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Ireland and the Future of Europe - A Social Perspective

Sean Healy and Brigid Reynolds

*Social considerations constitute an essential part of European integration.
The EU cannot be a credible force for good in the wider world if it is
indifferent to questions of social justice and poverty in European society or
to how its citizens are treated at work and in retirement.¹*

Looking at the present context

Many of the major issues confronting the leaders and peoples of Europe at this time are in the social sphere. The terms of the social contract are constantly contested. The rich grow richer while poverty and social exclusion are the lived experience of a substantial proportion of the Union's population. Equality of opportunity, not to mention equality of outcome, remains an ideal to be achieved in some spheres. Public services are inadequate. Social provision is in decline and, increasingly, not seen as a responsibility of the State. Government decisions and policies seem intent on strengthening these divisions while Government rhetoric claims to be achieving the opposite. There are many other issues of major concern in areas such as peace, the environment, security, trade and our relationship with the poorer countries of the world. This chapter, however, confines its focus to the social aspects of the future of Europe.

Despite recent ill-tempered and ill-informed attacks on the European social model, principally by American commentators², we believe that

¹ Final Report of working group on 'Social Europe', European Convention, February 4, 2003, page 4.

² For a good summary of the current debate on these issues cf. Will Hutton's book *The World We're In* (2002).

Europe has much to offer in the process of building and developing a Union that *promotes right relationships so that human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected*. That is our understanding of a just society. Listening to some analysts one would be led to believe that the American approach is much more successful and that the USA is a country that has come near achieving this vision. The facts do not support these assertions. Rather it is a country with some severe economic and social problems and a political system that moves ever further away from the ideals of democracy. Europe has the potential to provide leadership in this area.

In this chapter we look at the European and the Irish context today. We then move on to address the future and propose four initiatives we believe would have a major impact in building a Union that moved steadily towards the ideal of a just society articulated earlier in this paragraph.

The European Context

The European Union is facing major challenges as well as having huge opportunities in the new reality of 25 member states. Two simple facts serve to illustrate this point. Expansion to a Union of 25 member states means a population increase in the Union of 28 per cent while its average income is reduced by 18 per cent. This chapter raises issues about the social development of Europe and makes suggestions concerning what Ireland could do in this context in the period immediately ahead.

The social dimension has always been a part of the European Union since its inception. The Treaty of 1957 included a chapter on social policy. This Treaty identified both economic and social progress and the continual improvement of lives and labour environments as essential goals of the EEC. In the years that followed the first Treaty

there were some developments in this field most of which were related to people in employment. With the exception of France, however, in practice the other five member states believed that European involvement in the social dimension should be limited to establishing only the basic conditions of free movement of labour and harmonisation of social security rights. This may be explained in part at least by the fact that the six member states of the EEC were, during this period, expanding their approaches to welfare provision from targeted policies for the poor and the needy towards more universal schemes. At a European level they focused primarily on the free movement of labour, on equal pay for men and women, on common social security for migrant workers and on developing the European Social Charter.

In the period from 1974 to 1983 the EC member states (expanded to 9 members with the accession of Ireland, the UK and Denmark in 1973 and reaching 10 members with the accession of Greece in 1981) faced a very difficult economic situation. (If one were looking at Ireland alone this period extended for several years after 1983.) Social conflict and crisis management at national level accompanied international recessions. The European Commission continued to promote the social dimension of the labour sphere. Their main focus in this period was on the protection of workers' rights, on equal treatment of men and women and on protection and safety at work. Several directives were adopted in areas such as labour law and occupational safety and health. It is important to note, however, that the aim of harmonisation encountered strong opposition from the three member states that joined in 1973. Denmark and the UK in particular became outspoken opponents of every form of European legislation that could be seen as challenging national autonomy in social policy.

In the decade that followed, unemployment remained high in most European countries despite economic recovery. Most continental welfare states dealt with this by lowering the effective retirement age and by allowing substantial increases in the numbers of people who were recognised as being either on temporary or permanent sick leave.³

The main focus of the European project at this point was the development of the single market. This was not just focused on strengthening internal economic development. It was also aimed at ensuring external economic assertiveness vis a vis the thriving Japanese and American economies. It was definitely not a social project.

The Single European Act (1986) accepted the two principles of *subsidiarity* and *proportionality*. These stipulated that action should be taken at the most appropriate level i.e. that the Community should act only where it was necessary or more effective than action at the level of the member states. They also stipulated that action should be as limited as possible and allow as much flexibility as possible.

Despite the best endeavours of Jacques Delors as President of the Commission the social agenda was not given equal status with the economic agenda. In 1992 for example, while two texts were adopted - on minimum protection and social protection - they were given the status of Council Recommendations i.e. the softest end of the legal spectrum.

