

**Europe in the Global Community: Leader or Follower?**  
**A Progressive's Approach to the Challenges of the 21<sup>st</sup> Century**

**1<sup>st</sup> Session – Employment and Social Protection: Can Europe Have it All?**

The European economic and social model as it has developed after the Amsterdam Treaty has been strongly dominated by social democracy. The Lisbon Summit made great progress in putting the issues of employment at the core of the European agenda and innovated the ways in which the European Union works to achieve the objectives. This was reinforced during the Swedish presidency. There is no question of the progress made in the direction of enabling us to 'have it all'. On the basis of this strength, Europe can both transform itself and contribute to global change. But along a number of lines concerns and questions were raised warning of a too self-congratulatory attitude.

*Democratic dialogue and citizens' concerns:* Social issues are rightly at the forefront of citizens' concerns. Unless the EU leaders respect this and respond the Union will fail. The coherence of its structure turns on marrying economic and social needs. We need to enlarge the social dialogue to strengthen democracy. Trade unions need to play a greater role. The European Charter can help social rights become individual rights. Implementation of the Lisbon agenda is a top priority for the European nations. The Belgian presidency has set a welcome but demanding focus on citizens' concerns for social issues.

*EU enlargement:* The transition in Central and Eastern Europe is threefold: to democracy, to full-blooded market economy and to socially oriented modern public administrations. This transition is taking place at high speed at the same time as Europe integrates more, both within the Union and by enlarging it – amounting to a peaceful internal revolution. However, the traditional economic transformation agenda is not sufficient to deliver on the multiple needs of the candidates. In many places, poverty has increased, the social

situation is deteriorating and people are confused. The European social model needs to be at the core of enlargement. But the EU was criticized for not being imaginative enough and treating enlargement too technically, on the one hand pushing a ill-affordable social conditionality, on the other not doing enough to help build the non-acquis elements of the European social model. The EU was also criticized for looking after its own economic interests every time there is a clash with the social interests of the candidates, be it through the maintenance of agricultural subsidies or restricting the free movement of people. The Spanish presidency is likely to face the task of finalizing the most difficult negotiations. The needs and interests of the potential candidates in the Balkans will also need to be faced, to overcome the perception of a present 'blurred' approach.

*Populist risks:* The risks of political backlash have grown. This is of course the case where the transformation in Central and Eastern Europe is not producing sufficient social and economic progress. Populists have made repeated attempts and sometimes succeeded in capturing the political agenda, at the expense of social democrats and others committed in the European social model. Cynicism has also grown in public. But to a degree backlash can also happen within the EU, where people may not be prepared for the adjustments they have to make to accommodate new members, eg. in the reorientation of the structural funds. The risk of someone playing 'social dumping' card must be recognized. Under the surface there is racism and intolerance. The European project is ultimately about values and ensuring peace. The political discourse must therefore be explicitly rooted in values to help adjustment. A crude bargaining approach will not work.

*Financial sustainability:* The progress made in Lisbon and in preparing for enlargement would be threatened by an EU unwilling to face the issues of sustainable finance. How to finance the developing social model both at a national and at the European level is becoming a critical issue. Major changes are needed to the agricultural policy and the structural funds. A reorientation to use funds in ways which more clearly target the poor and excluded is needed. While debate has increased the interest in a European tax, there is no consensus. The year 2004 will see a coincidence, for the first time, of two difficult

discussions, on the EU financial perspective to start 2006 and a new Inter-Governmental Conference. That discussion will further have to take into account the needs of the new and aspiring members. There is a need to look longer term at models of taxation, including increased taxation of bads, and possibly lower taxation of labour.

*The competition with the neo-liberal model:* While some argued for stronger confidence in what the social democratic model has achieved and can achieve, strong concern was also expressed that while the rhetorical battle has been won by the left, the policy debate is still dominated by the neo-liberal model. The ECB's independence of political balance and focus on controlling inflation only, labor flexibility as a euphemism for lower minimal wages, an anti-trade union bias and a retreat from progressive taxation and strong public sectors were cited as examples. A call was made to mobilize new ideas to build a more cohesive response to that challenge, both at European and global levels. Europe needs to build its competitiveness.

*The cohesion of the model:* As enlargement happens, the cohesion of the social model at the European level will be tested, and a major common interest is therefore to protect it and strengthen it. In EU today there exists not one, but several social models. The transforming European countries face the simultaneous task of building new democracies at the same time as building their nations as EU members. People want strong national control of social issues, yet European integration requires more common approaches. We need also more actively to seek cross-fertilization between models, even as we aspire for the common approaches. Unless cohesion is maintained, enlargement will weaken Europe. The cultural diversity of Europe is a major strength, but to build on it requires more of democratic debate and will take time.



