

Concepts of the European Social Model

Christoph Hermann

1. The comparative dimension

Analytically the term European social model (ESM) only makes sense in contrast to other social models. In this regard the main point of reference has traditionally been the United States, although the lack of comparisons with other developed countries such as Japan is simultaneously one of the major weaknesses of the debate.¹⁾ Comparisons between the US and the European Union (EU) typically centre around four issues: wealth, poverty inequality and unemployment. While the US is much richer than Europe measured in GDP per capita - GDP per capita in the US is about one third higher than in the EU - Europe stands out as having a significantly smaller proportion of poor citizens,²⁾ and consequently a clearly higher degree of equality (higher GDP per capita in the US is also the result of longer working hours and lower unemployment - at least according to official statistics).³⁾ In the US, 17 per cent of the population has to cope with less than half of the national median income, while in Europe this is true for less than nine per cent. In the Nordic and continental European countries it is even less than six per cent (Albers 2006; see also Alesina/Glaeser 2004:47). Also in terms of inequality, the US ranks much higher than Europe. One possibility to measure inequality is the decile ratio. It shows how much more income those at the 90th percentile have in comparison to those at the 10th percentile. The US has a ratio of 5.5 while the EU average accounts for 3.6 (Albers *ibid.*). Another possibility to measure inequality is the Gini coefficient. Here, too, the coefficient is much higher in the US than in Europe and it is particular higher than in the Nordic and continental European countries (*ibid.*) The lower proportion of poverty in Europe is mirrored by a higher percentage of government expenditure including spending on social benefits and transfers (Alesina/Glaeser 2004:17-19).

Alberto Alesina and Edward Glaeser also point to the much higher proportion of public ownership in continental Europe which contributes to a redistribution of wealth (*ibid.* 49). The more troubling is the

fact that public ownership is diminishing rapidly in Europe - especially in the new member states where public ownership was the dominant form of ownership before the transformation. Another major difference is public pensions. Public pension benefits are significantly less important for the income of retired Americans than for pensioners in continental Europe - especially for those on the lower-end of the income scale (*ibid.* 33). Furthermore, inequality in the US is also fuelled by a much less progressive tax system, with comparatively high tax rates for low-income earners (*ibid.* 37). Hence, Alesina and Glaeser conclude that: "European countries have adopted a wide range of policies that are meant to redistribute income from the rich to the poor. In the United States, this effort is more limited. While certain categories (say single mothers or the old) are not forgotten by the American legislator, if one were to be born poor, one would choose to be born in Europe, especially if risk averse" (*ibid.* 48-9).

2. The institutional dimension

There is a body of literature that analyses welfare institutions and their development over time. On aggregate these institutions form what after the Second World War became known as welfare state. Since it is not only the state but various public and private actors that provide welfare for citizens perhaps the more accurate term is welfare regime. As Christine André (2006) writes, "the traditional concept of the Welfare State is progressively replaced by that of the Welfare Regime or of the Social Model which is associated with a larger field than social protection and which takes into account actors others than the State." However, common to all three concepts is the notion of social inclusion. Martin Kronauer (2006) argues that from the perspective of social inclusion there is indeed a distinctive Western European tradition of welfare provision based on social rights and social justice rather than charity. "In contrast to the social model of the USA (but also to most Southern European countries), Western Euro-

pean welfare states are universalistic. They officially recognize a responsibility not just for particular groups in need but for all citizens with regard to their basic well-being in the most important dimensions of everyday life" (*italics in original*). James Wickham (2005:7) makes a similar argument when stating that "citizenship in Europe includes social citizenship, i.e. that cluster of rights to education, health and social security." As rights "they cannot be taken away and they are therefore enforceable" (*ibid; italics in original*). It is important to note that these rights were not freely given by any enlightened authority, but are based on a compromise between capital and labour after a series of partly violent struggles.

