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Competing Narratives on the European Social Model: the Birth of a Rhetorical Alliance

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1. Aims, questions and methods

There is much talk within the European Union about the creation of a European Social Model (ESM). The concept has been around for at least 20 years and some would say that there is already a social model in the various strategies adopted by the EU, even though the EU doesn’t have much of a mandate in the social area. The European Employment Strategy (EES) is a set of principles which the member states have agreed to, without giving the EU a mandate to enforce these principles against the will of the member states. It is an example of an intergovernmental type of policy where the EU is restricted to influence national policies by means of persuasion under the so-called Open Method of Coordination (OMC), an exercise of benchmarking where the member states are expected to put pressure on each other to take action along the principles of the EES.

One of the main mechanisms for influence on the member states is the introduction of a particular discourse on employment and social issues, i.e. a particular ‘European’ view of what the problems and solutions are. These ideas can have a strong impact on countries which have previously focused on other problems and solutions. The EES is also related to economic and other policies where the EU
makes stronger demands on the member states, making it more demanding than it first looks.¹

The debates on the EES, and the ESM more generally, are on the one hand about stronger enforcement by the EU of these policies, and on the other hand about problems with the ideas and principles the policies manifest. Many people think it would be good if the EU was more involved in welfare policies, to balance the focus on economic policy in the EU, to speed up integration and to make the EU more attractive to its citizens. For example Fritz Scharpf argues that the EU is biased towards an Anglo-Saxon conception of what a market economy should be.² If the EU had a mandate in social policy it would open up for other combinations of policies.

Others think these issues should be decided by the member states to allow greater variety across Europe, i.e. to avoid further integration. Ironically, the development of European policies is blocked by British and Scandinavian opposition, for very different reasons. Britain has traditionally been sceptical about welfare policy, nationally as well as at the European level. The Scandinavian countries oppose it to defend their particular version of it, where many issues are settled through collective bargaining by the social partners. Here, the opposition is not so much about content as about the role played by the social partners.

Some of the concepts discussed at the European level are nevertheless adopted by the member states, driving an informal integration of these issues. There is a fair amount of ‘rescaling,’ where internationally developed concepts are adopted in national and local contexts.³ This indicates that new perspectives on social policy are found to be useful by national and local politicians. The ‘higher’ political levels often put forward concepts which are related to economic growth, as in the strategies by the EU. An example is the principle of “flexicurity”, which is to make employment relations more flexible, in order to make firms and the economy generally more flexible. It originated in the Netherlands and became very influential in the EU.⁴ Subsequently it was used in many member states to reform employment policies.

So far, the wider concept of a European Social Model is a label with vague policy content. It is a rhetorical concept indicating an ambition to create some kind of European welfare state. Hence, what is interesting about the ESM is how

² Fritz Scharpf, “The asymmetry of European integration, or why the EU cannot be a ‘social market economy,’” Socio-Economic Review, 8 (2010): 231-250.
some actors are trying to fill this concept with more content than is present now, in a way that would force the member states to adjust their policies.

Much effort is put into making a case for a larger European involvement in welfare policies which would mean expanding welfare policies of a Scandinavian kind for all of Europe. A great deal of this thinking is about the positive effects on economic growth in Europe from spending on human resources ('human capital'). A key point is the alignment of welfare policy with growth policy.

The focus of this article is on the political process of building an alliance around the concept of ESM, which is more easily seen if we think of it as a process of building majorities around competing concepts or narratives. It is especially helpful to identify alternative perspectives on growth policy which emphasize the risks involved in welfare policies, such as the conservation of the existing firms rather than making the economy more flexible. How these concerns can be combined is a key issue in the debate on the European Social Model. My contribution is to interpret this conflict in terms of positions that are visible in growth policy generally (liberalism vs mercantilism).

The article is based on a so-called constructivist interpretation of the political process, where concepts are the key tools used by actors to build majorities. This perspective is compatible with a more traditional view pointing that actors are driven by their interests, however, in this regard the constructivists argue that these interests are shaped by the competing narratives. A third position adds that interests and outcomes of political struggles are also shaped by institutions, i.e. the rules of the game as well as what has been done before ('path dependence'). Similar explanations are as well used by economic historians to understand how actors behave in an economic context.

