Solidarity – Equity Dialectic in the European Union

Valeriu Frunzaru

The European social politics mainly geared to the field of employment, as well as the lack of European funds destined to the European citizen, involves the existence of European structural funds focused on the less developed countries and regions respectively. This type of social and economic assistance stresses, on one hand the idea of European solidarity and, on the other hand, it maintains a high level of suzerainty of the Member States.

The struggle for the community funds reminds us about the dialectical relationship between solidarity and equity at the level of national state. The struggle for European structural funds, the regional development and the project policy supports the idea that citizen's place within national social policies is taken over at the European Union level by the less developed regions (communities) or countries.

Given that the European social funds are destined to the regions in difficulty, we can say that the rich class – poor class relation at the level of national state was replaced at the EU level by the rich country (region) – poor country (region) relation. Someone contributing more than they benefit creates tensions between the rich countries and the poor countries. The solidarity between the European countries and regions is questioned.

To support this hypothesis, we bring the issue of the existence of structural funds distributed following a complex, according to some people's opinion, too complex methodology, for the assistance of the underdeveloped regions or the conversion of declining industrial regions.

An important role in this mechanism play the project policy, a type of focused support of regions, but which advantages such regions having know-how and minimal local resources.

During the European Union evolution, an important role in the struggle for diminishing the economical and social gaps played the European Social Funds. As early as the Preamble to the Treaty of Rome signed on 25 March 1957, the Members States undertook to consolidate the unity of their economies and to ensure their even development by diminishing the gap between the various regions. In this way it was decided to create a European Social Fund and an European Investment Bank. In time, the steps made for achieving the Single European Market and the Community integration of new members, led to the creation of four Structural Funds and a Cohesion Fund. The Structural Funds are: European Social Fund (ESF), European Agricultural Guidance and Guarantee Fund (EAGGF), European Regional Development Fund (ERDF) and Financial Instrument for Fisheries Guidance (FIFG).

An important role in the field of European solidarity plays the European Social Found, whose goal stated in the Rome Treaty is to improve the workers' employment opportunities and raise their living standards". So, ESF was geared to supporting the professional training, re-qualifying the work force, and later on to reintegrating the young people in the labor market. European Social Fund is the major instrument of the European social politics. The human resource development and the integration of the unemployed are the main measures for resolving the issue of poverty.

In the context of a high level of unemployment, this fund tries to facilitate the access to the labor market, which involves higher living standards and the possibility of social inclusion.

The evolution of ESF is an argument both in terms of solidarity at the EU level, and of the struggle for the redistribution of resources within the Community. From the very beginning, ESF showed signs of weakness as far as the resources and the development strategy were concerned. In the first ten years as from its establishment, it only had F 2.1 billion for the assistance of 1.43 millions of workers, i.e. 15% of the unemployed. The eligibility criteria were set by each Member State, not by the Commission, which encouraged the national states to use these funds to take over some costs of their own national politics. Moreover, the resources spent for encouraging the geographical and professional mobility stimulated the emigration for professional reasons, especially from Italy to France and Germany.

The larger gap between the regions of the Community determined the ESF officials and the Commission to pay a closer attention to the underdeveloped regions, thus paving the way for the regional development policies initiated in the '70.

In 1971 the Council established to increase the budget, gear it to the underdeveloped sectors and regions and authorize the Commission to set the eligibility criteria. The Funds were destined to the regions in difficulty for the assistance of the unemployed (after 1976 mainly for the assistance of the young people unemployed), the old or disabled people. Although between 1972 and 1976 the Social Funds increased five times, being the second largest funds, after those allocated to agriculture, and 90% were allocated to professional training and other education-related projects, the unemployment level was very high at late '70. The economic depression due to the oil crisis put the European Economic Community in difficulty, determining the development of new structural funds destined to the depressed areas and the resumption of the economical reintegration through the Single European Act (SEA), and in terms of social politics to the implementation of "Delors Packages". The perspective of full accomplishment of the single market and the monetary union, with their implications, led to doubling the Structural Funds and to a better distribution of resources to the less prosperous areas and to the labor market. If between 1994 -1999 ERDF held 47% of the entire Structural Founds, between 2002 – 2006 this will rise at over 50%, thus proving the importance that the regional developing politic will have in the EU future.

Even if the Structural Funds and the national social politics have similar social effects, having as a last goal the individual, the logics and mechanisms are different. If the benefits of the national social policy are due to the quality of tax payer or citizen, the beneficiaries of the Structural Funds are the eligible functional actors. However, the territorialization of the structural founds can lead to the idea of a social citizenship given by the quality of member of the respective region or country.

