

# W white paper

on Social Security in Europe

by th ECMW:

*The European Christian Worker Movement*



Towards a socially-responsible and just Europe through solidarity

## Colofon

Auteurs: Veronique Elshoud, Marietje Vanwolleputte, Claude Delporte

Vormgeving: Ruben Delporte

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## Introduction

### Let us introduce ourselves:

After decolonisation in the 1960s people all over the world felt a need to reinforce contacts between North and South, East and West. The UN organisations were nowhere near sufficient to satisfy the thirst of national organisations for international ties.

It was against this backcloth that the WMCW was founded in Rome in 1966, conferring official status on existing contacts between Christian Workers' movements from all over the world.

Our movements are made up of working-class men and women - single people, couples and families.

Our social, cultural and liberating action is founded on the teachings of Christ. Following the example of Jesus of Nazareth, the WMCW puts the human person first. Our aim is to create a world where every person can enjoy full human dignity.

***All our movements strive to spread the message of the Gospel, to put it into practice in everyday life, to further the emancipation of the working class, to provide information, training and awareness-raising activities on particular topics, to provide services to their members and to uphold their members' interests.***

A world movement cannot ignore the considerable differences that exist between continents. For this reason the movement is subdivided into "continental coordinations" which

organise and coordinate action in their region on subjects determined at international level.

The European movements' coordination is known as the ECWM. – the European Christian Workers' Movement \*

The ECWM organised a seminar in Deinze (Belgium) in 2001, entitled "Changes in the world of work and their impact on the quality of life." The member movements learned about different situations and developments in other EU member states. After this further meetings were held in Graz (Austria) in 2002 and in Porto (Portugal) in 2003 to continue discussions on "Work in a changing and expanding EU".

At the 2005 ECWM seminar in Brno (Czech Republic) the movements had the task of reflecting on the challenges facing the social security systems in their countries in the context of the new enlarged European Union.

In February 2006 they met again in Friezing (Germany). Twenty-eight movements from seventeen European countries pooled the results of their investigations and shared their views and ideas. Never before in the 40-year history of the ECWM had discussions been so intense and so pan-European.

The new members were there too, allowing comparisons between "old and new" member states. A treasure-trove of information came to light.

It became very clear that the populations of

the different countries - particularly the workers - were very worried about the future of social security in the European Union

The ECWM has great expectations of the EU institutions and their role in upholding good social security systems and overseeing the continued development of a responsible and caring society in Europe.

The ECWM movements are composed of socially-committed citizens who wish to make their voices heard through this White Paper, independently of, but in conjunction with the trade unions, political parties, NGOs and other organisations who strive for a fair and socially-responsible society.

This White Paper makes no claim to be a comprehensive analytical study of social security systems in the European member states. Nor is it a piece of academic research with conclusions and proposals for the future. Such tasks are beyond our means.

The aim of the ECWM White Paper is to provide an honest reflection of the experiences of people in our movements. It is a modest analysis of social security issues in the EU, highlighting the real and immediate concerns of the European movements and inviting the European institutions to address the problems..

***We see this White Paper as a constructive appeal for the construction of a socially-res-***

***ponsible, mutually-supportive society in the new, enlarged European Union. It is our contribution to offering every member of the EU population safe prospects of life in dignity. Its purpose is to demonstrate that there are alternative ways forward, and to counter the dominant pro-market financial, economic and political ideology***

\* At the end of this White Paper, after chapter 5, there is a list of all the ECWM movements with addresses and contact details.

# Chapter 1: Preface

## Are European social security systems at risk?

After the Second World War many European countries (in Western and Northern Europe) extended their social security systems. These systems based on mutual support and insurance, provided national populations with a high degree of social protection.

The systems were jointly funded by employers and employees. They meant that workers were better protected against loss of income and more capable of coping with sickness and raising a family. Although the architecture of the schemes and the nature of the specific risks covered vary from country to country, they still have a lot in common. Basically, a mandatory contribution system for employers and employees (later supplemented from other sources) guarantees financial protection for individuals and their families.

These systems have reinforced solidarity between the employed and the unemployed, the old and the young, the sick and the strong, and households with and without children. Furthermore, they have ensured that “the greatest burden is borne by the strongest shoulders”, as those earning most also pay the largest social security contributions.

In exchange for paying their contributions, workers and their families have been insured against loss of income and unexpected expenses.

The mutual insurance principle means that they can maintain their standard of living. People who earn a lot of money and pay high contributions also receive a higher pension and unemployment benefits.

Social security has always been – and still is – very much a national prerogative.

In every country the political authorities have adapted their systems to changing needs. Industrialisation has progressed at different paces in different parts of Europe, social protection systems have been developed and extended to different degrees, and the division of Europe in the wake of the Second World War led governments to pursue other priorities such as state security and defence.

So far, European unification has not resulted in an alignment of social policy or social security systems in Europe. In fact, the unification process has led to devolution. Economically prosperous regions have demanded control of their own social security systems leaving less prosperous regions to fend for themselves.

The Central and Eastern European countries have switched in recent years from total collectivisation to a totally economic liberalisation and the law of the jungle. Many people face the threat of marginalisation

***The absence of European guidelines on social security results in inequalities between EU citizens.***

The threats to European social security systems are not about to go away!

The good social safety nets many European member states developed in the 20th century are coming under pressure from many quarters in the early 21st century.

***More and more people seem to believe that social security systems are no longer the solution, but are instead the main problem.***

Most EU social security systems have been tinkered with over the last few years. Relations between the government, the employers and employees, the unions, health workers, insurers and the financial world have become very strained..

If social security systems are to be preserved, it is essential that income and expenditure be kept in balance. And that is the crux of the problem. Both sides of the equation require urgent attention.

