

The future of the welfare state: paths of social policy innovation between constraints and opportunities

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The European Union and the Social Dimension of Globalization: Politics and Policy

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Introduction

In contrast with a decade ago, nowadays the European Union has an “ambitious international social agenda”. It just takes a quick look at official statements and policy documents to find out that the EU is increasingly committing itself to promoting the social dimension of globalization. Policy makers and practitioners have amply addressed the topic in international *fora* but academic research lags behind, with a few notable exceptions. Given these premises, the purpose of the paper is twofold: to provide a succinct illustration of the main steps in the progressive broadening of the social component in EU external relations, and to suggest an interpretation of this very recent development by focussing in particular on the dynamics which are connected to the EU’s unequivocal effort to strengthen its Common Foreign and Security Policy.

The first two sections will concentrate on the period 1999-2001: the founding blocs of the current strategy were laid down in those years and we shall discuss what –in our view – are the main explanatory factors. The third section addresses instead the slowdown which followed in the years 2002-2004 and the international context in which it occurred. The last part moves on to the next crucial step which corresponds to the year 2005 - when the “European Consensus” on development was approved along with other important legislative acts. We shall pay special attention to the influence of external factors - particularly the emerging structural decline of “unipolarism” and the Iraqi war - in accelerating the emergence of the EU as a global player with a distinctive political, social, environmental and economic agenda. The final comments will be devoted to highlighting the tensions between internal and external policies.

1. 1999-2000: The Turning Point in EU’s External Social Policies

In their introduction, Jan Orbie and Lisa Tortell - editors of what is perhaps the most comprehensive study of the EU’s approach to global social policy – provide the following concise description of recent events: “Since the 1990s the EU’s role in promoting the social dimension of globalization has evolved from a narrow focus on providing core labour standards through trade to a broader and more ambitious international social agenda” (Orbie and Tortell 2009: 5). In fact, not even that “narrow focus” was backed by a consistent EU strategy, as one can easily notice by considering the controversial debate which developed on the so-called ‘social clause’, in the context of the newly established WTO. The political dynamics surrounding the first years of WTO activity are indicative of the ambiguities which existed within EU institutions and among member states concerning the actual balance between trade liberalization, CLS and protectionist tendencies. In the

light of EC entrenched agricultural protectionism - which notably damaged developing countries - how should one interpret the fact that, along with the Commission and the European Parliament, France and Belgium strongly supported the inclusion of CLS protection in WTO agreements, while the UK and Germany opposed it? The dividing line between those genuinely in favour of improving living standards in developing countries and those primarily concerned with maintaining Europe's privileged position in the world is in fact partly masked by the terms of the debate. Not surprisingly, the regulation of labour standards was and still is seen by key states and actors in the Global South as a new and more sophisticated version of old protectionist barriers. In Robert O'Brian's (2007: 4) words: "many developing countries have historically experienced Northern protectionism in the international trade regime. They suspect that the labour standards issue will only be used to protect Northern markets. In international negotiations Northern states have consistently pressed for trade liberalization in areas where they possess economic advantages (e.g. services, intellectual property) while stubbornly shielding their domestic markets from full competition in areas where developing countries have an advantage (textiles, agriculture). The application of Northern countries' domestic trade laws to exclude competitive Southern products also raises doubts about how labour standards might be applied and who will pay the penalty for violations."

For the purpose of our argument we are not interested in providing an in depth analysis of the EU's positions on the WTO's "social clause"; we just want to underscore that up until the end of the 1990s EU institutions' sensitivities about the social dimension of globalization were largely confined to trade issues and were still far from reflecting horizontal coherence among different policy sectors. This overall assessment remains valid even when extending the analysis to external aid policies. Indeed, one can find specific projects tackling social issues within development aid programmes but the rationale underpinning intervention in this area appears largely economic/technocratic and business oriented. From the beginning, EC development policies were primarily influenced by the historical links and interests of member states with their former colonies: as a result, aid was overwhelmingly funnelled to francophone Africa and beneficiary countries were usually required to resort to technical staff and firms from donor countries. In line with this overall approach, the European Development Fund – which was outside the EC budget and directly financed by the member states – represented a major source of available grants and loans to developing countries.

Against this rather distressing backdrop, in our view, the year 1999 represents a crucial turning point¹. This is due to the interplay of both exogenous and endogenous variables. Lets start by considering external factors. Among that year's many international events, the WTO summit in Seattle appears of paramount importance, for its impact on public opinion worldwide, and particularly within European countries. The European Union was forced to confront, on the one hand, the total failure of the Summit, in spite of the great expectations which accompanied its preparations during the previous months, and , on the other hand, the consequences of the backlash against globalization which the no-global movement unexpectedly imposed on the international agenda. Suddenly, all of the evils stemming from globalization, especially in the social domain and the environment, entered with the evening news into the homes of billions of people across the world.

