

Working Group XI

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Working Group XI “Social Europe”

Subject: A Social Europe: Towards Full Employment and Zero Poverty

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A Social Europe:

Towards Full Employment and Zero Poverty

(Josep Borrell Fontelles, Carlos Carnero and Diego López Garrido)

Introduction

The European Union is undergoing profound structural changes as result of a five decades process of transformation. Thanks to the developments of the past years, we already have a common currency that is widely accepted as a symbol of our unity and strength.

In the works of the present Convention, we are trying to develop for the Europeans a better Europe, more efficient and democratic; built upon commonly shared European values, as expressed in the EU Charter of Fundamental Rights.

This new model of Europe must be equipped and ready to act in a globalised world; not to stop globalisation, but to democratise it, socialise it and to prevent the European social system from becoming its victim.

As it is clearly deducted from the name of this Working Group, Europe is much more than a market. It is so because of the will of the Europeans, who want to construct a political entity of broader reach and meaning. We must be able to overcome the present situation, where social objectives of the EU are subordinated to the realization of the Common Market and the Monetary and Economic Union. Inflation is not the only worthy target. Key issues like employment, industrial relations, social security, services of general interest, etc. cannot be abandoned to the logic of the market.

The Constitution we are preparing cannot be just a declaration of principles and institution management mechanisms, but an instrument that will define rights, objectives and the policies to reach them. The Eurobarometer clearly shows that a great majority of European citizens expect more than just institutional reforms. Above all, they want an effective contribution to solve the main social problems: 90% of the

citizens that participated in the survey refer to unemployment as a key issue to solve; 89% refer to poverty. And so, our goals must be full unemployment and zero poverty.

With our actual framework for economic relations, the Union has turned into an indispensable global economic power. But the neo-liberal policies applied until now have not produced what they promised in exchange for the reduction on the labour market stability. Nobody believes anymore that Information Technologies and flexibility are going to lead to full employment; stability by itself does not produce growth. Our economy has grown only an average of 2.1% in the 90's; unemployment is again at around 13.5 million; and 11 million indefinite jobs have been downgraded to some kind of precariousness.

Something must be done. If we do not establish a communitary framework for action in social issues, a different social model will be imposed through the backdoor, thanks to the dismantling of the national social systems in a decaying context of internal competition, of not-harmonization and of social dumping. Internal competition based on the downgrading of the social systems of the member countries does not promote economic growth, only depresses the growth of Europe as a whole. The European economies should fear the most not the social dumping coming from developing countries, but that which may arise between members. A race to the bottom cannot be the best we can offer our citizens.

A social Union

To answer the demands of our fellow citizens a political union based on democratic and efficient institutions and the full recognition of civil and social rights must be further developed. More than just an economic it must be a social union, which becomes a global player to shape globalisation, not just to establish commercial relations.

If the Union is to become an active player, it must be able to take decisions. Flexibility- a principle that refers to multiple policies but is usually only applied as a means to reduce the rights of workers- cannot coexist with inaction. A more flexible

Europe will need an extension of qualified majority voting to those areas where, nowadays, unanimity is the rule, such as social policies.

The will of a few cannot be institutionalised imposing a framework for inaction. It is a simple democratic process: ideas must be defended and exposed to public scrutiny; a majority has to be developed in order to take a decision; those that defend an idea must reach agreements and convince a majority of the goodness of their position. Without being able to take decisions in such areas, we will be encouraging the democratic crippling of our Union, just the opposite of what our citizens mandate us for.

What we want is a social market economy, not just “an open market economy with free competition” as it is now stated in the treaties. Full employment, quality jobs and social justice must be core objectives, just as it is equality. Social and economic cohesion is to be strengthened and taken into consideration by all communitary policies

Our economy is to evolve considering sustainable growth and respect for the environment. A crazy run towards our own extinction, both physical and economical, cannot be the base of our system. We have a compromise with all our citizens, where we are responsible for our past, present and future acts.

Cohesion

Economic and social cohesion is one of the fundamental pillars the EU is being built upon. The transversality- or mainstreaming- of economic and social cohesion makes it applicable to all policies of the Union. Social policies must be coordinated throughout the Union, as a separate process of economic coordination.

The Constitutional treaty must include a framework to prevent “social dumping”. The European economies must compete to raise the living conditions of the Europeans with convergence of their economies as a goal. The welfare of all Europeans must be raised.

Harmonization can only be reached by establishing a set of minimum standards.