On the income side, most social security systems depend heavily on contributions drawn from labour. Given the extent of unemployment, the relatively low activity rate and the rise of insecure employment conditions in Europe (casualisation), this is becoming a problem.

On the expenditure side, politicians and the media are making alarming predictions about rising health expenditure and rocketing pension costs owing to the ageing of the European population.

***The ECWM is concerned about the growing insecurity and anxiety in Europe in connecti-***

***on with the future of social security systems. It feels it has to sound the alarm and make its views regarding necessary adaptations to social security systems known to EU policy-makers.***

The most worrying fact in the European movements' eyes is that the gap between rich and poor continues to grow, not only at world level but between the EU member states. Despite the existing social security systems there are still people falling through the safety net, hovering just above the breadline or living in outright poverty.

We also observe that poverty is on the increase amongst the working population. Even people with jobs can be poor! Others are slipping ever closer to the poverty line as the cost of living rises faster than their wages..

This alarming increase in poverty in the prosperous EU has to be addressed, because poverty leads to social exclusion..

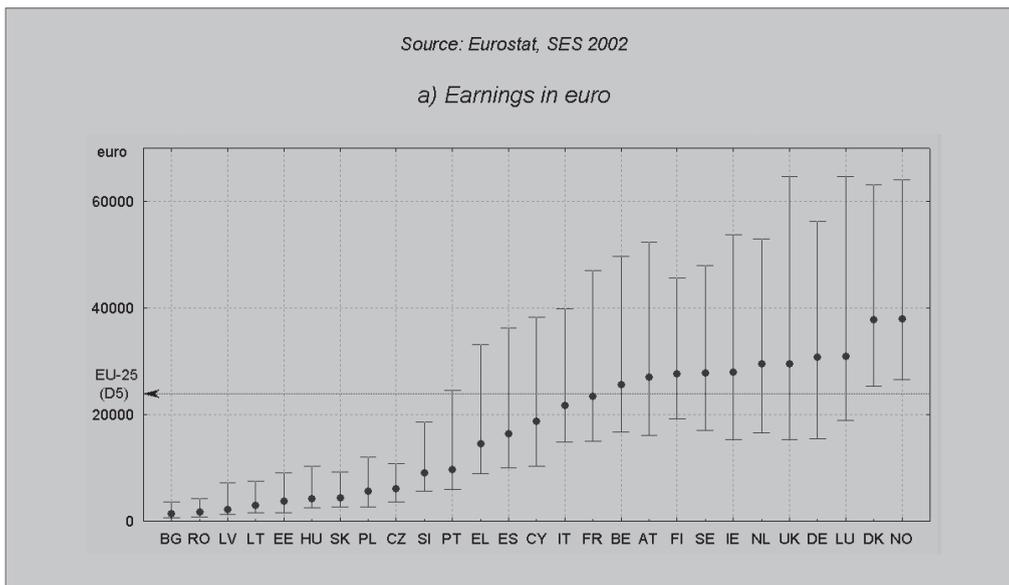
***The ECWM believes that the EU must take the lead to guarantee good social security and social protection for all inhabitants of its member states so that poverty and exclusion can be prevented.***

*Contribution from the KVV*

*South Tyrol, Italy*

The unemployment rate in this region is very low (2% of the population of working age). Despite this, the poverty rate is now higher than the unemployment rate and an official anti-poverty committee has been set up

**Figure 1: Gross annual earnings, in euro and in PPS, "Industry and services" (deciles D1 and D9, complemented by the median D5)**



## Sources of inspiration for the ECWM

When analysing social situations we draw inspiration from the Gospel and the reflection and action on social issues that has taken place within the Catholic tradition.

The message of the Revelation and the Christian faith which grew out of it provide guidelines not only for individuals in their daily lives but also for the organisation of societies and economies.

Het Tweede Vaticaanse Concilie nodigde ons uit om de tekens van de tijd te zien en om “de vreugde en de hoop, het verdriet en de angst van de mensen van vandaag, vooral van de armen en van hen die, hoe dan ook, te lijden hebben” ter harte te nemen (Gaudium et Spes, I)

Vatican II invites us to see the “signs of the times” and to take into our hearts, “the joys and the hopes, the griefs and the anxieties of the men of this age, especially those who are poor or in any way afflicted”. (Gaudium et Spes, I). In today’s world this means that Christians and Christian churches are called upon to make an adequate contribution of the reformation of Europe in freedom and justice

Our action is guided by a number of fundamental principles from the social teachings of the Church.

The finality of the economy must be the service of humankind. Workers, their families and their community must come first, not profit or share value. ( Gaudium et Spes, 65)

- Human dignity is sacrosanct, and all people are equal. Every person is created in God’s image and has an unconditional right to respect. All people are equal, irrespective of gender, age, nationality, religion, inclination, employment situation, financial situation, health, success or any other characteristic.

- The principle of human dignity confers upon every person the right to belong to a community and the family is the cornerstone of human development..

- Every person has the right to participate in public life. Work is also a form of participation in public life.

- The next principle is putting poor and vulnerable people first. If the common good is to be fairly shared, the disenfranchised must be first in line

- The principle of solidarity inspires choices that serve the common good. Solidarity requires us to look beyond our own needs and interests. Societal problems can be solved through the creation of fairer and more socially responsible structures. Therefore the Church calls on all Christians to pursue social justice.

- The principle of equality. Treating one’s neighbour like oneself is a way of bringing justice. Making sure that everyone receives their due is another major principle of equality.

- The principle of the common good means creating the right social preconditions to give every person every opportunity to develop and find fulfilment. But our common good

has become so “global” and our structures so international that there seem to be no borders left. Relocations – of people and jobs – result.