The most visible evidence of a new rhetoric to build a new coalition is the book *Towards a social investment welfare state? Ideas, policies and challenges*.

2. The European Social Model

The concept of a European Social Model is highly complex and controversial. Many attempts have been made to construct a winning coalition which could convince the member states of the EU to settle for a common social model. So far, the Scandinavian countries have been blocking such a majority decision in

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order to preserve a strong role for the social partners. Hence, attempts to form cross-European alliances which influence the Scandinavian countries become very interesting.

The concept of a European Social Model was referred to in the ‘80s by Jacques Delors, at that time the President of the Commission, and introduced formally in 1994. The basic idea was to balance the focus on economic growth with a broader policy agenda and to make a contrast with the American social model. The need for competence and skills development was emphasized by Delors and became dominant in the so-called Lisbon Strategy, as a means to make citizens more flexible and more positive to the main project of the EU—renewing the European economy.

While Delors mainly referred to employment issues, it should be pointed out that there are other elements of a social policy within the EU. For example, the EU adopted the principle of equal pay between men and women already in the ‘50s. It is generally thought of as a principle to ensure fair competition among the member states. There are also policies for workplace health and safety. These regulations are similar to environmental regulation by the EU since they are thought to make sure that standards are the same across the EU, avoiding so-called dumping, i.e. competitiveness by means of pollution etc.

The proponents of the ESM see it as an instrument to change the balance of the EU’s mission, which is now—to put it strongly—to develop the single market in Europe. This became clear in the ‘80s, when the principles of the European Economic Community, EEC (the Rome Treaty 1957) and the European Coal and Steel Community, ECSC (the Paris Treaty 1952) were transformed by the Single European Act (SEA) into a program for the development of the single market by 1992. The mandate of the EU is particularly strong when it comes to core principles of economic governance, such as competition policy, trade policy and now also some economic policies related to the EMU. There is furthermore a mandate for subsidies (agriculture, regions, R&D etc.) as for the previously mentioned market-correcting policies. In addition, there is a set of policies which can be described as state-building, covering justice and home affairs as well as foreign and security policies, though the latter is built on a weaker mandate and mainly takes the form of intergovernmental policymaking.

The main ingredient of what today is the European Social Model is the European Employment Strategy. It was formally adopted by the EU in the Treaty of Amsterdam in 1997, but only as an intergovernmental type of policy. With Tony Blair as prime minister, the UK gave up its resistance and the EU could adopt the Employment Strategy as an intergovernmental agreement, i.e. with a weaker mandate and mainly takes the form of intergovernmental policymaking.

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mandate for the EU. Most of the implementation takes place by means of the Open Method of Coordination, which is basically a set of comparisons among the countries, expected to create group pressure for implementation. It was in this form that the Employment strategy became part of the wider Lisbon strategy in 2000.

The EU has a few instruments for implementing European policies in addition to policies which are designed and implemented by the member states. Within the present strategy, the EU 2020, the Social Fund is seen as an instrument for skills development. Other relevant instruments are to some extent the Regional Fund and the programs for vocational training and the exchange of university students. With these funds and programs, the EU has a set of instruments in place to play a larger role in the implementation of employment policies.

However, there are problems with European and national programs operating in parallel in the member states. For example, the Regional fund invests in infrastructure in the member states, which has led to the creation of two sets of policies for infrastructure investment in Sweden, where the EU-funded system does not build on plans or experiences gained in the national/regional system, at least not in a systematic manner. In worst cases, the two funding systems compete rather than collaborate.8 Similarly, there is evidence that the agencies involved in Projects funded by the social fund are not Learning from the jointly funded Projects.9 If the EU is going to play a larger role in the implementation of these issues one has to look for better ways of integrating the efforts in the so-called system of ‘multi-level governance.’

3. Discourses as explanation

The short overview of the development of the European Social Model indicates that all major types of explanatory variables may be relevant.