In the Maastricht Treaty (1992) a protocol on social policy was included. This was binding for eleven member states only as the UK refused to accept it. In many ways this was a defining moment as it marked the first step towards greater differentiation in European social policy development. Eleven members could have co-ordination that was acceptable to all twelve member states. Through qualified majority these eleven could agree binding minimum standards concerning labour conditions, consultation of employees and equal opportunities for men and women. The same protocol saw progress on recognition of the dialogue between social partners (only employers and trade unions are recognised as social partners in the European context).

³ Ebbinghaus 2000

Since 1992 there has been an ongoing emphasis on EU interventions being complementary to national actions in the area of social exclusion. The principal emphasis has been on financing national programmes through the Structural Funds and especially through the European Social Fund.

The Amsterdam Treaty (1997) included a new title on employment co-ordination as well as a revised Social Chapter. These developments created a new environment and new prospects for social protection. This led to the adoption of the Open Method of Coordination (OMC) in national systems for the promotion of social inclusion.

The Nice Treaty (2001) was accompanied by a political declaration establishing the Charter of Fundamental Rights. This charter incorporated the protection of fundamental rights and social rights and recognised their indivisibility and their universal character. The charter had no binding effect, however. Proponents claimed that it had a significant impact on the protection of social rights. EU authorities are obliged to respect the provisions of the Charter in developing European social policy. The European Court of Justice has made use of the social rights provisions of this charter as an interpretation instrument.

The adoption of this charter did mark a step towards the recognition and protection of social, economic and cultural rights. However, it left a great deal to be desired both in terms of the rights not included and in its status. These developments were aimed at expanding and strengthening EU social policy while at the same time respecting the principle of subsidiarity.

At the end of the day, however, it is clear that the economic dimensions of the European project have been dominant over the four and a half decades of the Union's life. It is in this area that clear targets have been set and strict compliance procedures have been adopted and put in place. The social and the cultural dimensions have been given far less emphasis. They have been marked by aspiration and rhetoric rather

than by implementation and delivery. This has produced an unbalanced situation in which many of the interests of the vast majority of Europeans have been given less protection than the interests of an economic elite which has benefited enormously as a result.

The draft constitution prepared by the Convention on the Future of Europe (2003) takes the rebalancing process further but still falls short of achieving the required rebalancing. We propose specific changes to the draft constitution in the final section of this paper.

The Irish Context⁴

It is interesting to look at the situation in Ireland and to reflect on the impact these European developments have had on the Irish context.

Persistence of poverty

The most up-to-date data available on poverty in Ireland comes from the 2000 *Living in Ireland Survey*, conducted by the ESRI. Table 1 presents the results of that survey showing poverty levels among households and persons.

Using the 50% poverty line, the findings reveal that at the height of the recent period of economic prosperity one in every four households and one in every five people in Ireland were living in poverty.

⁴ For a more detailed discussion of the issues raised here and their implications for Ireland cf. CORI Justice Commission: 2003.

Table 1: Percentage of households and persons below relative income poverty lines for 2000

	HOUSEHOLDS	PERSONS
40 per cent line	11.8	9.9
50 per cent line	25.8	20.9
60 per cent line	32.9	28.3

Source: Nolan et al (2002: 19-20) , Equivalence scale A

Tables 2 (a) and (b) use data for 1987, 1994, 1997, 1998 and 2000 to trace the trend in poverty over thirteen years. These are the only years for which data are available. Using the 50% poverty line both tables show that levels of relative income poverty have increased across that period.

Table 2(a): Percentage of households below relative income poverty lines 1987/1994/1997/1998/2000

	1987	1994	1997	1998	2000
40 per cent line	6.2	4.9	6.3	10.5	11.8
50 per cent line	16.3	18.6	22.4	24.6	25.8
60 per cent line	28.5	34.2	34.3	33.4	32.9

Source: Callan et al (1996: 73) and Nolan et al (2002: 19-20), Equivalence scale A

Table 2(b): Percentage of persons below relative income poverty lines 1987/1994/1997/1998/2000

	1987	1994	1997	1998	2000
40 per cent line	6.8	5.2	6.3	9.1	9.9
50 per cent line	18.9	17.4	18.1	19.9	20.9
60 per cent line	29.8	30.4	30.1	28.6	28.3

Source: Callan et al (1996: 73) and Nolan et al (2002: 19-20) , Equivalence scale A

- Using the more generally accepted poverty line (50%) the percentage of households in poverty has increased from 16.3% in 1987 to 25.8% in 2000. Across all the survey years this figure records a significant increase.
- Similarly persons experiencing poverty increased, with the corresponding numbers being 18.9% in 1987 and 20.9% in 2000. Following an initial decrease in this figure between 1987 and 1994, this rate has also shown a steady increase.

These figures allowed the ESRI to conclude that Ireland has a high rate of relative income poverty compared to other EU countries and that it is caused by structural factors that need to be tackled while the resources are available to do so (Layte et al, 2001). Commenting on the scale of these poverty figures an editorial in *The Irish Times* 5 September 2000 concluded by posing the question “how viable is such a society in the long run?”

