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# Social Protection: Why the EU needs to deliver

> Renaud Dehousse

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## **SOCIAL PROTECTION: WHY THE EU NEEDS TO DELIVER**

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Conventional wisdom in European studies has long held that social policy is not an area in which the European Union can make a large difference. Solidarity, it is said, can only develop in societies where clear boundaries exist between individuals. Such is not the case in the EU, where a citizen's primary allegiance is to his own country. Redistribution being a zero-sum game, the majority method of decision-making is required, which may only be viable if the legitimacy of central institutions is clearly established. The legitimacy of the EU institutions, however, is said to be weak. In addition, a number of different traditions of welfare protection co-exist within the EU, as has been stressed by Gösta Esping-Andersen (1990). Citizens are strongly attached to their national brand of protection: in several countries, this is even regarded as a key element of national identity. The history of European integration has done little to belie these views. Social policy has experienced relatively modest progress, and the difficulties inherent in the adoption of European financial perspectives, undermined by the evils of "juste retour" have shown that redistribution and unanimity are indeed at odds.

This contribution purports to examine the problem from a uniquely different perspective. It does not start by taking an ontological view of Europe, in which the EU's activities are determined by reference to what Europe is. Nor does it rest on any normative views. Instead, it presents evidence demonstrating that European citizens are becoming increasingly aware of their standards of living and worried about their children's future, and that these sentiments nurture a political protest that is a potential source of instability for the EU unless met by an adequate political response.

My argument is structured in the following manner. Section 1 argues that citizens' attitudes towards the EU are at least partially linked to the extent to which they feel that they derive benefits from EU membership. Section 2 demonstrates the existence of a clear link between an individual's social position and his feeling of (in)security. Section 3 reviews recent evidence suggesting that Europe is increasingly perceived as a factor of insecurity. This may help to explain the clear correlation between socio-economic factors and the lack of enthusiasm, even outright hostility, to European integration that has been displayed in recent electoral contests. Hence the conclusion: unless these feelings of insecurity are duly addressed, governments are likely to find themselves exposed to growing turmoil, which may increase their reluctance to integrate further, and could even lead to the challenging of certain elements of the "acquis communautaire".

## **1. WHY BOTHER ABOUT CITIZENS' PREFERENCES?**

A whole series of literature on European integration tends to regard national governments as the dominant actors in European decision-making. The citizens' influence remains limited. While they are given the right to vote every five years for the election of the Members of European Parliament, they are not, in contrast to the situation on the domestic scene, allowed to determine the political orientation of the European executive (i.e. the European Commission) or to give a clear political mandate to the EU institutions. This provides the most likely explanation for the subsequent decline in turnout during European elections. It is therefore logical to suggest that citizens' preferences only have a remote control over EU decisions.

In a multi-level political system such as the EU, however, the situation is somewhat more complex. The ability of national governments to deliver benefits that reinforce their appeal in the eyes of voters has become increasingly constrained by their membership in the Union. To take but one example, the famous 'Maastricht criteria' have considerably reduced the governments' margin of manoeuvre, making it more difficult for them to use fiscal policies on

the eve of elections. Somewhat paradoxically, therefore, the EU's actions may have more impact on the fate of a national government than on that of the European institutions.

Moreover, citizens' support for European integration is far from being merely a question of ideals, or even of identity concerns. The "permissive consensus" of the 1960s, described by Lindberg and Scheingold (1970) as a weakly structured opinion in favor of European integration, has long since disappeared. In the post-Maastricht period, various studies have shown that the more a citizen perceives the European Union as a benefit, the more he or she will support it. In the wake of the French and Dutch rejection of the Draft Constitutional Treaty in 2005, it could even be asserted that we are witnessing a shift, at least in these two countries, from the 'pro versus against European integration' cleavage to one of opposing views as to the future development of the integration process. As is widely known, the alleged free-market bias of the EU has played a crucial role during the French referendum campaign of 2005 (Brouard, Grossman and Sauger 2005). Each of these factors renders it necessary to examine the citizens' perceptions of the benefits they receive as EU citizens, as well as their expectations, and to analyze how these two elements shape their overall attitude towards European integration.