Social inclusion is not only guaranteed by the protection from social risks such as unemployment but also by equal treatment (non-discrimination), family arrangements and the organisation of non-paid work, as well as by an equal access to public services such as education, health and social services, utilities, communication and transport. Social inclusion is also guaranteed by the collective and inclusive organisation of services. Data from the UK show that in relative terms those at the bottom-end of the income scale profit more from the provision of free public services such as health and education. "The poorest get more benefit from these services than the rich - for the poorest, the value of public services is almost as great as the value of their entire income including benefits." (Hall 2007) From this perspective the European welfare-state tradition becomes particularly evident in the extraordinary important role of public services. In countries such as France the service public is an integral part of national identity and social citizenship. As the European Commission (2004:4) notes in its White Paper on Services of General Interest, "in spite of sometimes substantial differences in the views and perspectives of the various participants in the debate [on the Commission's Green Paper], the consultation has shown a broad consensus on the need to ensure the provision of high-quality and affordable services of general interest to all citizens and enterprises in the European Union." The public access to health services is a point in case. There are different ways of organising access, among them the Beveridge tradition of the UK or the employment-centred corporatist traditions in Germany, France and the Netherlands, which produced different degrees of inclusion. There are also important differences with respect to the level of provision that are thought to guarantee social inclusion. They can be "very narrowly defined as in the Hartz IV law, or more generously as in the Scandina-

vian countries" (Kronauer 2006). However, the universalistic tradition is clearly "not compatible with the exclusion of large parts of the population from health insurance or a 'welfare reform' which threatens unemployed poor people with the loss of any income support after five years" (*ibid. italics in original*). Furthermore, markets on which public services are traded as commodities for money tend to exclude those who have limited financial resources.

A universal right to social inclusion calls for a minimum degree of collective responsibility and solidarity and for a minimum level of the redistribution of wealth. As André (2006) points out, fiscal policies are therefore a crucial feature of every social model. Due to the universal access to a minimum level of subsistence, citizens become less dependent upon market forces to reproduce themselves and their dependents. The result is what Gosta Esping-Andersen (1990) has called the decommodifying effect of welfare state provision. Georges Menahem (2006) has attempted to measure the level of decommodification by the development of a "decommodified security ratio⁴". The assessment of this ratio on 20 EU countries demonstrates that the Nordic countries or in Esping-Andersen's terms the social democratic welfare states show the highest level of decommodification (together with the Netherlands), while the new member states and Southern Europe bear the highest risks. The ratio of Spain, for example, accounts only for half of the ratio of Sweden (*ibid*).

More generally the need to restrict the free play of market forces is also accounted for in the concept of social-market as opposed to free-market economies. In the 1950s and 60s Germany promoted its social-market economy as viable alternative to unregulated markets and planned economies and the European Commission (2005b:4) recently declared a "European choice in favour of a social-market economy." On the other hand, Europe has a tradition of making up for market shortcomings through massive state investments in private-sector companies in what is generally perceived as mixed economies (Freeman 1989; Blaas 1992). This is different from the US way of spending public money on private contracts in the health sector and in the armaments industries. But Europe not only has a larger public sector, the role of the state more generally is also seen more positively than in the US. "Unlike the liberal variant of the US social model, the state is not primarily seen as a constraining threat to the freedom of the individual but as a necessary agency of social balance. Since the destruction wrought in Europe by fascism and the Second World War, the state has also been conside-

red as a guarantor for combating extreme poverty, for comprehensive socio-economic security for all citizens, for the reduction of income inequality and for approximately equal access to qualitatively high-value social services and public care infrastructures." (Mahnkopf 2007.)