First, there is obviously an element of interests involved in the support of the policy and also in the blocking of the development of ESM, i.e. preferences, desires and goals held by actors, forming the basis for purposeful, ‘rational’ action and subsequent bargaining agreements. The main issues, such as a mandate for the EU in social policy, are formally decided by negotiations among the member states on treaty revision. A large effort is devoted to understanding the bargaining on treaty revisions, the ongoing bargaining in the European Council (by the heads of state) and Council of Ministers as well as with the Parliament and the Commission.

Second, in addition to interests, there is a supplementary role played by formal institutions (for example regulation already in place), which is the second major category of explanatory factors. Sometimes previously made choices will form a path from which it is difficult to deviate, while in other cases there are also unexpected moves by actors in the machinery which transform the situation where the member states bargain. One example is the rulings by the European Court of Justice (ECJ), which provided the concept of “mutual recognition” as a tool for integrating national markets. It is generally thought that it would have been much more difficult for the member states to agree on a principle like this. Hence, the ruling which interpreted the meaning of the Rome Treaty was a key event and it was to some extent unforeseen by the member states. Such events are part of the so called “neofunctionalist” perspective on the EU, where integration is seen as a more or less self-perpetuating machinery of crises and responses.

Third, ideas have been put forward as another factor to explain how the member states and the EU develop their positions. Constructivists argue that it is not the negotiations themselves which are the key to the explanation but the preceding steps where governments come to take their positions. A classic case is the adoption of the Euro, where it has been argued that the key was really how ‘all’ governments switched from a Keynesian outlook to a monetarist framework. In the example of the EMU and from economist’s point of view, it is the scientific value of these economic paradigms which is in focus. It is primarily an academic issue about the available evidence. On the other hand, from a political scientist’s perspective, it is more the process of how paradigms come to be dominant and replace older paradigms, which is in focus. The logic may be the same in the academic and the public contexts, but in the latter there is more of a role for interest groups and others to push for their perspectives. Even though in the end, the issues are settled in the public context by voting, the constructivists are interested in how the positions are formed before the voting takes place. The basic observation is that there are competing ideas and a process where one set of ideas eventually become dominant over other ideas.


Most constructivists would argue that there is a mix of interests and ideas. The ideas have an impact on the interests, structuring lines of conflict and providing interpretations of what positions should be. Interests at the same time push for certain ideas. Vivien Schmidt separates two different roles which ideas play in politics. One is an ideational role, providing ideas about what are appropriate ends and means for policies. Another role is the interactive function of coordinating various actors, establishing a shared set of meanings and understandings.

Certain set of ideas are also pushed by specific groups which can be labelled differently. One of the labels is “advocacy coalition”—a coalition of actors who are united in their advocacy of a certain position. Another term is “policy network”, which hints at the cross-cutting nature of these groups, that their members relate across organisational boundaries. Rather than identifying traditional lines of conflict between government and opposition, this perspective highlights the line of conflict across policy domains, where for example individuals in the agricultural network tend to be opposed to the environmental network, regardless of where they work. The networks integrate individuals working in parliament, ministries, agencies, universities and NGO’s around certain ideas about the ends and means of politics. A third term is “epistemic community”, which underlines the main point, that they share a set of norms, beliefs and evaluation criteria in the respective area.

A related concept is the norm entrepreneur, who introduces new ideas in a political context. There has been a big interest in the subfield of International Relations in understanding transnational processes of policy development, where ideas are transferred or diffused across countries.

To summarize, discourses can chart new institutional paths, for example when national leaders point out new policies which make it easier for a particular country to fit within the EU or for the EU to fit within an international context of globalization. The discourse makes certain ends and means seem appropriate. To facilitate change there must also be some kind of crisis of the old ideas, such as anomalies or contradictions, to make the new ideas look more coherent.

