Future prospects

The period which began with EU enlargement in May 2004 coincided with numerous processes of revision, review and reform. There was of course the draft reform of the treaties in the shape of the European “Constitution”. There was also, in early 2005, the review of the Lisbon strategy, the reassessment of the Stability and Growth Pact, the re-examination of the European employment strategy and preparations for a revision of the Structural Funds. At a more mundane level, and on a more limited scale, there were also revisions of the Working Time Directive and the European Works Council Directive, a reappraisal of the draft Services Directive, and so the list goes on. Last but not least, the menu for 2005 included a redefinition of the budgetary perspectives for 2007-2013. To put it mildly, Europe is facing an agenda of reforms, reviews and revisions, both political, economic and social.

EU enlargement to take in the central and eastern European countries as well as Cyprus and Malta undoubtedly goes some way to explaining this myriad of processes. It is impossible for twenty-five countries to operate in the same way as fifteen. Yet enlargement does not explain everything. There has at the same time been a search for new political dynamics and directions, with one same point – or rather question – cropping up in all the discussions: is the European Union embarking on a process of deregulation or regulation? The overarching issue arising in all these political debates, be they about the Constitution, the Working Time Directive or the balance between the economic, social and environmental objectives of Lisbon, is (de)regulation.

In actual fact, it is not so much a matter of a question as of a split, or a power struggle. All these overlapping processes moreover offer a good opportunity to gauge this power struggle between the champions of a
Europe which deregulates and bolsters the “creative strengths” of competition, and the supporters of a Europe which circumscribes the market for the sake of equity and social progress. It has to be admitted, however, that these dynamics are by no means unequivocal. For instance, the reappraisal of the Lisbon objectives as proposed by the Commission has been denounced for taking an ultraliberal turn; on the other hand, the reform of the Stability Pact has been welcomed enthusiastically in trade union and progressive circles, where it is seen as advancing economic governance. Similarly, the proposed thrust of the new Working Time Directive has been roundly criticised on account of its inherent potential for deregulation; on the other hand, the Heads of State and Government recognised in an unprecedented fashion that there was a problem with the Services Directive. No doubt the utterly divergent interpretations of the constitutional Treaty are the most blatant illustration of this equivocal state of affairs: in one camp, its backers claim that it sets out social progress in black and white while, in the other, its detractors read it, equally in black and white, as a neoliberal text in which deregulation is “set in stone”.

Social progress or a neoliberal venture: could these two analyses of European events in 2004-2005 be described as two sides of the same euro? They are a reflection of the players and the power struggles in which they are engaged: the EU project is not a homogeneously left or right wing project; it is a compromise which is reflected especially in texts such as the Lisbon agenda or the constitutional Treaty. But it is not a compromise based on synthesis, resulting in some kind of relatively explicit and agreed European alliance. Rather, it is a compromise based on superimposition, i.e. on an accumulation of economic, social and environmental objectives which are sometimes difficult to reconcile with one another.

This superimposition of compromises is as useful to national political majorities of whatever colour – which can pick out objectives matching their own priorities – as it is to opposition parties, which can always find grounds for contention. How else could we explain the relative consensus around Lisbon or around the Constitution among the conservative, liberal and social-democrat parties currently in power in Europe’s capital cities? But we must bear in mind that even within this apparent “European consensus”, left/right divisions are often played
out – sometimes in a quite brutal fashion. The consequence, in the economic arena, is a twofold advantage for the pro-deregulation approach since, firstly, the treaties favour this type of approach and, secondly, progressive groups have to reach constructive compromises (what common regulations should we adopt?), whilst liberals can get by with negative compromises (what rules should we abolish?). These compromises can therefore be described as asymmetrical.

One of the principal spheres in which these divisions have come to the fore is the social policy sphere. And, quite clearly, the prevailing political and institutional climate during the period under scrutiny in this volume has hardly been propitious for social aspirations: the political climate, owing to the overriding liberal view of enlargement and the absence of any prior social debate. As we wrote in our conclusion to the last edition of Social Developments in the European Union, “the sole immediate benefit of enlargement therefore boils down to trade liberalisation, which is apparently expected to work miracles”. This liberal approach on the part of the former Europe of Fifteen has been strengthened by the governments of some of the new arrivals, which seem to be seeking in the Union not a driver of domestic social progress (as was the case at the time of Spanish and Portuguese accession, when catching up with the European social model became a political leitmotif), but support for the implementation of highly liberal economic policies. Nor does the current climate favour social aspirations from an institutional point of view, in that the advocates of a “social Europe” have had difficulty in finding allies both in the European Parliament and in the Commission and Council.