The different modes of regulating competition are also at the heart of the varieties of capitalism literature and its differentiation between Anglo-Saxon and Rhineland capitalism (Albert 1993) or between liberal-market and co-ordinated market economies (Hall/Soskice 2001; Coates 2000; Amable 2005). In an important way, competition is regulated through employment legislation and collective bargaining. Although there is no common European industrial relations system, there are nevertheless "significant common features in continental Western Europe which distinguish it from both the 'American model' of largely deregulated labour markets and the 'Japanese model' of management-dominated company employment relations" (Hyman 2005:11). Richard Hyman highlights three common qualities: there are substantial statutory limits on the way labour (power) can be bought and sold (e.g. employment protection); collective agreements usually have priority over individual employment contracts; there is a broad consensus that workers have independent interests and it follows from the acknowledgement of independent interest representation that there should be some form of interest coordination (e.g. social partnership). In a similar way Claus Offe (2005) argues that "if the 'European' model of capitalism is distinguished by one thing in particular it is the view, expressed in diverse economic institutions and regulative arrangements, that the interests of 'us all' are best served when the individualist profit-oriented pursuit of the interests of 'each individual' are to a certain extent limited by status rights."

Hyman (2005:11) also stresses the decommodifying effect of European employment regulation: "In important aspects 'labour is not a commodity'." Decommodification can be seen not least in the substantially lower number of hours Europeans work both on a yearly basis and during their lifetimes (shorter working weeks, more vacations, lower pensionable age). While usually this is seen as one of Europe's biggest problems (in fact it is a problem because a large part of leisure is involuntarily caused by persistently high unemployment rates), it could also be interpreted as a vital strength - especially if we take into account the ecological threat caused by high and ever-increasing levels of material production and consumption (Altvater 2005). Given the com-

mitment to environmental policies, including the Kyoto protocol, Europe seems at least to be more aware of the problem of ecological sustainability of its economic and social model.

To sum up, a social model is more than a set of institutions. Instead it is a configuration of institutions, actors and social relations that guarantees the social inclusion of the members of a particular society. According to André (2006), a social model must cover at least the following issues: "Social protection in a wide sense (sickness, old age, disability, unemployment, social assistance, family), housing, health care, education and training, active policies of employment, labour market rights, and industrial relations. Moreover, some aims of social policies, like income redistribution, can also be pursued through fiscal policy and protection against unemployment is first obtained by an appropriate macroeconomic policy."

3. The political dimension

From the perspective of the ruling classes, the ESM has two main purposes: the first is to legitimise the predominately market-oriented integration process and the second is to modernise existing social systems. Yet as a hegemonic project it is full of contradictions and is open to alternative interpretations by social actors such as progressive political parties, trade unions and social movements. "European integration is an open-ended process, as hegemony constantly needs to be reasserted . . . [it] is open to contest and therefore . . . there are opportunities for resistance" (Hofbauer 2006). Andreas Bieler (2006) points to the political forces that are challenging the existing course of the integration process. However, Bieler also makes clear that the existing course is predominately neoliberal. From its inception European integration was almost exclusively an economic affair. As early as the 1950s the French prime minister was rebuffed when he attempted to make the harmonisation of social regulations a precondition of market integration (Scharpf 2002:665).

In the first phase the main goal of the integration process was the establishment of a customs union, i.e. the removal of tariff barriers between EU members and the establishment of a common external tariff (Bieler 2006). As a result, "European free trade was successfully combined with the national right to intervene in the economy in order to maintain order and social peace" (ibid.). Shortly after the accom-

plishment of the customs union, the world economy and with it the European economy plunged into the deepest crisis since the 1930s. Initially, European member states attempted to solve the crisis at the national level (resulting in a severe institutional crisis at the European level). As national strategies failed to revive the economy, national elites found new hope in the deepening of the common European market. Although tariffs were abolished by the late 1960s, there were still various national product standards that had to be taken into account in cross-border trade. "A bigger market was supposed to lead to tougher competition resulting in higher efficiency, greater profits and eventually through a trickle-down effect in more general wealth and more jobs" (ibid.).

