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A new social Europe

Building an inclusive society

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Let me start with two personal impressions and one clarification:

1. My impression is, that many, if not most of the Europeans would already be quite happy, if the good old social Europe would last, would not be skipped to make place for a new and colder Europe, where you have not only strong competition between companies or even countries but also strong interpersonal competition as well. This Europe has less social security than before, more unemployed, nearly no growth perspectives etc. That gives ground for the question, weather at least some of the elements which have guaranteed the old social Europe could be kept – or even more: could still be used as driving forces.

2. My second impression after having listened to what has been said up till now is, that we are speaking too much about globalization and not enough about competition between the member states inside the European Union. Because many of the problems we are facing seem to home made and not effects of the globalized economy.

3. The clarification, which becomes more and more necessary, even in our discussions inside the SPE: The common market is not our objective, it is only a means to organise the market. The objective is the wellbeing of the people. And our challenge is to organise this common market in a way that delivers both: efficient economies to serve the wellbeing of the people.

Now three points on the question of building an inclusive society:

1. Today we are facing at least two challenges for an social Europe:

- One is the much too high unemployment rate. It is just not acceptable to have more than 20 million unemployed in a Europe, which wants to be called “social”.
- The second is, that the goodies of the process of liberalisation, privatisation, enlargement of the Union etc. are by no means equally distributed, they are not even fairly distributed. There are winners on one and losers at the other side. On the one side big, often multination companies, their management, their owners and on the other many of small and medium sized enterprises and many of the not so well educated people.

2. To start with the latter aspect: One of the lessons we could learn is, that questions of a **fair distribution of wealth**, of growth, of productivity gains have been solved best by a fair process of negotiations between capital and labour, between organised companies and organised labour force, the unions (social partnership).

So one of the pillars on which we could rely is a strong position of labour, of organised labour and a fair process of negotiations. This kind of fairness has also to be guaranteed by state- and European regulations offering a level playing field and has to be defended against the pure ideology of competition.

We Social Democrats should in any case look for additional agents in the field if we want to create a social Europe and should not only rely on the hope to get the necessary majorities in our states and in the European Parliament. Because that might take a long time.

3. It is on the other hand a fact that the unemployed normally are not really included by means of social partnership. The question therefore is: what would they need or with other words: what has to happen to give them a clear signal that we are moving into the direction of a social Europe?

- Firstly we do need **economic growth** to create more jobs. And to create growth somebody has to spend money, more precisely: more money, otherwise there would not be any growth. It is necessary to point on this fact because during the last decade most of the governing people tried to convince everybody that growth will be the effect of structural reforms. It is not. Structural reform might be necessary to give us room to manoeuvre but to create growth somebody has to spend more money. That is, by the way, one lesson which can be learned from the UK example from the last eight years: what Tony Blair and his government really did is to spend big amounts of money to improve public infrastructure, schools, the health system, which has been absolutely necessary after the years of Thatcherism. And the labour government introduced minimum wages and additional state payments for those who would suffer otherwise. That has brought strong demand for the British economy and the related growth rates and reductions of the unemployed. A social democratic method which worked.

It is just not true, that more pressure on the unemployed or only training and education etc. will create additional jobs. You might see only an exchange between than trained jobless and not so well trained employed. It really needs an input of money. And we should not give the impression that this somebody to spend more money could only be from abroad. Exports are important but their weight in the European economy is to little to break the unemployment or the growth problem. We ourselves have to spend the money in one ore the other way.

One more aspect – valid for the British and for the continent: If incomes are fairly distributed that as such has also a positive impact on economic growth. The rich do not spend enough, the poor do.

- Of central importance for an inclusive society and specifically also for the needs of the unemployed are **services, accessible for all** in the fields of education, health, culture but also of water- or electricity supply etc. Social Europe is built on two pillars: social security for all and non-discriminatory access to services of general interest. That is what makes the difference in comparison with the United States model.

Conclusion:

What a Social Europe needs first is

- a fair distribution of wealth, organized by a process of social partnership on the respective levels (local, regional, national, European)
- growth to create more and better jobs and
- services of general interest at a high quality level.