## **2nd Session – The Modern Global Economy: Prospects and Challenges**

“Globalization” by now is widely understood as a worldwide process that involves the rise of trans-border activity in communications, markets, production, money, finance, organizations and consciousness. Globalization has had important positive consequences in technology and communications, enhanced economic efficiency and product diversification, increased flow of information and ideas between societies and decentralization of power. At the same time, however, the neo-liberal policies that are closely linked to existing patterns of globalization has made access to resources more stratified, created new and deepened social hierarchies and contributed to decline in redistributive policies. The negative consequences of the hegemonic neo-liberal agenda also include democratic deficits, violence among cultures and ecological degradation. High rates of economic growth in some parts of the developing world have led to rises in living standards and considerable reduction in absolute poverty, but such changes had not always taken place in democratic frameworks. Furthermore, the neo-liberal policies that focus primarily on privatization, non progressive monetary and fiscal policy, capital market liberalization and reducing inflation have not created sustained economic growth as the majority of poor countries have only become poorer.

All of us should always remember that its outcomes are very much the outcome of human decisions – and that there always exists scope for changing them. Indeed, the European Left needs to influence, reshape and modify globalization and the present state of the world order. That new globalization should above all promote human security through improving arms-control regimes, creating global environmental rules and institutions, socializing the global economy, increasing development assistance to poor countries, laying down new policies for employment creation and protecting cultural diversity. Secondly, we should enhance equality by introducing new taxation systems, constructing redistributive regimes between North and South and fighting against discrimination based on racial, religious, age and gender differences. The European model should also strengthen of institutions of global governance, including the growth of multilateral regimes and an expanded role for trans-world institutions such as the United Nations.

In view of the apparent inconsistencies and weaknesses of neoliberalism's institutional framework and policy consequences, the advocates of the European alternative must have more self-confidence in defending the superior ethical basis and the technical efficiency of their own model. As global civil society is more sympathetic to moral and political objectives, such as increased equity, justice and democracy, the social model can have a much wider basis of legitimacy at the level of global civil society.

Another instance of European leadership is that the EU is the single biggest source of development aid, with 3 percent of its budget going to development assistance (of course, in addition to the bilateral flows of aid from member states). Social democrats, however, should feel obliged to make a further commitment to development cooperation that aims at institutional reform in international economic organizations to make possible the increased participation of developing countries in the decision making processes. The international economic organizations have been rightly criticized not only for pushing Western models on developing countries but also for promoting a particular model, the neo-liberal model, which has not only failed in promoting growth in many instances, but it has also exacerbated poverty and inequality and undermined democracy. The underlying problem lies with the governance of the international economic institutions, but short of reforms in governance, changes on what they do or how they do not – in their remit and transparency – are needed. Globalization lays open the possibility at a new global politics, in which social democrats have natural allies with the developing countries. Europe should speak with one voice on the issue of democratic process at the social democratic values, but not on particular policies. It is important to preserve diversity. Development cooperation should help the developing countries to improve their infrastructure, diversify their exports, build up a more skilled labor force and become more competitive in the world market.

To summarize, the relationship of Europe to globalization is dual. On the one hand, Europe is a fundamental building block in (or the major agent of) globalization on the other, the European social model is an alternative to the dominant neo-liberal paradigm of globalization. Through its social model, Europe can make itself an arena in which the

tension between the global and the local is mediate – through linking the global and the local, or even better, the global empowering the local.



### 3<sup>rd</sup> Session “Critical Global Issues”

This session provided one of the highlights of the symposium insofar as participants chose to address the theme of “Critical Global Issues” not by means of a list of items, to be treated individually, but truly from a global point of view, that is to say, from a *strategic* point of view from a social democratic perspective.

More specifically, the fundamental question was asked whether the prevailing neo-liberal model was capable of improvement, or whether social democrats needed to propose an entirely new alternative model that better copes with the world’s problems.

Two views seemed to emerge from the discussion. One, the “optimistic” view which held that the international system consists of a multitude of actors who have the potential, particularly when grouped in alliances or networks, to make a great difference in the way the international community solves its problems. For example, an international civil society is indisputably emerging, controlling millions of dollars, with the evidence suggesting that it already plays, in numerous cases, the role of incipient “countervailing power”.

In many other cases, however, this underlying political power is left unused. Social democrats must challenge people to use their strength to change things.

The other view was that the prevalent neo-liberal model is unchallenged today for reasons that are difficult to overturn, making the task facing social democrats much more daunting. First of all, it is founded on a simple, yet powerful, theory of resource allocation and international relations. Secondly, its chief proponent, the US, is a country which, by virtue of its sheer size and power, can afford to retreat from the multilateral system at will, and actually can act unilaterally almost with impunity - at least in the shorter term. Thirdly, social democrats have failed to present a well-articulated, comprehensive alternative model. This is no accident: it is a very difficult task because it

must address not only questions of economic efficiency but also the value-laden and inherently argument-prone terrain of social equity and justice.