Considerable concern was expressed in the face of this unfavourable momentum, in 2004-2005, especially by trade union organisations. Indeed, the way in which the Directive on services in the internal market and the revision of the Working Time Directive have been addressed arouses fears of a radical shift, not in strategy but in Europe’s policy objectives. The Services Directive, in its 2004 version, aims to create an internal market for services without first making any attempt to harmonise standards, the result being to open the door to unfettered competition. This strategy poses major problems in certain social sectors, first and foremost healthcare. At the time of writing these lines,
the revision of the Working Time Directive, initially intended to put an end to the temporary UK derogations concerning maximum weekly working time, was on the brink of facilitating derogations across the board: in other words, competitive social deregulation in this area too.

Rather than promoting a strategy for catching-up and convergence in the social sphere – by means of even minimal harmonisation – the Commission and certain Member States apparently prefer to make different systems compete with one another. In the context of a newly enlarged Union where standards vary so widely, such competition could rapidly end up as a blueprint for deregulation. In both the Directive on services and the one on working time, the formulation of common rules by public authorities has been replaced, in the first case by administrative cooperation and, in the second, by negotiation between the social partners – provided that they exist. The authors pretend to forget that administrations, which already have enough difficulty cooperating with each other nationally, will not find it any easier to do so at European level (we need only think about the language problems involved); they likewise overlook the "black holes" in trade union representation at sectoral and company level in many countries. The supposed safeguards against deregulation will therefore be blown away like straws in the wind: Europe will become less and less homogeneous with, on the one hand, some parts temporarily protected by efficient administrative bodies and by the relatively significant presence of trade union representatives and, on the other, parts which are subject to the law of the jungle.

In historical terms, the European project has charted a course from upward harmonisation (1960s and 1970s) to minimum standards (1980s and 1990s), since when it seems to be embarking on a new phase, namely making different models compete with one another. The rationale given for this enforced competition is an attempt to render Europe more competitive, which ought to rally a consensus among the various political groups since competitiveness is supposed to create more growth and hence more jobs. But what has been thrown into sharp focus by the trials and tribulations of the Services Directive is the lack of vigilance on the part of Europe’s social-democrat parties with regard to the risk of destroying the balance between economic and social objectives. It took unprecedented campaigning by social
stakeholders and trade unions throughout Europe for political leaders to realise that this breaking point had been reached. Is their realisation merely transitory, or will it facilitate a shift in the balance of power in a basically unfavourable political environment?

Symbolically, that is probably the main function of the “European consensus” as described above. If it succeeds in achieving a satisfactory balance between economic constraints and social aspirations (which may change over time), it can no doubt contain and organise the political debate within it. If, on the contrary, it is perceived as a tool for imposing invasive policies, some players will wish to depart from this consensus and construct a power struggle outside of it. Such is undoubtedly the underlying significance of the no-vote cast by the French left wing at the referendum on the draft European Constitution. Even though the constitutional Treaty makes no fundamental changes to European policies – it even contains some social progress – some people nevertheless view it as a consolidation of the successive asymmetrical compromises they deem incompatible with the preservation of the social values of the post-war period. Moreover, the fundamentalist interpretation currently being given by certain political players to the market doctrine contained in the European treaties (ever since Rome!) is liable to shatter the consensus (1), whereas that consensus was able to prevail for forty years based on the same founding treaties.

We are not dreaming of an enlarged market, said the former President of the European Commission, Jacques Delors. A large market whose sole purpose was to boost competition – in a Europe where

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1 As Fitoussi and Le Cacheux lucidly put it, “(...) European history has done a U-turn: the stranglehold of market doctrine over the political sphere has led to such a suffocation of democracy that it now in turn threatens the public domain in many countries of the continent” (in L'état de l'Union européenne 2005, edited by Jean-Paul Fitoussi and Jacques Le Cacheux, Fayard/Presses de Sciences Po, Paris, 2005).
unemployment, poverty and social insecurity have persisted for too long – would not be a dream but a nightmare.

The principal task to which today's political leaders and elites should devote themselves is therefore, without any doubt at all, to reinvent a political project for the European Union of 25 Member States.