- The principle of subsidiarity. Any tasks that can be carried at another level than that of a state or supranational body should not be taken over by a state or supranational body. This principle imposes limits on the power of the state. Between the state and individual people (who often feel powerless to solve social problems) lies civil society. States must provide opportunities for civil society organisations and communities to play their role as intermediaries.

The concept of subsidiarity must be seen in conjunction with the principle of solidarity, and not confused with the notion of individual responsibility used so often by the proponents of privatisation. Subsidiarity has to mean empowering people, giving them chances and opportunities so they can organise secure futures for themselves.

All the abovementioned principles need to be re-examined in a new light. They need to be rediscovered and revived as a means of addressing our new social challenges.

The social teachings of the Catholic Church tell us the following::

Millions of people are suffering as a result of unjust economic and social disparities. Such disparities are irreconcilable with the Gospel and incompatible with justice, human dignity and peace.

And the following, with regard to human solidarity:

Those who have special “talents” have a duty to share them with others. Differences between people stimulate them and engender nobility, kindness and sharing. They stimulate cultures to learn from each other.

Solidarity, the fruit of human and Christian fraternity, is expressed in the fair distribution of wealth, fair wages and commitment to a just social order.

***Social and economic problems can only be solved with the help of many forms of solidarity: solidarity between the poor, between rich and poor, between workers, between employers and workers in companies, between men and women and between generations, between nations and between peoples. International solidarity is a moral requirement.***

The bishops’ thesis is that the European social model stemmed from fundamental political and social rights now enshrined in the Draft European Constitution, and they recognise that these rights are in keeping with the social teachings of the Church.

But they also consider that European social rights are insufficiently clearly defined.

The ECWM takes inspiration from these social teachings in its quest for solutions to the social challenges of the 21st century.

***In Europe the central challenge is the growing gap between rich and poor in all European countries and between regions and member states.***

*We believe that fair distribution of wealth is crucial.*

*This implies that social security should be a fundamental right of every person*

*Some statements by Bishop Muskens of Breda, which well reflect the ECWM's theological concerns regarding social security.*

But now, increasingly, we are hearing words such as “unaffordability”, rationalisation and market-orientation.

Churches – but not they alone – must resist the colonisation of human life and society by market-oriented thinking.

A new architecture is being sought for our social security system. The outcome will directly affect the ability of millions of people to live in dignity and peace of mind. What is missing from the debate about the reorganisation of the social security system is compassion for – and the involvement of – the very people whose well-being is at stake.

There is a growing social division. Flagrant inequalities are beginning to appear in the distribution of work, services, income and goods. This is not only worrying, it is irreconcilable with humanity.

....

In addition to this, social security systems are under review. Traditionally, paid employment has been the linchpin of many such systems.

# Chapter 2: The facts as the ECWM sees them

## Changing societies

The ECWM observes considerable dissimilarities between the social security models and social protection systems of the different EU member states.

However, a number of extremely similar social realities and developments are having major repercussions on social security everywhere.

In the wake of these developments, more and more voices are saying that the good social security systems that exist in a number of European countries are not sustainable in the long run and will soon be impossible to finance.

### *Contribution by ACO - France*

First a few figures:

In 2002, according to official statistics, 10% of the population of working age was unemployed.

The activity rate for that same year was very low at 43.9 %.

15% of the working population works part-time, and 82% of those are women.

The number of one-parent families is on the increase. 15 % of the French population now falls into this category.

Regarding Social Security:

Cracks are appearing in the common trunk of rights developed over the years. The system has been under attack since the end of the 1980s. This is due to various factors:

- A greater proportion of the wealth produced is being transferred to financial markets, to the detriment of income from labour (approx. 10 % of GDP).
- Trade liberalisation pits economic and social system against countries with far less developed (or inexistent) social systems, which causes a drop in revenues from contributions.
- The “ageing” of the population, due to longer life expectancy and a lower birth rate.
- Pressure from international institutions (EU, IMF, WTO and GATS) is causing the state to reduce its involvement in the provision of social protection. The state and other political authorities are undertaking reforms that are gradually rolling back collective arrangements, statutory employment conditions, funding and the public sector.
- Reduced national solidarity (lower pensions, lower health spending) and cuts in funding for institutions and organisations delivering social protection is forcing individuals to shoulder more and more of the «responsibility» for the funding of their own social protection.

**W**hat characteristics of our European societies and social developments are we referring to?

- a) We observe that on average, Europeans are living longer than before – in other words, the European population is “ageing”. As a result, more and more older people will be making demands on our social protection systems, i.e. pension and health care systems
- b) We observe that the unemployment rate is rising in all EU countries!  
High long-term unemployment leads to more poverty.  
Unemployment causes social security spending to rise (payment of unemployment benefits) and revenue to fall.
- c) We observe a casualisation of work (i.e. an increase in insecure employment conditions): temping, short-term contracts, seasonal work, “mini-jobs” of only a few hours a week, etc. These forms of work only aggravate the social problems of the men and women involved, and offer no prospect of achieving income security.
- d) We observe that various Western European countries have very low economic activity rates (the percentage of the total population involved in gainful economic activity). A smaller economically active population means fewer contributions to social security systems, but more people drawing benefits.
- e) We observe that serious gender inequality on the labour market directly impacts the social protection and social security rights of women – lower wages lead to lower benefits and pensions for women.
- f) We observe inequalities in the distribution of economic (wage-earning) and caring activities between men and women. It is for this reason that women more often take career breaks and/or choose part-time work. “Years out” and part-time work prevent women from building up the same entitlements as men. For example, many women find that at end of their working lives they are only entitled to a low pension.
- g) We observe a rise in migration, worldwide, for all kinds of reasons. Ethnic diversity is increasing in Europe too. Migrants from inside and outside the EU are playing an ever greater role in European society and the European economy. But are our social security systems adapted to this new situation?
- h) We observe that all over Europe the traditional family model is under pressure. Family ties are becoming weaker or disappearing completely. The family can no longer fulfil its former function as a first-line social safety net.  
The vulnerability of the family is also reflected in the growing numbers of one-parent families (usually lone mothers) whose spe-

cific needs social security systems often fail to take into account, despite the fact that they are more likely to have to depend on benefits.

