

**Reflexions by Jacques Delors – Conference on a New Social Europe  
Organised by the Party of European Socialists**

**European Parliament – 2 December 2005**

Dear Comrades,

First of all, I apologise for not being able to spend the whole day with you, but when I was told about your meeting, I had already other engagements. I will talk of the social and economic models, of the challenges ahead in relation to them, and in the end, it will suggest some working guidelines.

Let me make however a small comment on Europe. This is a topic we could deal with some other time if you feel like it but I just wanted to say that, contrary to what Anti-Europeans and the advocates of the “No” to the Constitutional Treaty say, in France and elsewhere, the European dimension does already exist. It is even much more substantial than some people claim it to be, whether in terms of minimum social standards, economic and social cohesion, the effects of the single market, or the social dialogue I initiated in 1985. But in order to go even further, we will first have to solve amongst ourselves a particular divergence of points of view, which seems to me to be insuperable in the current situation. Indeed, for many of us, among which myself, the European construction and its economic area are founded on a competition between enterprises. Some say, in particular our neighbours on the other side of the Channel, that it should also be based on a competition between nations; this would mean that within the Union and the EMU, with the help of fiscal or social dumping, we should be able to compete. I believe that if we go down that road, which some have already taken, we might as well give up the idea of a political Europe altogether and even of a common space for economic and social progress. This would even be contrary to the triad at the basis of the Single Act, i.e. competition as a stimulus, cooperation as reinforcing mechanism and solidarity as a uniting element. On this fundamental point, we need a comprehensive debate to clarify the situation. This is all the more necessary that there are countries that get a lot of help from the EU and that merrily go about practicing fiscal dumping. Is it possible, under such conditions, to abide by “marriage contract” underlying the EU? I put the question to you, in the hope we can reflect on that.

I will only say that if I had more time, I would once again plead, and perhaps once again in vain, for a better balance between the economic and monetary pillars within the Economic and Monetary Union. Its present evolution does not at all correspond to the spirit of the report that had been drafted under my presidency and which was the guideline of the Maastricht Treaty.

#### **ON EUROPEAN SOCIAL AND ECONOMIC MODELS**

You will have seen that there are differences between our countries. We can live and go on building Europe with some of them. But then, there are divergences, on which we should have a frank and open debate and draw our conclusions, should the need arise. I follow the experiences of all our countries with great interest. I would like to refer to those countries that are successful in Europe as it is, thanks to the different qualities of their peoples and governments, and the political courage they have shown. On this topic, I would like to recommend to you two books I have read recently: one is a joint work, edited by Anthony Giddens on “The New Egalitarianism”, collecting extremely interesting contributions, namely

on the role of women in society, along with some inputs from Esping-Andersen and Atkinson. There is a second book written by our comrade of the Italian CGIL, Bruno Trentin, who makes a very shrewd analysis on the questions related to work and the innovation abilities of workers (the title of the book is “La libertà viene prima”). I will not be able to go into details but I just wanted to present them to you, as they both go deeper into what I will briefly say in my presentation.

What have been the main characteristics of diverging but most of all, different European economic and social models? First of all, it is the balance between society and individuals: society does not crush the individual citizen, but on the other hand, citizens cannot do whatever takes their fancy to the detriment of society. This is a tricky balance between collective and individual responsibility, and a big philosophical question that Tony Blair, for one, has solved in his own way a long time ago.

Secondly, the main feature of European models has been “welfare”, i.e. protecting the citizens against big risks. There is the double compromise between the state and the market, between public institutions, but also between employers and trade unions. You will recall no doubt that by the end of the glorious years of economic growth, we could say that the social level was a contribution to economic development. Today, however, the social dimension is being dealt with as if it were the result of economic development and not an element contributing also to a more sustainable and solidarity-based economic growth. The differences between our countries have to do with national traditions and characteristics. For instance, some countries have historically been more open than others to the outside world. Others solve their problems more easily thanks to the quality of their systems of industrial relations, which is still very effective; or by clarifying the role of the state and the way to finance welfare, through taxes and contributions on the basis of salaries. This, of course, has given birth to a number of models, but this diversity is no obstacle to the European construction. It is rather its richness. These models have been confronted with difficult challenges ever since the mid 70s, which are a threat not only to their characteristics but also to their very essence. The question is: how to adapt them without betraying their original aim? How to adapt them while upholding the values that are at the core of social democracy?

