

Think Social, Think European

European Integration and National Social Policies



Social Policy
Forum

Friedrich-Ebert-Stiftung
Social Policy Forum

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and National Social Policies

Discussion paper

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Introductory Remarks

The enlargement of the European Union, the completion of the single market and the monetary union are all leading to an ever more intertwined Europe. Against the backdrop of globalisation and demographic developments, low growth rates, high unemployment, an increasing income gap, and a lack of innovative prowess represent new challenges for Europe, challenges which are not limited to economic factors alone.

As a matter of fact, the failed constitutional referenda in France and the Netherlands have emphasised the citizens' diminishing trust in the European unification process. They fear that social achievements, which have so far been a trademark of the continent, might be eaten up by global developments.

This has led to a discussion on what it is that makes Europe truly European. The debate on shaping a sustainable *European Social Model* is currently in full swing, and the Friedrich-Ebert-Stiftung has made this a main topic of its cross-departmental work.

In 2004, the Friedrich-Ebert-Stiftung established the Steering Committee for the "European Social Model" and during the past two years, its members have made a tremendous effort to find out how economic integration and strengthening the European social dimension can be reconciled. The committee consisted of scientists, political

decision-makers and representatives of the industry and associations.

In this paper, the Friedrich-Ebert-Stiftung would like to present the current state of discussions in the working group.

The paper at hand analyses the essential political areas that are likely to become the centre of attention soon, especially with regard to the debate on reforms in Germany: feasible options for a European employment and education policy, the modernisation of social security systems and family policies in a European context. Furthermore we will highlight the role of Social Dialogue on a European scale.

However, it is beyond doubt that necessary reforms and adaptations cannot be coped with by national policy alone. As is the case with other political fields already, the European level has started to have an impact on national social policies. Therefore, national and European players ought to ensure optimum cooperation to be able to rise to current and future challenges.

We would like to thank the authors, editors and members of the Friedrich-Ebert-Stiftung's Steering Committee for the "European Social Model" for their contributions to the content, for their advice, support and constructive criticism. We would also like to thank the DKLB-Foundation for sponsoring this brochure.

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Article 136 of the Treaty Establishing the European Community:

The Community and the Member States, having in mind fundamental social rights such as those set out in the European Social Charter signed at Turin on 18 October 1961 and in the 1989 Community Charter of the Fundamental Social Rights of Workers, shall have as their objectives the promotion of employment, improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion.

To this end, the Community and the Member States shall implement measures which take account of the diverse forms of national practices, in particular in the field of contractual relations, and the need to maintain the competitiveness of the Community economy.

They believe that such a development will ensue not only from the functioning of the common markets, which will favour the harmonisation of social systems, but also from the procedures provided for in this Treaty and from the approximation of provisions laid down by law, regulation or administrative action.

1. Social policy as a European idea

The *European Social Model* has become an important point of reference in the debate on reforms in the European welfare states. The term represents an overriding notion of common social values and norms and related tasks assigned to the state and the society, building – to varying extents – the basis for the individual welfare states that have evolved in Europe. They originate from common historic developments and experience, leading to the successive establishment of state-funded welfare institutions and instruments from the second half of the 19th century on, tailor-made to meet the individual national needs. The institutional conceptions, the range of welfare state regulations and the levels of social protection are currently going through a phase of convergence, brought about by the European integration process. Thus, today we cannot only talk about common values and norms but also about shared legal and economic framework conditions as well as similar political institutions as far as national social policies in Europe are concerned. The European Union (EU) is involved in the process of welfare service provision and distribution via three main mechanisms:

- (1) Its own legal document, the *acquis communautaire*, covering the treaties, regulations and ordinances of the EU and the jurisdiction of the European Court of Justice. European environmental, occupational health and safety and working hours regulations are to guarantee that growth not be maximised at the expense of human beings or the environment.
- (2) The single market, constituted by this legislation, has an influence on all parties involved when it comes to prevailing in the struggle for distribution. With the stability and growth pact as a constituent part of the *acquis* and tax competition as a consequence of the in-

tegration process, the member nations have only a limited capacity to compensate for the income gap with taxation. As a result, the Union is having an increasing influence on the provision of public goods and services.

- (3) The pan-European discourse of governments and elites, for example within the scope of the Open Coordination Method (OCM), which influences national problem detection and troubleshooting mechanisms without imposing legal or economic sanctions. Depending on its area of application and the applicable provisions, the OCM provides a varied set of tools, such as guidelines and recommendations on politics, indicators to compare national strategies, review mechanisms to observe achievement of objectives and joint learning processes, for example within the scope of peer-review procedures.

We have learnt from experience that the impact of these factors can vary, in accordance with individual national situations and political areas. When we are talking about a European framework for national social policies in this context, it should not be perceived as a rigid structure. On the contrary, the degree of influence from national versus European ideas on legal and institutional frameworks varies from topic to topic. European regulations represent adequate solutions to certain issues whilst other issues are served best by national or local approaches to reach common targets.

Given this development, Europe no longer deals with European policy on one hand and national policy on the other. Instead, both European institutions and national players must commit themselves to the task of securing the European Social Model together. Economic interdependencies and the prevalence of European law in nearly all areas of politics call for a multi-layered

political approach as far as the further development of the European Social Model is concerned. In order to reach a veritable reform result, the national and European levels do not only have to interlock more smoothly, they also have to give a concerted impetus towards generating similar effects. We are not talking about more regulation per se but about joint (hard) regulation and (soft) coordination on the European level, and national policies perceiving the European level as an integral part of the political process instead of an accessory. In 2000, the Lisbon Strategy was adopted by the heads of state and government of the EU. It represents the attempt to ensure that all Member States adhere to such a joint strategy, using the set of tools provided by the EU.

The French and Dutch “No“ to the Constitutional Treaty for Europe and the debate on the European Service Directive, however, emphasised how difficult it is to follow through and set an adequate frame for national social policies. It is obvious that many citizens in Europe perceive the intervention at European level into the welfare service distribution processes in their individual states as a threat. The accession of the central-European states to the EU has added to the changing face of the European welfare landscape and has instilled the fear that the achievements of the welfare state might lose substance into a great proportion of the continent’s population – not only due to global processes, but also because of inner-European regulations. An increase of heterogeneity within the EU also means that European legislative acts in the core areas of social security are becoming more and more difficult to implement.