This does not mean that we look for uniform systems: there can be a variable geometry of standards. What we look for is a coherent framework, implemented as a system of solidarity.

An example of a minimum standard that is already being discussed, although in a very different area, would be the 2% of GDP dedicated to defence. If a minimum standard can be discussed and maybe set in such areas, why not in social policy? Why cannot we set a poverty line by international standards to be able to fight it and to give those citizens a better life? The energy that was used to proclaim the zero deficit objective should now be used to promote a public opinion mobilizing objective, such as the eradication of poverty in one of the richest and most prosperous areas of the world: Europe.

Although the difficulties, some social advances have been made in the European Union. What has already been achieved must be retained. Those social advances that are already part of the *acquis communautaire* have been reached through lengthy and difficult negotiations that should not be neglected.

Social Partners and Industrial Relations

This cohesion cannot be reached without some sort of coordination between the European social partners at European and cross-border levels, as legitimate representatives- together with the political parties- of the legitimate interests, aspirations and responsibilities of the Europeans.

To ensure a more democratic and efficient decision-making procedure, a permanent infrastructure must be established where the representatives of all parties involved (civil society, social partners, NGOs, etc) would be consulted and given a chance to speak in those matters that affect them most directly.

As part of this infrastructure, there should be a institutionalised EU framework for industrial relations. An efficient and coherent EU framework for industrial relations should incorporate the existing practices and be adequate and flexible for future

dynamic development.

An example of the possibilities of such framework could be the present framework agreements on parental leave and on fixed-term work, concluded by ETUC, UNICE and CEEP and then translated into European directives. International agreements related to labour and the fundamental conventions of labour law of the International Labour Organization (ILO) shall be ratified and translated into European Law.

In our social market economy, the monetary integration has implied a transfer and unification of a part of the economic policy under a central European authority. Our integration model is based on solidarity and balance. But, to a great extent, the fiscal and wage policies remain under national control, and so does the industrial relations system.

If we want a more economic and socially cohesive Europe, the European social partners involved must be given a chance to speak and to reach agreements at European level, always respecting the agreements reached at the national level by social partners. Their autonomy and role, also as co-regulators, has to be strengthened at all levels. The principle of “horizontal subsidiarity” must be the base of consultation and concertation procedures.

Our market has to be kept flexible, and so has to be the way to reach agreements. We cannot depend on lengthy procedures when it comes to reach agreements related to industrial relations at European level. In a globalised world where quick adaptation is a key asset, the social partners have to be given a chance to reach agreements at all levels, in a way that fully respects the national systems of collective bargaining and action.

This agreements have to be given a framework to make them legally binding, and also an array of institutions where disputes could be settled, both through conciliation, mediation, arbitration and, as a last resort, judicially. Social partners should be consulting members of this body.

A separate labour and social court has to be set in the constitutional framework,

as a last mean to swiftly resolve disputes, whenever no agreement has been reached through mediation or arbitration, and to prevent abuse of fundamental rights. Experts appointed by the social partners would be assisting members.

It is clear, and widely defended across all the political families, that the rights of the workers and entrepreneurs (and of the organisations that represent them) at European and cross-border level must be constitutionally protected, just as they are at national level, and so must be the transnational union rights and the autonomy of the social partners.

Fundamental Rights

The first European Convention reached an agreement on a Charter of Fundamental Rights, where a majority of the social rights of the Europeans are defined. The fundamental rights of the Europeans- as established in the Charter of Fundamental Rights- shall be of direct application. This fundamental rights shall be viewed as a starting point, which could, and shall, be further developed.

An imaginary and undefined future situation where any of these rights should be suspended cannot be a serious argument against the Charter. If there ever need to be any exception at all, a specific process can be established. If any of the rights established in the Charter are to be suspended, it shall be unambiguously specified by a concrete law for each case, only due to exceptional conditions and for a brief period of time. This suspension should be urgently, and if needed periodically, revised by the European Court of Justice.

As a clear exercise of their rights as citizens of the Union, all workers of the union shall be able to work in any of the member countries without having to obtain any permission from the national or local authorities. The citizens of the Union should have guaranteed access to social security in all Member countries, under the same conditions as the nationals of each country. Not only the migrant workers have to be covered by social security rights in their destination country, so have to be their families.