Vivien Schmidt describes a situation where one discourse takes over the dominant role from another discourse. A different situation is where there are several discourses competing to become a European master-discourse on a certain topic. To gain a dominant position, the activists have to adapt their discourses and

distance themselves from other discourses. This implies that we can sometimes identify competing discourses and treat them as evidence of ongoing coalition-building. In the case of ESM there are at least two such competing discourses which I want to contrast: the Social Investment Welfare State and the Inclusive Liberal State.

3.1. The Social Investment Welfare State

In a complex area like social policy there are of course many concepts and discourses involved. I will focus on one very interesting concept which has the potential of gaining support from quite diverse positions. I will also discuss the possibility of a rival discourse which has the potential of gaining equally wide support but from slightly different actors and ideological positions. The two discourses can to some extent be seen as rivals on the European scene, trying to position themselves as the one and only sensible discourse for a majority coalition by using concepts which draw the boundaries of the majority differently.

The starting point is the present discourse in the European Employment Strategy, especially the key idea of “flexicurity”, where deregulation of employment relations (“flexibility”) is combined with policies for skills development (“security”). In line with this type of thinking a key concept over the last years has been “activation” of the unemployed. One the one hand, the EU gives intellectual support for helping the unemployed develop their skills while on the other hand, the concept is vague enough to be applied in different ways by the member states. One criticism in Sweden, for example, is that policies have become less ambitious, shifting from traditional skills development to job coaching, which is a more limited action to help the unemployed.18 There is also a greater reliance on incentives for the unemployed to work, as part of the strategy of “activation”. One interpretation is that the member states are converging on something which is a low-cost version of former Scandinavian policies, where the northern member states are cutting back their policies while other member states expand their policies.

An interesting attempt to build a more ambitious social policy is based on the new rhetorical figure being constructed in terms of a “social investment welfare state.” Authors like Bruno Palier (France) and Joakim Palme (Sweden) argue that welfare should be seen as investments in a productive population, i.e. to increase national competitiveness.19 This thinking justifies a larger role for the state in sub-


sidizing skills development as an instrument to make individuals flexible while at the same time making the national economy more competitive.

The element of overlapping interests in skills development among individuals and society (the country) contains a caveat which hints at problems with the implementation of this concept. There is an assumption that the skills developed will be of productive use for the economy at large. Experiences from investments in skills development in Sweden suggest that this is not necessarily so which in turn implies a need for new instruments, possibly in agreement with what is reasonable from other political perspectives (see below).

The Social Investment Welfare State is based on a thinking which goes back to the ‘30s and policies advocated by Alva and Gunnar Myrdal in Sweden, who justified social policies in terms of their beneficial effects on society rather than in terms of redistribution. It is a thinking which is more utilitarian than normative—justifying policies by their consequences rather than by their intrinsic values. It can be combined with some versions of Economics, where the welfare of society is seen as the ultimate value to justify public action.

It is the latter characteristic which makes the concept of a “social investment state” attractive as a basis for a broad coalition of interests. It is a rhetorical figure which may align social democrats with conservatives of a mercantilists leaning, i.e. those who believe in a strong role for the state to develop the resources of the nation. The concept may be an attempt to unite a coalition. To some groups on the left and on the right this is an attractive position, focusing on the welfare of society rather than individuals. It is a type of thinking which can also justify subsidies to firms in order to make them more competitive, for the good of the nation.20

Interestingly, this discourse or paradigm was reintroduced by the Organisation for Economic Co-operation and Development (OECD) in the 1990s. While it is generally thought that the OECD pushes for the original agenda of flexibility and activation, it was also involved in developing the ideas of the social investment welfare state. This was done by DELSA, the Directorate for Employment, Labor and Social Affairs.21

It is also interesting to note that the EU has already adopted the concept of a Social Investment State as an official concept through the “Social Investment Package” in February 2013.22

3.2. The Inclusive Liberal State

The proponents of the social investment welfare state tend to see themselves as an alternative to the now dominant discourse on flexicurity and activation. However, there is reason to identify further alternatives and to see the lines of conflict slightly differently. It is obvious that the previously mentioned rhetoric is positioned as an alternative to a classical liberal perspective, where the individual is responsible for his or her own development of skills, and the role of the state should be reduced to a minimum. It is against this position that the new rhetoric makes the point that society will gain from a greater involvement by the state.