With this in mind, the proportion of adequate European and national control and regulation mechanisms has to be reviewed and suggestions on further developments have to be made. In the following five chapters we will discuss several essential areas of common ground shared by national and European policy, points

of contact that have become prominent in the course of debates within the Steering Committee during the last two years. In doing so, we continue a series of contributions to the discussion on this topic that have been provided so far through the work of the Steering Committee¹ – we do not deny however that similar trains of thought may be pursued in other areas of policy as well.

Chapter 2.1 deals with essential components of the debate on the European employment policy such as the Service Directive, the low-wage sector and the suggestion to introduce a statutory minimum wage. In chapter 2.2 we will focus on educational policy, which is still a core area of national responsibility. The Bologna Process and the Lisbon Strategy have already established a basis of strong cooperation between European states. Subchapter number three is dedicated to the modernisation of social security systems. It highlights the increased need for reforms arising from the European integration process, stresses where countries should learn from each other and emphasises the aspects of the European debate that Germany could give more profile to. Chapter 2.4 looks at the European aspects within individual national policies. The main junction between the European and national level is represented by targets adopted at European level, i.e. equal opportunities and gender equality as well as improved education and vocational training facilities and child care services. Employers and employees play a crucial role as players on the national and European stage of social policy. In the course of europeanising labour markets, these stakeholders have to adapt to the new challenges. Therefore chapter 2.5 covers the dialogue between the two sides of the industry and their interaction with national and international players.

The contributions in this paper raise questions as to where the interaction between national and European level is particularly intense and where the EU should be equipped with higher compe-

¹ See also e.g. FES (2006): **Social harmonisation in the old and new EU member states**. Conference documentation; FES (2005): **The European Social Model in the 21st century**. Discussion paper. 2

tendencies in the social sphere, as well as where functions and authorities should be limited in favour of the Member States. Furthermore we will look at possible sources of dissonance or even contradiction between the national and European levels of social policy which impede target and resource management in German social policy. Are there any examples of mutually strengthening tendencies between the social policies on a European and German level? Are there potential conflicts between the German social policy on the one hand and the development of the European social policy on the other? What contribution

is the Federal Republic of Germany better suited to make compared to other Member States of the EU to further develop the European Economic and Social Model? The individual articles do not only aim at presenting recommendations that can be implemented on a short-term basis for each topic. Instead, they strive to outline specific measures German and European players can be expected to take and which targets are better achieved by applying community law, Social Dialogue or OCM and where a predominantly national approach is most appropriate.

2. Individual political areas

2.1 Employment in service provision in Europe – Strategies and challenges

Over the course of the past few decades, many jobs in the industry and manufacturing have disappeared – especially in the low-skilled labour department. This trend was accompanied by an increase in unemployment, particularly amongst low-skilled workers. Ever since, national governments and the European Union have applied a number of measures to tap into new job opportunities in the service provision sector. The main challenge in this is to shape growth-friendly macroeconomic conditions in Europe. Growth-encouraging politics, however, have to go hand in hand with structural reforms of the labour and product markets. In this context, the reconciliation of more flexibility and social security becomes a key issue.

Service Directives in dispute

The implementation of the European Single Market was the focus of activities during the 1980s and the beginning of the 1990s. But even if the year 1992 can be seen as a major step forward on the road towards a European Single Market, Europe is still a long way from becoming a true internal market in some areas. This holds true for the area of service provision in particular. On this basis, the European Commission has also decided to apply the Country of Origin Principle used in the product markets to the European market of service provision. Advocates of a comprehensive opening of the market expect this to unleash an additional employment potential of up to 600,000 jobs. The European Parliament attached greater importance to the dangers that dominated the public debate instead of considering the potential effect on employment

and removed the Country of Origin Principle from the draft Service Directive in their decision on 16th February 2006. Furthermore, the entire employment law and the temporary work sector have been excluded from the directive's scope of application; the validity of the Posting of Workers Directive was emphasised as was the possibility to control its observation. The European Commission has included the European Parliament's amendments and has clarified the future handling of the European Services Directive. The focus has now shifted to shaping the Posting of Workers Directive and a potential European secondment directive.

Deleting art. 24 and 25 from the draft European Services Directive means that administrative hurdles again take centre stage, as implementing the Posting of Workers Directive in cases of trans-boundary service provision would naturally cause an increase of red tape. In its communication on "Guidance on the Posting of Workers in the framework of the provision of services", the Commission relates to the judiciary of the ECJ and draws conclusions on cutting red tape in control measures and where cooperation of the Member States is concerned. The commission takes the view that documents on payment and social security of employees no longer need to be submitted to and kept at place of employment in the respective member country. But dispensing with this possibility is unacceptable from a German perspective. It is to be assumed that this will become an issue to be dealt with by the European Court of Justice in the near future.

As the Country of Origin Principle is not being applied, the issue of a community regulation of secondment remains highly topical. Temporary employment has to be regulated in terms of social legislation and employment law, as it entails special challenges for employees. Furthermore,

regulations on temporary employment also have an impact on the stability of “regular employer-employee relationship” with regard to regulations on protection against unlawful dismissal and temporary employment.

Temporary employment has been upgraded in the past few years everywhere in Europe. Today, most countries adhere to the principle that seconded employees are subject to the same terms and conditions of employment as the regular employees of the receiving employer. This is also the core idea of the draft Posting of Workers Directive that is currently on ice, mostly due to Great Britain’s resistance. Germany, however, changed certain aspects of temporary employment law in the course of the Hartz reforms, improving the image of this industry in the process. One essential change is that employees are now entitled to equal pay and equal treatment and have to regulate departures thereof through a collective labour agreement. Moreover, seconded employees are subject to the same protection against dismissal and the part-time and temporary employment regulations as all other employees. Despite numerous reforms on a national level, a European Seconded Employment Directive remains desirable, in order to gain an impetus towards harmonising existing regulations on the protection of employment levels across Europe.