- i) We observe growing differences between the EU member states, i.e. between the “old” and the “new” member states. Even within countries the tension between prosperous and poor sections of the population is growing. The solidarity which has been a cornerstone of social security is becoming more fragile.
- j) We observe that companies are paying less and less tax. The same trend can be seen in most EU countries. Countries and regions are vying with each other to attract investors and enterprises by offering ever lower tax rates.

All these developments pose a threat to the continued existence of the social security systems in the EU member states. Great inventiveness and determination will be necessary to jointly adapt our systems in Europe and above all to forge a common vision of our aims in terms of social security in Europe!

#### *Contribution from KAP Czech Republic .*

High unemployment is the number one problem. Big differences exist within the country itself. While the national employment rate is around 10%, there are regions where 25% of the economically active population is jobless. This is causing increasing poverty, and there are no solutions in sight. The 45-50 age group is particularly hard hit by closures. They receive no

severance pay and have no chance of finding another job.

Much needed social reforms have been delayed again and again, causing a breach of trust between the population and its political leaders.

The family is also in crisis in the Czech Republic. Family ties are weakening, removing the most obvious safety-net for people in difficulty.

## Globalisation and competitiveness

Globalisation is the next great challenge. It has the potential to open up the way to the redistribution of economic, political and social opportunities worldwide. But in practice mainly (only?) multinationals benefit from the opportunities it creates and in doing so they generate global competition which is putting European social security systems at risk.

Keen to maintain or improve their “competitive position”, multinationals and other employers are lobbying nearly all EU governments for wage moderation and lower non-wage labour costs.

These demands are undermining our social security systems, since most of their funding comes from contributions linked to employment.

What makes things worse is that businesses are trying to compete with countries outside the EU, where social protection is less developed or inexistent.

The ECWM is very concerned about the consequences of economic and financial globalisation.

Global and European free markets require regulation to enforce the principles of social justice and sustainability. Otherwise our societies will continue to become less caring and more violent.

### ***Contribution of KAB Germany***

The main problems and their repercussions.

- Since the beginning of the 1990s, persistent unemployment has produced revenue shortfalls in the Social Security system
- Furthermore, entrepreneurs complain that high employers' contributions or non-wage labour costs (the employer pays 50% of the contributions to the health care, pension and unemployment benefit systems) make labour too expensive.
- A rise in the number of people taking early retirement and increased life expectancy has raised pension expenditure while lowering revenues from contributions. This puts an extra burden on the state (which makes up the difference from tax revenues).

How are the state, the unions and society addressing the problem?

- Cuts in the services/benefits available through the health insurance system.

- 0.9 % special extra contribution by employees to health insurance system (for sickness benefit).

- Discussions about reforming the health insurance system by bringing in a new Health Premium or a (solidarity-based) Citizen's Insurance scheme.

- Lower pensions, freezing of contributions, demands that people take out private insurance.

- Reorganisation of the Federal Employment Agency and possibility of lower contributions to unemployment insurance system to reduce overall cost of labour.

- An overhaul of the care insurance system (capitalisation) is presently being discussed.

### ***Myths about the Welfare State***

- Globalisation is a new phenomenon
- The population is constantly becoming smaller and older
- We have to work longer
- Anything that creates jobs is automatically socially responsible
- The state has become too „heavy“.

### ***What can be done to debunk these myths?***

Germany has been reaping the benefits of globalisation for many years – in fact it is the

world's largest exporter. Some of the profits must be channelled back into the social system.

The demographic situation must be regarded as a positive incentive to construct a modern, service oriented society with an innovative approach to health and care services.

We should not be working longer and generating more long-term unemployment. Work can be shared.

Insecure work does not solve social problems but makes people more vulnerable. We need a society that bestows proper recognition on a wider range of activities which means ending our dependency on paid employment through the creation of a universal income, recipients of which would be allowed to do only work for the family or the community. A lean state is a good thing if it implies that the state apparatus is less bogged down in bureaucracy, but that does not mean that we need a weak state. The state, using its revenue from taxation, must continue to play its role in redistribution and social action.

## **The neo-liberal offensive: prejudices and lies.**

The ECWM notes the persistence of stubborn prejudices regarding social security - prejudices that are actually gaining credence! Time and time again, the long-term unemployed are portrayed as lazy, and migrants as shameless scroungers.

### ***Contribution from CTC Switzerland***

Jean-Pierre Fragnière is an expert on social security. Mr Fragnière has provided us with some examples of the type of clichés about social security that are used to restrict its development.

Abusing the system. The unemployed are just lazy scroungers exploiting the system.

Ants and grasshoppers. We've all heard stories about people on benefit who have swanky cars or spend their days watching television. More recently there have been stories of people demanding medicines or insurance payments simply because they feel that paying contributions gives them a right to do so.

Killing the goose that lays the golden eggs. "Developing too good a social security system is courting economic disaster. Swiss exports are too expensive. Soon the public treasury will run dry and social security will be a thing of the past."

Encouraging debauchery. "As regularly as clockwork, the social security system is accused of being a hot-bed of vice. Should everyone have a right to aid? Ought illegal immigrants to have a right to health care? What about AIDs patents and drug addicts?"

From its inception, social security has been the target of suspicion; it has had to work hard to win trust and support. The disasters predicted have not occurred; the level of fraud is actually very low. Any attempt to rethink social security systems will always have to confront these arguments.