To see other alternatives more clearly, one can use logic to identify an alternative coalition. If the social investment welfare state is basically an attempt to align social democrats with conservatives, who believe in a major role of the state, then an alternative would be to unite liberals with social democrats who are more sceptical to a dominant role of the state. The position would then be something where the role of the state is larger than it is at present within the EU but still more limited than it is within the concept of the social investment welfare state, and possibly operating in a different way.

Such an alternative is a coalition of social democrats and liberals, around the idea of providing support for individuals rather than firms, to help them become more flexible and competitive. Liberals could argue that the state has to be more involved than it has been so far, to provide instruments for skills development in a way that empowers individuals to take more control of their own destinies. The previous position is close to liberalism but with a slightly different rhetorical figure and a different content.

Liberals could furthermore argue that some kind of program for welfare is a necessity to make Europeans accept the increasing risks which come with globalization. The old position of no government intervention may lead citizens to fear change and vote for extremist parties. The liberals could also differentiate themselves from conservatives by saying that it is better to support individuals than to support firms. While subsidies for firms could slow down the transformation of the economy, subsidies for individuals stand a better chance to make them more adaptable and the economy more flexible. It may even be possible to see the manifesto on the “third way”, by Tony Blair and Gerhard Schröder in 1999, as support for this position in the way they emphasized individual responsibility and the tearing down of barriers for entrepreneurship.

Even more interestingly, there is a Swedish tradition of this kind too. In the ’60s there was a saying that the turbulence of urbanization and structural change
should be met with ‘the comfort of the wings,’ i.e. helping individuals to ‘fly.’ 23 This was the central idea of the Swedish welfare state of the ‘60s. It is partly compatible with the view of the Myrdal above, but the rhetorical emphasis is different. While the first discourse leans towards conservatism, the other discourse leans towards liberalism.

Equally interesting, there are supporters in Sweden of the second kind of policy today. Among academics Gunnar Eliasson has made the point of developing skills to support an “experimentally organized economy.” The way to support individuals could be through a kind of tax-exempt savings for investments in education and training (“private citizens’ accounts”). 24 Such a model may stand a better chance of making individual spending more in line with what is productive for society, under the assumption that individuals are better at selecting what is best for themselves than agencies are.

Among the Swedish unions there was strong support for a similar model in the late 90s. There was even a resolution passed by Parliament to introduce such a system in Sweden. The social democrats ruled as a minority government and the idea was supported by the opposition parties (the parties now in government together with the greens). The decision was never implemented by the government.

There are two kinds of support for the view that there are in fact two rival narratives on the European Social Model and that we are witnessing the birth of a rhetorical alliance or a new paradigm in the competition between these two. One is that there is empirical evidence of such a rivalry. Rianne Mahon identifies a similar split, which she sees as two versions of the discourse on social investments. 25 In her view these versions are “social democratic” and “inclusive liberal”. Their contents have great resemblance to the discourses I have described above, and they differ from the original discourse on flexicurity by the EU.

A more indirect support is that the identification of three ideal-typical extremes is a helpful way of understanding the complexities of these issues. The triangle of liberalism, mercantilism and social democracy was originally suggested by David Levi-Faur as a way to understand the debate on the role of the state in the economy. 26 It highlights the line of conflict on the political right, that there are liberals as well as mercantilists, who have very different views about the role of the state in the economy. Liberals are sceptical and prefer to take away bar-

23. The message was that change was inevitable, that the government would not try to avoid the structural change of the economy and that the citizens would have to find comfort in accepting change, with the support of public safety nets.
riers, while mercantilists see a role for the state in supporting firms to develop new technologies and other means of competitiveness. These two groups are mainly united in support for the industrial policies pursued by the EU, i.e. policies which combine deregulation with subsidies for agriculture, regions, research, infrastructure and other major investments. The de facto policies of the EU are a mix of these partly contradictory strategies.27

There is some support from social democrats for these policies, but there is also the possibility of forming different coalitions with various sections of the social democrats (northern or southern, for example), with either the liberals or the mercantilists. The discourses above are rival attempts to form coalitions, by social democrats and mercantilists in the first case and social democrats and liberals in the second case. Here, the argument is basically an appeal to logic, that it makes sense to see a broader spectrum of competing positions and, most importantly, a possible rival to the proponents of the social investment welfare state.