Minimum wages

Even if the Service Directive is adopted in its moderate variety, the question arises as to whether the individual Member States should bolster it with an overall minimum wage. Currently nine out of the old 15 Member States and all new Member States except Cyprus have a statutory minimum wage. Besides Germany, Austria, Denmark, Finland, Greece, Italy and Sweden do not have a statutory minimum wage. In these countries, however, wage floors are determined to varying degrees by collective labour agree-

ments. In order to assess minimum wages on a political level, the relative amounts have to be taken into consideration. In Slovenia, the Netherlands, Luxemburg and Malta the statutory minimum wage amounts to about 45 to 50 percent of an average gross monthly salary. In the remaining countries the figures alternate between about 33 and 40 percent. Eastern European countries figure at both ends of the scale. It can be taken as read that a European regulation of minimum wages should be related to the relative position of the individual countries in order to be feasible. It would be possible to set a target of 50 to 60 percent of national average incomes on a European level, for instance by applying OCM in this area. This suggestion, recently added to the debate by a group of young European scientists, ought to be considered and examined thoroughly when employment guidelines are reviewed on a European level.

The minimum wages topic has taken centre stage on the political agenda in Germany. Very probably the debate will become even more intense: Not only as a reaction to the integration of European markets, but also in order to prevent the German wage level from sliding and to ensure minimum living wages. However, it will have to be examined more closely as to whether a statutory minimum wage is the appropriate response within a German context. The Seconded Employment Act represents an alternative approach, provided that there are sound and favourable labour and wage agreements. As long as employer/employee regulations remain intact, statutory regulations should take the back seat in their favour.

Combined wages

It is not only in Germany where the debate on minimum living wages clashes with strategies aiming to lower the bottom wage level. A minimum wage geared to subsistence level standards

² An improvement of redundancy protection does not influence the employment quota, but it does represent an important factor for assessing the structure of employment and unemployment. The higher the level of protection against redundancy is, the higher the influence of atypical forms of employment like e.g. secondment or temporary employment.

would meet with resistance amongst those who already consider the current minimum wage level as too high, so that certain “low-skilled jobs” cannot be generated in the first place. Opponents argue that the high burden of taxes and social security contributions on the one hand and excessive social security benefits on the other would render low-paid jobs unattractive. Within the scope of the European Employment Strategy, the issue of subsidised wages and employment-friendly tax and social security contribution systems has been discussed at various points and has had an impact on political employment guidelines. Nonetheless, the Member States have not yet agreed on one single approach concerning this issue.

Countries such as the USA and Great Britain are often quoted in the debate because they have a wider wage spread. Employees who are gainfully employed but do not surpass the breadline receive a “negative income tax” by the Inland Revenue to top up their income. Evaluating all these programmes, however, proved that they have little actual effect on employment and spawn negative consequences for certain groups even though they incur substantial expenses for the authorities. Moreover, international comparisons highlight that there is no direct link between a larger wage spread and the level of employment. As a matter of fact, Sweden and the US have similar levels of employment, but the largest gap in wage differentiation (largest compensating differential). Various countries are following different approaches of subsidising employers or employees. According to evaluation studies, the overall effect on employment is rather small, even if the individual recipient of subsidised wages has increased chances of employment – especially when combined with training packages. Furthermore, the fact that subsidised wages can distort competition within the European Union should attract criticism, calling for selected application of such measures and coordinated action of the European states.

One attempt to decrease labour costs for low-income earners and simultaneously increase

their available income consists of decreasing social security contributions for low-income earners. The majority of continental European welfare states (France, Belgium and the Netherlands) have taken this step in the past few years. Decreasing social security contributions within the lower income margin also represents one of the early considerations within the European employment strategy.

In Germany, the debate on subsidising low-paid employment started at the beginning of the 1990s. This was followed by different pilot experiments, either lowering social security contributions for low-income earners or subsidising labour costs for employers. However, these projects failed to live up to expectations and had to be suspended prematurely. There is no doubt that a focused reduction of social security contributions for low-income earners is more effective than lowering social security contributions across-the-board, not only with regard to cutting the cost of labour but also in terms of fostering demand. It remains dubious and questionable, however, to what extent the effect on demand and labour costs might also tap into new fields of employment for the low-skilled.

All in all, experience has proven that the effect on employment generated by monetary incentives should not be overestimated. Other empiric evidence points out that the increasingly demanding job profile for low-skilled labour employment is a more important cause of job losses in this field than the wage level. For this reason, it is necessary to find alternative solutions combining qualification and employment for the low-performance unemployed. There are practical examples in Germany and Sweden such as integrative companies for people with disabilities. The business concept of the Samhall AB enables the provision of useful professional occupation for disabled people by producing goods and providing services. These jobs are at the disposal of the employment office which also provides occupational integration services to help members of the relevant target group with their transition to the regular labour market.

Experience, mainly within the framework of the European Employment Strategy, points out very clearly that efficient case management combined with personal contact is a prerequisite for a sensible use of labour cost subsidies and allowances for further vocational training. In Germany these structures are currently set through the implementation of the Fourth Law for Modern Services in the Labour Market. In doing so, Germany follows suit with the developments in Great Britain and the Netherlands – at the end of the 1990s both countries combined the two-track welfare system of social security benefits and unemployment benefits with a policy of „Encouragement and Challenges“.

Conclusion:

- It remains an important target at the European level to further expand the market for trans-boundary service provision. However, harmonising important standards of labour and social legislation in several areas is an indispensable prerequisite.
- Adopting a European Posting of Workers Directive could still be an important step towards reaching this goal.
- The European Employment Strategy needs new impetus. From a German perspective the issues of minimum wage and public employment/qualification are of particular interest.
- Taking into account the fact that other countries have taken this step in the past, Germany should seize the next opportunity to strive for a selective cut in social security contributions for the low-income margin. Implementing this measure would also be in line with the “making work pay” strategy postulated by the FES.

2.2 Life-long Learning – The European Context

By stating the aim to “make the European Union the most competitive and dynamic knowledge-driven economy of the world by 2010”, the heads of state and government moved the issues of education and research to the top of their political agenda. Nevertheless, the European Union has no leeway for European regulations in this political sphere. Legislative acts in place are limited to the recognition of university degrees and vocational training certificates. Furthermore, the role of the European Union is restricted to supporting and supplementing educational policy, with “strict observation of the competencies of the Member States” and “with exception of harmonising regulations and legal requirements of the Member States” (Art. 149 and 150 ECT).

The Council passed a resolution on a “Detailed work program on the follow-up of the objectives of education and training systems in Europe” (2002/C 142/01). It calls upon the individual Member States to “compile and implement comprehensive and coherent strategies whilst including all relevant parties, the employers and employees in particular, the civil society and regional authorities”.

