

EUROPEAN SOCIAL MODEL TOWARDS A SOCIO-ECOLOGICAL TRANSITION

by Michael Scheerer, CEND

Can the EU simultaneously contribute more strongly to world growth, help improve the living standards of its population and reduce energy and material inputs? These are key questions whenever the future of the European social model is discussed. A recent stakeholders' conference on longer-term social and environmental progress in Europe tried to give comprehensive answers to them.

Organised in Brussels on 24 February by the WWWforEurope Consortium, the symposium outlined the environment, the challenges affecting today's European social model, and the measures needed to ensure its sustainability in the long term. Funded under the EU's 7th Research Framework Programme, WWWforEurope is a four-year project, investigating central questions concerning the future of the European socio-ecological model – including welfare, wealth, and work. The stakeholder event was attended by more than 140 representatives from the European Commission, the European Economic and Social Committee, and other European Institutions.

Social protection and fairness

"The European social model is one of Europe's defining features and an integral component of our social market economy, which seeks to combine economic openness and dynamism with social protection and fairness. It is a genuine European model and we have to develop it further," Marianne Thyssen, Commissioner for Employment, Social Affairs, Skills and Labour Mobility, emphasised in her keynote speech. With high youth unemployment, a rising number of people at risk of poverty, rapid globalisation, accelerating technological change and a shift in demographic structures, Marianne Thyssen cited some of the structural factors endangering the Europe's social model and stressed the need to renew it and adapt it for the future. But as the Commissioner outlined, the new Commission's strong commitment to achieve the objectives of growth, investment and jobs aims at helping Europe regain momentum – notably through the

€315 billion Investment Plan for Europe (CEND #19, pages 12-13) proposed by the Commission to boost growth and create jobs. *"Our mission is clear – get the economy back on a path of growth and create new and decent jobs. To do that, we need to tackle both the cyclical and structural issues to build an economically dynamic, socially inclusive and ecologically sustainable Europe."* While there is plenty of private money available, few people dare to invest because the crisis has undermined confidence among investors as well as consumers. The Investment Plan seeks to restore confidence by offering European capital as a guarantee to private investors and bridge the gap between investors and the real economy. Projects will be selected in strategic and future-oriented sectors, such as energy, transport, education and innovation.

Making reform a success story

"But boosting investment alone is not enough to improve confidence in the economy," the Commissioner stated. *"It will only bring new jobs if it also involves structural reform. 'Reform' is a word that often frightens people, who tend to think it implies new, harsher conditions or a lowering of standards. What I am talking about is reform that enables economies and societies to better anticipate and adapt to change, that makes people stronger and gives them equal access to opportunities."* According to Commissioner Thyssen, reforms are *"the key in order to tackle one of the most urgent challenges that the European Union faces – unemployment among our young people, who are among the worst affected by unemployment."*

In Commissioner Thyssen's view, developing education, training and skills, forming inclusive and less



► Karl Aiginger, Director of the Austrian Institute of Economic Research (WIFO) and coordinator of the project WWForEurope, with Commissioner Marianne Thyssen.

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segmented labour markets and modernising the social protection systems are decisive and necessary fields of action to renew the European social model. Commissioner Thyssen made specific reference to the fact that European societies are ageing, this being an issue to be looked at particularly attentively. As a result of an ageing population, the old-age dependency ratio – the ratio of those over 65 to those aged 15 to 64 – will go from 26% today to 50% in 2050. There is a need, therefore, to establish a new balance between the years spent in work and those in retirement. Most Member States have reformed their public pension systems in the last few years to put them on a sounder footing. The development of supplementary pensions will also be crucial to counter worsening demographic trends. *“Member States need to ensure possibilities to save more in safe supplementary pensions. The Commission, for its part, will continue to look into how developing complementary retirement savings can contribute to adequate, safe and sustainable pension systems. This is part and parcel of the Capital Markets Union, on which the Commission launched a consultation procedure earlier in February,”* stated the Commissioner.

Joint mission for all stakeholders

“Only by modernising our European social model shall we be able to preserve its fundamental values,” concluded Marianne Thyssen. *“That means striking a fair balance between economic freedoms and social rights and protection. Then a new European model will allow us to navigate through a socio-ecological transition and lead to high levels*

of employment and sustainable well-being. This is not just a mission for the European Commission. It is a joint mission for each of us. In order to achieve results, we need the active support of Member States, social partners, civil society and other stakeholders.”

Summing up, Karl Aiginger, Director of the Austrian Institute of Economic Research (WIFO) and coordinator of the WWForEurope project, stated: *“The only chance for Europe in the globalised world is to go for a high-road strategy, based on quality, innovation, and skills. The final proof of competitiveness is the ability to achieve welfare goals, while low wages and social and environmental standards – elements of a low road strategy – lead away from beyond GDP goals, and can easily be outperformed by emerging countries.”*

Jeffrey Sachs, from The Earth Institute of Columbia University and member of the WWForEurope’s Scientific Board, strongly endorsed this strategy saying that in the age of sustainable development, we need a holistic approach, including economic progress, strong social bonds, and environmental sustainability – this is exactly the European model. ■

Commissioner Marianne Thyssen’s website

► <http://europa.eu/!HQ43Bu>

WWForEurope

► www.foreurope.eu/index.php?id=946

WIFO

► www.wifo.ac.at/en

The Earth Institute – Columbia University

► www.earthinstitute.columbia.edu/sections/view/9