If Seattle suggested that a technocratic approach to trade policy and its side effects was no longer feasible or desirable, what really triggered a new course of action within the EU was the combination of this external pressure with the unprecedented institutional crisis which led to the resignation of the Santer Commission before the end of the office term – a crisis in which accusations of fraud and corruption in development policies played a primary role with heavy allegations levelled at Development Commissioner Moratinos. This added onto what already was an extremely negative image of the EU's external profile as a result of conflict in the Balkans. Notably, the events in former Yugoslavia highlighted EU's internal divisions and impotence in the face of dramatic violations of international law and human rights. Burying the head in the sand was the shameful policy that the EU longed to cancel from its recent past. Another piece is still missing to complete the puzzle; however, before we introduce this further element, the emerging scenario needs to be outlined in greater detail. Most clearly, while opening a window of opportunity, Santer's resignation left his successor Romano Prodi with the daunting task of restoring the Commission's credibility and re-launching Europe in the midst of mounting euro-scepticism with respect to both its internal and external policies. Prodi proved to be fully aware of the challenge, and it is not by chance that in the installation speech before the European Parliament, the new President of the Commission insists on the need to re-design Europe's role in the international arena while at the same time overhauling its internal organization in order to guarantee democratic accountability , transparency, effectiveness and "a sense of purpose". Both these goals are relevant for setting the

¹ Although less emphatically and using slightly different terms, Bob Deacon shares a similar view in an article of that same year. According to the author, there are "recent signs that the Commission is concerned to inject a more systematic approach and a more assertive approach into what is called the external dimension of European social policy"

social dimension of external policies on new grounds. Let's first see how Prodi envisages EU's role as a global player:

Europe needs to project its model of society into the wider world. We are not simply here to defend our own interests : we have a unique historic experience to offer. The experience of liberating people from poverty, war, oppression and intolerance. We have forged a model of development and continental integration based on the principles of democracy, freedom and solidarity – and it is a model that works. A model of a consensual pooling of sovereignty in which every one of us accepts to belong to a minority.

It is not imperialism to want to spread these principles and to share our model of society with the peoples of Southern and Eastern Europe who aspire to peace, justice and freedom. Indeed, Europe must go further. We must aim to become a global civil power at the service of sustainable global development. After all, *only by ensuring sustainable global development can Europe guarantee its own strategic security.*²

As the quotation illustrates, Prodi introduced in his first official speech as President of the Commission the definition of Europe as a 'global civil power' which has attracted so much scholarly attention (Telò 2009). The implications of this approach for the social dimension of EU external policies become even clearer in subsequent speeches, but before turning to them, it is most interesting to note that the commitment to pursue sustainable global development goes hand in hand with the commitment to radically reform the organization of external aid:

Nothing illustrates this need for efficiency better than the need for effective management of external aid. The EU is the most generous donor of development assistance in the world, but we have an appalling record when it comes to timely and effective delivery. [...] It is a daily tragedy that we are unable to deliver our development aid more swiftly and effectively. [...] we are failing to make the best use of our resources, and *the international image of the Union is undermined*. In the name of the people of Europe, in the name of humanity, we simply have to become more efficient. The Commission is determined to make a difference. *Fundamental structural reform is not an option, but a necessity*. We need to improve our aid strategies and budget allocations to ensure that they reflect the needs of the beneficiaries and our own priorities. This must remain a core task of the Commission administration. At the same time, we need radically to overhaul the way we use external resources for the management and implementation of projects. The Balkan case is an acid test of our ability to deliver the effective action on which our credibility depends. Here, if anywhere the gap between rhetoric and reality must disappear.³

Organizational reform appears in Prodi's discourse as a pre-requisite for fulfilling the Commission's commitment 'to deliver'. But what exactly should external policies 'deliver' with respect to social policy issues? In a speech on "Europe and Global Governance" which Prodi gave in Brussels only about a month later, one can find some useful elements to answer the question:

² Speech 00/41: "2000-2005: Shaping the New Europe", European Parliament, Strasbourg 15 February 2000, p.3, italics added by the authors.

³ *Idem*, p.7, italics added by the authors.

“The very forces which are uniting the planet threaten to deepen the divide between rich and poor countries, between the haves and have-nots in our societies. Many people, particularly in less developed countries are aware of this threat – *as we saw clearly in Seattle*. In many people’s minds, the term globalization has come to mean economic colonialism –the new imperialism of the rich nations. This must not be case. We need to see globalization not as a threat but as an opportunity to be grasped. We have to master it, *harnessing* its power to the needs of the world and offsetting its less positive aspects. We need globalization that promotes social equity and works to everyone’s advantage – including the poorest nations on earth. We therefore need to devise some democratically accountable way of handling globalization – a new kind of global governance to manage the global economy. *Business is going trans-national: so must politics*. [...] Practically all regions of the world now recognize that global governance can emerge only from inter-regional co-operation. Actors such as Brazil, China, India and Russia are willing to play a full part in the international system provided they have a full say in setting its rules and establishing its principles. But inter-regional co-operation can be effective only if the regions involved are strong and well-integrated. This means pursuing both economic and political integration. [...] Our European model of integration is the most developed in the world. Imperfect though it still is, it nevertheless works on a continental scale [...] We have already achieved a high degree of economic integration. From now on, in my view, *we need to concentrate on political integration* – establishing an area of freedom, security and justice, and developing our common foreign, security and defence policies. [...] I want Europe to be at the forefront of global progress, shaping the world of tomorrow. [...]”⁴