This is in line with the “Life-long Learning Strategy”, adopted by the German Federal Government and the Laender in 2004. It represents a central building block in the progress report on the implementation of the European work program “Education and Training 2010”, submitted in December 2005. As a result, the Federal Republic of Germany has, for the first time, been provided with a structured framework for life-long learning. The strategy was adopted by the Council of the Federal Government and the Laender and outlines how citizens can be encouraged and supported to continue learning in all stages and areas of life. The strategy is geared to the following phases in life: childhood, youth, adolescence, adulthood and senior citizenship, and describes the focal areas of development in the respective phases.

Obviously the Lisbon Process has given new impetus to the debate on the urgency of a comprehensive strategy for life-long learning.

From a German perspective, educational policy presents a particular challenge within the framework of European social policy. On the one hand it is in the German interest and probably in the interest of all EU Member States that educational policy not be made an exclusive community matter, in order to account for as diverse a political area. On the other hand, Germany is less able than other countries to provide a national complementary strategy to coordinate its national educational policies in return. This would have less of an impact if Germany were to lead the way towards achieving the educational objectives. Reality, however, looks different: in most European comparative studies, Germany is left trailing. According to OCM, the task at hand consists of drawing the right conclusions from international experience.

Education deficits amongst children and youths become especially blatant as comparisons on an international level highlight the urgency for reforms in the German education system. Such findings also underscore the interdependence between successful school education and the social family background. Relevant indicators of the Pisa Study illustrate that the gap between the lowest and highest social class is larger in Germany than anywhere else within the EU. Scandinavian countries currently are much more successful at reconciling a high level of education with a sound degree of equality in education. With regards to further vocational training, Germany ranks, again, amongst the lowest in Europe. This exemplifies the fact that a few other European countries have made greater progress concerning the implementation of packages of measures to promote and finance further vocational training, quality insurance, statutory framework conditions and regulations for employers and employees. It is true that 12 Laender are equipped with regulations on educational or company leave, respectively. The response, however, is extremely low with only 1.5 percent of eligible

persons claiming those measures. Expenses in the public and private sector for on-the-job-training have been declining since 1992, not only in relation to the GDP but also in absolute figures. Corporate spending for further training per employee is far below European average. Examples of successful promotion of further training in Europe have been set by France, Denmark, Sweden and Great Britain. As early as the 1970s, France introduced an allocation system to finance further vocational training, generating a considerable increase in further vocational training. Enterprises with more than 10 employees are obliged to spend 1.5 percent of the sum of gross salaries on further vocational training. Annually, enterprises have to compile a schedule for further education. Furthermore, employees are entitled by law to claim educational leave independently. In Denmark, adult education is highly subsidised with the state earmarking substantial public funds for adult vocational training. Sweden has a uniform system of public promotion of education and vocational training, offers that can be claimed by adult learners until the age of 50 if they aspire to gain secondary school qualifications, attend a vocational school or university. Statutory regulations to introduce the concept of an "education account scheme" are currently in the pipeline. Great Britain provides a particularly interesting example: further vocational training in small and medium enterprises is promoted by tying together financial incentives with substantial external support in the development of bespoke qualification concepts.

In the area of institutionalised education it is imperative that we learn from each other. Beyond that, it is also very important to harmonise vocational and study courses as well as degrees in order to create a unified educational sphere in Europe. For the area of university education this happens mainly via the Bologna Process, the main focus of which lies with harmonising study course structures mimicking the Anglo-Saxon system. In the winter term of 2005/2006, 3,797 Bachelor/Master courses were offered, accounting for about a third of the overall range of

courses. In the winter term of 2004/2005, however, only 14 percent opted for the new degrees. According to the official scoreboard that is compiled for all states participating in the Bologna Process, Germany ranks middle on a scale of five stages describing attendance of Bachelor/Master study programs. In terms of implementation we cannot yet talk about a complete introduction of a dual-track system of study courses; nonetheless, all Laender have agreed to make the dual-track system standard. A good five years after adopting the Bologna Declaration, it is becoming apparent that the implementation of multistage courses of study and degrees takes place at different paces and to varying degrees of unification and completion.

Compared to the area of university education, the harmonisation of European school education and (vocational) training systems has made much less progress. In school education, activities are only just underway and are as yet only targeted at devising comparative indicators and quality standards. In addition, there are attempts to compile an organised peer-review system. Even if these activities are still in their infancy, it is quite conceivable that school education might be subject to stronger European coordination. In the area of vocational training, activities have been launched to intensify exchange between the countries, particularly via the Leonardo da Vinci community program. Until now, European activities have focused on securing compatibility of job-specific qualifications with legal requirements that come into play in cases of trans-boundary service provision in particular. Therefore, the master craftsman proviso had to be relaxed because it presented too big a hurdle for non-EU citizens who intended to become self-employed in Germany. Basically, the importance of job-specific qualifications is also part of the debate on the Service Directive. If the Country of Origin Principle were to be adopted as an integral part of the Service Directive, many standards that are linked to the vocational qualification of the service provider would be undermined. It is hardly mentioned,

for example, that the financial rewards generated by the acquisition of further vocational qualifications might decrease for a German employee if the Country of Origin Principle was applied. But this “incentive structure” is an important factor with regard to life-long learning.

Looking at the future orientation of educational policy within a European context, the following issues are especially important:

- Firstly, it can be stated that Germany is lagging behind in several areas that have been addressed within the scope of educational policy, the joint objectives that have been agreed have not been reached and consequently reforms must be implemented on the national level.
- One cannot fail to see that after years of stalemate in educational policy, international cooperation has given a great deal of impetus to national politics. To a certain extent, the European framework seems to present an opportunity, especially for a country like Germany, to overcome national reform deadlocks and to reach a stronger joint orientation of educational policy. From this perspective a further expansion of OCM could be of special interest, for example in the area of school education.
- To make life-long learning a reality, a corresponding learning culture is indispensable amongst both the companies and the employees, an approach that has already been adopted mostly by Scandinavian countries. Further education and training is perceived as an integral part of corporate and personal development strategies. Politics alone will never reach such a change in mentality. Instead, all social players must promote motivation and readiness to pursue life-long learning and set a positive example.
- In return, Germany has a lot to offer to the European education landscape. The export of quality standards in the field of vocational training is in the German interest. Employers and employees play an important role in this.

2.3 Modernising social security systems in Europe

In the past few years, the framework conditions for shaping the social security systems of the Member States have undergone sea changes due to the European integration process: competitive pressure has increased and the systems of provision for old age, social health insurance and nursing care services are subject to a permanent need to change, induced by the European level. This raises pressing issues, chiefly regarding the funding of social security systems.