The depth of poverty experienced by people and households has declined between 1987 and 2000. Even though people remain relatively poor they do have more money in their pockets. Therefore those below relative income poverty lines are now a good deal closer to these lines than in the past. Consequently, the share of national income needed to bridge that gap, to bring everyone up to these lines, is less. What is interesting from an Ireland/EU perspective is the fact that the Irish Government did not feel in any way obliged to give this social issue priority when the economy grew so rapidly in the second half of the 1990s. While the European Union’s Stability and Growth Pact, for example, was seen as being of major importance in the economic context there was nothing in the social context that was seen as being nearly as important. But the problems were not confined to poverty.

Infrastructure and social provision deficits

Ireland continues to display serious deficits in its infrastructure and social provision. In a European context our roads, railways, IT broadband and transport systems compare badly. Similarly, as noted

above, our growing poverty rates, unequal income distribution, growing rich/poor gap and under-equipped health and education systems represent the most visible signs of the extensive gaps in our social provision. In the context of continued economic growth and per capita income well above the European average, the opportunity to address these deficits remains available.

Table 3: National Social Protection Expenditure as a % of GDP, for EU Countries

Country	% of GDP	Country	% of GDP
Sweden	32.9	United Kingdom	26.6
France	30.3	Greece	25.5
Germany	29.6	Italy	25.3
Denmark	29.4	Portugal	22.9
Austria	28.6	Luxembourg	21.9
Belgium	28.2	Spain	20.0
Netherlands	28.1	IRELAND GNP	17.2
Finland	26.7	IRELAND GDP	14.7

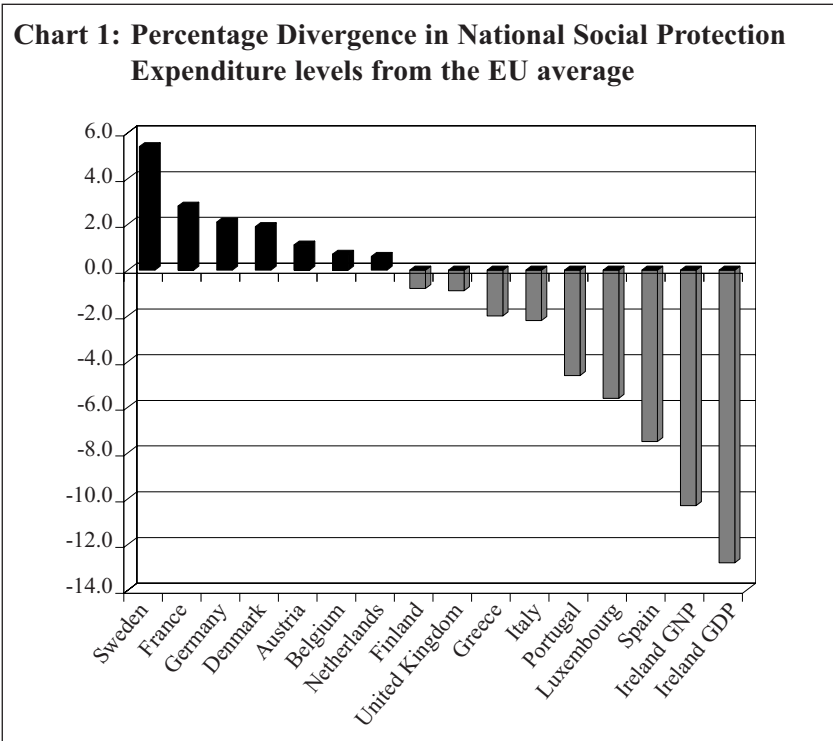
Source: Social Protection in Europe (2002:56), EU Commission

Note: EU-15 average is 27.5% of GDP

An analysis of Ireland's spending on social protection against that of other EU countries is telling. Social protection expenditure is defined by Eurostat to include spending on: sickness/health care, disability, old age, survivors, family/children, unemployment, housing and social exclusion initiatives not elsewhere classified⁵. Table 3 shows the size of this expenditure as a percentage of GDP for 2000 (the latest year for which figures are available). A comparison is also made with Ireland's GNP.

⁵ Eurostat: 2003, p.7.

Using either GDP or GNP, Ireland’s spending on social expenditure stands out as the lowest in Europe. There remains a considerable gap between Ireland and the next lowest country, Spain. Chart 1 illustrates this analysis further and shows the difference between the proportion of GDP allocated to social protection expenditure by each of fifteen EU countries and the EU average. Visibly, Ireland has fallen far behind.



Source: Social Protection in Europe (2002:56), EU Commission
Note: EU-15 average is 27.5% of GDP

In the context of these figures, it is no surprise that Ireland has the widest rich/poor gap in the European Union. Neither is it surprising that Ireland has such high levels of poverty and exclusion. It is clearly necessary that we address these gaps in our social provision.