The fiercest attack on EU member states' social security systems comes from the pro-marketeters (neo-liberals)

Economists, businessmen, entrepreneurs, specialists, financial experts policy-makers and politicians are doing their very best to undermine the good level of social protection that exists almost everywhere in the EU.

According to economists and financial specialists, employers and their organisation – and now increasingly our politicians too – our social security systems have become unaffordable.

They claim the systems are no longer sustainable because of continuously shrinking revenues and ever growing expenditure.

Even worse, the very concept of social security is under fire!

There are those who claim that social security is the cause of the social and economic problems being experienced in Europe.

Opponents project images of bloated social security systems offering exaggerated protection and over-generous benefits!

In the free-market philosophy and the liberalisation of the economy and services in the EU, the provision of good social protection for EU citizens has obviously been judged of secondary importance.

Even health care and pensions, it is claimed, have to conform to the dominant economic model, i.e. be offered on the free market, where everyone (with money) is a potential customer.

The message being propagated everywhere is that good social security for all is no longer achievable or affordable in Europe because of the social and economic developments already described.

But the facts are being manipulated – and the media bear a large share of the responsibility. The media are no longer independent, but belong to powerful financial groups and multinationals.

The ageing of the population and the pension issues are systematically over-dramatised. Everywhere we hear the same simplistic arguments that longer life expectancy will mean too many more pensioners in all countries and that the economically active population is bound to fall, making it impossible to provide a guaranteed, “living” pension for everyone.

Because this same thesis has been repeated for many years, everyone now believes it and thinks there is no solution.

We are told that due to global competition, European companies' labour costs have to be reduced, and that as a consequence the revenue of social security systems, generated through paid employment, will fall. Our policy-makers and employers claim there is no way around making cuts in social security benefits.

The competitive position of companies is nothing but an excuse, a means of putting employees and society as a whole under pressure to accept the dismantling of social protection and social solidarity.

## Chapter 3: The challenges facing the European Union

### Debunking the myths about social security

It is urgent and vital that our social protection systems should be adapted so that they can once again offer good protection and security to all.

At present, the ECWM movements in many states are witnessing a dismantling rather than a reinforcement of their social security system. The myth that good social security systems are not longer achievable and certainly no longer affordable has to be debunked. The claim that there is no alternative is untrue.

There is enough for everyone! Fair distribution is the key.

***Social security in Europe is everyone's right, and it is affordable.***

***If the policies pursued by political authorities are based on a desire for justice, it is possible and affordable to provide good social security, with purchasing power guarantees, for all European citizens!***

***Good social security for all is achievable and affordable on condition that:***

- ***The cornerstones of solidarity on which the social security systems rest are reinforced.***
- ***Expenditure is controlled in a fair way.***
- ***The costs are shared and distributed in a mutually-supportive and just manner.***

***The ECWM believes that the cornerstones of***

*the social security systems require need strengthening.*

#### ***Contribution from HOAC Spain***

There are certainly myths about social security, and one of them is its financial "unsustainability". The facts prove that this is untrue – not only is the system viable and capable of continuing without problems if present employment levels are maintained, but also the reserve fund is growing every year.

Another myth is that the fact that old people are living longer and the birth-rate has declined dramatically means we will not be able to maintain the protection systems we have today. There is no evidence that this has to be so, because immigration, which is on the increase, can swell the ranks of social security contributors – as long as their work is not undeclared.

When it comes to the myth that privatised systems are more reliable, we have the experiences of the countries where such systems exist, particularly Latin American countries, where unemployed people have no protection at all of they have not had the means to pay contributions. This type of system is not based on the principle of solidarity. Furthermore, such systems are vulnerable to inflation and there are risks attached to the way they are managed, so they might not achieve the projected returns and could even go bankrupt.

## Good social security through greater solidarity

In many member states national social security systems are being tinkered with, and the underlying principle of solidarity is being eroded.

We observe a strong trend towards individualisation. Increasingly, individuals are being made responsible for insuring themselves against poverty or loss of income. Everyone is expected to take the initiative of insuring themselves (or acquiring additional top-up insurance) according to their needs (but also according to their financial possibilities).

Everyone is being told to think more about their futures. Responsibility is being transferred to the individual, and consequently, so is blame. If someone gets into difficulty, it is “their own fault”.

We also have some reservations about the dominant philosophy of “activation” of benefit recipients (workfare or “the active welfare state”). There is clearly increasing support for the view that the social security safety nets “should not be a hammock” – or indeed a safety net – but a springboard.

The active welfare state presupposes that everyone is capable of looking out for themselves. All they can count on is a “start-up allowance.”

The underlying trend very clear – everyone is expected to constitute their own social security through economic activity. It sounds simple, but in the real world it is not feasible for everyone.

### *Contribution from KWB- KAV Belgium*

In Belgium some organisations and parties have repeatedly called for the abolition of “derived rights.” We have reservations about this trend towards individualisation.

“Derived rights” are entitlements to social security benefits for which you have not yourself paid contributions. For example, if you are spouse working in the home, you have a right to the reimbursement of your medical costs, or to a “family” or survivor’s pension even though you have not worked outside the home and have not paid contributions. These “derived rights” are acquired through the contributions of the partner in paid employment.

It is not feasible in today’s world to expect all women to constitute their own social entitlements through paid employment. A lot of women are still victims of inequalities in training and employment opportunities. Women’s unemployment rate is higher than men’s, they receive less pay for equal work and their chances of promotion are more limited. And as long as women and mothers continue to do the bulk of housework, childcare and eldercare, their position on the labour market will remain weak. Legislation does not yet offer enough

attractive opportunities for women and men to combine careers and family life. Furthermore, childcare facilities and other forms of social support need to be greatly expanded.

As long as these inequalities exist there can be no question of abolishing derived rights.