Social security systems within European competition

Besides globalisation, the abolition of national barriers to competition and the competition-oriented regulatory policy of the European Community have led to competition in general tightening its grip, not without effect on social security systems: when wages serve as the basis for assessment of contributions, contributions for social security systems account for additional costs in companies. Consequently, countries equipped with contribution-based social security systems have a weaker stance in competition, as labour costs are burdened with a “second wage”. From this point of view, those countries have a competitive advantage that are able to put less of a financial strain on employment relationships by applying, to a large extent, public funds or that have established “tax-like” compulsory contributions for all kinds of income. Lowering the cost of labour through increasing the share of tax-funding of the social security systems, and the graduation of contributions from the low wage-sector are competitive and employment-friendly strategies, as can be seen from successful examples in other European countries.

The European integration process has done away with the departmentalisation of national labour markets to a large extent. Nonetheless, the fear that the enlargement towards the East would entail a strong migration of workers from poor

er regions towards the more developed areas did not bear out, at least not to the same degree as suspected – probably because economic integration also leads to compensation in wealth gaps in Europe. Another important factor is that Community Law permits and promotes free movement of labour, but does not allow “social welfare tourism”. Nevertheless, the substantial divide in wealth, wages and social benefits provision still existing between the old and new Member States, together with free movement of labour and freedom of establishment, exerts a latent levelling pressure on wages and social benefits.

In the more developed welfare states, migration has caused increased competition, chiefly in the low-skilled labour market segment. Deteriorating job opportunities for the low-skilled increase the pressure on the affected states to carry out all-out qualification initiatives on the one hand, and provide for stronger minimum mechanisms in social security on the other.

Accompanying trends

Trends favoured by the European integration process overlap with changes taking place in various European countries regardless of the integration process: the increasing differentiation of employment and work time patterns gradually leads to disrupted employment biographies and encourages job-hopping and atypical forms of employment. At the same time, traditional boundaries between dependent and self-employment are starting to blur and disappear. As human beings have to adapt to these changes, the transformation of the employment landscape also brings about changes in their way of life.

This development contributes to a higher share of the female population seeking employment, generating a stabilising financial impact on national social security systems. However, in the light of demographic development and existing claims to maintenance in some countries, the inevitable expenses in social security are going to significantly increase in the years to come. If these developments are not countered by cur-

tailoring benefits, systems that are financed on the basis of contributions must be altered and the income threshold reconsidered.

European Law and its influence on the modernisation process

Modernisation of social security systems presents major challenges in national contexts. The attempt to come to grips with these challenges with relevant control mechanisms must also take into consideration the European level, as it has already had an effect on the shape of social security systems for several years. Social security of migrant workers, for instance, has been a legal community matter ever since the foundation of the EEC in order to guarantee free movement of labour to this group. Due to decisions taken by the European Court of Justice – such as the famous Decker/Kohll ruling in 1998 – national social security systems have been opened all over Europe. As a result, policy holders of statutory health insurance in Germany are now able to buy remedies or seek medical care in other European Member States and claim compensation from their local health insurance. In return, the benefits of German service providers are open to all European foreigners. German legislation has been adapted to cater for this development by implementing the statutory health insurance modernisation act, delivering “deterritorialisation” of statutory health insurance as called for by Community Law.

Old age provision systems of the Member States are subject to a similar process as the aforementioned provision of social health insurance and nursing care services. Given a converging trend towards a mix of public, corporate and private benefits system, Community Law is becoming increasingly important for national pension reform processes, as illustrated recently when a draft on trans-boundary portability of company pensions was submitted to the European Commission.

Corporate and private systems supplementing statutory pension schemes will become increasingly important in the future. Moreover,

they are subject to the European competition regime, inasmuch as they are not excepted from European cartel law. The following example is well-suited to highlight the degree of openness towards Europe: Today, any foreign company can already implement a „Riester Pension Scheme“. Corporate and private pension schemes therefore have already been included in the OCM.

Social cohesion: A challenge for Germany

One essential element of the European Social Model is social cohesion. In the past, most countries have succeeded in building bridges to close the gap between poor and rich by modifying tax and transfer systems. In the past few years, however, this policy has started to reach its limits, as higher transfer payments have to be covered by higher contributions or increased taxes. Existing regulations on the European level, namely the European Stability and Growth Pact and economic requirements, continue to put a stop to this political approach.

The essential reasons for social polarisation are increased occupational hazards for low-skilled workers accompanied by cuts in social security benefits. Poverty and social marginalisation threaten to become a life risk to an ever broadening social stratum. Poor qualifications, precarious employment relationships, health restrictions, advanced age, single parenthood, large families and, last but not least, simply being a child, can be considered typical risk factors.

This also has an effect on the range of social protection: German social security still does not provide compulsory insurance for all inhabitants. Traditionally, the German social security system was first designed for workers and later on extended to the gainfully employed; today however, it is lagging behind developments in many other Member States which, as a rule, provide for a social security system covering the entire population. An increasing number of people refrain from seeking private or alternative insurance for themselves and their family members on financial grounds, this applies chiefly to the newly

self-employed, who quite often used to be employees and hence were covered by obligatory social security. Expanding the range of compulsory insurance towards a compulsory residential insurance scheme could close this gap in social protection. In doing so, Germany would not only approach European mainstream, it would even embrace the basic concepts of value of the European Social Model and its load-bearing pillars of social security and justice as well as solidarity.

European agenda and the German contribution to it

Applying the OCM in more and more areas of politics has caused the European socio-political agenda to fan out to an ever larger extent: current priorities on this agenda are now (a) increasing the employment quota, especially amongst women and older employees, (b) the adaptation of social security systems to the changed labour world, (c) the abolition of unfavourable treatment in the areas of education and vocational training as well as further vocational training, (e) life-long learning, (f) the reduction and abolition of child poverty, (g) to guarantee appropriate living space, at least for families, (h) to improve access for all to health care and social service provision of high quality, (i) the battle against discrimination and to improve the integration of members of ethnic minorities and migrants, naming but a few of the most vital topics.