Addressing the deficiencies in Ireland's social provision will require the government to allocate further resources to the implementation of policies in this area. Currently, one argument levelled against this move is that funding is unavailable. However, CORI Justice Commission has shown that this argument is false and that sufficient resources are available if the government raised Ireland's tax take to a fairer level.

Ireland's total tax take

In recent years Ireland has evolved into a low- tax economy. During the last year the OECD published a review which showed that Ireland collected a lower proportion of GDP in tax than any other country across the European Union. A recent CORI Justice Commission analysis has updated these figures following Budget 2003. These results are presented in the Table 4.

Country	% of GDP	Country	% of GDP
Sweden*	53.2	Greece*	40.8
Denmark*	49.0	Netherlands*	39.9
France*	46.4	United Kingdom*	37.4
Finland*	46.3	Germany*	36.4
Austria*	45.7	Spain*	35.2
Belgium*	45.3	Portugal**	34.1
Luxembourg*	42.4	Ireland GNP#	33.9
Italy*	41.8	Ireland GDP#	27.7

Source: Calculated from OECD (2002) and from Budget 2003 Statistics and Tables (p D6, D21)

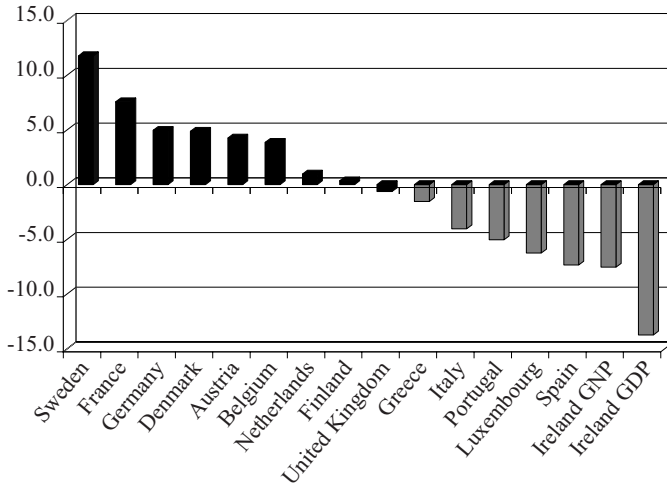
Notes * These figures are for 2001
 ** These figures are for 2000
 # These figures are for 2003

Table 4 shows that following Budget 2003, Ireland's tax take remains the lowest in Europe. This outcome applies irrespective of whether the calculations are performed using GDP or GNP. Ireland's taxation rate is at least 7.5 percentage points below the EU average (of 41.44%). Britain is much closer to the EU average, being only 3.8 percentage points below the EU average

The attached chart furthers this analysis by comparing the divergence in taxation levels across the European Union from the EU average (41.44% of GDP). A comparison between Ireland and the United States, traditionally seen as a very low tax economy with limited social care policies, reveals that US taxes exceed Irish taxes. The US tax take equals 29.6% of GDP, almost 2% higher than the corresponding Irish figure.

In the context of these figures, the question needs to be asked: if we expect our economic and social infrastructure to catch up to that in the rest of Europe, how can we do this while simultaneously gathering less taxation income than it takes to run the infrastructure already in place in those other European countries? Simply, we will never bridge the social and economic infrastructure gaps unless we gather a larger share of our national income in tax and invest it in building a fairer and more successful Ireland.

Chart 2: Percentage Divergence in National Taxation levels from the EU average



Note: EU average is 41.44% of GDP. This is calculated using the OECD tax burden data for 2001 and Irish data as outlined in Budget 2003 (p D6, D21).

Small increases in taxation are certainly feasible and are unlikely to have any significant negative impact on the economy. An increase of just one percent in the GDP to tax ratio (from 27.7 to 28.7) would produce an extra €1.1bn each year in taxation income for the government. Were Ireland to increase its total taxation levels to that of the UK (from 27.7 to 37.4), a country hardly regarded as being high tax, the exchequer would have an additional income each year of €10.7bn.

Ireland may wish to retain its international position as a “low tax economy” but currently we are a “too-low-tax economy” and the effect of this phenomenon continues to have visible and expensive social and economic repercussions.

It is obvious that the European social agenda has not had a great effect on Ireland's poverty and social exclusion. While Ireland's economy has grown dramatically and our per capita income now far exceeds the EU average, our social provision (as well as our infrastructure) is far behind the EU average. While adequate resources to redress this situation did and do exist, Irish Governments have chosen to distribute these resources in a way that has seen those already better off being the major gainers.