However, the internal market programme put forward in the mid 1980s was still highly contested. There were at least two competing projects: a neoliberal project aiming for unrestricted trade within and without Europe and a social-democratic project which put more emphasis on intra-European trade and on re-regulation at the European level after national economies could no longer withstand international economic pressures (nurtured especially by the French experience with Keynesian policies in the early 1980s). As a relatively protected European market was thought to facilitate the creation of "European champions" able to compete on the world markets, the latter has also been identified as neo-mercantilist strategy (van Apledoorn 2001). Although the European Treaty was complemented by a protocol on social policy at the Maastricht summit in 1991, enabling the European-level social partners to conclude agreements that can be directly transferred into binding EU law, the Delors vision of social Europe fell victim to the neoliberal economic and social project, which in the Union had its higher expression in the economic and monetary union (EMU) and the Growth and Stability Pact (GSP). With the GSP and its tight monetary and fiscal rules the economic room for manoeuvre progressive politicians had hoped to attain at the European level never materialised. The neo-mercantilist project failed due to the alternative project of the leading fractions of European capital and its acceptance by the 'free-trade' governments among member states (UK, Netherlands, Germany etc.) and the European Union leaders. What remained was the neoliberal project. With the recent enlargement the neoliberal project was later extended to Central and Eastern Europe (CEE) where many had hoped for a socially regulated capitalism to replace the former state-planned economies.

Apart from monetary restraint and fiscal austerity, neoliberal-prone integration called for deregulation of product standards and flexibilisation of labour markets. "Economic recession in the neoliberal perspective of Anglo-American capitalism is due to institutional rigidities in the form of excessive state intervention into the market . . . To overcome recession, structural reforms are necessary including the privatisation of state enterprises, the liberalisation and deregulation of the economy and the flexibilisation of the labour market" (Bieler 2006). While monetary restraint and fiscal austerity was imposed by the GSP (and reinforced in the European Draft Constitution rejected by French and Dutch voters in spring 2005), the liberalisation of public services was mainly enforced through European competition policy. Perhaps the liberalisation and flexibilisation of public services contradicts with the European tradition of regulating markets in order to achieve socially desirable goals, which, consequently, questions the idea of a European social model. As Birigt Mahnkopf (2007) writes: "The neoliberal deregulation and privatisation since the mid 1990s introduced a historically important retrogression from legal to contractual exchange relations. Gradually, the provision, access and/or distribution of the public goods of care provision were left to market mechanisms. Consequently, power and government are increasingly less constitutionally laid down and fixed, but now continually have to be reconquered, maintained and legitimised between (unequal) contracting parties."

Hence the impact of deregulation and privatisation of public services goes beyond the re-regulation of certain economic sectors. Instead, "the focus on economic, monetary and social policies is crucial for an analysis of the social purpose of the European integration . . . They are fundamental in that they determine what is possible in individual policy sectors and are, therefore, at the core of the debate about which model of capitalism will emerge in the future" (Bieler 2006:3).

Due to monetary restraint and fiscal austerity, economic growth rates remained slow while liberalisation and flexibilisation produced increasing numbers of unemployed. In the mid 1990s the mounting problem of unemployment gave rise to a wave of mass protests including strike waves in Italy and France as well as the series of Euromarches amounting to what some authors have called the "post-Maastricht crisis" (Hofbauer 2006:8). The constitutional crisis caused by the rejection of the European Constitution can be seen as prolongation of these protests. The

neoliberal hegemonic project was called into question and threatened to lose popular support. As a result, employment was taken up as an important European issue in the Treaty of Amsterdam in 1997. At the same time national and European policy makers increasingly used the idea of the European social model to maintain support for the existing integration patterns. In the 1994 "White Paper on Social Policy" the European Commission officially introduced the term ESM and defined it as "a set of common values, namely the commitment to democracy, personal freedom, social dialogue, equal opportunities for all, adequate social security and solidarity towards the weaker individuals in society" (ibid. 7).

Ten years later the Draft European Constitution specified solidarity as one of the main common values. Solidarity, among others, things constitutes "social security and social assistance in cases of maternity, illness, accidents, right of access to health care and access to 'services of general economic interest', even though terms and conditions of quality and access to public services such as health, transport, education or postal services are not defined" (ibid. 11). In 2005, at the European Council's extraordinary summit on the ESM at Hampton Court, the list was extended to include "equal opportunities and the fight against all forms of discrimination, adequate health and safety in the workplace, universal access to education and healthcare, quality of life and quality in work, sustainable development and the involvement of civil society" (COM 2005b:5).