The above quotation contains two interesting elements: the first is the idea that Europe should ‘harness’ globalization by ‘offsetting its less positive aspects’ and promoting instead ‘social equity’ also ‘for the poorest nations on earth’. But the claim that Europe should build up its political profile – and especially its external political profile appears even more important. More explicitly, the social component of external policies is acknowledged and fully legitimised but as part of a broader strategy aimed at making of Europe a global leader in the international arena. This leads us to the fourth factor which should be included into the picture to adequately assess EU’s move toward a pro-active global social policy and the limits of the shift: the phasing in of the Amsterdam provisions concerning the Common Foreign and Security Policy and the subsequent appointment of Javier Solana as Secretary General of the Council and High Representative for the EU Common Foreign and Security Policy . As one can see from the following quotation which is taken from one of the first official speeches by Solana , the catalogue of the functions which Europe is supposed to perform in carrying out its ‘mission’ in the world includes support for democracy and human rights but the social dimension of globalization is not even mentioned:

The problems of today's world can only really be solved by working together. Our public want Europe to be able to tackle such issues as terrorism and drug-trafficking. They want us to be able to support democratic government, to defend human rights and the rule of law. They want Europe to play a role in ensuring that the world is more secure and more stable. And they recognise that individually we can make little impact on these issues.

⁴ Speech/00/115, 2nd COMECE congress, Brussels, 31 March 2000.

Only by acting collectively can we be a powerful force in support of the values and principles for which Europe is respected throughout the world.[...]

Through collective action, we can be effective in acting in support of the values and principles for which the European Union is respected worldwide. The Union is already a positive factor for peace not just in the wider Europe, but around the world. The contrast between the disastrous two world wars in Europe during the first half of the 20th Century, and the reconciliation achieved through the establishment of the Union in the second half, is an example of what regional integration can achieve. By looking beyond its own frontiers, the Union can be a powerful catalyst for stability and peace.

But it is no longer enough for Europe to remain a force for peace through example. The Union is also a community built on a set of principles and values. These considerations have become a distinctive feature of international diplomacy over the last few years. There is in particular *increasing concern to support democracy and human rights in developing countries*. I am convinced of the need for the European Union, together with those who share our values, to be forthright in defending these values and in upholding the basic principles on which Europe is founded.

This is not simply a question of defending ideals for their own sake. Putting the values of democracy, human rights and the rule of law at the heart of foreign policy is actually in our own interest. If we succeed, we will have more reliable partners, greater stability, and fewer humanitarian disasters. It is in fact the only way to conduct sustainable and defensible foreign policies over the coming years.

Achieving these objectives means we have to invest in new capabilities. We have to complement the existing extensive economic levers which the Union, as the world's largest provider of development aid, and as an influential actor across the full range of economic and financial institutions, has at its disposal. If it is to be effective, an active foreign and security policy requires a wide range of resources to draw on. Goodwill is not enough.[...]

Establishing a military capability is an important element of a properly functioning CFSP. But it has to go hand-in-hand with the development of adequate civilian capabilities.[...]

We shall also have to be ready to adapt. In a rapidly changing world, we cannot afford to be left behind⁵

2. From discourse to practice: the first organizational measures

The official statements quoted in the previous section convey a rather clear political message that can be summarized as follows: it is time to boost Europe's voice in the world and this should be done by paying greater attention than in the past to the social dimension of globalization. Was it only rhetoric? By looking at the concrete measures which were introduced in 2000 and 2001, one gets the impression of a real new start in EU's external social policy. In fact, a slow-down followed this first two years of hyper-activity. But let's begin by illustrating the steps which the Prodi Commission took in the immediate run of its installation.

The Commission - and particularly Development Commissioner Poul Nielsen - immediately engaged in a general overhaul of development policies. By April 2000, the Commission had already issued a statement on development policy which outlined a comprehensive approach to

⁵ Council of the European Union 11 February 2000, Copenhagen.

development, focussed on poverty reduction⁶. The statement on development policy, and a subsequent joint Council and Commission statement⁷, established poverty reduction as the central objective of EC development programmes and other EC policy fields in developing countries. In May 2000 an initial reform programme was outlined to improve the quality and speed of delivery of projects, ensure sound financial management, and increase the impact of European development assistance⁸. In February, and then in May 2001, the Commission produced a rolling programme of action, setting out clearly the reform programme in terms of aims, actions, expected results, an indicative timetable, and the progress made⁹.