Looking to the Future

European development at this point requires that the social dimension be given greater priority and that the economic and social agendas be rebalanced. We now identify four key initiatives we believe would make a substantial contribution to this much needed rebalancing. These four initiatives could be taken at a European level. They are initiatives on which Ireland should play a leading role, initiatives that would ensure that poverty and social exclusion were adequately addressed both in Ireland and across the Union. These four initiatives are:

- Adopting a rights-based approach in addressing social, economic and cultural issues;
- Recognising the elimination of poverty as an objective of EU;
- Strengthening the Open Method of Co-ordination (OMC); and
- Recognising the community and voluntary sector as a social partner in the European context.

The need for a rights-based approach

We believe very strongly in the importance of developing a rights-based approach to social, economic and cultural issues within the EU context. The European Charter of Fundamental Rights is a step in the right direction but leaves a lot still to be achieved if social, economic

and cultural rights are to be given the status they deserve and require. The Charter has its weaknesses especially in its failure to address the issue of income adequacy. However it does encapsulate a more inclusive conception of rights than our own constitution as it embraces socio-economic rights.

The draft new European Constitution proposed by the European Convention states that the Charter does not “establish any new power or task for the community or Union”. Yet, even when the Union’s competence is limited its guarantee of a basic right to healthcare, for example, (Article 35) is an important sign to citizens in all member states that it recognises the need for a basic standard to be delivered by each state.

A second point that needs to be acknowledged in this context is that the Charter does not state any new rights. Every right listed is already listed in other international and national documents. What the Charter does is make explicit what is already implicit in case law within the European Court of Justice. The Charter gives greater visibility to these already acknowledged rights which, heretofore, were known only to legal experts and others specialising in these areas. Some have argued that the ostensible aim of the Charter “was to make the protection of fundamental rights in the EU more visible”⁶.

The need to develop a core of social, economic and cultural rights is becoming ever more urgent. Within international human rights instruments there are divisions between different generations of rights. The first generation consists of civil and political rights. The second generation consists of social, economic and cultural rights. The third generation has emerged in the growing concern with ethical globalisation and can be seen in the growing emphasis on the right of the community to an environment free of pollution. The growing importance of third generation rights is seen in the fact the EU Charter includes provisions for environmental protection and respect for cultural, religious and linguistic diversity.

⁶ Catherine Costello, Thomas Davis Lecture, RTE Radio 1, January 2003.

The first generation of human rights is supported widely across the world even though the rights it covers, such as the right to a passport or the right to vote, are far from being universally respected. On the other hand, second generation rights meet with less support and much greater resistance.

Ireland and the EU need to acknowledge that human rights go beyond civil and political rights to incorporate social, economic and cultural rights. Among others, seven basic rights that are of fundamental concern to people who are socially excluded and/or living in poverty should be acknowledged and recognised. These are the rights to:

- Sufficient income to live life with dignity.
- Meaningful work.
- Appropriate accommodation.
- Relevant education.
- Essential healthcare.
- Cultural respect
- Real participation.

Until these rights are effectively recognised then Ireland and the EU will continue to have a major credibility problem, as they will be failing to match their commitment to civil and political rights with an equal commitment to social, economic and cultural rights.

Social, economic and cultural rights should be justiciable. This issue of justiciability has been a major sticking point in progressing their recognition. The reasons for this resistance can be put under three main headings i.e.

- These rights are not, and should not be seen, in the same context as civil and political rights which are justiciable.
- there should not be a situation where a person can appeal to the Supreme Court in Ireland or to the European Court of Justice, for example, if they do not have appropriate accommodation or their healthcare is not of an adequate standard; and

- These issues should be addressed in the political and not the judicial arena.

Each of these objections can be addressed.

The issue of whether or not social, economic and cultural rights are on an equal footing with civil and political rights is an issue on which much has been written. Most progressive societies now acknowledge that social, economic and cultural rights are human rights just as civil and political rights are, and they accept they should be capable of being vindicated when they are not honoured by the Government of the day.

There are a wide range of declarations and protocols on human rights that recognise the importance of social, economic and cultural rights. A wide range of bodies including the United Nations, the Council of Europe and the European Union has developed these. We do not repeat these here but they form part of the context within which we make our proposals for development within the EU context.

To ensure that the recognition of social, economic and cultural rights goes beyond words, however, it is essential to address the question: how can such rights be made justiciable (capable of being vindicated in law)? In particular, how can this be done in a way that respects the political process and does not destroy the balance of power between the judicial and the governmental dimensions of society while also respecting the social, economic and cultural rights of people? What is required is a mechanism that can be agreed at EU level and then applied by each member state.

We suggest the following as a viable way forward that would respect concerns expressed particularly by politicians while also respecting the need for people's rights to be justiciable. Our proposal has a number of components.

- These social, economic and cultural rights would be recognised in the EU Constitution.
- Following on this recognition there would be a requirement to have legislation ensuring these rights could be vindicated. We suggest the following might achieve this without producing a non-viable situation that would see every individual pursuing, for example, access to appropriate accommodation, right up to the Supreme Court or to the European Court of Justice.
- There would be a legal requirement on each incoming State Government in the EU to set out concrete targets on each of the range of social, economic and cultural rights recognised in the EU Constitution. The specific list of rights would already be set out in legislation and should cover the listing outlined above or some similar range of rights.
- The targets set out in such legislation would have to be for specific periods of time e.g. two and four years (these particular time-frames would also be set out in the legislation).
- Failure to achieve these targets would be justiciable on a class-action or similar basis but not on the basis of every individual bringing their particular case to court.