While the invocation of traditional European values played an important role in broadening the neoliberal project to include progressive forces and hesitant groups, the discourse on the ESM was also used by policy makers to put forward an agenda for modernising the existing European social models. The underlying rationale is that existing systems need radical change in order to confront the challenges of the twenty-first century. As Ines Hofbauer (2006) notes, "almost all documents on the ESM start by outlining the 'common challenges and shared responsibilities' that the different welfare regimes in Europe are facing today". The modernisation bias has become particularly prevalent with the Lisbon Agenda of 2000. Although equal opportunities and anti-discrimination play an important role in the modernisation discourse, the actual policies proposed under the modernisation label are by and large employment-centred. Not only this, but they are also exclusively supply-sided, including measures such as life-long learning, labour flexibility, the promoti-

on of entrepreneurship and the introduction of incentives to work more and longer (ibid.).

Hence, as Jane Lewis (2006) concludes: "When modern social programmes, organised around the principle of social insurance, largely replaced older, deterrent poor law systems at the end of the nineteenth and the beginning of twentieth centuries, the relationship between work and welfare was rewritten. It is not fanciful to see it being rewritten again at the end of the twentieth century, with the insistence on social policy as 'productive factor' and on the promotion of employment on the part of all able-bodied adults, female and male, as necessary prerequisite for the economic agenda of competition and growth and an important justification for all forms of expenditure on social policies." Lewis (ibid) shows how the discrimination of women in paid-labour markets was discursively shifted from a social justice issue to an issue of employment rates and growth thereby abandoning the deeper problem of the unequal sharing of paid and unpaid work. However, as a "productive factor" social policy is no longer a guarantee of social inclusion but an investment in the future (COM 2000:5).

"Social policy thereby no longer aims at a correction of the primary distribution through the market, and is also not intended as a publicly guaranteed legal right to a form of living independent of the market. The concept of the welfare state is thereby turning almost into its opposite. The requirement of 'modern' welfare statism is no longer the targeted, socially effective redistribution in favour of weaker population groups and regions, but the promotion of entrepreneurial action and the protection of business property - because this, it is said, stimulates the individual's readiness to work." (Mahnkopf 2007.) In short, social policy becomes "an instrument for optimising the adjustment of social-protection systems to market forces" (Jepsen/Serano Pascual 2005:238); social policy "becomes itself an element of the market" (Hofbauer 2006:17).

As such, social policy is largely subordinated to labour market flexibilisation. This is the essence of an influential intervention by André Sapir which was distributed as background paper at the 2005 Ecofin meeting in Manchester. Following the work of Tito Boeri, Sapir identifies four clusters of countries resulting in four basic European social models - the Nordic, continental, Anglo-Saxon and Mediterranean model. The paper is full of flaws (André 2006), but most notably Sapir (2006) contends that except for the Nordic model there is trade-off between efficiency and equality. The Anglo-Saxon model while

producing high levels of inequality is sustainable because it is highly efficient. In contrast the Continental and Mediterranean models may promote equity but they are not efficient and therefore not sustainable. These models, which account for no less than two-thirds of Europe's GDP and 90 per cent of that of the Eurozone, must "be reformed in the direction of greater efficiency by reducing disincentives to work and to grow" (ibid. 381).

This sounds very much like the recommendation of the International Monetary Fund (2004) published in a 2004 evaluation report on the European economy. "After three decades of uneven economic performance and persistently high unemployment, there is widespread consensus that Europe's economic and social model needs to be reformed. Since the early 1970s, the area's per capita GDP has remained at 70 percent of the US level, as high labour productivity growth has been neutralized by a secular decline in labour utilization . . . Making the institutional and regulatory environment more market-friendly - more mindful of individual incentives to work, spend, save, invest, and innovate - is widely perceived as an essential ingredient of any policy package aiming to boost growth, reduce unemployment, and increase the economy's resilience in the face of shocks." Of course, the IMF's recommendation is based on the US experience and as such it is precisely aiming at eliminating European distinctiveness and prescribing neoliberal cures for market-based economic and social problems. Perhaps the result of these policy prescriptions will bring Europe closer to the US with respect to poverty and inequality rates.