Extending social protection to the increasingly important social risk of needing long time nursing care is a challenge all EU Member States have to face. In this, German social policy is in a position to make a constructive contribution to the European reform debate, as the middle of the 1990s was characterised by a phase of general “streamlining” of the social welfare state by introducing the compulsory long term care insurance, thus extending the social security system following the specific German path in the area of social policy. This solution has already been copied by Luxembourg and Belgium (and last but

not least Japan) and is currently on the table in other EU countries where possible solutions to this issue are being discussed.

Further positive examples of German contributions to the international discussion are the rehabilitation and protection of disabled persons. In Germany, rehabilitation is an important component of social protection and an integral part of the federal system, especially the aspect of help for self-help. Across Europe, German medical, professional and social rehabilitation serves as a role model. Comprehensive participation in society by people with disabilities is an important tool to help affected people to lead a relatively “normal” life, even if reality is still lagging behind the norm.

This policy is both an essential component of the activating welfare state – a characteristic of the modern, German welfare state – and specifically provides for integration through participation in working life, consequently pursuing the goal of personal development on the one hand and social integration on the other. Today, this path towards an activating welfare state characterises both national policies and the European Social Model.

Perspectives

Europe has not only entered the stage of economic competition, but also of competition between welfare systems. Still, the European Union is characterised by significant differences from one member state another, for example regarding the shape and range of personal and material activities, the form and amount of benefits as well as the funding of core social security systems. Moreover, the degree of interdependence and cooperation of private and public service providers differs according to the respective systems. In a competitive environment, the systems most likely to prevail in the long term are those that actively promote the economy and employment that shape social security and cohesion effectively whilst simultaneously being socially just.

The current situation is mirrored most clearly by the strained relationship between national responsibility for social affairs and the European influence on social security systems by way of single market regulations. There are numerous indicators that the increasing European integration of economy and labour market policies will further accelerate the process of the Europeanising of the Member States' national social strategies. A state trying to finance social integration and protection of its citizens by means of redistribution mechanisms alone, without tapping into economic resources and labour market policies provided by the European level, is not going to prove a sustainable model.

The multi-level policy offered by the European Union will have to counterbalance negative integration tendencies caused by single market regulations. Deregulation, liberalisation and privatisation must be compensated for by reinforced positive integration in the form of a more active European social policy. The social market economy concept as put down in the draft Constitutional Treaty for Europe represents a formula to ease this strained relationship in a socially compatible manner.

Consequently the following recommended actions can be derived:

- Increased tax funding combined with lower social security contributions for low-income earners to boost competitiveness of social security systems.
- Social security systems in place must be geared to new challenges whilst including all citizens. Basic security models have to be fine-tuned in order to provide social security for low-income earners.
- Given the toughened competition within the European Union, increasing positive integration through more active European social policy has become a crucial factor.
- Within the framework of the OCM the issue of care, rehabilitation and protection of people with disabilities should be introduced as a German role model to the European reform debate.

2.4 Family policy from a European point of view

In the long run, sustainable employment and social policy in Europe can only be successful if it is coupled with a modern family policy. This is characterised by equal opportunities for men and women to reconcile job, career and family. It also means that children return to the centre of society and are guaranteed to enjoy both, equal opportunities and just participation. It is true that national and European decision makers seem to have reached a consensus on retaining family policy as a national policy, answerable to the local authorities. Nonetheless, the large degree of integration with other political areas within the framework of the European economic and social model clearly illustrates the links between the European level and national family policy. These relations become particularly tangible in the areas of equal opportunity policy, the battle against poverty and education and vocational training.

The right to equal opportunities for men and women is already an integral part of the *acquis communautaire*. It is embedded in a European anti-discrimination policy that aims to guarantee equal opportunities to every individual, especially where access to education and vocational training are involved. Today, the individual Member States follow very different approaches in this area. In a number of countries, the share of female employment is very low – this illustrates that the principle of equal opportunities is not sufficiently adhered to in Europe, and consequently the social and professional capacities of women are not fully utilised. In Germany, gender aspects still play an important role, not only with regard to work relationships but also when it comes to the image of family-related contributions. This latent unfavourable treatment is starkly at odds with the objective of gender equality set on the European level and highlights that this area of politics is not and cannot be subject to national policy alone.

National family policies are also linked to the European level in the area of poverty avoidance. The necessity to combat family and child poverty in a targeted and decided manner has already been emphasised on the European level. In fact, in a number of European states, financially weak families with several children are running a higher risk of poverty, for instance in Germany. Unemployment of men and women represents one of the highest poverty risks for families. As early as the 1980s, the European level launched a policy to combat poverty and social exclusion, recognising children and single parents in particular as target groups and striving to support families in experiencing specific types of hardship. The goal of these measures is to enforce social cohesion as an integral part of the European Economic and Social Model.

Focusing more strongly on the European dimension in the area of family policy also makes sense from an economic point of view. In formulating the Lisbon strategy, the European Union set itself ambitious but necessary objectives in economy and employment. These targets, however, can only be reached if the European economies integrate their employment potential into economic development to the largest and most productive extent. Correspondingly, the Member States are explicitly called upon to prepare their citizens for future challenges in a farsighted and comprehensive manner. In a knowledge-driven economy and society, well-educated and skilled women and men remain the key factor in productivity and innovation due to their innovative prowess. The family situation and its environment play a crucial role in the education and upbringing of children, particularly during the first years of their lives. For that reason, families and the role they play have to be supported and protected within a European context, too. The European Charter on Human Rights accommodates this factor already. Consequently, economic considerations also need to cover aspects of family policy. Such an approach is in the interest of both companies and their employees as well as their families.

In the light of the demographic changes taking place in Germany and Europe, safeguard-

ing innovative capacity cannot be reached through targeted migration alone. That is why it is necessary to consider policies that encourage women and men to decide in favour of having children and starting a family. Late onset of working life and the loss of a part of the income in the case of suspending or quitting a job figure as essential reasons to refrain from fulfilling the wish to have children. Family policy alone – that is the provision of family-friendly infrastructure and financial transfer – cannot compensate for all these factors. Corresponding regulations in industrial, social and tax legislation, collective wages and shop floor agreements and corporate reality are vital supplements.

Family policy has to take into consideration not only economic and poverty-related aspects but also requirements of gender equality. A trinity of infrastructural, financial and temporal components are necessary to make this possible. Currently, a formal legislation on the European level does not seem to be of great help. Given the dense intertwining with other political areas that are already community affairs, it would be wise to launch a process of mutual information and consultation within the framework of the Open Coordination Method and other preliminary levels.