With the explicit purpose of reducing the regional disparities there was created the European Regional Developing Fund. Although as early as the Paris Treaty there was highlighted the existence of some gaps that can create imbalances or tensions between different areas, this fund was created only in 1975. Now the stress is mainly laid on: the areas highly industrialized for environmental purposes and the quality of life (e.g. London, Ruhr), the naturals regions artificially separated by political frontiers disconnected from supply sources and from sales markets (e.g. Basque Country, Belgian Walloon) and the areas most exposed to unemployment and poverty. We observe that from this type of funds enjoy both the poor countries of the Union, and the rich ones. This fact reminds us about the solidarity issue in the case of national welfare state. In the universal welfare state, the middle class is motivated to contribute to the common budget because it also enjoys the effects of the social redistribution. Instead, the residual pattern is criticized because it creates a breaking off between the rich class and the poor class, as the rich are not willing to give money for the poor. In this sense, Great Britain, at the end of its transition after adhesion, found itself in the position of contributing with very large amounts, and that was unacceptable from the point of view of the Thatcher's government. Hence the struggle for the limitation of contributions on one hand, and the effort to enjoy as much as possible from ERDF, on the other hand.

The European Guidance and Guarantee Fund (EGGF) finds itself in a similar position. This fund supports the programs of improving the production conditions and the marketing in agriculture. EGGF has to support the Common Agricultural Policy, which proposed in the Rome Treaty (art. 39) to improve the productivity, ensure equitable living standards for producers, stabilize the exchange rate, guaranty the supply security and reasonable prices for buyers. Returning to the situation of Great Britain, a country with a low food production, it was dissatisfied with the ratio of funds it donated for the Common Agricultural Policy in relation to the corresponding gains.

Under the pressure of the poor countries of the Union, a Cohesion Fund was created in 1993, having as goal to finance the projects in the field of environment and trans-European networks associated to transport infrastructures. Bringing up the problem of accomplishing the economic and monetary unity aroused fears by the poorer countries of the Union, mainly Spain, that they would not be able to deal with single market accomplishment. The pressures and even the threat that they would not sign the Treaty on European Unit led to the creation of this fund, in spite of the opposition of Germany, the Union most important contributor.

EU has been suffering from regional disparity, and for resolving this problem an important role play the regional development. In EU, the per capita income differences are twice as much in USA[1]. At Alentejo, in Portugal, these revenues amount to 40% of the European average, while in Hamburg it is 195%. Between 1991 and 1993 the unemployment in the south of Spain was three times higher then the European average (9,4%), while in Luxemburg or in some parts of Bavaria it was 2,5%. The difference is very big between the rural zones in Greece, south of Italy, south of Spain or Portugal and the areas of the large European cities like Paris, London, or Hamburg. There are disparities inside each country, between the north and the south of Italy, Spain or Portugal, between the west and the east of Germany or Austria, between the area of Paris and the overseas departments of France. The unemployment exceeds 20% in the south of Spain, south of Italy, in the former East Germany or in some zones of Finland. The Domestic Gross Product (GDP) per capita is under 12 100 Euro in Greece, Portugal, south of Italy, east of Germany and most of the former communist countries that are candidates to the adhesion find themselves in a worse situation. The lack or the failure of some development policies of these regions will maintain, or even will increase the absence of a high competitiveness necessary to a common market. Moreover, these regions can lose their young citizens, who will be tempted to migrate to the richer and better paid regions. This will lead to the existence of ever poorer regions and an older population, will increase the gap between the rich and poor regions, and, implicitly, will increase the pressure on the Structural or Cohesion Funds. The perspective of the candidate countries joining the European Union makes the problem of regional disparities even more serious. 41 out of the 53 regions of the former communist countries who applied to join the EU have a GDP per capita under 50% from the average of the 15 Member States. Bulgaria and Romania, witch will join EU later, have the lowest levels of GDP. Table I shows very clearly the disparity inside EU, and the large gap between the Member States and the candidate countries.

GDP per capita in Central European candidate countries and in the EU15 in 1998 relative to EU average.