As André (2006) points out, a major problem in Sapir's account is: "that he presents some performances of the models as if they were resulting only from labour market and social policies. There are indeed numerous inter-relations . . . so it is generally not possible to disentangle the impact of one type of policies from the impact of the other policies at the macroeconomic level." By combining his 'decommodified security ratio' with hourly productivity Menahem (2006) shows that the Nordic countries provide not only more security for its citizens but are at the same time highly efficient. Yet in this comparison, the UK ranges below the continental European countries very close to the Southern European member states, Hence instead of arguing for labour markets reforms, Sapir could also recommend the extension of the Nordic welfare system (Dräger 2007). To take only one example: if Germany were to employ the same number of elderly care workers per citizen as Sweden does, this would crea-

te more than one million additional jobs, which would certainly have an impact on the "efficiency" of the German model (Heintze 2005; Simonazzi 2007).

This does not mean that European social models do not need reform. "From the very beginning . . . the post-war Western European mode of inclusion was incomplete" (Kronauer 2006). Kronauer (ibid.) lists four major weaknesses of the traditional European welfare regimes: First social rights were based on citizenship and therefore excluded non-citizens. Second, although with important national variations, women did not achieve the same degree of inclusion as men. Third, bureaucratic state-provisions eroded communal or workplace-based forms of solidarity. Fourth, there was a strong link between welfare and full employment. One could add the hierarchical-bureaucratic character of public services which excluded or alienated many potential users. According to Kronauer (ibid.) the precarious link between employment and social rights is "the weakest point in the post-war mode of social inclusion". Kronauer therefore argues for further decommodification that goes beyond the levels attained in the post-war decades. This is precisely the opposite of the policies promoted by the mainstream modernisers. "To make entitlements and social rights in such a situation even more dependent on employment must spread vulnerability" (ibid.; italics in original). The same is true for public services. The neoliberal critique of the inefficiency of public services only became so powerful because it partly touched real problems mainly caused by the bureaucratic organisation of service provision. It is therefore not enough to claim back the old system; the former hierarchical-bureaucratic and now increasingly market-prone provision should be replaced by a more democratic system in which needs and services are commonly negotiated. In short, a public-service reform should enhance democratic participation of service producers as well as service users. Neither of these is consistent with the dominant drive towards privatisation.

In sum, the neoliberal integration process and the modernisation of the European social models were used to "circumvent and erode the social rights that were achieved in the post-war decades and that represented the essence of the various European social models" (Hermann 2007). On the other hand, the common rights and values discourse was used to steer sufficient support for the integration project - with some success as the continuous support of social democratic and partly even green parties (together with the current majority of the European Parlia-

ment) as well as a number of reformist trade union organisations shows (Bieler 2006). This does not mean that the ESM is necessarily a trap for progressive politics. As mentioned earlier, the ESM is part of a hegemonic struggle. As part of such a struggle it is open to contest. In fact, radical unions, social movements and parties from the far-left have also used the ESM to remind the elites of their promises and to present their own vision of a more equal, sustainable and solidaristic Europe. Apart from national and European public-sector unions, this includes various groups in national and European Social Forums. "Neither is the neoliberal model without its critics, nor is a successful challenge to this model guaranteed. Ultimately, it will be crucial that trade unions . . . work together with social movements in order to stem the neoliberal Anglo-American model and re-establish a European social model of capitalism" (ibid. 16). Ulrich Brand (2006:169) even goes one step further when assessing that: "we are currently experiencing conflicts over a 'post-neoliberal agenda', which can be filled in very different ways." Michael Krätke (2005:92) therefore argues that: "the 'European social model' has its future still ahead of it. The European left could make it into their trademark, into a common project, if only they had the courage. In most European countries the concept of the welfare state, which is not just obliged to the owners of capital but to all citizens, still enjoys the widest support. The neoliberal idea of the minimal state, which goes back to pure relief of poverty, is a long way from having won, even if the market ideologies that are part of it dominate the minds of the so-called elite."