***This individualisation goes hand in hand with the insidious spread of privatisation.***

#### ***Contribution from HOAC Spain***

For a while now discussions about the future of pensions and the viability of current pension systems have been cropping up at regular intervals. In essence the debate is between those who defend the redistributive, public pension systems that are usual in the EU member states and the proponents of private, capitalisation-based systems. The latter, led by the World Bank and the financial institutions, try to justify their views by citing the harmful side effects of redistributive systems on economic activity in general and employment in particular. Their position – which has not been borne out in practice – is based on the argument that the efficient allocation of economic resources is a form of equity

Banks and insurance companies are providing more and more social security-related services. The disadvantage is that only people from low-risk groups with good, stable incomes can afford private insurance.

Good collective insurance schemes and com-

plementary pension schemes (second pillar) are the prerogative of employees in successful economic sectors and successful companies. Solidarity with others is not part of the plan. Those who do not meet the criteria for these private offerings, because their risk-analysis results are not good enough or they have no reliable income, are then supposed to be covered by the state, using “public” resources.

In this liberal vision of social protection, social solidarity is played off against private risk insurance. (Not only for risk coverage but also for ordinary supplementary pension insurance).

***The ECWM observes that this increasing individualisation and insidious privatisation are fracturing the solidarity between people.***

#### ***Contribution from LOC Portugal***

As unemployment has risen in Portugal, social security problems have increased. Economic interest groups, political forces, businesses and private organisations are trying to make people believe that the public social security system is bankrupt and that the solution lies in privatisation.

At the same time private insurance companies are drumming up business, persuading people to take out private policies in addition to the state system.

This message is mainly taken up by young people, whom the companies try to influence by saying that the public social security system does not serve their interests.

The LOC tells its activists and the public at

large that social security is the best means of safeguarding social solidarity and eliminating social exclusion.

At conferences organised by its activists, the LOC declares that the social security system is not bankrupt and is sustainable.

The social security system must provide the means to ensure social cohesion and the fair distribution of wealth produced, both between beneficiaries and between generations.

## Good social security through “living benefits” .

The greatest challenge is to uphold good social protection that allows people to live in dignity.

There is a clear trend towards the reduction of core statutory social security benefits of all types. One only needs to think of the development models advocated by the World Bank and the IMF.

All the reforms under way in different countries and the cuts governments are making aim to restrict the basic benefits and services available to all through the statutory system.

Some examples:

- Smaller benefits and pensions, while the cost of living rises
- Raising the pension age
- Limitation of duration of benefits (e.g. unemployment benefit)
- More limited coverage by health insurance systems

- Removal of products from reimbursed medicines list

The ECWM is conscious that social security expenditure needs to be controlled and that abuses have to be tackled. We consider such steps to be necessary if the system is to work fairly.

However, we warn against excessive reductions and over-restriction of statutory services.

We advocate benefits and pensions that are protected against the loss of purchasing power.

*We advocate that standards for social services and benefits be established by law. These standards should guarantee benefit levels that enable recipients to continue living in dignity. The resources for these measures should come from the public treasury (state revenue from general taxation).*

### Contribution of KAB Germany

For example: A social standard for health care

Every person covered by the system must receive the medical care necessary for the recovery of their health and the prevention or alleviation of illness.

In the event of illness, disability or accident, every person covered by the system, regardless of income, age or social class, must continue to receive the best possible health care. We oppose the exclusion of basic risks (e.g. dentures, sickness benefit, etc.).

### *Contribution from ACO Catalonia Spain*

What we want to see improved in the social security system in Catalonia:

- Improvement of widows'/widowers' and orphans' pensions. At the moment widows/widowers receive 52% of the pension of deceased's pension and orphans under 21 25%.
- A retirement pension for women working in the home, looking after the family – children, grandparents, etc.).
- Better family allowance and care allowances for dependent elders (currently « symbolic » and insufficient).
- In a nutshell, the state must provide minimum social benefits available to all (particularly the poor and excluded) which enable them to live in dignity and satisfy their personal, social and family needs (food, housing, clothes, health, transport, leisure, care of dependent relatives, etc.)
- Priority must be given to increasing the non-contributory benefits, which are presently at starvation levels.

## Social security for all

There are two principles EU member states are required to apply in their social security: equal treatment and non-discrimination.

However, there is a long way to go before these principles are actually reflected in practice.

The traditional models of social security in Europe are mainly based on contributions stemming from employment and a conception of the family in which the man is the breadwinner.

Both of these assumptions are old-fashioned and unsustainable. Because women are still in a weaker position than men on the labour market, they are unable to build up the same levels of social security entitlements as their male colleagues.

Furthermore, their career paths are often discontinuous, and they more often work part time than men do because they are usually the ones who stay at home to look after children or care for sick or elderly relatives. Lone mothers in particular have a very hard time combining their family lives with paid employment.

But women are not the only ones to suffer from these problems. Because of increased labour market flexibility and in the rise of temporary and part-time work, more and more people are finding themselves unable to build up sufficient entitlements through the existing systems.

According to the European Commission's most recent "Equality Report," this phenomenon of unequal treatment of people with a lesser involvement in the labour market is a recurring feature of many member states.

The ECWM says that solidarity means creating and/or maintaining social security systems that treat everyone equally and are accessible to all.

This requires a proactive equal opportunities policy, particularly at European level.

## **Fair social security though mutually-supportive contributions**

The principle of solidarity must also be applied to the funding of social security systems. In many models, most of the revenue comes from contributions arising from the paid employment relationship. Given the changes that have occurred in conditions of employment, this has become unjust and unsustainable. The sources of funding need to be diversified.