In this context, the fear was expressed that social democrats, in their effort to improve the machinery of global governance, may end up proposing complementary policies that merely act as a bulwark for the prevailing neo-liberal structure, in the process perpetuating the current system as well marginalizing themselves. More worrying still, European social democratic governments may be prone to hypocrisy in their relations with the outside world: on the one hand, they support the presence of elaborate “safety nets” within their own societies, but in dealing with the outside world, for example the applicant Central and Eastern European countries, they all too readily condone the neo-liberal agenda of free-market economics, macroeconomic austerity, privatization, etc. To be sure, certain improvements can already be introduced now. The UN, for example, is an organization with a lot of untapped potential. There is much room for improving democratic governance in many countries around the world. Beyond that, we should aspire to enhance the quality of the political process at international level and empower all actors, if we are to introduce the necessary changes to the rules of the game. Essentially, these rules are shaped by such bodies as the IMF, the World Bank and the WTO, a byproduct of the overbearing presence of western civilisation around the world over the past century and a half or more. In “democratising” the political process at international level, there is a concern that the international media – essentially western organizations – have disproportionate power and influence; often this is used well – after all, a free press is the main bulwark against authoritarian government – but sometimes it is abused.

One thing on which the group agreed was that social democrats place the concept of social justice at the core of the international system. This provided an opportunity to acknowledge Europe’s questionable role during the colonial period and own up to the present-day consequences of the colonial past. In fact – it was argued – it was in advanced countries’ self-interest to display solidarity with other countries for if “globalisation” means anything, it means greater interdependence between states. Also,



some humility, on the part of European social democrats, in recognizing the weaknesses of European social democracy, in the global context, would not be entirely uncalled for. First of all, it is not absolutely clear that western individualism is a concept with universal value (in other cultures and societies, of course, the individual finds redemption in the collectivity). Secondly, Europe's "safety nets" may, at least partly, be financed by the wealth created by the western neo-liberal system itself. Thirdly, European social democrats are presently not doing enough about (a) resolving conflicts around the world, and (b) refining the concept of solidarity in an international context and giving it practical content, substituting it for today's norm, i.e. charity.

That said, although global politics is becoming increasingly relevant, both global institutions and political structures have not yet developed to the same degree. The result is a kind of "underdevelopment" of politics at the global level. At least, European social democracy has highlighted, compared with the political Right, the imperative need to challenge the status quo and actually change the rules of the game.

#### **Fourth Session - "A New, More Active Role for Europe"**

This discussion occurred in two meetings, on Tuesday and Thursday. On Tuesday, Dick Benschop and Michel Foucher covered broader elements of the US-EU relation, while on Thursday Margarita Mathiopoulos focused on defense policy, and in particular a revitalized NATO, as cornerstone for a new European activism.

A common theme was the centrality of the US-EU relationship--but with commentators focused around what relationship, based on what principles, should govern the future. Tuesday's discussion stressed the novelty of the post-Cold War world, alongside the suddenly-central framework of "globalization"—and the perceived competition between Anglo-American "neo-liberalism" and the European "social model." Combined with the EU's own new political and financial integration and expansion—with the promise of integrated diplomacy and global activism ahead—Benschop and Foucher pressed for a new international agenda for the "social model."

That agenda, they argued, needs to be based on more than national economic and military/security concerns, and must emphasize all varieties of mutuality and interdependence, especially democratization. Between the US and EU specifically, there is a compelling need to replace the now-stereotyped image of the US as Daddy State and EU as Mommy State with new roles, relations, and powers—including terms of decision-making—for both that reflect the adaptations of modern marriages more generally.

Benschop and Foucher acknowledged the tensions not only between Europe's "social model" but more specifically between Europe's social-democratic tradition, and the resurgent conservatism of the past quarter-century in the US, which has tended to behave with even greater hegemonic assumptions since the Berlin Wall's collapse.

Implicit here was the Europeans' sense that a stable social-democratic governing alliance on the continent deserved greater power and influence in the North Atlantic "marriage." But as the discussion among panelists quickly made clear, what the terms for that new

power and influence were to be, and be based on, is far from being as clear as one might hope.

The difficulty for the session's panelists was that a preamble of unifying value claims seemed roughly agreed upon, but that specifying the operational terms of those values still lies ahead. Is there yet really a viable institutional (and budgetary) framework for putting a "European foreign policy" in place? In what domains would Europe wish to lead? How should current social democratic governments and parties coordinate among themselves, and deepen contact and connections within the EU (and with the US) that reach beyond the current limited ones.

Thursday's discussion—with Mathiopoulos's emphasis on strengthening US-EU relations in the context of NATO—opened up an array of competing ideas about social-democratic goals for defense as an integrated part of an overall political agenda.

Her stress was on raising overall EU defense spending levels, expanding NATO membership eastward (but not including Russia), greater integration of force structures, defense industries, weapons systems, and procurement, and on Europe taking up a greater global crisis-intervention and management role.

Panelists' responses included a variety of points, but overall shared a criticism about assumptions that EU security policy simply mandated renewal and deepening of security arrangements with the US through NATO. Here some argued for increased emphasis on international law (and emerging human rights law and international judicial enforcement); some, for greater expenditure on classic development; some for acceptance of targeted security maintenance responsibilities in areas (such as Africa). What seemed unspecified throughout, however, was a detailed architecture for a social democratic defense policy itself, whether rooted first in NATO (as Mathiopoulos urged) or not.



What Thursday's discussion lacked in general was a broader answer to the very question raised in "A New, More Active Role for Europe." That, it seems, awaits further specification.