4. Not only a social but a solidaristic Europe

Much in contrast to official lip-service, solidarity has been marginalised in the debates on the future of the ESM or reinterpreted as mere technical matter such as universal access to health services. Yet as Mahnkopf (2007) points out, the principle of solidarity goes further than simply providing the minimum means of existence. Instead, solidarity can be described as "a principle of 'asymmetrical mutuality' according to which contributions are raised according to ability, but assistance is granted according to need." And as Mahnkopf (ibid.) further notes: "The market cannot offer such asymmetrical mutuality, because it reacts exclusively to the signals of purchasing power and ability to work. . . . But precisely

because of this - and as it seems not without success - the principle of solidarity must first be called into question, so that the foreseeable growing demand for health, education, care and social services in the aging societies of Europe can be served by markets and driven through competition."

Nowhere does the contradiction between market-based modernisation of the ESM and the need for solidarity become more apparent than in the ongoing restructuring of the European pension systems. In contrast to the US, the majority of pension systems in Europe were designed as pay-as-you-go systems, meaning that through their pension contributions those in employment cover the costs of those in retirement. A debate about the crisis of the publicly funded pension system has ensued in recent years on the part of the Commission and in many member states (Hufschmid et al.2005:72ff). According to the general argument, demographic changes mean the pay-as-you-go systems are no longer fundable and member states should therefore shift to a capital-market-based system or to a combination of both forms (ibid). Perhaps the promotion of fully funded private pension schemes, typically coupled with the introduction of strong tax incentives, questions the solidarity between different generations, as pay-as-you-go systems also had redistributive effects, even if only marginal ones, also between different social groups. Even the UK Pension Commission (2005) has acknowledged the importance of public pensions and the central role of the state in safeguarding the livelihood of elderly citizens. In a similar way, by promoting individuality and competitiveness through cutting social transfers, introducing user fees for public services and the introduction of new tax models that profit the rich, neoliberal restructuring in CEE has radically and profoundly questioned the meaning of solidarity in these societies.

In contrast a noteworthy example of a 'solidaristic Europe' that has survived the neoliberal restructuring are the cohesion funds. Through these funds the richer countries in Europe exert some form of solidarity with the poorer member states. The transfers have a significant impact on the performance of the poorer economies - in Greece, for example, the Commission estimates that the resources allocated through the funds accounts for between eight and ten per cent of GDP (EC 2001). Yet in this case, too, emphasis has shifted from assisting those in need to promoting social cohesion as an important element in increasing overall European competitiveness (Mahnkopf 2007). And with an ever-greater need for

social cohesion as a result of the admission of the new member states in Central and Eastern Europe - there are huge differences in social security across Europe: Norway's 'decommodified security ratio' is ten times higher than the ratio for Lithuania (Menahem 2006) - the richer countries have shown everless willingness to provide the necessary resources. One essential problem with the concept of a European Social Model is that is profoundly limited to territorial boundaries. Yet from the perspective of a 'solidaristic Europe' what we expect from the relationship between EU member states and between social groups within the member states should also apply to the relationship between Europe and the rest of the world. Here, as Mahnkopf (ibid) and Raza (2006) show the EU has pursued a rather aggressive trade policy especially with developing countries while pretending to be a fair and sensitive trading partner.

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- 1) Not to speak of a comparison with developing countries which shows the limits of the concept of the social model that really only makes sense for the capitalist industrialised world from this perspective it may even be problematic to speak of a social model in the transforming countries in Central and Eastern Europe.
 - 2) Poor defined as those who live with less than half of average national income.
 - 3) Measured, among other things, by the Gini coefficient.
 - 4) When the size of "decommodified security" is measured in a specific country by the ratio of the "Decommodified income", such as retirement and unemployment provisions, reimbursement, free care and aids, according to the level of the disposable mean income of employed workers.
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