### *Contribution from KWB-KAV Belgium*

There is an equally acute problem with the funding of the social security system. In Belgium 75% of the funding comes from compulsory contributions made by employers and employees. 25% comes from the government. The system is financed by the working population. Furthermore, the higher the wages, the higher the contributions, meaning that the most prosperous contributors bear the most strain. However, as the population becomes, on average, older, needs are set to grow faster than revenues. In such circumstances it is clearly necessary to seek alternative sources of funding. There has to be a shift towards another source that places less emphasis on paid employment – a shift from labour-related income to other forms of income.

In practical terms, we are asking for:

A general contribution drawing on all forms of income, including income from property and financial assets.

A fair tax system, which means that everyone is taxed equally in proportion to their income and fraud is addressed.

Both of these points require action at European level because of the free movement of goods, services – and also assets and capital – in the EU.

The ECWM movements denounce the fact companies often pay little or no tax owing to governments' efforts to attract investment. Revenue from the taxation of companies is on the decrease almost everywhere in the EU, while income tax – paid on income from paid employment – remains high!

Multinationals, banks and insurance companies go on publishing impressive profit figures year after year. They distribute those profits to their shareholders. At the same time they complain about excessive wage costs and tax rates and lobby governments to bring them down.

This strategy, presently being pursued in many EU countries, causes earnings (on which the social security systems depend) to fall, which in turn forces governments to make cuts.

We need a mutually supportive (solidarity based) system to safeguard the universality and the future of social protection in Europe. All company earnings and financial gains on

capital must contribute to the financing of social security systems.

### ***Contribution from KAB Austria***

What are the main problems and the possible consequences for social security?

The ever growing gap between rich and poor. The rich are taking ever less responsibility for the community as a whole.

Our tax system treats capital more favourably than labour.

Unemployment is on the increase. The official (embellished) unemployment rate is 7.1% (2004).

Stable jobs are being replaced by unstable employment contracts, especially in manufacturing.

All of this is affecting our society. Confrontations are becoming ever harsher, sometimes getting out of hand.

What does your movement see as the main challenges?

The need to create new European social and economic standards. The need for tax harmonisation within the EU to halt the present "race to the bottom" through corporate tax relief. Our only chance of success is a raft of measures at European level.

### ***Contribution: Statement of Labour Leaders to the World Economic Forum***

This has set off a devastating spiral of tax competition between countries: for all OECD countries, the average rate of corporate taxes has decreased from around 45 %

in the mid 1980s to just above 30 % in 2003. If this trend continues corporate tax rates would hit zero by the middle of the century. In the US, companies now only pay 13 % of the federal income tax bill, while individuals pay 87 % . And in the EU the overall corporate tax rates declined from 46 % on average in 1980 to 40% in 1991 and to 32 % in 2003, declining even more with the accession of the new member states in 2004, which has off set another round of "we'll-host-you-cheaper" tax initiatives. This "beggar-thy-neighbour" type of tax competition is leading to a damaging global loss of revenues for governments. It distorts tax structures, undermines the resources modern societies should be built on, and has negative employment consequences in many countries. The corporate world must realise that creativity requires investments and that it should pay its share of the financing of the sources it gains its competitiveness and profits from. It should face the fact that forcing countries to race to the bottom rates of corporate taxes will reduce its own innovation, slow its growth and undermine its prosperity.

With a single European market, which in many sectors has created one single labour market, there is a need for common standards and a need for cooperation on social issues. The concept of Social Europe is central to the development of an EU where economic and social progress go hand in hand. If Social Europe is stalled then popular support for Europe risks shrinking yet further. Therefore, the European approach must be the promotion of a social market economy with social rights, social inclusi-

on, social dialogue, and a strong role for the social partners. These have been recognised as key elements of Europe and are among the EU's core values as defined in the Constitutional Treaty. That is a further

reason why the Constitutional Treaty is a necessity for the EU and should be the springboard for a renewed campaign for a stronger Social Europe.

## Chapter 4: What does the ECWM expect of the EU?

When the ECWM movements analyse and compare situations in Europe they see too many differences between EU citizens. Social protection varies too much from one region to another, making it impossible for everyone in Europe to enjoy equal treatment. There is a clear task for the EU here, i.e. ensuring equal treatment of its citizens and providing a framework within which the different regions can work.

The introduction to the 2005-2010 Social Agenda states that the EU intends to take social policy measures to strengthen EU citizens' confidence that the EU agenda is in the interest of society as a whole, and that they have the ability to cope with the economic and social changes in their own lives.

The ECWM movements can report that the European population is anything but confident. Quite to the contrary – confidence in the EU and the European institutions is waning precisely because the European citizen can see precious little evidence of any real social policy.

Job insecurity, anxieties about sickness and old age, uncertainties about the retirement age and pensions and the dismantling of social security systems have left the people of the EU extremely nervous about their futures, those of their children and that of the EU.

For the same reasons, many of them are questioning the further enlargement of the EU.

The social developments and challenges to social security systems described in this White Paper can be detected in all member states.

Thus the challenges to which the ECWM is demanding an EU response are not solely national challenges but European ones.

We will have to work towards the harmonisation of social security in the EU – at the very least to prevent member states from undercutting each other in a downwards spiral of social protection.

### *Contribution from CPMT Luxembourg*

The Luxembourg movements says:

We believe we need to think about a « Europeanisation » of social security. This is a necessity given that we have liberalised the right of establishment and, even more importantly, the free movement of workers. If we do not achieve some degree of harmonisation between systems, statutory arrangements and countries, the technical aspects of European social security will be totally unmanageable twenty years from now.

The EU Social Agenda takes it for granted that the member states' social protection systems will need to be modernised. The ECWM wonders how “modernisation” will be interpreted.

What is needed is a long-term vision for the whole of the EU.

ECWM already has its own vision.