## **2. THE DEMAND FOR SECURITY**

In recent years there has been an increasing demand for security (Castel 2003). This evolution is easily explained. In a world subject to rapid and radical changes, feelings of insecurity tend to grow and diversify. Economic and social insecurities encompass those uncertainties related to employment (unemployment, precariousness, new forms of work), to retirement (threatened by demographic evolution) or even to healthcare. Insecurity also appears to be linked to identity threats: recent changes in European societies are challenging elements that have structured social life for a number of generations. The transformations of the working classes, immigration, or the weakening of traditional integration structures such as schools, churches, political parties and unions, have all contributed to the creation of a universe in which identity landmarks are more difficult to find.

This trend does not affect all segments of the populace equally. A recent study based on European Social Survey data analyzed the impact of an individual's socio-economic situation on their attitude towards security in Western European countries (Cerami 2006). The study found that the two elements are directly linked: the higher the standard of living, the more satisfied individuals are of their situation, and the more likely it is that they will feel secure. Thus, for example, individuals with an extremely low income level (below 6000 €) are also less satisfied with their situation, and are less inclined to declare themselves 'happy', than are those in the high income category. Individuals with a lower income are three times more likely to declare themselves to be in poor health than those individuals with a higher income.

More importantly for our analysis, an individual's situation also has an impact on his or her relation to others. Table I, for instance, displays responses to the question: "In general, would you say that most people can be trusted or that you cannot be too careful". It clearly shows that people with a lower income have less inclination to trust others.

**Table 1 Trust and Income**

Household income	Trust level			Total
	Low	Medium	High	
0- 6000€	71,9%	22,3%	5,8%	100%
6-12000€	10,6%	73,5%	15,9%	100%
12-24000€	27,4%	58,1%	14,5%	100%
24-36000€	21,3%	61,1%	17,6%	100%
36-60000€	15,7%	61,0%	23,3%	100%
+ 60000€	15,6%	59,6%	24,7%	100%
<b>Total</b>	<b>24,1%</b>	<b>59,4%</b>	<b>16,5%</b>	<b>100%</b>

Source: Cerami 2006. based on ESS. Round 2. 2005: Round 1. 2003 for Italy

They also meet friends, relatives and colleagues much less than their more affluent counterparts, which is bound to have a negative impact on their social capital.

All of these factors also influence perceptions of democracy. Thus, to the question “How satisfied are you of the way democracy works in your country?” individuals in the low income category responded significantly more critically than the average. As can be seen in Table 2, the percentage of people who display a low level of satisfaction is twice as high among respondents in extremely low income households as among high income earners.

**Table 2 Satisfaction with Democracy**

Household Income	Satisfaction level			Total
	Low	Medium	High	
0-6000€	27,6%	55,2%	17,2%	100%
6-12000€	19,4%	60,1%	20,5%	100%
12-24000€	22,7%	58,6%	18,7%	100%
24-36000€	18,5%	58,0%	23,6%	100%
36-60000€	12,8%	59,3%	27,9%	100%
+ 60000€	14,0%	56,4%	29,6%	100%
<b>Total</b>	<b>19,5%</b>	<b>58,4%</b>	<b>22,1%</b>	<b>100%</b>

Source: Cerami 2006, based on ESS, Round 2, 2005; Round 1, 2003 for Italy

This analysis demonstrates the existence of a strong socio-economic divide in Europe. Of course, it is well-known that huge differences exist from one country to the other, which provides a solid justification for EU efforts to increase the level of socio-economic cohesion among its members. However, this should not obscure the social dimension of the problem: throughout Europe, people in lower income categories tend to show lower levels of satisfaction and face greater difficulties of social insertion.

