currently know it - depends on reengaging public support around a strong, progressive vision of investment and employment. We need to resocialise Europe.

In May this year, people across Europe will have the chance to give their verdict on their political leaders. For the first time in many countries, the European Parliament elections are being fought on the kind of 'Europe' people want to see and not simply on national issues.

Just weeks before these elections, it falls to those of us who hold workers' rights and investment in our regions dear to make the case for their defence. As Nye Bevan said of the NHS, the EU's social dimension "will last as long as there are folk left with the faith to fight for [their rights]". We must ensure that MEPs, who understand the value of Social Europe to its citizens, are elected to defend it.

Notes and References

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