1. Family policy can only be socially just and economically feasible if it generates opportunities and provides incentives to reconcile family and working life. Therefore, corresponding infrastructural framework conditions have to be improved. To this end, authorities ought to increase their commitment and provide more care facilities for toddlers and upgrade the pre-school and all-day schooling system. Such measures would open up new opportunities to women and men to contribute equally to both working and family life. The federal education allowance regulation proved to be a first step in the right direction, enforcing a legal claim to part-time work. Investing more vigorously into the area of infrastructure could help reach European targets of equality of treatment within national contexts.

2. It is true that implementing a package of education reforms in the 1970s was a tremendous success, but it is as true today that we are only going to cope with future challenges if we launch a second sweeping wave of education reforms, tackling the issues of education, care and upbringing from the earliest years on. In particular, we are called upon to double our efforts to also support persons who come from an underprivileged family background. This would increase equality of opportunity and just participation for this share of the population in our country.
3. All forecasts point out that employment is only going to expand in the range of high-skilled jobs. The innovative capacity in Germany and Europe consequently depends on a sound potential of highly skilled labour. Battling social selection in schools is consequently not only a matter of social justice, but also a strict economic imperative.
4. It is vital that the provision of infrastructure for family policy be complemented by a number of socially balanced measures of financial transfer. Many children today live in families which are unable to make a sufficient contribution to good quality education and the good health of their children of their own accord. The financial options of parents and their children have to be secure in order to prevent a social down-spiral, to which, today, a large share of single parents are threatening to fall prey. For the duration of parental leave, parents should thus be entitled to an appropriate compensation for their incurred income losses. The introduction of an income-related parental allowance could cater for this requirement.
5. Today, children and adolescents of entire neighbourhoods face a reality of hopelessness, an environment dependant on social welfare benefits, failure at school, degeneration of values, right-wing extremism and crime. If this situation were to continue unabated, it might threaten democracy in the long haul. From a social democratic view it is crucial that these children return to the

centre of society. The provision of infrastructural and financial resources is an essential prerequisite to strengthen democracy in this segment and further social cohesion in general.

2.5 The role of Social Dialogue on a European scale

Through Social Dialogue, employers and employees are involved in European regulation policy in a very independent manner. This also implies that the European Social Model does not only rely on the market and the states as bodies responsible for European policy, but also on autonomous groups within society. The employers' associations on the one hand and the labour unions on the other are involved in decision-making processes at the following three levels: (a) the three-way consultation between the European employers' association (Union des Industries de la Communauté européenne, UNICE), the European Trade Union Confederation (ETUC) and the European Centre of Enterprises with Public Participation (CEEP) with the public European bodies, (b) the consultation of employers and employees before socio-political initiatives are worded within the hearing procedure pursuant to article 138 of the Treaty establishing the European Community and (c) the Social Dialogue - the dialogue between the ETUC on the one hand and UNICE, the European Union of Craft, Small and Medium-sized Enterprises (UEAPME) and the CEEP on the other.

Social Dialogue – the autonomous shaping of working relationships between employees and employers – plays a crucial role when it comes to developing further and broadening the social dimension in Europe. Remarkably, this is the case because the codetermination potential and creative power of this regulative tool have not yet been fully tapped into. Social Dialogue could give rise to a stronger participation of employers and employees on a European level: Firstly, all national European work relationships recognise the autonomy of the employer/employee partner-

ship and in some countries – in contrast to Germany – employers and employees negotiate large parts of social policy themselves. In nearly all EU Member States, autonomous negotiation of wages and working conditions represents an integral part of the concept of a welfare state. Moreover, the social partners are making a major contribution to abolish the “democratic deficit” within the European Union. The basis for legitimacy and the acceptance of European policy could be broadened if decisions taken in social policy were not an exclusive matter of the Commission or national governments, but also involved collective players of the civil society, instead – i.e. the social partners. As a result, this could yield more targeted and effective structural changes, with the ultimate consequence of improving overall European competitiveness.

Social Dialogue is an institution where employers’ and employee associations interact as “social partners”. Even if the main focus lies with exchanging ideas, opinions and positions, in the long run this interaction could lead to joint agreements. At the end of the day, the results may become the basis for a new law. Social Dialogue exists on different levels involving different players and competencies:

- intersectoral bilateral Social Dialogue („Val-Duchesse-Dialogue“): for the first time, the European social partners are vested with an autonomous right by the *acquis communautaire* to make agreements with legal authority if both partners wish to do so. (Art. 139, ECT),
- the trilateral concertation consists of a number of bodies with exclusively advisory functions (intersectoral advisory committees) and has gained much in importance,
- in the sectoral Social Dialogue, agreements are made on the level of individual industries. Nonetheless, there are no sectoral dialogues in the important and large industries such as the metal and chemical industry.

It is true that the corporate level does not explicitly feature in the direct reach of the social partners and only has an indirect influence. Nonetheless, intelligent linkage to important social processes on the level of European works

councils can contribute to giving impetus to the content and political aspects of Social Dialogue. Today, the coordination processes taking place on the level of European works councils and “group works councils” are highly important for the development of a cross-country understanding of employer/employee relationships.

Due to the commitment to make voluntary agreements, each party that does not wish to enter into an agreement has a *de facto* power of veto within the framework of Social Dialogue. Correspondingly, the employers’ associations have blocked a number of socio-political agreements, chiefly in the economically significant sectors such as the metal and chemical industries. Despite this cautious position of the employers, the Commission’s threat to launch certain initiatives single-handedly facilitated reaching a consensus among the employers and employees on a European level, or at least triggered their readiness to negotiate, respectively (negotiations in the shadow of the “legislator”).

The 1993 Maastricht Social Agreement provides employers and employees with the opportunity to negotiate specific employee rights on their own account (Art. 139 ECT). It has been a step forwards for the European Social policy that both sides of the industry are now able to exert more influence on the European policy of guidelines, even if these agreements, as a rule, still require to be turned into directives adopted by the Council of Ministers. These directives then have to be implemented on national level to make them legally binding.

After an initial phase of adaptation and some resistance on the part of the employers and employees, Social Dialogue has developed into a recognised institution in terms of regulating social policy affairs on a trans-national level. For the Federal Republic of Germany, the 2002 Agreement on Life-long Learning was particularly relevant. The results generated by Social Dialogue were especially important for countries with a low-developed welfare state system. However, the lack of uniform national implementation procedures continues to obstruct smooth implementation, especially in the new Member States.