- a) We need a European social model for all EU member states. Social minima must be established and guaranteed to all citizens across Europe. This means that the European

Union will have to establish minimum thresholds and standards. Minimum wages, minimum pension levels, the setting of pensions as a percentage of wages, the limitation of patients' health care contributions to a certain percentage of their income, etc.

Minimumlonen, minimumpensioenen, pensioenen als een percentage van het loon, uitgaven voor gezondheid die een bepaald percentage van het inkomen niet kunnen overschrijden enz...

**b) We need a basic income for all EU citizens, regardless of their job situation**

c) Employment-related levies are not sufficient to cover basic social security needs. Revenues for social security systems must be drawn from taxation of forms of income. The EU must work on developing fair taxation of all forms of income and profits, including income from property and capital, to be applied in a uniform way across the member states.

Er moet in de EU werk gemaakt worden van rechtvaardige belastingen op alle inkomsten en opbrengsten, ook die van vermogens en kapitaal, en dat op een uniforme wijze in alle lidstaten.

***The greatest social challenge remains the preferential treatment of the poor and the vulnerable. Everyone ought to be able to share the benefits of progress in Europe. We expect the EU to develop an equal opportunities policy for application to social security systems. This***

***would help develop and strengthen a European identity.***

In the revised 2005-2010 Lisbon strategy for growth and employment in the EU, "work for all" and "equal opportunities on the labour market" are presented as priorities.

The EU's approach is to focus on the pursuit of full employment as a first step, seeing this as the basis for upholding and developing social security in the EU.

The ECWM does not believe that this approach will work - certainly not within the next few years!

In the conclusions of its 2002 congress, the ECWM presented the concept of a "triad of work." Social security cannot remain confined to situations of paid employment. Voluntary and unpaid work must also be encompassed within the social security network.

For there are already forces at work that are reducing and dismantling our different social security systems.

The European institutions must take action to temper the reforms under way in the member states and at the very least prevent any further dismantling of social protection.

The ECWM opposes any further privatisation of social security. The meeting of essential needs can never be left to profit-oriented market forces.

We expect EU policy-makers to have the political courage to work towards a socially-responsible, fair and mutually-supportive Europe.

The EU must take the initiative and intervene to uphold social security and social protection systems and allow their further development in the EU member states.

The underlying principle must be that social security is a fundamental right for all. Solidarity

has always been the strength of our European social model, and must be returned to its role as the foundation stone of European social legislation.

Solidariteit is altijd de sterkte geweest van ons Europees sociaal model en moet opnieuw de stevige steunpilaar worden van de Europese sociale wetgeving.

## Chapter 5: ECWM declaration of commitment

The ECWM opposes the neo-liberal forces which, through their ideology of globalisation, clearly threaten the social security systems we have created – and want to maintain – in Europe.

Our movements wish to uphold well-developed and fair social security systems for all EU citizens. The myth that social security is the cause of economic and industrial problems in much of Europe must be debunked.

The ECWM movements will spread information and raise awareness of work-related and social security issues amongst their members, the general public and the civil society organisations. In doing so they will emphasise the following points:

- Solidarity and understanding between people, generations, countries and regions

should be fostered, not obstructed.

- The insidious privatisation of social security must be exposed and combated.
- The need to fight for equal access to social security for all, paying particular attention to the gender gap.
- Halting the dismantling of existing systems.
- Putting forward proposals for improvements.
- Striving for a fair funding system based on contributions from all forms of income.
- Demanding fair taxation.

***Our goal is mutually-supportive social security in the EU.***

# C Chapter 6: List European movements

## EBCA - MTCE - ECWM

- ACLI Italie .....Associazioni Cristiane Lavoratori Italiani .....www.acli.it
- ACO France .....Action Catholique Ouvriere.....www.acofrance.net
- ACO Catalunya .....Accio Catolica Obrera.....www.treballadors.org/aco
- CMO Italie.....Cristiani nel Mondo Operaio .....www.arpnet.it/longo
- CPMT Luxemburg .....Centre Pastorale du Monde du Travail
- CTC Suisse .....Communaute de Travailleurs Chretiens
- EDS Polen.....Europejski Dom Spotkan .....www.eds-fundacja.pl
- EP Belgique .....Equipes Populaires .....www.e-p.be
- HOAC Espagne .....Hermandad Obrera de Accion Catolica .....www.hoac.es
- KAB Deutschland .....Katholischen Arbeitnehmer Bewegung.....www.kab.de
- KAB Österreich.....Katholischen Arbeitnehmer Bewegung.....www.kab-wien.at
- KAB Schweiz .....Katholischen Arbeitnehmer Bewegung .....sozialinstitut-kab.ch
- KAB - NITRA Slovakia Katholischen Arbeitnehmer Bewegung
- KAD Danmark .....Katolsk Arbejderaktion
- KAMM Hongrie .....Katholischen Arbeitnehmer Bewegung
- KAP Tchequie .....Kristan An Prace .....www.hkap.cz
- KAV België .....Kristelijke Arbeidersvrouwen Beweging .....www.kav.be
- KWB België.....Kristelijke Werknemers Beweging .....www.kwb.be
- KVW Süd Tirol .....Katholisches Verband der Werkstätigen .....www.kvw.org
- LOC Portugal .....Liga Operario Catolica
- MAS Malta .....Moviment Azzjoni Socjali
- MCL Italie .....Movimento Christiano Lavoratori .....www.mcl.it
- MCS Roumanie .....Miscarea Catolica a Salariatilor .....
- MCW U.K. ....Movement of Christian Workers
- MLAC Italie .....Movimento Lavoratori di Azione Cattolica .....www.azionecattolica.it/  
aci/MLAC
- ZKRZ Slovakia .....Zdruzenie Krest'anskych Robotnikov a Zamestnancov .....www.zkrz.sk
- MMTC-WMCW- WBCA .....www.mmtc-infor.com