The principle of a minimum wage and income should be established as a right for all European workers. The monetary amount of it would have to be set accordingly to the economic situation of each country, but bearing in mind the social and economic cohesion of the Union, as a way to improve the situation of the less developed countries. The gap has to be closed by upgrading the conditions of the less developed, not by lowering those of the countries with a more advanced economy and social system.

Gender Equality

The construction of the European Union requires the participation and representation of all its citizenship: men and women equally. All forms of gender inequality should be eliminated and equality fostered. This principle of equality shall be promoted in all policies and levels (gender mainstreaming.)

As it is already expressed in the Charter of Fundamental Rights, the European Union shall guarantee gender equality in all areas, acknowledging that the “principle of equality shall not prevent the maintenance or adoption of measures providing for specific advantages in favour of the under-represented sex”. A gender-neutral language should be used in the elaboration of the Constitution.

A Sustainable and Flexible Economy

EU economic and social sustainability strategy procedures should be institutionalised. We must construct the future, not exhaust it.

Broad Economic Policy Guidelines and Employment Guidelines should be consistent with each other. It is not only stability that our economy longs for, but also growth and full employment. All Europeans that have the will to work must be given the chance to do so, and we cannot neglect this right by excessively constraining our economy.

A zero deficit law is a perfect example of the unnecessary rigidity that we

cannot force the Union's economy into. Zero deficit can be a good goal on the average over the long term, but it cannot constrain our ability to react in moments of crisis. We have to differentiate structural and cyclical deficit in our Stability and Growth Pact, not to drive ourselves headfirst into an economic slump due to the excessive rigidity of our economic laws. Full employment is our goal; inflation control is just a mean.

Health

Health is indispensable. Without a healthy population there cannot be a vital Union. The health of the European citizens shall be protected as a fundamental right, and threats to health shall be curbed. As it is already established in the Charter, "A high level of human health protection shall be ensured in the definition and implementation of all Community policies and activities."

Solidarity, health equity and universality of access to health services in Europe are the cornerstone of a social Europe. A true mobility of the Europeans cannot be achieved without guaranteeing some form of health protection for all through the whole of the Union, while respecting the right to organise and deliver their respective healthcare systems.

Public health cannot be downgraded to a supportive competence for the Union. The Union must have a possibility for legislation in this area.

It is of seminal importance to develop a healthy working environment for all, whether in a private company or in the army. Abusive employment conditions deteriorate both the health of the worker and that of the persons more closely related to them.

Services of General Interest

One of the missions of the European Union is to promote (or to allow for the development) of Services of General Interest (SGI) as a pillar of the European economic

and social model.

Among the objectives of the SGI are: to ensure social and territorial cohesion; to contribute to sustainable economic, social and environmental development; and to allow for universal access to essential services.

Organised under the responsibility of the competent authorities (on application of the principle of subsidiarity), SGI should work on the base of transparency, proportionality, quality, security, equity, participation and evaluation principles.

A dynamic equilibrium must be reached between the merits of the search for an increased competitiveness and, on the other hand, the promotion of the general interest.

Social Economy

Social economy comprises the activities and initiatives of economic content developed by private organizations that adjust to the principles of social solidarity, social responsibility and participative democracy. Social economy is an unequivocal actor for social cohesion.

This organizations may have economic and/or social nature and are characterised by: the primacy of the human person and its necessities over capital; the pursuing of general or collective interest goals, favouring the principles and fundamental rights contained in the Charter of Fundamental Rights, and/or the development of activities, according to social policies or great social priorities established by the European Union; the application and reinvestment of most their economic surpluses in the pursuing of the latter mentioned principles and objectives.

These organisations are present in all sectors of the economy, whatever its juridical appearance under national legislation, and among them may be: cooperatives, mutualities, associations, foundations, social insertion companies, etc. They are particularly present in fields like: social protection, health, banking, insurance, agriculture, labour, housing, distribution, culture, sports, etc.

Social economy represents an 8% of the total companies and a 10% of the employment in the European Union, with an estimate participation in the Union's GDP of 6.5%. Their success is not, and cannot be, measured in economic terms, but on their contribution in terms of solidarity, social cohesion and territorial actions. They are based on an active citizenship compromise and are a democratisation factor.

Recognising their special nature, a juridical definition and an express acknowledgement of the importance of the social economy should be included in the treaty.

Considering the special nature and objectives of these organizations, a European legislation at European Level should be settled and their characteristics clearly defined. In some exceptional cases, justified by reasons of general interest and always bearing solidarity in mind, they may not have to fully comply with the competence laws.