Table 1

	Central European candidate countries				European Union			
	The 10 highest		The 10 lowest		The 10 highest		The 10 lowest	
1	Praha (CZ)	114	Yuzhen Tsentralen (BG)	22	Inner London (UK)	243	Ipeiros (EL)	42
2	Bratislavský (SK)	99	Nord-Est (RO)	22	Hamburg (D)	186	Réunion (F)	50
3	Közép Magyarország (HU)	72	Severoiztochen (BG)	22	Luxembourg (L)	176	Extermadura (E)	50
4	Slovenija (SI)	69	Severen Tsentralen (BG)	22	Bruxelles-Capitale (B)	169	Guadeloupe (F)	52
5	Jihozápad (CZ)	57	Yugozapaden (BG)	22	Wien (A)	163	Acores (P)	52
6	Ostravsko (CZ)	57	Severozapaden (BG)	23	Oberbayren (D)	161	Dytiki Ellada (EL)	53
7	Nyugat-Dunántúl (HU)	54	Yugoiztochen (BG)	24	Darmstadt (D)	154	Peloponnisos (EL)	53
8	Jihovýchod (CZ)	53	Sud (RO)	25	Ile de France (F)	152	Guyane (F)	53
9	Severozápad (CZ)	53	Nord-Vest (RO)	26	Bremen (D)	144	Anatoliki Makedonia, Thraki (EL)	55
10	Mazowieckie	53	Lubelskie (PL)	26	Utrecht	142	Ionia Nisia (EL)	56

Source: Eurostat (2001)

It's very easy to see that the adhesions to EU of the former communist countries from the central Europe will aggravate the situation of regional disparities. The economical gap between the developed areas of Germany, England or France, on one hand, and almost the entire Bulgaria and Romania on the other hand is so large, that without a consistent support from UE this gap will be very difficult to decrease. In this context, the issue of redistributing the EU funds will be brought up in the sense that the "poor" Member States will have to receive less, and the "rich" Member States will have to give more to the states that will adhere in the near future. The southern countries that adhered in the '80 made pressures to receive as much as possible from the common funds (including through the creation of the Cohesion Fund). The adhesion of Finland and Swedish in 1995 meant the occurrence of some specific problems marked by the inclusion of the Objective No. VI, having as a goal to assist the very little populated artic zones.

Unlike the classical point of view about the concept of "region", according to the European Parliament, "development region means a territory that forms, from the geographical point of view, a net unity or a similar assembly of territories in which there is a continuity, in which the population has some common elements and wants to keep the specificity so resulted, and to develop it in order to stimulate the cultural, social and economic progress"[2].

The regions are divided according to Nomenclature of Territorial Units for Statistics (NUTS) in five levels. The level 1 regions are the largest and the most important and are used as base for some programs and strategies. The NUTS II regions lie at the basis of the European policies for regional development. The medium size of these regions is about 13 000 km2 and 2 millions inhabitants. In Germany there are 40 NUTS II regions and across the European Union, after 1995, the number of such regions exceeded 2000[3].

It is very important that there are regions (countries) mainly beneficiaries from the resource of the Community. Between 1975 and 1988, 93% of the entire subsidies were destined to seven countries: Italy (32.5%), Great Britain (20,9%), France, Greece, Spain, Portugal, and Ireland[4]. After 1988 the funds were rather destined to the new Members States: Greece, Spain, and Portugal. The „poor" countries argued that, in order to remain competitive in the Single European Market, it was necessary to increase the support through Structural Founds. Spain, together with other UE „poor" countries (Portugal, Greece and Ireland) asserted it would refuse, by means of its veto right, to the Monetary and Economical Unity, unless two requirements were met: passing the budgetary efforts to the rich countries and increasing the sum of funds allocated to the poor countries. Although Germany opposed this proposal, the Commission, led by Jacques Delors, accepted the budgetary proposals and the creation of a new fund (the Cohesion Fund) with temporary status, which would not have consequences upon the budget[5].

Table 2

Country	% population 1996	% area	% contributions 1996	% benefits 2000
Spain	10,54	15,82	6,5	23,47
Italy	15,41	9,44	12,2	15,52
Germanin	21,94	11,18	30	15,34
Greece	2,81	14,12	1,5	11,42
Portugal	2,67	2,88	1,5	10,37
Great Britain	15,74	7,58	10,8	8,52
France	15,61	17,05	17,6	7,96
Ireland	0,96	2,16	0,9	1,68
Holland	4,15	1,29	5,8	1,44
Swedish	2,37	12,88	2,9	1,04
Finland	1,37	10,60	1,5	1
Belgium	2,73	0,96	3,8	1
Austria	2,16	2,63	2,9	0,8
Denmark	1,4	1,35	1,9	0,41
Luxemburg	0,11	0,08	0,2	0,04

Source: Monografii „Politici Europene" Series, *Politici de dezvoltare regională*, Edited by European Romania Institute, p. 15.

We observe that Spain receives, besides the contribution, approximately 17% of the entire budget, Greece – 10% and Portugal – 9%. At the other extreme, Germany and France receive approximately 15%, respective 10% of the budget less than they contribute.