## **THE CHALLENGES AHEAD FOR OUR SOCIAL MODELS**

I would like to share with you my thoughts on **5 main challenges**:

- **The changes in labour organisation and work content**: this is an aspect that is the least referred to. Today, we are getting out of the so-called Taylorist system, which applied to 80% of the workforce, in order to move towards a different system that brings more autonomy to workers, but also more uncertainty and insecurity.
- **Demographic changes and its consequences on the welfare system**: life expectancy is considerably increasing in our countries. Hence, there is an unquestionable imbalance. Demography is the mother of economy. There is no escaping it. We must draw our own conclusions and think about the future, while taking into account the burden future generations will have to bear.
- **The evolution of ‘subjective’ values, of behaviours**, among which the concept of family, divorce, single-parent families and women living alone. This element actually fuels gender inequality. It opens up the question of how to help single-parent families or people living on their own, and who in general, have no stable jobs and are not in an

environment allowing them to bring up their children. In the book edited by Giddens, there are a lot of interesting elements on the consequences of these behaviours and also on social and public policies, among others, on the definition of a public service allowing non-traditional families to combine a stable job with bringing up their children and having relatively fulfilling lives. This has become an essential question

- **Labour costs and the financing of welfare are facing a terrible competition.** I am always surprised to hear people talk about the WTO and referring to the United States, Europe, Japan and the developing countries. We need to be more accurate in order to better grasp reality: on the one hand, there are developing countries, and on the other emerging countries such as Brazil, China and India, on the other. No-one can ask us to show the same generosity towards the latter as towards the former. However, some people continue to say, in an ideological approach that is common amongst the apostles of free market, that we have no heart. However, Brazil, China and India are in another category as Africa, Sri Lanka or Bangladesh.
- **The increasing imbalance between capital and labour,** namely the predominant financial capitalism. This financial capitalism is translated in France, for instance, by a huge divide between executives, and also part of the public servants, who perhaps dream of becoming managers, and the rest of the population. It is not just a salary gap. The problem is also that the former no longer understand how one can live with €800, €1000, €1400 a month. If social democrats do not integrate this problem in their reflection, they will hand over the debate to the extreme-left or extreme-right, who will protest even more vigorously and generate even more fear among the population, even more a feelings of not being understood, and even of rejection. I also think of the balance of power between employers' organisations and trade unions and I can see that in some countries, trade unions are no longer able to have their say in collective bargaining. In the UK, for instance, only 30% of paid workers are covered by a collective agreement on their working conditions and salaries. In short, the challenge ahead is huge and globalisation has only accelerated these changes. I believe we should face these challenges and try to adapt ourselves without betraying our core values.

## **SOME AVENUES OF REFLECTION**

First of all, to respond to the evolution of work content and labour organization, what new work typology do we need? I am not even referring to professional training, mind you, I am just talking about which type of jobs we need and with which consequences? What is the link today between the “symbol manipulators”, i.e. those working in the new information technologies, and those autonomous workers who yesterday worked in a clear hierarchy according to a clear work plan and who now need to take initiatives in a more flexible system? These workers, whom we should not forget and who grew up in predominantly Taylorist system, will be faced with huge difficulties when they turn 50. We understand they find it hard to adapt themselves. On the other hand, are young people really prepared to face this relative working autonomy? Let us beware, among others, of the development of a whole care service sector, which is anarchically growing and in which people have not always got proper training, whether in taking care of children, or the elderly, etc. However, this is a sector which will create a lot of jobs. For lack of a new Marx or a new labour sociologist, if we must take into account the social situation of everyone, the future, and equal opportunities. It is necessary to come up with a more refined typology of the evolution of labour organization.