None of these findings are particularly surprising, but they do empirically confirm the existence of a significant level of discontent and of a feeling of insecurity in certain segments of the populace. Studies of the European public opinion have demonstrated that social

factors also affect individuals' political attitudes, particularly their attitude towards European integration. Support for the EU has a clear elitist bias: it tends to increase in proportion to an individual's social status or to his or her level of education. Moreover, people in a lower social position generally view European integration as a threat to their level of social protection (Cautrès and Grunberg 2007). Could this also influence their electoral behaviour? It is to this question that I shall now turn, primarily analyzing evidence from the referenda on the draft constitutional treaty.

### **3. WHEN EUROPE BECOMES A SOURCE OF FEAR**

The votes organized in several European countries during 2004-05 have shown that European integration, associated for a long time with the hope of a better future, had instead become a source of worries for a growing number of citizens. To be sure, the results of these votes were largely determined by domestic factors. Both in France and in the Netherlands, the governments had reached record levels of unpopularity at the time the vote took place. Yet we cannot ignore the important structural elements that came to the fore on those occasions.

At the time of the French referendum, 52 % of those questioned and more than three quarters of the proponents of the "no" vote declared themselves worried by or hostile to Europe. For the past ten years, the number of French citizens who were worried constantly exceeded the number of those who declared themselves to be confident<sup>1</sup>. Within this context, anxiety, fuelled by the xenophobic discourse of radical movements, naturally increased.

Today, Europe is primarily perceived as a large market, where the ambitions in the field of security do not necessarily meet with the public's expectations. The creation of a European area appears as a threat as this area tends to expand without any precise limits. The free movement of people benefits not only students but also immigrants. Exposure to competition, although certainly a source of increased wealth for some, can also lead to corporate closures. Furthermore, Europe imposes constraints upon national governments that can reduce their ability to take action. The elimination of border controls and the severe budgetary restrictions imposed by the stability pact limit states' capabilities of ensuring their traditional function as security providers, and the EU has not quite succeeded them in this respect. The dangers that can result from this gap are evident. The idea – whether justified or not – that the expectations of the populace in this regard are not adequately taken into account has clearly played a role in the "anti-system" votes that have been recorded over the past few years in a number of European countries.

The European referenda have breathed new life into these sentiments. During the French and Dutch referendum campaigns, advocates of the "no" vote succeeded in playing on the fears of a large percentage of the population. In France, the European Union's institutional reforms, which represented the principal rationale for the constitutional project, were completely obscured by the main theme of the campaign: the "liberal" (free market) nature of European construction. Liberalism was perceived as the quintessential threat. Rather than reflecting on an articulation between the market and social policy, the leaders of the "no" camp purposely sought to alienate these two notions from each other. This message was received. Dissatisfaction with the economic and social situation was one of the primary motivations for supporters of the "no" vote. Identity factors also seem to have played a key role. Coupled with the anxieties engendered by the economic situation was a sentiment of "social demotion" amongst the lower-educated sector of the population (Perrineau 2005). Fear of the "Other", whether he is a wage-earner from the eastern countries or a Turkish

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<sup>1</sup> CSA poll, May 29, 2005.

immigrant, was a powerful lever in the campaign against the treaty. Its efficiency is beyond doubt: 67 % of voters who feel that there are too many foreigners in France also voted against the constitutional treaty, while opposition to the proposal for Turkey's membership in the European Union constituted a deciding factor for 35 % of supporters of the "no" vote<sup>2</sup>. In the Netherlands, the question of national sovereignty and the problems linked to immigration held a major position in the campaign (Cuperus 2005).

Feelings of insecurity appear to have accentuated a social stratification of the vote that has been initially revealed in past studies of European public opinion. In France, the strong mobilization of the popular classes rendered the "no" vote a large majority amongst the working class population, with 79 % of blue-collar workers and 67 % of employees rejecting the constitutional treaty. The "no" vote also became a majority amongst the middle classes, with a 19 point rise since the Maastricht treaty (53%). The "no" vote was only in the minority amongst students (46%) and retirees (44%). A similar observation can also be made in relation to levels of income: the positive vote prevailed only in those households where monthly salaries exceeded 3000 €<sup>3</sup>.