Could this be done in practice? Let us take as *an example*, in the Irish context, the first right listed above i.e. the right to sufficient income to live life with dignity.

The present Government has already set a target (in the *National Anti-Poverty Strategy*) for the lowest social welfare payment for a single person to reach 30 per cent of gross average industrial earnings by 2007. To achieve this it has also agreed in the new national agreement, *Sustaining Progress*, to take the necessary steps during the coming three years to ensure this target is met by 2007. This target and the related commitment contained in the national agreement are repeated in the National Action Plan Against Poverty and Social Exclusion

submitted to the European Commission by the Irish Government on July 31st, 2003.

Consequently, if there was a requirement on the Government to set a two and a four-year target on income adequacy it could base its targets on the commitments it has already made. It could set a two and four-year target for income adequacy that would satisfy the requirement to set targets to meet the right.

Subsequently, if the targets were honoured the right would be respected. If the targets were not honoured the Government would be answerable in a court for their failure to meet the target they themselves had set.

The only acceptable defence in this situation would be for Government to prove that the economic situation had changed so much compared to what had been expected when the targets were set that the Government genuinely was not in a position to meet its targets. If that could not be demonstrated, then the Government would be legally obliged to implement its own target on the issue.

This proposal respects the political process and ensures it maintains its primary role. However, it also ensures that a person's rights are respected if, for example, a Government decides deliberately to ignore them.

The proposal would have the additional benefit that General Elections would be fought in part at least on the basis of real proposals and commitments in areas that were of real concern to people. It would also ensure that politicians were more easily held accountable for the commitments they made.

We believe a mechanism along these lines should be developed and put in place in all EU states. It would mean that social, economic and cultural rights were placed on the same level as civil and political rights. It would also mean that the EU's over-concentration on the

economic dimension would be re-balanced in part at least by a growing recognition of the important of the social dimension to citizens in all EU member states.

This approach would also address another of the problems identified by some critics of a rights-based approach. The views of such critics were summarised by Ivana Bacik in a presentation to the Forum on Europe. In this presentation she stated:

“There are many Marxist and feminist critiques of rights, based on the argument that rights discourse can divert attention away from political reform and into legal disputes, with consequent reliance upon a largely male judiciary drawn from a homogenous privileged background. Moreover, rights may operate to reinforce privilege, since those from positions of power have more effective access to legal forums, and are more likely to meet a sympathetic response when they get there.”⁷

In her presentation Bacik was supportive of rights discourse and its capacity for improving the situation of those who have been historically excluded. We believe that the mechanism we are proposing goes a long way towards addressing the problems identified by the critics of a rights-based approach to social, economic and cultural rights.

The need to recognise the elimination of poverty as an objective of the EU

A major disappointment for us was the failure of the Convention on the Future of Europe to identify the elimination and prevention of poverty as an objective of the Union in its draft EU Constitution. The draft produced by the Convention has many positive aspects and its implementation would be an improvement on the present situation.

However, the failure to make the elimination of poverty an objective of the Union is a very powerful symbolic statement that does not augur well for the future of Europe’s most excluded people. It also runs

⁷ Ivana Bacik, Presentation to the Forum on Europe, Dublin castle, April 10th, 2003, page 4.

counter to the revision of the Council of Europe's European Social Charter in 1996 which recognised new rights including the right of protection against poverty. Of particular concern to us is the fact that this omission is likely to be used by Governments of some member states to justify their refusal to take the initiatives necessary to eliminate relative income poverty in their own countries. It also allows them to hide behind outdated rhetoric about job creation being the solution to poverty when it patently is not an adequate response in some countries of which Ireland is a good current example.

Our concern in this area stems from the EU's failure since its foundation to address the issues of poverty and social exclusion in an effective, coherent or comprehensive way. As we have seen, the social dimension was part of the vision for the Union since its foundation. In the 1970s and 1980s much of the focus in the social policy arena at European level was on income inequalities and their impact on the reality of poverty. In the late 1980s the focus of social policy debate switched towards placing greater emphasis on the reality of social exclusion. This was a development we welcomed at the time and still support. We believe, for example, that the Irish Government's definition of poverty in its National Anti-Poverty Strategy reflects the reality of social exclusion as experienced by those who are excluded. This statement recognises that:

“people are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living that is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities that are considered the norm for other people in society”⁸

This is a dynamic definition of the phenomenon of poverty and social exclusion. It acknowledges the need for all citizens to exercise a range of social, economic and cultural rights that they have and, implicitly, recognises these rights. Acting on this definition of poverty and

⁸ National Anti-Poverty Strategy (1997)

ensuring that all people in Ireland are socially included and have what is necessary to exercise these rights is another story entirely.