- **How can we enhance equal opportunities?** Giddens' book questions some of Tony Blair's ideas on equal opportunities. In other words, does the reinforcement of individual responsibilities (which is something I believe to be necessary) necessarily increase equal opportunities? To use Amartya Sen's theory, what is fundamentally at stake here is the actual capability of everyone to guarantee their freedom and reach fulfilment both professionally as in life in general. The true basis of inequality is actually capability, i.e. the ability to be self-confident and fulfil one's potentials. Education should aim at teaching everyone to "be", to "do", to live together and to adapt themselves. These are the necessary foundations of an education system which would put "the abilities" at the heart of its reflections and not the all too vague idea of equal opportunities, which the right-wing has retaken and distorted. Therein lies the whole issue of basic education and life-long learning. How can we give people, especially the less privileged, the taste for permanent learning? Let us stop talking about life-long learning since we still do not know how to balance basic education with permanent training. Life-long Training has become a fashionable term, but one which does not have any practical meaning. Countries such as Sweden and Finland, for example, have really been successful in the field of adult education and equal opportunities.
  
- **What should be the role of public services?** Do we speak of public services or services of general interest? When we look more deeply into the problems of social exclusion, and see isolated people, single-parent families, laid-off workers with no self-confidence anymore, clearly we must rehabilitate the notion of services of general interest. The market, even if it is dynamic, cannot do that on its own. In this respect, there is one field in which a lot of progress has been made: employment services. As to the activation of social expenditure, there again, we should pay tribute to such countries as Denmark, Sweden, Finland, the Netherlands and the UK for having been able to modernise their employment services, and therefore for having managed to somewhat decrease the inequalities of opportunities. Of course, we could discuss about workfare but it would be a philosophical debate. Countries which have not succeeded in this field should pay more attention to those who have in this field.
  
- **How to deal with those who obviously cannot be reintegrated in the labour market?** There are a lot of them. In France, we have an income support and among those benefiting from it, there are people who could get back to work, and find their dignity and their self-confidence again through work, and others who would never be able to, for various reasons. What to do with the latter? Some people are totally against the idea of a universal income support for fear this should encourage laziness. No socialist can escape this debate. After everything has been tried, there are some people who obviously cannot be reintegrated into the labour market, even if there were enough jobs for everyone... Nothing is less certain, however.
  
- **How to valorise the role of the local community and networks?** One of the reasons for success of the countries I talked about before is the integration of all stakeholders at the local level: municipal powers, the state and its local representatives, if there are any, associations, enterprises, and trade unions. This integration at the local level is one of the reasons for success in the fight against unemployment. We have to study these experiences and ask ourselves if other countries suffer from a sort of total allergy towards this bottom-up solution.

- **What kind of financial balance?** There again, we go back to the philosophical question of individual and collective responsibility, more specifically in this regard, to the question of individual or collective contingency funds, either financed by the savings of those who are able to save money in order to try to improve their lives in the third and fourth age. This question should also be analysed because the young generations, whatever the prevailing ideologies, are already worried about this issue. For example, young 25-30 year old parents are already thinking about saving money to finance higher education for their children. What is the share of individual contingency that is compatible with our social democratic values? We should recognise that of course, there are some traps along the way: the right-wing is waiting for any kind of opening from the left in order to adopt reactionary measures. This question is as valid as the one on the balance between taxes and social contributions. In this sense, for instance, one of the main reasons for poverty in France are unstable low paid jobs. These “poor workers” are a concrete expression of unequal opportunities. There is a big controversy about whether or not public authorities should devise some kind of negative taxation rate for these poor workers. This question is also important because it is part of the reflection on an inclusion policy in society. In France, we have led studies on poor workers, and they show that this is by no means a rhetorical question. On the other hand, if we were to provide too generous a bonus, the whole basis of salaries would crumble. It is therefore difficult to find a middle course. Negotiating decent salaries must remain in the hands of social partners. How to make sure that help provided to poor workers becomes an opportunity for an increased well-being of workers as well as for the development of labour and enterprises? This is a fundamental question, which we need to deal with.

I cannot go any deeper into these questions today. I do not claim to have the answers. It is now up to the PES to reflect on them and reinforce our political will... To the service of our social-democratic ideals.