As regards programming and the planning of development interventions, the key innovation was the establishment of guidelines for the production of Country and Regional Strategy Papers. As a new approach to programming, Country Strategy Papers (CSPs) were supposed to focus on poverty, to be comprehensive, to emphasise country ownership, to promote work-sharing and complementarity, to involve consultation with civil society organisations, to focus on a limited number of areas, and to incorporate a number of cross-cutting issues such as human rights, gender equality, and environmental concerns¹⁰. Further, an Inter-service Quality Support Group (IQSG) was charged with reviewing the strategy papers and promoting best practice.

On 1 January 2001, the EuropeAid Cooperation Office was established as a single department to handle the EC's external aid, with the exception of pre-accession programmes, humanitarian activities, macro-financial aid, the Common Foreign and Security Policy, and the Rapid Reaction Facility. The intention was to rationalise the management and implementation of development assistance, by moving further away from a geographical assignment of responsibilities to DGs - the arrangement in which DG External Relations deals with non-ACP countries, and DG Development deals with ACP countries - and integrating the various stages of the project cycle¹¹. DG Development and DG External Relations were now charged with the programming phase of the project cycle - policy and strategies - for ACP and non-ACP countries respectively. EuropeAid was focussed on the remaining five stages of the project cycle, right through to evaluation.

Reflecting the new drive toward horizontal co-ordination, EuropeAid was managed by a 'political' board comprising Chris Patten (Chairman) representing DG External Relations, Poul

⁶ Communication from the Commission to the Council and the European Parliament *on the European Community's Development Policy*, 26-4-2000, COM (2000) 212 final

⁷ Statement by the Council and Commission *on the European Community's Development Policy*, 10-11-2000

⁸ Communication to the Commission *on the Reform of the Management of External Assistance*, 16-5-2000

⁹ Commission Staff Working Paper, *The European Community's development policy: Programme of Action*, 21-5-2001, SEC(2001) 808

¹⁰ European Commission, Secretariat of the Inter-service Quality Support Group, *Guidelines for the implementation of the Common Framework for Country Strategy Papers*, 4-5-2001

¹¹ The project cycle has six stages. These are: programming, identification, appraisal, making the financing decision, implementation, and evaluation

Nielson (Chief Executive Officer) representing DG Development, Pascal Lamy representing DG Trade, Pedro Solbes Mira representing DG Economic and Financial Affairs, and Günther Verheugen representing DG Enlargement.

The devolution of project management towards the Commission's Delegations in partner countries was a further key aspect of the reform process¹². Echoing the principle of subsidiarity, this move was intended to give Delegations greater responsibility and authority for the implementation of EC programmes, and to allow them to work more closely with other actors at the local level. The principle was that 'everything that can be better managed or decided locally, close to the field, should not be managed or decided in Brussels'.

At least apparently, the quite radical reforms which we have briefly outlined fulfil Prodi's initial commitment to "close the gap between rhetoric and reality" and to move "from a procedure-oriented organization to a policy-oriented one"¹³. The thrust of the new organizational design clearly reflects the concerns expressed in the concurrent *White Paper on governance*. While when considering this latter document, political and academic attention has largely focussed on its implications for internal policies, it is interesting to note that the same principles, methods and concepts are in fact applied in the overhauling of development policies. Transparency, accountability, cross-sector planning, monitoring and evaluation - along with civil society involvement, decentralization, horizontal and vertical subsidiarity and multi-level governance - are all concepts to which the operational outline of the new strategy explicitly and frequently refers to. Yet, one should not jump to conclusions about the overall coherence between internal and external EU policies. The Development Commissioner Poul Nielson, for instance, often emphasized the need for further progress in ensuring that other EC policies such as fisheries, trade and agriculture do not undermine development efforts. We shall return to this issue in section four on decent work. At this stage we shall limit ourselves to highlighting the structural consistency between the rationale underpinning policy-making and implementation concerning both internal and external EU policies. But there is more to say about the steps taken by the Prodi Commission to move external policies in a new direction.

The two-year period under consideration marks a turning point also with respect to existing partnership agreements between the EU and developing countries. On 23 June 2000, the European Community and its member states, on the one part, and the members of the African, Caribbean and Pacific group of states, on the other, signed the Cotonou Agreement. There is a wide literature on the subject, but for the purpose of this paper it is most important to see how the EU wants this

¹² Formally, all Delegations are responsible to DG External Relations; in practice, they are dealt with by EuropeAid.

