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**From coordination to convergence and harmonisation ?  
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Everything started with the **Coordination** of Social Security for mobile workers – people moving abroad to work and to live in another member state. Portability of rights, as well as access to social benefits in the country of employment are the main instruments. They create from the beginning legal obligations, removing a part of member states sovereignty to the European institutions. For decades, this was the only visible strand of the European social integration.

But with the early 90ies latest, the European discussion went one step further. The question was how to deepen the European Social Model – by harmonisation or by convergence ? The result was, as we all know, a provisional victory for the convergence-approach. At this time, it meant a quasi automatic process: with growing success of economic integration, the social living standards and social welfare levels would step by step come closer to each other – without any explicit intervention on behalf of the European level.

But again, this attitude only held itself for about 10 years. After year 2000 **latest**, it was replaced by a more activist approach; one could call it “coherence”. Driving factors were growing financial pressures, globalisation of economy, the introduction of the EURO, and the enlargement of the European Union. The Convergence of social, economic and budget performance was no longer held to be a side effect of market integration, but has been submitted to a steering process lead by the Union. The associated growth and stability pact caused the members states to submit themselves to stability and convergence programs and to comply with them.

The activist convergence approach towards macroeconomic performance was immediately extended to social matters. Member states agreed on the so called Lisbon strategy for growth and jobs. Still respecting the Member States’ national responsibility for social policy, the EU started to coordinate different aspects of the national welfare states – the famous “Open Method of Coordination” was born. Social convergence was no longer expected to be an automatic result of economic integration, but an outcome of deliberate common policy decisions – a process based on benchmarking which creates a transnational justification constraint. This kind of coordination must not be confused with the coordination of Social security for migrant workers and European Citizens.

But how about **harmonisation** ? It is still not easy to talk about European harmonisation of Social Security and Social Protection. Instead, we prefer to agree on “minimum standards”, just another word for harmonisation at a certain level. We all know about the problems of this strategy: It is often linked to the application of the country of origin principle, together with the “mutual acknowledgement” of standards. The results are not always amusing for everybody, and they are sometimes strongly contested; I only remind the recent Court decisions in the cases Laval and Viking. Similar cases are already in the pipeline.

Again, the minimum standard approach will certainly not be the end of the European integration. There is evidence that the principle full harmonisation, already accepted in other sectors, could jump over in the social sector and directly influence the delivery of social goods and services and even in the provision of Social Insurance. But here we must be cautious what we talking about. Harmonisation can have two completely different meanings.

**Harmonisation of products** means a standardisation of goods and services, allowing trade and competition over the borders. This is particularly important after the liberalisation and privatisation of former public services and utilities. Much of this kind of harmonisation can be found in the current European debate on the future of Social services. And some of us might remember: it was the harmonisation of training requirements for medical profession that allowed the European Court of Justice to grant patients access to transborder health care. There is evidence that the draft directive on patient rights will give additional and innovative impetus to the harmonisation of quality standards for medical treatment. This consequence has been formulated in a very transparent way by the Social affairs Working Group of the European Economic and Social Committee. It said the new patients rights can only be executed effectively, when health services in the different member states have the same medical capacities regarding human and technical resources and devices. This should result in a harmonisation of health systems regarding certification and assessment of medical services, treatment procedures and hospital facilities.

Nevertheless, the harmonisation of quality standards, for instance regarding Social or medical Services, is not identical with the **harmonisation of Social standards**. Member states are not obliged to give their citizens free access to such services, even when their features should be standardized on the European level. So European Harmonisation of quality standards does not mean harmonisation of Social Security, Social Protection or the welfare state. The design of the welfare state still remains a national competence. Until now, this allocation of responsibilities between member states EU level and national levels in the field of social policy appears to be a fixed border stone. The different histories, priorities and economic performances of seem to be a solid obstacle against any attempt to harmonize social standards on a high (decent level). But the borderline is becoming to be fluid.

With the Maastricht Treaty, coming into force end 1993, **solidarity** between member states has been given the status of a legal principle. Together with the installation of a “Union Citizenship”, it brought a new item on the European agenda: the question of increased social solidarity and **cohesion** between the Europeans. Starting with the radical equal rights approach, it extended the freedom to choose the residence and now has a strong tendency to grant universal access to member states social rights, advantages and benefits. It was the European Court of Justice that eventually translated the European Citizenship into the right to enter in a European space of mutual solidarity obligations. The court held that Member States are not allowed to expel a European Citizen automatically only for the reason that he cannot pay for himself, and becomes dependent on means tested social benefits. The judgement was based on the principle of European Citizenship that creates legal solidarity obligations between member states even if this should come with financial burdens.

In addition, solidarity between member states could play a particular role in the field of Health Care. I remind the working document of the European Economic and Social Committee. As a consequence of its assessment of growing need for harmonisation of Health care standards, it calls in addition subsidies to some member states in order to improve the professional knowledge and the medical-technical infrastructure.

One more recent piece of evidence for the dawning of a European mutual Solidarity principle is the setting up of the European Globalisation Fund. It is not the first European fund and by far not the most expensive one – it counts only for half a billion Euro – at the moment. But let's have a look to its justification. The idea is that economic sectors, hit by unexpected shocks stemming from globalisation, can ask for help - organized and financed by Europe and not necessarily by the Member States.

These were only two examples for social solidarity organized on European level. One could add additional approaches such as the introduction of an own European tax. The ESC for instance wants to replace current EU financing mechanism by introducing such a European tax.