4. Conclusions

This brief overview has shown that there are rival attempts to form a master-discourse for the European Social Model. It means that we are in fact witnessing attempts to give birth to a dominant ‘rhetorical alliance’ across Europe. Much academic effort is put into describing the policies of a social investment welfare state. It now looks like the main alternative to the very restrictive policies pursued by the EU and it uses experiences from Scandinavian countries to position itself as a modern version of the welfare state, attractive to all due to its positive effects for individuals and nations.

My argument is that the situation is even more interesting if we acknowledge that there is a reasonable alternative, based on another type of thinking about policies for growth. A key divider in growth policy is the issue of subsidies to national firms (champions). Mercantilists and others favour subsidies to support the resources of the nation while liberals see risks in this. Actors from these two positions can seek out social democrats to collaborate with. In general, there is more support in northern Europe for a liberal policy which emphasizes transformation of the economy, while there is more support in southern Europe for a policy which supports existing firms.

The main differences between the perspectives have to do with their strategies to support the long-term development of the economy, through structural change and competition among firms, or through collaboration between the state and the main firms. This leads to advocacy of ‘support for individuals’ or ‘support for firms,’ respectively. In this battle of ideas it may be important what the role


1 L’Europe en formation  nº 372 Été 2014 - Summer 2014
models are. So far, Sweden and the Myrdal’s policies are used as an example of the Social Investment Welfare State. Sweden in the ‘60s could equally well be used as a case for an Inclusive Liberal State.

However, the two rival models, their coalitions and discourses may not be successful in providing support for an enlarged mandate for the EU in social policy. Even so, the competing narratives may have influence on the member states and on the efforts to make Europe competitive and successful in line with the strategy EU 2020. They may in practice determine which policy mix will be pursued in Europe. Constructivists would say that it is highly relevant to focus on what goes on before a discourse becomes dominant. That is why it is so interesting to study the competition among rhetorical alliances and the possible birth of a new paradigm of European policy.

Abstract

The concept of a European Social Model is highly complex and controversial. Many attempts have been made to construct a winning coalition which could convince the member states of the EU to settle for a common social model implemented at the European level. There is now a new rhetorical figure being constructed in terms of a “social investment welfare state”. Authors like Bruno Palier (France) and Joakim Palme (Sweden) argue that welfare should be seen as investments in a healthy population, i.e. to increase competitiveness. This concept may in fact be an attempt to align social democrats with conservatives of a mercantilists leaning, i.e. those who believe in a strong role for the state to develop the resources of the nation. The rhetorical coalition is seen more clearly if it is contrasted to another possible coalition, a coalition of social democrats and liberals, around the idea of providing support for individuals rather than firms.

Résumé

Le concept d’un modèle social européen est extrêmement complexe et controversé. De nombreuses tentatives ont été faites pour construire une coalition à même de convaincre les États membres de l’UE d’établir un modèle social commun à mettre en place au niveau européen. Il existe désormais une nouvelle figure rhétorique construite en termes d’« État-providence d’investissement social ». Des auteurs comme Bruno Palier (France) et Joakim Palme (Suède) font valoir que la protection sociale doit être considérée comme un investissement dans une population saine, de manière à augmenter la compétitivité. Ce concept peut être en fait une tentative pour aligner les sociaux-démocrates avec les conservateurs sur une position mercantiliste, c’est-à-dire qui croit en un rôle fort de l’État pour développer les ressources de la nation. La coalition rhétorique est perçue plus clairement si elle est opposée à une autre coalition possible, une coalition des sociaux-démocrates et des libéraux, autour de l’idée de fournir un soutien aux personnes plutôt qu’aux entreprises.