¹³ Speech 00/41: "2000-2005: Shaping the New Europe", European Parliament, Strasbourg 15 February 2000,

political move to be perceived outside the closed circles directly involved in the negotiations. What does the EU's website say about this agreement? The message conveyed through this most powerful communication instrument is clear-cut: under the heading "Cotonou Agreement", one finds the following summary: "the Cotonou Agreement's main objectives are the reduction and eventual eradication of poverty and the gradual integration of African, Caribbean and Pacific States¹⁴ into the global economy, whilst adhering to the aims of sustainable development"¹⁵ The same page offers the following account of how this agreement fits into the long-term relations between the EU and ACP countries: "the agreement represents a new stage in the co-operation between the ACP states and the European union which began in 1964 with the signing of the first Yaoundé Convention and continued with the four Lomé Conventions. Given the limited success of the main approach of non-reciprocal preferences in the previous conventions and the need to adapt to international developments such as globalization and technological progress, plus the far-reaching changes in the ACP states, the Agreement ushers in a *new approach* to cooperation in this field."¹⁶ In the preface to a brochure on the first five-year revision of the Cotonou agreement¹⁷, the then Commissioner for Development and Humanitarian Aid, Louis Michel appears even more emphatic about the signing of the agreement on 23 June 2000, by referring to it as a "historic moment" and "the beginning of a new era".

But despite the attention to specific sectoral social policies - improving education, health and nutrition systems - it would be misleading to narrowly focus on each of them or on the technical aspects connected to poverty reduction measures without referring to the broader political strategy in which all of these elements are embedded in. The primarily political dimension of the Cotonou Agreement is clearly spelled out in Prodi's speech at the Cairo Summit, which was held shortly before the official signing of the Cotonou Agreement:

Les relations entre l'Europe et l'Afrique, déjà si riches dans tous les domaines, doivent aujourd'hui s'inscrire dans un nouveau cadre stratégique. L'Union Européenne se trouve actuellement à un tournant de son histoire. [...] En premier lieu, il faut absolument mettre fin aux conflits, tant aux conflits internes qu'à ceux qui opposent les Etats africains [...] Outre les causes ethniques, ces conflits sont souvent dus à des dérives politiques, à la

¹⁴ The notion of 'ACP States' goes back to the 'ACP Group of States', formally established in 1975 with the Georgetown Agreement, which was initially signed by 46 African, Caribbean and Pacific states. Today, the ACP group of States counts 79 countries, 78 of them signatories of the Cotonou-Agreement (with Cuba being the exception). South Africa is a contracting party of the Cotonou Agreement, but not all the provisions apply to the cooperation between South Africa and the EC (see protocol 3 of the Cotonou Agreement). The ACP Group of States has its own institutions and decision making processes. It relates with the European Community through the joint institutions of the Cotonou Agreement.

¹⁵ <http://europa.eu/cgi-bin/etal.pl> (page available on 4/06/2009)

¹⁶ *Ibidem*, emphasis in the original text.

¹⁷ http://ec.europa.eu/development/icenter/repository/Cotonou_EN_2006_en.pdf

persistance d'injustices économiques et sociales flagrantes ou encore à l'aggravation de la pauvreté. La dimension politique du développement et de toute stratégie crédible visant à réduire la pauvreté doit faire davantage partie intégrante de nos efforts conjoint. [...] Dans le contexte, la coopération et l'intégration régionale constituent deux domaines privilégiés. Outre leurs avantages économiques, elles permettent de progresser dans la voie des objectifs de sécurité et de paix. L'Intégration régionale ne peut s'accomplir d'un coup de baguette magique. [...] Sur ce plan l'Union européenne offre à vos pays son assistance, qu'elle tire de sa propre expérience.¹⁸

The above quotation appears extremely useful to place into context the social sensitivities of the Prodi Commission, as far as the external dimension of EU policies is concerned. To put it differently, social goals are not an end in themselves, rather they are part and parcel of a broader design in which they do not appear to rank first. Actually, considering the unbalance between economic and social priorities in the internal dimension of EU policies, this is hardly surprising. And yet, as we shall discuss in the next section, the usual interpretation of an economically driven and economically oriented EU does not provide the proper lenses to understanding the processes under consideration in this paper.

However, before opening this Pandora box, we need to complete the picture which we have outlined so far by adding a last piece, namely that starting in 2001 the EU established increasingly tight co-operation links with the ILO. Notably, the EU is not a member of the ILO; but following the 2001 'Exchange of Letters', the Commission acquired observer status, which allows its representative to intervene in ILO debates. This move offered both institutions the opportunity for a structured dialogue, which for a variety of reasons they had not pursued previously. And this occurred at a time when the Director General Juan Somavia was launching *Decent Work* as the new innovative strategy for the ILO.

3. 2002-2004: Navigating in troubled times.

Compared to the Commission's hyper-activism at the turn of the new century, which – despite all its limitations - allowed the social dimension of globalization to be put on the EU's institutional agenda, the years 2002-2004 appear a deadly flat sea. And yet, although at the surface hardly anything seemed to be moving, quite crucial things were happening 'under-water'. To appreciate the sudden slow-down in the reform process initiated during the previous two years, one needs to be reminded first of all that existing international scenarios were deeply changed by the September 11 terrorist attack. To fully grasp short and medium-term effects of the new dynamics which developed in the international arena, following the attack to the twin towers, the MDGs

¹⁸ Romano Prodi, Sommet Europe-Africa, Le Caire, le 3 avril 2000, Speech/00/125.

history appears even more revealing: the UN suffered a quite similar slow-down with respect to the Millennium Development Goals. What happened across the Atlantic Ocean deserves attention not only because of the MDGs' crucial importance in the overall development of global social policy, but also to place into perspective the steps taken by the European Union in this respect.