It is not easy to foresee at what point in time a critical mass of European wide solidarity and redistribution will be accumulated. A mass big enough to see the European Social Model no longer as a description of 27 existing welfare states, but as a new trans-national welfare state of its own. Nevertheless, every move of social redistribution away from the national level to the European level will pave the way for some harmonisation of the design and the standards of social welfare including social security. Or, another way round: every further discussion on common social values, shared principles and quantitative and qualitative targets, will go hand in hand with the question how to help those members that are not able to bear completely the financial consequences. The discussion will show us how much solidarity European members and citizens are willing – and able – to bear. Otherwise, there is the danger that we will end up with a residual welfare state on the smallest common denominator.

I will stop here any additional speculation on solidarity on the European level. I did it only with the intention to show that we must be very attentive when talking about harmonisation. Do we mean harmonisation of product standards, or harmonisation of social standards ? The first item will tell us how to complete the single market, and only the second one how to create a European Social welfare state.

But both approaches cannot be completely separated – there will certainly be some spill over. It is most visible at the moment in the health care sector. The freedom to provide health services in a Single Market – together with the patient's rights of free access to health services in other member states – will not only fuel the process of quality standardisation. In addition, pressure will grow on discretionary members states decisions to giving - or not – in due time access to such standardised health services that are held to be good, best or excellent practice. The stakeholders – service providers or patients – could legally challenge such member states decisions to deny access. And some judgements of the European Court of Justice show that this approach can be very successful. But parallel with some legal pressure goes similar political pressure. I recall the opinion of the European Parliament to European health strategy. Among other it was said that Health inequalities between member states must be overcome. Since one of the health deterrents is access to health care, it would be only consequent then to harmonize the list of health services accessible to every European Citizen.

There are additional examples for blurring borderlines between coordination of Social Security, harmonisation of product standards and harmonisation of social standards. Let us look back to the draft directive on portability of company pension rights. At the surface, this project appears to be the little brother of the 1408 coordination rules, dedicated to sustain company pension rights for mobile workers. But in reality, the project was from the beginning much more than that. The Commission did not only want to safeguard the acquired rights but to allow in addition for a transfer of capital assets from the scheme of the former employment

to the new scheme of the new employee. By the way the right to capital transfer should not only be restricted to workers moving abroad, but be given to every worker who changes his employer, even when he stays in his country of origin. The more or less hidden aim of this provision was to open the single market for second pillar pensions. But the draft directive will not stop at this point. It creates minimum standards regarding access to second pillar schemes, safeguarding of rights and some aspects indexation of rights. This is the part of the draft with the best chances to be accepted by member states. I will not speculate about the final version. To add some food for thought, let's have a look at some ideas to harmonise the retirement age and the definition of "Invalidity". Both proposals are excellent examples for a possible harmonisation of social standards. They can be associated with some problems resulting from the need to coordinate mobile workers access to pension rights. Until today, they didn't succeed. But again, the harmonisation of the definition and the acknowledgment of Invalidity is on the agenda. This time not in connection with Coordination rules, but with the European Strategy. It was the European Parliament in its comments that voted for a unification of the term "invalidity".

A final example: There has always been lobbying for the idea of a completely new European Social Security scheme dedicated exclusively to mobile workers. In line with the progress of European enlargement, one was speaking of a 7 system, an 11 scheme, a 16 scheme and now about a twenty eighth scheme. It is no longer a purely academic debate. As you all know, Alain Lamassoure, a Member of the European Parliament, sent a report to the French Presidency called "The citizen and the application of Community Law". In this report, Mr Lamassoure contested explicitly the viability of some European Coordination rules. They were no longer good answer to the needs of mobile workers and their employers. Instead, mobile workers should be given access to an optional 28 th European system of social security – in particular, when it comes to pensions. This system should replace national statutory pension schemes and the company pension schemes. By the way, this solution would open a very interesting market for private financial providers. Also he said they would serve the needs of clients much better than public schemes. Mr Lamassoure doesn't stand alone in this respect; his suggestions reflect in large parts industry and employers positions. And the EU Commission as well is not at all reluctant towards this approach. It is going to develop such a project for a sub-group of mobile workers: researchers and scientists. At least when it comes to old age provision, they should have the possibility to opt for a European 2 pillar pension scheme replacing the national ones. It would be run by private operators. The Commission made a sort of public tender to find out what kind of Pan-European Pension Fund could fit best. As a part of this process, quality and products standards will have to be defined. So again, we can see how a debate starts with 1408 coordination rules, its alleged failure to satisfy clients demands, ending up with liberalization and privatization und eventually harmonization not only of product standards, but social standards as well.

My intention was to show one more time that the European coordination of mobile workers rights, liberalisation of product markets and careful steps to harmonisation of product standards are hardly to be separated and can be scrambled in one and same legal project.

But even when we leave aside the crucial question of direct Social standard Harmonisation – the area of reliance in convergence has arguably been gone. With the OMC, the outcome of national policies shall be harmonized. The harmonisation of product standards will tell the member states largely how to achieve the harmonized policy goals. And all this happens with full respect of the Member States' competence to organize their Social security and social protection schemes. It is not easy to reconcile those diverging messages.

For ESIP member organisations, both paths of harmonisation are a challenge. For sure, we are confronted with a harmonisation tendency for product and service standards. Our concern in this respect is mainly the ability of standardised products and services to comply with overarching social objectives of our respective societies.

But when it comes to a European wide harmonisation of social standards, ESIP organisations are rather restrained. There is still no competence at European level. In addition, the outcome and consequences of such a harmonization are hardly to predict, leaving many observers with the feeling that not everybody will be a winner. So the basic stance is that the competence to design, organise and finance Social Security should stay within national competence.

However, the trend towards a growing influence of the European level on social insurance cannot be denied - including indirect and direct harmonisation of service standards and social standards. Therefore it will be essential to accompany the relevant social developments of Europe's social dimension. For social security institutions, that means to have a say not only at the national level, but at the European level as well – and this, where it is necessary and possible, together.