



THE SOCIAL REALITY OF EUROPE AFTER THE CRISIS

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- This is already the second (after Brussels) presentation of the report “social reality of Europe after the crisis. Trends, challenges and responses”, which was elaborated within an ambitious research project realized together by FEPS and Policy Network. A great “thank you” goes especially to Roger Liddle, Patrick Diamond and Daniel Sage, who worked tirelessly to translate a vast amount of collected data into this very complete, comprehensive and constructive in recommendations publication.

- The report in itself is divided into 5 chapters, 4 of them devoted to the themes: economies and labour markets; inequality and poverty; education and health; politics and culture. These four the authors chose as the angles for their assessment regarding divided, divergent and disintegrating Europe. As an overview, backed by solid data and sound interpretation it is in itself a volume that may and hopefully will change the terms of the post-crisis conversation. This is out ticket to go beyond the talk on the contemporary Europe of political tensions and social divisions – and equipped with knowledge focused on what to do about that.

- From the pan-European perspective there are following key lessons to learn from this report:

a) The spirit of the united, prosperous Social Europe is neither leading nor haunting the continent – it has been simply broken. The Lisbon Agenda of 2000 did not live up to its expectations, but neither did EU2020. If we think that those have been two grand social strategies of the last two decades, respectively coming from the centre-left and centre-right, can we indeed be astonished that citizens’ no longer trust our judgment on it? That is something to remember, while the College (of the Commission) will gather this autumn to start the debate on the path to take post-EU2020. The key is to prove that we learnt, that we can and will do better, and that the new vision is not yet another pledge like the others – but a true holistic strategy on how to build Europe of the future with the improving living and working conditions for all.

b) It has been over 10 years since the last debate on the European Social Model took place in the European Parliament. Back then it was met with a lot of criticism, focused on the traditional denunciation that there is no model, but rather a compilation of diverse national and regional practices of welfare states. The report shows indeed the growing differentiation in Europe, which split the regions (north from south, east from west), the members of different steps of integration (Eurozone and others), the countries hit hardest by the crisis and those, which avoided the blow. The conclusion is that unless there is a return to the question of the Model, its values and policies – we will continue observing growing divergence, we will continue seeing the fall of solidarity and we will see decay of all that has been the proud legacy so far: quality and universally available public services, modern and emancipating education.

c) Modern times should be seen as an opportunity and not as a threat. This means that Europe must be on the avant-garde of the trends – instead of shying away from them. The report points out that the ambition to make Europe the most competitive knowledge based economy came with a pledge that getting higher degree would be in fact a guarantee to be able to manage in times of globalization, to be able to advance socially and to be the part of the new production-consumption model. This had however also a less positive impact. One of them was – to use German term – academisierung of education. That overshadowed the vocational and technical training, causing a growing gap in terms of technical knowledge and skills development. This is a shortcoming within the era of which dynamics will be dictated by digital economy. To that end, with the production models

changing – there is a growing mismatch between the curricula of available employees and labour market needs. That is especially drastic among the younger generation – who battling with these circumstances has a legitimate right to ask us: how could you let it happen? We need to take this lesson seriously. What Europe is a comprehensive, re-industrialisation strategy – which will not be a sentimental journey to the images of the 19th century, but to the contrary will be the proof of understanding for modernity and willingness to shape its course. It needs to embody the new understanding of what defines prosperity and decent life, of realization that societies have evolved and different processes (like ageing) should be met as challenges and not as problems, that there are new openings to use to imprint for example that the productivity and quality employment are not contradictory, but actually mutually supportive.