As a message sent out to the world, MDGs were undoubtedly a turning point, also because for the first time the UN Assembly moved from generic social commitments to clearly measurable quantitative targets; but as argued elsewhere (Fargion 2008) one should not be dazzled by the media glare that they quickly acquired, when approved in September 2000. MDGs were an essential part of a strategy to re-launch the UN, which seemed more urgent than ever because of its critical loss of credibility, due to its growing incapacity to handle the emergencies of the planet. It was those very emergencies that inspired the three watchwords that articulated Kofi Annan's project: 1) freedom from want; 2) freedom from fear; 3) freedom of future generations to sustain their lives on this planet¹⁹. It is not hard to see behind the meticulous quantification of the aims to be achieved the implicit admission of a long chain of failures ranging from the seemingly unstoppable spread of HIV in Africa to the deadlock in negotiations connected with climate change, and the proliferation of devastating local armed conflicts, with all that they entail: illegal arms trafficking, child soldiers and ethnic cleansing. In a sort of metaphorical poker game, the Secretary-General was raising his bid rather than giving in to the disarming impotence of the institution he was presiding over. It was a courageous choice, but also a gamble, given the actual strength of the cards on which the United Nations could depend, caught as they were in the grip of an institutional framework dating back to a bygone age and completely crushed by the power dynamics characterising the basically single-pole phase of the international system. The UN urgently needed to emerge from this *impasse* and from its ever clearer marginalisation from any crucial decisions

The above considerations shed light on the fragility of the framework on which the MDGs rested and help us in understanding why - once the moment came to pass from formal pledges to actual implementation - the results were so disappointing. But this is one side of the coin. It is also true that history did not help. The change in the international scenario after the attack on the twin towers was extremely damaging to the slender prospects for re-launching the UN and to the priorities for action incorporated in the millennium goals. The latter risked remaining little more than wishful thinking, if we look at the policy measures actually adopted in the first three or four years of the new century. And so, to supply fuel to a motor that had never really started up, a team of experts guided by Sachs was entrusted with the task of proposing a

¹⁹ UN (2000) , *We the peoples: the role of the United Nations in the 21st Century*, Report by the Secretary-General.

genuine ‘action plan’ to achieve the goals defined, with road map, timetable and indications of the resources to be used: the *Millennium Project*, officially presented only in January 2005.

The 2004 Report of the “World Commission on the social dimension of globalization” also provides a lucid assessment of the difficulty – if not the sheer impossibility - of moving forward global social policy objectives in an international context dominated first by the Afghanistan and then by the Iraqi war. Notably, the work of the Commission – which was set up by the ILO and chaired by the Presidents of Finland and Tanzania, symbolically representing men and women, and the North and South of the world – is a second milestone in the advancement of global social policy, hence the following considerations appear even more reliable: “Public debate on globalization is at an impasse. Opinion is frozen in the ideological certainties of entrenched positions and fragmented in a variety of special interests. The will for consensus is weak. Key international negotiations are deadlocked and international development commitments go largely unfilled.”²⁰

The above considerations suggest that by occupying the front stage in the international arena, the war on terrorism dimmed global social policy concerns. But at the same time, quite paradoxically, the Iraqi war also accelerated the emergence of a fully-fledged European development strategy. Contrary to what happened in the case of the war in Afghanistan, the US invasion of Iraq triggered increasing tension in the US-EU relationship and among NATO members. France was particularly vociferous in condemning Bush’s and Blair’s decision to invade the country, but it was certainly not isolated in taking a critical position. Germany was also not in favour, and in the few Member States more supportive of the US, like Italy, social movements against the war gained momentum, rapidly spreading across the entire continent. In short, US ‘unilateral’ and aggressive politics under the Bush presidency were not conducive to a strengthening of common Euro-American views on how to tackle global problems. Quite to the contrary, they strengthened the alternative option of having Europe decide its own strategies at last, and progressively become a global actor in a world in which multi-polarism was starting to manifest itself with new actors from the Global South pressing to have a say in the international arena. Similar hopes originally emerged immediately following the fall of the Berlin Wall: the end of the bipolar world opened an unprecedented opportunity for Europe which the old continent was unable to grasp as the Balkan wars dramatically demonstrated. Ten years later, the situation was ripe for a new try and for at least starting to put into practice the lessons learnt from that failure.

²⁰ ILO, (2004), *A fair globalization: creating opportunities for all*, World Commission on the Social Dimension of Globalization, p. IX.