The Irish Government has been to the forefront in insisting that EU competency in combating social exclusion through Community actions should be limited. It has strongly advocated that member states should retain their competency for planning and implementing policies at national, regional and local level where social inclusion issues are concerned.

The first substantial debate on the role of the EU in addressing social exclusion and at highlighting the role of social protection mechanisms in supporting unemployed people came in 1989 with the adoption of the Charter of Fundamental Social Rights of Workers. While it included recognition of the right to social provision of people in need this Charter was not binding. Since 1992 the EU interventions, while continuing to be seen as complementary to national governments, focused on supporting national programmes through the Structural Funds and through the European Social Fund. The Amsterdam Treaty in 1997 created a new environment for addressing social exclusion and led to the adoption of the Open Method of Co-ordination in national systems for the promotion of social inclusion. The Lisbon Summit conclusions brought this process a step further with its emphasis on greater social cohesion being given an equal status with economic development. (We shall address this in more detail in the following section on OMC.)

However, it appears to us that there is a lack of political will in this area both at the European Union level and at the level of several national governments. Practice lags a long way behind the good intentions articulated in these and many other arenas. Making the eradication and prevention of poverty an objective of the Union would be a very strong sign that this issue did have the political support it requires if it is to be realised in practice. It would also make possible and necessary the mainstreaming of anti-poverty and social inclusion issues throughout all the Union's policies and programmes.

The need to strengthen the Open Method of Co-ordination (OMC)

The third initiative we propose needs to be taken at an EU level is closely linked to our preceding proposal and concerns the Open Method of Co-ordination. The Open Method of Co-ordination can be described accurately as a ‘soft’ policy instrument in the social policy field in the EU. It is complementary to other instruments such as legislation, social dialogue, declaration texts etc. Unlike ‘hard’ policy instruments such as laws, the OMC has no binding effects; it does not create rights for citizens and does not place obligations on the member states. It is based on a process of mutual learning, benchmarking and best practice exchange, as well as on the co-ordination of national policies towards the achievement of targets defined on a European level.⁹ The OMC process theoretically, is supposed to produce uniform and simultaneous action in all member countries in areas such as social protection, pensions and unemployment. Its application to date has been very poor when viewed from the perspective of social exclusion. Member state governments including Ireland (some would say especially Ireland) have emphasised the need for subsidiarity and produced National Action Plans Against Social Exclusion which are remarkable only for their failure to make any appreciable difference to the situation of those who are poor and/or socially excluded. On the other hand the application of OMC in the area of employment and unemployment and in the area of pensions has been more positive.

The response on social exclusion fails to recognise the Irish situation where the majority of those living in relative income poverty live in households headed by a person outside the labour force. So, while policies based on labour force participation are welcome and do have positive impacts, in the Irish context they have little real impact on *reducing* the proportion of the population living in relative income poverty. (It should be emphasised that this is a factor of the present situation in which Ireland finds itself. In the mid-1990s the situation was very different as unemployment was much higher and policies focused on the labour market were much more important. But, as the

⁹ For a more detailed treatment of this issue cf. Amitsis, et al (2003)

situation has changed the policy response has failed to take these changes into account with the result that policies that were appropriate for the first half of the 1990s are now being applied in an inappropriate way a decade later.)

Among the major problems in the OMC process in addressing social exclusion at present are its failure to ensure the formulation of targets and guidelines that are significant, its lack of adequate timeframes, relevant and updated information, and agreed indicators on which progress is to be benchmarked. Those who support its work to date emphasise that the process itself is a mutual learning process that is being effectively developed and modified as it goes along. From our perspective, the evidence for this view is very limited indeed.

In mid-2003 the European Commission published a Communication entitled “Streamlining the social dimension of the Lisbon strategy: streamlining open co-ordination in the field of social protection”. As in many similar situations the emphasis on streamlining could be used to reduce the scope of OMC. Strengthening the emphasis on social inclusion should be at the core of any streamlining of OMC. A practical measurement of whether or not this streamlining is positive or negative will be the guarantees it contains to ensure the necessary funding to implement the initiatives required to meet meaningful targets and objectives at both national and EU levels.

Among the initiatives that we believe should be taken now to improve the OMC we highlight the following:

- The formulation of an agreed set of qualitative and quantitative indicators
- The highlighting of relative income poverty as the key indicator. This would involve the rejection of the Irish Government’s fiction that it is reducing poverty by focusing on those living in ‘consistent’ poverty. This is a measurement that includes only a small proportion of people living in poverty as measured according to the Government’s own

definition of poverty as stated in its National Anti-Poverty Strategy.

- The insistence on having clearly measurable objectives and ensuring that these objectives are focused on and delivered.