These trends should not be viewed as a French specificity, however, for a similar divide could be discerned in all countries that held referenda on the draft constitutional treaty: in the Netherlands, the "no" prevailed in all categories, yet it reached 78 %, or 16 points above average, amongst blue-collar workers. Even in the richer Grand Duchy of Luxembourg, the negative vote received a clear majority (66%) in the same income category. There was thus a homogenous social profile of the negative vote in Europe: it prevailed the 18-24 year age group, amongst blue-collar workers and people with a lower level of education (Eurobaromètre 2005).

These findings can be partly explained by short-term factors. Traditionally, support for integration is sensitive to the economic situation. It weakens when unemployment rises or during periods of slow economic growth (Cautrès 1998). Anxiety begins to rise, which in some countries increases the temptation to turn inward. However, a deeper "social fracture" can also be discerned. On the one hand, we see small social groups of educated individuals open to multiculturalism, and for whom opening up to Europe and the world constitutes an opportunity to broaden their personal and professional horizons, and who look to the future with confidence. On the other hand, there are those who see their way of life threatened by economic change, a rise in precariousness, a reduction in public services, and who are confronted on a daily basis with the presence of an imperfectly integrated immigrant population. They have lost all confidence in traditional political parties and are pessimistic about their future and that of their children<sup>4</sup>. One of the keys to understanding the French vote, which constitutes a principal difference with the vote during the Maastricht Treaty, is the shift in attitude of an important segment of the middle classes. Well represented in the Socialist party, this section of citizens shifted from the first to the second category – that of fear – and thus of the "no" vote.

Again, this should not be seen as a mere French problem. Indeed, one of the most interesting developments of the past few years is the emergence of more radical movements to the left of socialist or social-democratic parties, who are strongly critical of the market economy and of European integration. *Die Linke* in Germany or the *Socialistische Partij* in the Netherlands are good examples of this new trend. Although their electoral fortunes have varied, they have caused considerable damage to their main contenders on the left.

One might argue that such questions of electoral sociology are primarily a matter of domestic concern. However this is a short-sighted view. The political parties' attitude towards

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<sup>2</sup> IPSOS, "Les motivations du vote selon la proximité syndicale", p. 4.

<sup>3</sup> IPSOS, "Le Non des classes actives, des classes populaires et moyennes et du peuple de gauche", May 30, 2005

<sup>4</sup> The Radical Right parties largely benefited from this (Perrineau 2001).

Europe and governmental behaviour on the European scene are strongly and inevitably influenced by electoral concerns. If a party or government intends to gain or to retain power, they must heed the voters. In most European countries, support for integration has been made possible by large coalitions that cut across party cleavages. If parties were to fear that their supporters' insecurity concerns may cause them to lose elections, their pro-European enthusiasm would most likely fade quickly. In the Netherlands, for instance, the electoral fragility of the parties in power over the last few years has caused a significant shift of the government's attitude on the European scene: once a strenuous upholder of the "Community method", it has gradually moved towards more Euro-sceptic positions. This is unlikely to remain an isolated episode if the above-mentioned problems are not addressed.

#### **4. THE EU ALSO NEEDS TO ADDRESS SECURITY ISSUES**

It is clear that the security concerns discussed above must be addressed. Many governments are aware of this and have made security an important element of their discourse. This is notably the case for France since the election of President Sarkozy. However, action purely at the national level cannot possibly suffice. Competition, freedom of movement and security are all closely linked in an integrated market. Those who feel they are living in a more unstable environment than in the past do not accept that the EU will content itself to open up to the wider world. Should they believe that integration is somehow reducing their level of protection, they will force their governments to take radical measures without concern for the needs of Europe.