For every inhabitant, Greece receives 286,2 euro, Portugal – 274,31, Spain – 157,10, Ireland – 123,22, while Denmark benefits only from 20,43, Holland – 24,41, Belgium – 25,79 and Austria – 26,17[6].

We can talk about a transfer of resources from the rich countries or regions to the poor countries or regions. The absence of these transfers would lead to a larger gap between the various countries and regions of the Community, and to more strained relations inside Europe, jeopardizing the European Union construction. The solidarity,. at least at the level of political relations, is a sine qua non condition for creating a strong European Union, with a single market, a single currency and a common foreign and security policy.

The Structural Funds are allocated on the basis of projects that must meet a complex system of conditions, which can be an impediment for the poorly developed regions that do no not have enough social and humane resources and know-how in order to have access to these funds.

In this sense, the following are the principles based on which the Structural Funds[7] are allocated:

1. Partnership – it supposes a close cooperation between the Commission and the national and local authorities in all the stages of the projects;
2. Planning and internal coherence – the projects must be included in a wider program, so that the synergic effect is bigger than the sum of individual results;
3. Additionally – the projects supported by the Structural Funds are complementary to the national or local projects, and not substitutive;
4. Focusing – the resources are focused on the clearly set target groups and areas. This is helpful for a better evaluation and at a more efficient management;
5. Efficiency – maximization of the effects with a certain amount of resources. For this purposes, the monitoring is ensured both during the project, and after financing;
6. Subsidiarity – depending on the project, the responsibility for the action should be delegated to the closest authorities;
7. Co-finance – in order to reduce the finance risk and increasing the degree of responsibility, EU will contribute only with a part of the resources necessary for the project;
8. Durability – the action of the project must also continue after the end of the financing by the EU

In order to focus the resources to the less prosperous regions, the Commission led by Jacques Delors identified five Objectives, to which the 6th was added: adhesion of Finland and Swedish. In the second reform produced at Berlin in 1999, when the "Agenda 200 for a Stronger and a Wider Union" was established, the number of Objectives was reduced to three:

1. Structural adjustment of the regions in difficulty (it corresponds to the former Objective No. I);
2. Social and economical reconversion for the regions having structural difficulties (it corresponds to the former Objective No. II);
3. Support of the active policies in the labor market, especially through the education, training and professional reconversion systems in accordance with the social and economical changes;

Creating jobs is the main challenge of the Structural Funds, and in general of the EU policy, both at present and in the future.

The resources are allocated after the elaboration by each state of the National Plans, which contain a social and economical and an environmental analysis of the entire country, but also of the regions or subregions), the adopted strategies and foreseen effects. The Commission has the responsibility to adopt the list of eligible regions and to set the estimative allocations for each Member State. Also, the Commission guides the planning process and the community initiatives.

WE observe that in this complex methodology, the analysis unit is not the citizen, but the depressed areas, the infrastructure of some countries, the economic units, the declining economic branches, population categories such as he workers having the citizenship of another

Member State, unemployed people, women or disabled persons. The solidarity – equity rapport is no longer achieved in the poor citizens – rich citizens relation, but between the European rich regions and poor regions. Integrating new members will mean a new distribution of resources. The Member States in the south of UE lost from the resources upon the 1995 extension and they will lose even more due the eastwards extension, probably from 2004.

Conclusions

The economical gaps between the European regions are important sources of tensions, so also obstacles for the building of a strong entity, competitive in global society and cohesive from the social and economic point of view. The history of the European structural policies show us that the poor class – rich class rapport at the level of national state was replaced by the poor

granted by the richer countries (regions) to the poorer countries (regions) will be for the policy at the European Union level, which for the national welfare state represents the transfer from the rich citizen to the poor citizen.

The European Union must conciliate three aspects: economic efficiency, creation of new jobs and social cohesion. Controlling the unemployment is the first challenge for the European social policies. The creation of new jobs through the development of the little and medium industry and especially of a high technology industry, with high added value, is the UE strategy for the future. The economic competition inside and outside Europe has and will have an important role in the building of Europe.