In our view, it is against this backdrop that one can better appreciate the steps which the European Union took in 2005, starting with the “European Consensus on Development” and continuing with a list of other crucial measures. However, it would be misleading to focus only on external dynamics. It is true that on the internal front, the overwhelming task of completing the enlargement process by January 2004 absorbed most EU’s political and administrative energies. And yet, as mentioned at the beginning of this section, the Commission continued to work in the backstage on the external strategy initially designed in 2000. A case in point is the European Commission’s active participation to the abovementioned ILO World Commission on the Social Dimension of Globalization and the EU’s endorsement of the final recommendations. Given the close co-operation between the EU and ILO - which was further developed in the following years, focussing particularly on the “decent work agenda” – a few words are in order to pinpoint the vision which the Commission’s works conveyed to the world.

The relevant report issued in 2004 contains what certainly was at the time the most comprehensive and ambitious alternative to a merely economic conception of globalization. The “ethical void” that – according to the text – characterised the latter is opposed with a “fair and inclusive” globalization that “puts people first” and that should be judged in relation to its capacity for providing “decent work; for meeting their essential needs for food, water, health, education and shelter and for a liveable environment”²¹ Interestingly, this list recalls the “five giants”, which Beveridge identified more than sixty years ago, as a major obstacle on UK development that the State should harness. In the twenty-first century we have two more giants to deal with: water and the environment.

This frame of reference builds on the Millennium Goals’ strategy . In fact the Report claims that “the attainment of the Millennium Development Goals (MDGs) should be seen as the first steps towards a socio-economic ‘floor’ for the global economy”. If, here and elsewhere, the document projects an excessively optimistic image, in other parts it seems to display more pessimism. To cite some examples, the report fully acknowledges the frustration and resentment expressed by African representatives, who point to the risk of a “re-colonization” of their continent. Again, it claims that “industrialized countries’ protectionism denied to others the very route that they themselves had used to grow”²² and it denounces the gap between principles and practice emblematically illustrated by international aid for development.

The European contribution to the drafting of the 2004 Report is clearly reflected, among others, in the explicit reference to ‘social cohesion’ – an unequivocal EU brand concept - and in the re-iteration in paragraphs 319, 320, 321, 325 and 327 of the importance of regional integration

²¹ *Idem*, p. 5

²² *Idem*, p.17.

worldwide and of its inter-connected social dimension. Co-operation with the ILO also resulted in the joint signing by Poul Nielson (for DG DEV) and Stavros Dimas (for DG Employment and Equal Opportunities) of a “Strategic Partnership” with the UN specialized Agency focussing on the following five areas: a) Core Labour Standards (CLS) with particular emphasis on child labour and education; b) corporate social responsibility; c) social dialogue; d) employment strategy and poverty reduction; migration and development.

The Commission did not only engage in increasingly closer co-operation with the ILO, but what really shows the kind of work being silently carried out during the period 2002-2004 is the quality and wide-ranging scope of the documents which the EU institutions approved in 2005 - to which we now turn. Most clearly, these documents were not written over-night.

4. From 2005 onwards: the social dimension of EU external policies.

Starting with 2005, one is confronted with a whirl of official statements, Communications, and other policy measures on development and external EU policies. Actually, the risk is that of being bewildered by an over-load of information. Considering it is impossible – in the context of this paper - to provide an accurate assessment of such extensive legislative production, we shall concentrate on the rationale which, in our view, underpins this recent EU move and try to highlight how social policy issues fit into the picture.

“The European Consensus on development” is usually considered as the take-off of current EU development policy. Technically, this is a Joint Declaration by the Council, the European Parliament and the Commission - which was signed on 20 December 2005. The very title provides in fact interesting hints to place the act into perspective: the act was originally entitled “the Brussels Consensus” to set it blatantly against the “Washington Consensus”²³. In this vein, Lisa Tortell and Jan Orbie (2009) refer to it as “a middle course between old-fashioned protectionism and unbridled free trade.” Although the economic dimension is certainly an important component of the “European Consensus”, it would be misleading to only focus on

²³ The vision of globalization that held the international scene until the late 1990’s is usually summed up in this effective phrase coined by Williamson in 1990. Williamson was referring to a very precise set of technical proposals – codified in a set of rules – that was first put forward by the IMF, the WB and some economic agencies of the American government to deal with the financial crisis that had set off a chain reaction in the largest Latin-American countries in 1982. What exactly was meant by the Washington Consensus and how the reforms it postulated were introduced has been the subject of impassioned debate among economists, and Williamson himself has questioned the later use that was made of this formula. In a nutshell, the Washington consensus saw development only in terms of an increasing GDP, assuming that dynamic growth would automatically reduce poverty and resolve distributive problems. This approach which has been described polemically as ‘market fundamentalism’ emphasizes trade and financial liberalization, moving entirely in a vision of ‘more market and less State’. In this framework social policy has a merely residual role.