Social Dialogue can be an essential building block for a social-democratic European concept. Autonomous trouble-shooting capacities of the social partners should be strengthened in the context of a multi-level system, also in their European dimensions:

1. As long as there is no theatre of actions for pan-European wage negotiations, progress will only be possible through initiatives taken by the Commission itself. Consequently, the results that have been achieved by Social Dialogue so far have only been made possible by the Commission exerting targeted pressure on the employers and employees. Therefore it remains imperative to convince the social partners of the advantages brought about by voluntary agreements within the framework of Social Dialogue. As long as employers and employees do not reach mutual agreements, the policy of the Commission should be endorsed in this aspect in order to produce further results.
2. The completion of the internal market resulted in the Europeanisation of industrial branches. Consequently, the European level must focus on strengthening sector-related Social Dialogue so as to safeguard the interests of employees in an appropriate manner and to prevent what has become known as “social dumping”. Encouraging examples have been set by the textile, clothing and leather industry and should serve as a model for other industrial branches. The German trade unions and employers’ association are the largest organisations and for that reason should engage more in this dialogue than they have thus far.
3. With the establishment of the European Central Bank and the European Stability and Growth Pact, the individual Member States partaking in the monetary union have less permanent macroeconomic control capacities than before. Social policy cannot be considered isolated from this development and should always be treated in context with this macroeconomic coordination. The “Macroeconomic Dialogue” that has been

established exclusively for this purpose has not yet generated tangible results. Changes will have to be made to finally meet this challenge. A successful macroeconomic dialogue can only strengthen Social Dialogue. Social Dialogue on a European level is meant to complement fiscal and monetary policies which are already Community affairs and have enormous impact on the national shape of social policy.

4. Conversely, at the national level a decision must be taken as to whether certain directives can be adopted and implemented not via the legislator but through framework agreements provided by collective labour agreements. In this way, autonomous regulative competencies would be reinforced and Social Dialogue could evolve into a standard for comparison within a multi-layered European system of economic relations.
5. As social standards, chiefly in the new Member States, are lower than in the core European countries, resultant problems should also be a main topic of the Social Dialogue on the European level. It is a matter of fact that off shoring of production locations towards Eastern Europe and the threat of social dumping cannot be simply ignored, they need a public arena.
6. In the light of demographic developments in Europe, life-long learning should gain a higher profile in Social Dialogue. If the Lisbon targets are to be reached, it is necessary that the efforts made by the European Social Fund be complemented by agreements between the employers and employees. Both employees and employers have to regard this as a long-term matter of interest. Correspondingly, there is much opportunity for win-win situations to become apparent.

All in all, Social Dialogue is an institution with many opportunities ahead. At the same time it is obvious, however, that it needs strong social partners on the national level to be viable. If this condition cannot be fulfilled, it cannot be compensated for on the European level.

3. Summary

On the basis of the introductory description of social policy in a European context, this discussion paper presents topical issues in the areas of the labour market, employment, social, family and educational policy. Furthermore, we pay particular attention to Social Dialogue on the European level. For each topic, the main questions at hand are the allocation of responsibilities of the individual political areas on the national and European level, respectively and how challenges in these areas can be dealt with most appropriately. There follows below a summary of crucial issues that are currently of particular importance in the political debate.

Taking active influence on European legislative acts

Renouncing the application of the Country of Origin Principle in the area of service provision guarantees that in future there is going to be no race to the bottom in work and social standards due to trans-boundary service provision. The paper points out, however, that during the next two years important issues are going to remain on the agenda within the context of reviewing and improving the Posting of Workers Directive. Within this context, it is of particular importance to safeguard the protection of work and social standards in the receiving countries by counteracting the process of disintegrating control mechanisms. Furthermore, the debate on temporary employment should remain a topic on the agenda as it represents an important source of impetus for the harmonisation of European social and employment law.

Open Coordination Method

Whilst it is becoming increasingly difficult to pass positive legislative acts, the Open Coordination Method (OCM) is being applied in more and more areas of social policy. Within the context of the political areas discussed in this paper, this directly applies to employment, educational, pension and health policy and in parts also to family policy. As a rule, the total number of coordination processes should not increase any further. Instead, the focus should lie with integrating and reconciling the processes in place. In order to give new momentum to the European Employment Strategy it is also sensible to deal with new questions arising within the framework of that strategy. Regarding this subject, the paper raises the issue of the constraints of a minimum wage and the promotion of public employment linked with further training. Within the sphere of educational policy, the debate is currently shifting towards a gradual development of common quality standards in school education. Germany should encourage the export of positive instruments, for example in the areas of care, rehabilitation and protection of the handicapped.

Germany's contribution to the implementation of the Lisbon Strategy

In several places the paper refers to the fact that in many areas, Germany has not reached the targets of the Lisbon Strategy components that Germany helped to compile. Whether or not the Lisbon Strategy is going to prove successful is directly linked to Germany's political scope of responsibility. The following political areas in particular call for action: educational policy and life-long learning, child care and employment for female and senior citizens.

Making social security systems more competitive

The increasing application of competition regulations in core areas of social policy, linked with toughened European and global competition generates new requirements for the financing and structure of national social policy. Firstly, this regards the opportunity to make use of social service provision and subsidised forms of private insurance everywhere in the European Union. Then the social security systems themselves have entered a competition of costs, quality and customers. On the one hand, Germany can benefit from this development, but will have to face new challenges on the other.

Moreover, as an effect of increasing competition, the funding of social security systems has gained importance in the debate on locations. Whereas tax-funded social security systems distribute the burden amongst different income levels and taxes, contribution-based financing is focused exclusively on employees who are subject to statutory welfare contributions. This by no

means infers that Germany should change systems, nonetheless the introduction of tax-funded security concepts and lower statutory welfare contributions should be considered more seriously. In this context it seems advisable to concentrate cuts in statutory welfare contributions on the low-wage margins.

Strengthening Social Dialogue

In several places the paper emphasises the positive contribution regulations negotiated between the employers and employees can make in terms of welfare state reforms. The Social Dialogue provides a similar tool on the European level. With regard to macroeconomic coordination in particular, the interrelation between the employers and employees, political decision-makers and the European Central Bank are a crucial prerequisite to generate more jobs in Europe. Furthermore the paper raises the issue as to whether it is possible to expand the scope of tasks that can be covered by the social partners on behalf of the legislator.

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