If the unity of Europe had as premises the tensions between Germany and France, respectively, between the Occidental Europe and the Soviet Union, today the major factor of cohesion is the globalization. In front of EU, besides USA and Japan, new economic powers rise, such as Russia and China. A larger and united Europe will deal with this competition much more easily. But these desiderata are opposed by the economic and geo-political interests, many times different, of the national country (region) – rich country (region) rapport at the level of the European Union. Moreover, what was called the trans-class alliance between the capital and the work force on a certain geographical region create an economic and social gap between the European regions, which represents an additional argument for the supporting the regions in difficulty. The support states. To this is added the resistance of the national feeling to the federalization of Europe. The national state kept his authority all the more that the global world activates the feeling of membership and identity. The construction of a European identity and solidarity cannot be achieved without developing some social policies that support the poor regions and help the citizens of Europe participate in the social life of this organism. Bern Henningsen says: "If a European identity exists or will be developed, this is not related to a Single European Market (and common costs) for the farming and metallurgical products, but to a social justice policy"[8]. The social inclusion meets the need of membership and participation in the European construction. The large gaps between the European regions and the citizens excluded from the construction of the unity are threat against the EU stability and competition capability. That's way I believe that it's impossible to concept a Europe without an important social dimension.

Integrating new members will mean new regions in difficulty which must be consistently supported, considering the large economic gap between the Member States and the candidate states.

---

[1] *Politiques sociales européens. Entre intégration et fragmentation*, Stephan Leibfried şi Paul Pierson (coord), Editura L'Harmattan, Paris, 1998, p. 139.

[2] Monografii „Politici Europene" Series, *Politici de dezvoltare regională*, Edited by European Institut from Romania, p. 11.

[3] *Ibidem*, p. 11.

[4] *Politiques sociales européens. Entre intégration et fragmentation*, Stephan Leibfried & Paul Pierson (coord), Printed by L'Harmattan, Paris, 1998, p. 139.
[5] In 1996 the Cohesion Funds was distributed as folows: Spain – 54,9%, Portugal – 18%, Grece – 17,9% and Irland – 9,1%. European Union Guide, Dick Leonard, Edited by Teora, 2001, p. 123.
[6] Monografii „Politici Europene" Series, *Politici de dezvoltare regională*, Edited by European Romania Institute, p. 16.
[7] Idem, pp.16 – 18.
[8] Apud *Politiques sociales européens. Entre intégration et fragmentation*, Stephan Leibfried & Paul Pierson (coord), Edited by L'Harmattan, Paris, 1998, p. 361.

BIBLIOGRAPHY:

- ANDREESCU, Gabriel, SEVERIN, Adrian, „Un concept românesc al Europei Federale" în *Un concept românesc privind viitorul Uniunii Europene*, Edited by Polirom, 2001.
- BĂRBULESCU, Iordan Gheorghe, *Uniunea Europeană: aprofundare şi extindere.* Cartea I. De la comunitățile Europene la Uniunea Europeană, Edited by Trei, 2001
- BERSTEIN, Serge, şi MILZA, Pierre, *Istoria Europei*, Vol. V, Edited by Institutul European, 1998.
- DEFARGES, Philippe, Moreau, *Organizațiile internaționale contemporane*, Edited by Institutul European, 1998.
- European employment and social policy: a policy for people, Directorate-General for Education and Culture, Edited by European Commission, 2000.
- FONTAINE, Pascal, *Construcția europeană de la 1945 până în zilele noastre*, Edited by Institutul European, 1998.
- La famille, organisation et protection dans la Charte sociale européenne, Les éditions du Conseil de l'Europe, 1995.
- LEIBFRIED, Stephan, PIERSON, Paul (coord), *Politiques sociales européens. Entre intégration et fragmentation*, Edited by L'Harmattan, Paris, 1998.
- LEONARD, Dick, *Ghidul Uniunii Europe*, Edited by Teora, 2001.
- Lutter conter la pauvreté et l'exclusion en Europe. Guide d'action et description des politiques sociales, Editor EAPN, 1996.
- MARGA, Andrei, *Filosofia unificării europene*, Edited by Biblioteca Apostrof, 1997.
- Monografii „Politici Europene" Series, *Politici de dezvoltare regională*, Edited by European Romania Institute, 2001.
- Monografii „Politici Europene" Series, *Politici sociale ale Uniunii Europene*, Edited by European Romania Institute, 2001.
- PRODI, Romano, *O viziune asupra Europei*, Edited by Polirom , 2001.
- TITMUSS, Richard M, *Essay on "The welfare State*", George Allen & Unwin Ltd, Londra, 1976.
- ZAMFIR, Elena, ZAMFIR, Cătălin, (coord.) *Politici sociale. România în context european*, Bucureşti, Edited by Alternative, 1995.
- ZORGBIBE, Charles, *Construcția europeană. Trecut, prezent şi viitor*, Edited by Trei, 1998.

*** Dicționarul Uniunii Europene, coord. Gilles Ferreol, Edited by Polirom, 2001.
*** Eurostat electronic library, No. 3, 2001.
*** www.europa.eu.int
*** www.infoeuropa.ro