economic aspects. Even by just keeping to the letter of the declaration, development co-operation appears as a component of a quite “broader set of external measures”. The list of these measures is considerably wide-ranging and includes the following:

- Trade and regional integration;
- The environment and the sustainable management of natural resources; infrastructures;
- Water and energy;
- Rural development, agriculture, and food security;
- Governance, democracy, human rights and support for economic and institutional reforms;
- Prevention of conflicts and of state fragility;
- Human development; and social cohesion and employment

As one can see, we are very far from the traditional technical, economic and humanitarian approach. The vision stemming from the document reflects an underlying political dimension which can hardly be ignored. In a sense, the EU appears to be mimicking USAID; certainly not concerning specific policy aims but rather in the overall conception of development policies as soft power or more precisely as a pillar of foreign policy. This is precisely what USAID has always been; as its mission statement reads: “USAID plays a vital role in promoting U.S. national security, foreign policy, and the War on Terrorism²⁴

If the European Union appears in the business of following the same path, by aligning development policies to foreign policy objectives, the European trajectory presents a number of distinctive features which clearly depend on its peculiar institutional profile and historical legacy. We are no longer in the situation of the 1970’s, when Henry Kissinger used to joke that “When I want to call Europe, I cannot find a phone number”, but there is still no Foreign Minister and Europe is just starting to speak with only one voice.²⁵

The Commission has never denied the difficulty of harmonizing member states’ views and priorities. In another Communication concurrent with the European Consensus, the following statement appears: “Strangely, although the EU has managed to adopt common strategies on some tricky and sensitive areas, it has not been able to do so in a policy area where it is one of the biggest players (supplying 55 percent of ODA) and where there is a comprehensive framework of multilateral commitments.”²⁶ In the face of a similar acknowledgment, the European Consensus’ “definition of a framework of common principles within which the EU and its Member States will each implement their development policies in a spirit of complementarity” appears to –say the least – a structurally weak commitment. In fact the 2000 “Joint Statement on the development”

²⁴ http://www.usaid.gov/about_usaid/primer.html

²⁵ the first international crises in which this occurred are in fact the 2006 Lebanon war and the 2009 Georgia war.

²⁶ COM (2005) 132 final/2, p. 7.

reflected a more lucid understanding of the issues at stake when asserting: “Community action is more neutral than action by Member States, which have their own history and are bound by a specific legal system.”²⁷ This point calls for further elaboration but building on the evidence discussed so far, we want to suggest that the EU emerging external strategy will – at least in the near future - continue to reflect existing tensions between member states and community interests, despite the Commission’s ambition of providing for the first time a comprehensive and coherent framework. The 2007 annual Report on external aid tells us that “the Commission adopts three main identities: political player, development agency, and donor administration – and is continuously seeking ways in which it can more effectively combine these three”²⁸ Let us only add two more comments: in the above statement, the term political player ranks first – which entails that social goals should be subordinated to primarily ‘political’ goals - but at the same time we would like to argue that not all the pre-requisites are there to perform that kind of a role.

If we turn to the specific model which the EU is trying to export, further tensions surface: developments in the so-called “decent work agenda” provide the best example of the kind of tensions we are referring to. In its 2006 Communication on “Decent Work”²⁹, the Commission called attention on the fact that the vast majority of workers across the world are not covered by social insurance programs. Building on these premises, in December 2006 the European Council affirmed “its commitment with the decent work agenda as a global instrument to promote employment, better labour standards and foster development.” By looking at official documents, one finds out that at present, “decent work” is considered a priority in enlargement policies towards Croatia, Turkey and Macedonia; at regional level, employment and decent work have been placed on the agenda of the Euro-Mediterranean Partnership. Decent work issues appear also in EU bilateral policy dialogue and cooperation with key emerging countries (China, India, Brazil). But what was supposed to represent a new frontier, and was launched in 2006 with extensive media coverage, has now slipped out of the political agenda and hardly anyone talks about decent work. What happened? Right to strike and collective bargaining have been undermined by the ECJ verdicts in the Laval and Viking case; moreover, there is a gap between the formal signing by new member countries of the ILO conventions and their actual implementation. In short, enlargement and the European Court of Justice have further tilted the balance between market and social objectives in favour of the former. Under these circumstances a subtle contradiction emerges

²⁷ Statement by the Council and Commission on *the European Community's Development Policy*, 10-11- 2000, p. 5.

²⁸ COM(2007) 349 final, p.4.

²⁹ COM (2006) 249 final “Promoting decent work for all – the EU contribution to the implementation of the decent work agenda in the world”

between increasingly ‘market-oriented’ internal policies and ‘socially oriented’ aspirations in external policies.

In spite of the limitations which we have outlined above, our assessment of future prospects concerning the role of social issues in external EU policies is rather optimistic. As the EU will have to progressively strengthen its role as a truly global actor, in our view, the social component of its overall external strategy will consolidate in line with the historical legacy which will shape its international profile.

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