The „European Social Model“
Friedrich Ebert Stiftung
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THE ROLE OF THE NATION STATE IN THE „KNOWLEDGE BASED SOCIETY“ DOMINATED BY BORDERLESS GLOBAL ECONOMY

Josef Hochgerner
Zentrum für Soziale Innovation

FROZEN SOCIAL SYSTEMS ON THE MOVE ?
MAJOR CHALLENGES

Population growth
Environmental issues
Unemployment
Polarised income distribution

Decreasing welfare indicated by ISEW
Working conditions and business organisation
Knowledge economy
Societal continuity and disruptions

ECONOMY AND SOCIETY IN TRANSITION

Industrial Society
Industrial production of goods and services transformed agrarian society

- Value creation: Goods and services
- Productive factors: Soil+Labour+Capital
- Economic success depended on efficient use of labour [20th century]

Information Society
Information networks and the knowledge economy transforming industrial society

- Value creation; Knowledge and access
- Productive factors: Soil+Labour+Capital +Information
- Economic success depends on efficient use of resources [21st cent.]

Bridging the gaps: Work, learning, re-organisation, institution building

* Premature add-on of „information“ or „knowledge“ representing a new relevant factor effecting productivity. Serious attribution the new „productive factor“ to the „knowledge based information society“ will require two fundamentally new concepts: (a) taking into consideration the split of the „traditional capital“ into decreasing „real economy capital“ and increasing „fiscal transaction meta-capital“ (reducing the total of capital invested in real economy and its productivity); and (b) researching the contemporary equivalent formula to „capital not equals money“ (definition and measurement).
DEMOCRACY INHERITED FROM THE NATION STATE

Democracy by Representation
("Traditional Nation State")

Regulatory Democracy
("European Union Reality")

Separation of powers in nations: not all actors included

Dominant roles of EU-experts and purpose-lead "agencies"

- Superiority of Executive and Administrative Powers over Legislation
- Responsibility scattered
- Intransparent management of tasks
- Management by elections
- Higher degrees of "symbolic politics", but less relevance and identity

Emergent model: „Responsive democracy“
Plurality of participation, including components of direct democracy (referenda), transnational identities and solidarity


„NEW FRONTIERS“ FOR EUROPE ?

The big challenges … and the potential of Europe

- Political integration
- Economic development
- Cultural diversity
- Social cohesion
- Constitutional Process
- Human & growth potential, purchasing power
- Languages, exchange, mutual respect
- Reduction and closing welfare gaps

Two topical issues for debate:

- How to reach the “tipping point”, winning people’s hearts and minds?
Get rid of the the overwhelming image of the European Union being “nothing but” a project of “elites” or a cash machine; create and build upon positive images of social values, cultural and political competence.

- Does the “European Union” need and acknowledge a “founding myth”?
Compare and analyse the founding myth of “new frontiers” in the US history; vs. emergence of the European “nation state” (legal combination of sovereignty, territory and national identity) in the wake of the Peace Treaty of Aachen after the “30-yr. War” (1618-1648), and the peace project of the European coal and steel community (Monnet/Schuman) after WW2, leading to the Rome Treaty of 1957.
SCENARIOS OF EU-POLICY DEVELOPMENTS

EU$^{25}$ accept the Constitution prior to 2010
• Highway towards further enlargement, economic, cultural and social developments, EU takes on a role as global player
• Constitutional framework open to develop into a “Transnational Entity”, or “Con-Federation” or “Federation” (less favourable and very unlikely)

EU$^{25}$ accept the Constitution 2010 or later
• All developments possible at slower pace

A majority of MS accept the Constitution, some opt out
• No constitution, slower enlargement possible, less economic, cultural and social inclusion
• A confederation of some MS may emerge, most likely those participating in the EMU

Implementation of the Constitution fails
• Major set-back, economic policies and purposes will prevail
• EU may be kept busy to regulate internal polarity and conflicts

DECREASING IMPACT OF ECONOMIC GROWTH

Wealthy societies providing less welfare to people
GDP compared to ISEW (Index of Sustainable Economic Welfare)
Source: Stockhammer et al., 1995
GLOBAL INEQUALITIES

ECOLOGICAL BURDENS
Energy use per inhabitants related to GDP, Countries in comparison 1965 - 1990

EUROPEAN PERSPECTIVES

Three Visions for EU-Development

(1) to establish a coherent „European Social Model”
Currently no such model merely exists in a more concrete way than in rhetorics; there is a wide spectrum reaching from examples grown within national cultures - e.g. from the „Swedish model” to new experiments based on Reagonomics, Thatcherist practices and Hayek theories in the „neoliberal laboratory” Slovakia.
Prime objective: leverage standards upwards instead of degradation in a downward spiral.

(2) to transcend the era of the nation state
„Nation-states will survive, but not so their sovereignty” (Manual Castells, 1998)
Transnational democracy based on mutual interest will require new, not yet developed forms of representation, direct democracy, deliberation and regulatory frameworks.

(3) to accept, promote and conduct a positive role as global player
- comply with UN-„Millennium Goals” (targets set for 2015)
  www.un.org/millenniumgoals
Currently the ratio of development aid provided by the rich „North” compared to returns by interest rates from the poor „South” equals 1 : 3
- implement a „Global Marshall Plan” (export European standards)
  www.globalmarshallplan.org