If the EU intends to respond to the fears expressed in recent years, it must make security one of its main objectives. To do this, it must clearly state that it intends to provide a high level of protection in areas as diverse as the fight against social exclusion, immigration policy or public health.

Increased protection at the EU level does not necessarily translate into the centralization of all decision-making. As it is not a State, the EU must avoid giving the impression that it wishes to take the reins from the national governments in essential areas for lest it would become a scapegoat for all unpopular measures. Giving priority to security issues might imply that member states could in some cases be exempted from the general principles of free movement or competition in order to maintain a high level of protection. In itself, there is nothing revolutionary about this idea – there is more than one precedent in the Treaty of Rome<sup>5</sup> – but establishing this as a general principle is likely to reassure many who feel threatened by the way society is evolving. This would also force the European Court of Justice to pay closer heed to the necessity of preserving national systems of social protection than it has done in recent rulings<sup>6</sup>.

Due to the breadth of the task, the EU will need to take action on many different levels. It is important to make a distinction between policies dominated by the desire for efficiency and policies that aim to ensure a better distribution of wealth<sup>7</sup>. In the former case, the EU may often find itself restricted to establishing regulations and structures that govern cooperation between states at the European level. Although the EU has intervened many times in areas such as health, maritime or food safety since Maastricht and Amsterdam, recent problems, such as bird flu or air transport, have served as a reminder that the member

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<sup>5</sup> See for example article 30 (formerly 36) that lists a whole series of possible exemptions to the free movement of goods, on condition that these restrictions do not constitute "a means of arbitrary discrimination, or a disguised restriction on trade between Member States".

<sup>6</sup> In particular in cases C-438/05 (*Viking Line APB*) and C-341/05 (*Laval un Partneri Ltd*), seen by many as threatening national systems of industrial relations.

<sup>7</sup> On the distinction between 'social regulation' policies, dominated by considerations of efficiency, and redistributive social policies, see (Majone 1996).



states do not always respond consistently and efficiently when faced with a crisis. In some cases, EU regulatory interventions will be required, as this will be the only way to reconcile occasionally contradictory requirements for protection and freedom of movement.

The situation is far more complex as far as social insecurity is concerned, since it is difficult to reach unanimous agreement on the level of protection required. A lack of unity amongst the citizens of Europe as well as scarce financial resources renders illusory any wide-ranging program of solidarity on the European scale. The heterogeneity of the various social models dampens any desire for harmonization. However, Europe can no longer restrict itself to merely being a catalyst for modernization.

Currently, the European Union is asked to steer the economic modernization process, even if member states do not always honor their commitments, as the relative lack of success of the Lisbon strategy has proven. In turn, they continue to retain control over policies of social solidarity, which are essential to national cohesion. The evidence discussed in this paper seems to indicate that the political foundations underpinning this division of labour have narrowed.

Modernization is not a neutral process; it produces winners and losers. It is not sufficient to maintain that the collective well-being of Europeans will eventually improve in the long term. Some interest in the immediate situation of those who have paid the price of modernization must also be shown. If this is not done, there will be no hope for a broad consensus on European integration. Alternatively, a complete nationalization of social policies and their protection against any unwanted interference at the European level, as has occasionally been suggested in some countries, would encourage the development of protectionist strategies detrimental to the continent's economic well-being (Jouen and Palpant 2005).

It is therefore necessary to define a middle path, demonstrating that Europe does not intend to undermine national social welfare systems and that, at the same time, it has its own social ambitions. Justice must be done, and be seen to be done. This is not the place to discuss the type of mechanism by which this could be achieved. However, it seems clear that financial solidarity will need to be strengthened. An ambitious goal? Decidedly! And yet there is reason to believe that the need to address this issue will no longer be ignored, without paying a heavy political price. Public expectations appear to be similar amongst all the European Union member states, old and new alike. If Europe fails to deliver, it is likely that it will face growing opposition in a large number of countries.

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