Political will is crucial in this context. It is interesting to contrast the application of the OMC in the social exclusion context with the stringent processes applied in areas such as the Stability and Growth Pact. The contrast in implementation illustrates the importance of political will and exposes the fact that such will was lacking in practice in addressing the area of social exclusion.

Some argue that this has now changed. The basis for arguing that political will is now present lies in the Lisbon Summit (2000) where the concept of an active welfare state based on employment was articulated. At Lisbon the European Council agreed a new strategic goal for the Union for the following decade: “to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more jobs and better jobs and greater social cohesion”. The need for balance between economic, social and environmental dimensions is seen as central to the Lisbon strategy. To date, however, the impact of the strategy in the social inclusion area is questionable. Little seems to have changed post-Lisbon. The political will seems no stronger now than it did prior to the adoption of the Lisbon strategy. That is another reason why the proposals we have made above are all the more urgent.

The need to recognise ALL social partners

The fourth and final key initiative we believe needs to be addressed in the shaping of ‘social’ Europe’s future involves civil society and democracy. As identified earlier the European project has always been an economic project for the most part. This emphasis has been supported and strengthened by the experts and elites who have been the major ‘drivers’ of this project. The direct election of the European Parliament has had little impact on this situation. The citizens of the European Union have little understanding of the political system that

unites them. Brussels is perceived as an administrative capital that contains more ‘threat’ than ‘support’ for them and their interests. When the Charter of Fundamental Rights was being developed civil society was invited to comment. More recently, the Convention developing a new Constitutional Treaty for the EU invited civil society to make its views known. Both these attempts to involve civil society were well intentioned and welcome. But both were very weak attempts. Views were invited but it was very much a question of ‘insiders’ in the Convention inviting ‘outsiders’ in civil society to comment.

No structure exists at the EU level to enable civil society to have a real input into the policy development process. Likewise, there is no structure to ensure that such an input would be listened to in any meaningful way. This is in marked contrast to the situation in Ireland where the Community and Voluntary Pillar of social partners have a direct input into national agreements, have seats on national consultative bodies such as the National Economic and Social Council and the National Economic and Social Forum, and are consistently consulted on a wide range of social, economic and cultural policy issues.

It is important to realise that the Non-Governmental Organisations in Brussels do not represent European democracy. They simply represent groups with the resources to maintain permanent offices in the EU capital. While their contribution is very positive it is nowhere near what is required if civil society is to be heard in a real way and if the reality of European citizenship is to be recognised in practice as well as in theory in the changing governance situation in which Europe finds itself at this moment in its history.

Among the initiatives we believe should now be taken to ensure the real involvement of civil society in developing the European project are the following:

- Recognise the community and voluntary sector as an independent and equal social partner in the social partnership

- structures at the EU level.
- Give all NGOs a special status in the European context in the same way as employers' organisations, trade unions and farmers' organisations have a special status.
 - Recognise the importance of citizenship if the European project is to become a project of all of Europe's people and not just of its elites.
 - Civil society should be recognised as a social partner in the new draft European Treaty.

We make these proposals in the full knowledge that civil society has different manifestations in different European traditions. We reject the suggestion often made that civil society is too diverse to ever be sufficiently coherent to express viewpoints that would be of value in the policy development process. These were the same arguments we heard so often in Ireland in the years before the community and Voluntary Pillar of social partners was established and recognised by Government in 1996. They are not valid.

Conclusion

There are many ways in which one can address the emerging reality of the European Union. Many people are very suspicious and see it in negative terms for a wide range of reasons. Yet a number of points need to be made.

In a globalised world, governance beyond the State level is a necessity. If issues of poverty, inequality and social exclusion are to be tackled effectively a strong measure of cooperation at the international level is essential. The European Union has the potential and the capacity to address these issues in a meaningful way and to ensure that the scale of action is adequate to have effective impact across the Union.

The EU was born from a dream of peace and reconstruction. It had a

social dimension from its very foundation. However, it quickly became an economic project and has, for the most part, continued to give priority to the economic over the social in each succeeding phase of its development. It has to be recognised, however, that it does have the potential for change within it and can be moved towards a situation where there is a genuine balance between the economic and the social dimensions of Europe. It does have the potential to become a genuine citizens' Europe rather than a Europe for a market-focused elite. This elite had disproportionate influence in the decision-making processes. This influence has resulted in the economy and its development being given priority while little more than rhetorical assent has been given to the social dimension which is at least of equal importance to the vast majority of European citizens.

To rebalance this situation we have proposed in this paper that the EU:

- Adopt a rights-based approach in addressing social, economic and cultural issues;
- Make the elimination of poverty an objective of the EU;
- Strengthen the Open Method of Co-ordination (OMC); and
- Recognise the community and voluntary sector as a social partner in the European context.

These four initiatives would go a long way towards the rebalancing that Europe currently requires in the social context. All are do-able in a relatively short timeframe and should be acted on immediately.