d) The report points out that the greatest structural differences in Europe are the ones that regard not GDP or incomes, even if those are still eminent, but the ones that concern employment opportunities and living standards. The political discourse made the public accustomed to associate this observation with the countries of the south – and undoubtedly the situation there is critical. However one should not overlook the fact that in the UK the improvement trends of the living standards are stagnating, while in Germany – seen as a crisis success story – labour markers are performing now, but the future remains unclear while there is a low level of domestic investment and it is paired with the worries regarding ageing populations. This is just brief analysis regarding the state level, but there are also many disparities alongside regional divisions. This means that we need a greater reflection on the question of inequalities and even more importantly, on what equality we as centre left mean. There is a vast, profoundly important literature regarding inequalities – Joseph Stiglitz, Thomas Piketty or Antony Atkinson, to just name a few. But it is a matter for a political choice which equality is to be the ideal – the equality of opportunities? The equality of autonomy? The equality of outcomes? We must get ahead of this debate, before the bankers will – and they are on a good path, taking on board a singular aspect – that if the inequalities of income grow as they do (especially in the well performing countries), there is an eminent danger of losing legitimacy of the capitalist system. We lost the battle on why the crisis happened, but if we lose the one on equality – there is indeed a serious question mark on if the movement still has a mission.

e) It is true that the crisis catalyzed some of the negative processes that were draining and undermining the fundamentals of the welfare state concept. This is not a new debate – Tony Judt, among others, pointed it out in his “Ill fares the land”. The problem for us as a movement is that we rejected the criticism for too long, but then while it was intense in the post-2008 era – we quietly embraced it, becoming what is infamously named as the “light austerity” party. Also for us, as social democrats, what used to be “social investment” is now simply “spending”, what used to be “reform” translates immanently into “cuts”. We, as our opponents, back the claims that public services and goods are spending meaning that “we live on the cost of the future generations” – however instead we should imprint understanding that expenses connected with health or education provisions are not simple costs, but investments in the future. The report points out that this logic is unsustainable; as the IMF designed structural reforms mismatch the needs of structural divergence in Europe, while the austerity brought immense retrenchment of the welfare state. It causes greater exclusion, especially among young people. In the South and East more entrepreneurial of the new generation grab a chance and migrate to the UK, Netherlands, Germany to seek a better future. There however they are met with mixed feelings – welcome as workforce to support economy, unwelcome as aspirants for the limited amount of available jobs. Herewith lack of the EU regulations may lead to a new conflict – the one between young and young Europeans. This must be contained and for that we need to react. We must have a conversation about the future of the common labour market, about

the posting of workers and other free-movement-of-workers related legislation. This is our competence as social democrats, which now more than ever before, we must reclaim.

Indeed, in order to achieve these ambitious goals – we have to gain in terms of trust, support and electoral votes. The last European Elections we lost not only in terms of our own political power or respective sizes of the particular national delegations. We lost, because the populist and anti-European forces grew profoundly stronger, entering the European Parliament in unprecedented number and causing further fragmentation of it. In our analyses we put a blame on the “conservative” Europe and the austerity policy, conveniently turning away from the fact that we have been in this European grand coalition since the beginning and that in the respective countries we did not always shy from the policies of cuts, even in the policies that are on the list of our priorities, such as education. The report makes that painfully clear. But what it also shows is that at this point, there seems to be overall gloomy analyses, negative (if any) solid predictions and cautious, hesitant proposals for the future. This explains the phenomena of the populist, but also of the emergence of the radical left. And this is the last point to make here. These derive from the protest, dissatisfaction and disagreement on continuing “business as usual”. We will never be able to break through it, unless we are ourselves confident that we can do better than that. Perhaps we are seen as the “losing” party, because ourselves we drown in our own analyses regarding the crisis of the left, end of social democracy as we know it and weakness on all the fronts. The conservatives or liberals don’t – even if like LibDem or FDP they lose catastrophically. Hence the priority should be to develop a genuine new agenda, which to begin with we ourselves could believe in and then convince the others to do the same. The “social reality of Europe after crisis” is in that sense the report that tells us which are the burning questions that we must answer – and certainly, once we do, the primacy of leading in formulating a new social vision for Europe will be ours.