Foreword

For more than fifty years the International Labour Organization (ILO) has enjoyed a close relationship with what is today the European Union. The origins of the European Social Model lie in the policies developed by European countries since the beginning of the last century and since its creation in 1919, the ILO has progressively built its labour standards and taken action globally around the same principles and values. Following the signing of the Rome Treaty in 1957, the countries of today’s European Union have also progressively developed the coherent set of regulations and institutions on social policy that has become known as the European Social Model. It has been a source of inspiration for many other countries and regions.

The European Social Model has led to many concrete achievements, as shown by Europe’s relatively high quality of public services and access to education and health care. It has provided the foundation for stability and social peace. It has defined integrated economic and social development as part of a European identity. And yet we all recognize that in recent years the European Social Model has been subjected to unprecedented challenges.

This volume discusses the way in which many elements of the European model have changed dramatically over the last few years, especially in those countries facing fiscal consolidation. Of course, pressure from demographic changes and long-term sustainability issues, as well as structural unemployment, may mean that reforms are required to ensure the sustainability of Europe’s economic and social systems. But many reforms in Europe have been implemented abruptly and in some cases arbitrarily, with important social costs. Paradoxically, even as the model is facing such challenges, many other countries around the world are enhancing their social protection. For one, China has promoted minimum wage and social dialogue institutions, and has been progressively expanding its social protection system. Similarly, Brazil and the United States have been inspired by several elements of the European Social Model in their efforts to enhance social protection and health coverage.

The experience since 2008 has been in some ways a sequential voyage. In the early years of the crisis, the European Social Model scored very highly
The European Social Model in crisis

in terms of resilience. We saw how European economies weathered the storm of the early stages of the financial crisis better than others. Through the use of strong social dialogue and automatic stabilizers, many jobs were saved and household income protected. The strength of the European Social Model was clearly identified by many as being critically important to that positive European performance, but then another interpretation took hold as the sovereign debt crisis hit – as the unexpected buried explosives in the Euro system began to make their presence felt – austerity set in and an existential questioning of the European Social Model became evident and voluble.

It is absolutely essential to get out of the crisis, to build resilience into the model again and to do so by restoring confidence. And that goes hand in hand with restoring – where it needs to be restored – the practice of social dialogue, not just as a working method but also as a practical instrument of policy-making. It remains remarkably striking that where social dialogue has the most deeply rooted traditions and institutional underpinnings, countries have done better in weathering the crisis.

The erosion of confidence and credibility is aggravated by the fact that crisis responses have further led to a questioning of real commitments to the fundamental values of the European Social Model. Yet policy coherence involves giving proper consideration to social and employment policies while designing and implementing economic measures, including fiscal consolidation. In Europe, policy coherence means being guided by the founding values of the European Social Model, as well as of the ILO and its international labour standards. Investing in the European Social Model is far less costly than dealing with the consequences of crisis through increased unemployment benefits, and paying the price of antisocial behaviour or a permanent disconnect from the labour market. In the end, the result of such policies stands to cost societies more, with less quality and lower services than before.

So, if as is certainly true, the future of the European Social Model relies on the ability to adapt, this requires confidence in the stability of the various tenets of that model. This highlights the need to build social dialogue and all the elements of the model that are discussed throughout this volume. They provide the tools to better address our present challenges by promoting effective policy coherence – and a European Social Model that can help take us out of the crisis and serve as a model for social policies globally as well.

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