

Social policy in a federal Europe

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Abstract. *The European Union has a federal structure, in which each citizen is subject to two governments. The position of social policy within the federation is contested, but the EU has gradually developed powers through the extension of its competence, direct intervention in social welfare issues and the push for 'convergence', or agreement on minimum standards. Consistent with its federal nature, the European model of the welfare state is based on convergence, integration of the excluded and social protection through the gradual extension of solidarity. The precise role that the federal government will take on within this is unclear, but it is already having a major impact on social welfare and its influence is likely to increase.*

The 'F' word

The idea of a federal Europe has been pursued explicitly in the past, but it has become unfashionable in recent years. References to the Union's 'federal goal' in the draft of the Maastricht Treaty were dropped, and replaced with the aim of 'an ever closer Union'¹. Federalism is commonly represented as an ideology or a value position, arguing for a combination of unity and diversity.² From the point of view of those who are opposed to federalism,³ the arguments seem to fall between those who want Europe to become a federation, and those who want to prevent it. This is not the issue, because Europe already is a federation.

There is no simple, agreed definition of a 'federation' and what criteria a system might have to meet to qualify as one. K C Wheare, in the classic *Federal Government*, considers a series of alternative definitions. The first is that a federal government is not simply a unitary state in which power is devolved: in a Federation residual legal power is held by member states, not the centre. The European Union is based on such a division of power; the member states, not the Union, are the authors of competence. The second is that the member states retain their original constitutions. Clearly, the European member states have done so. The third is that the federal body and the states can act directly on the people. The European Union has areas of 'exclusive competence' and can make laws which directly affect European citizens. Wheare rejects all of these as insufficient to constitute federalism, because there are federations which are exceptions - but it should not pass without comment that the European Union fits all the criteria. Wheare concludes his argument by defining a federation as

"an association of states so organised that powers are divided between a general government which in certain matters ... is independent of the governments of the associated states, and on the other hand, state governments which in certain

¹ M Holland, 1993, *European Community integration*, London: Pinter p 82.

² G Smith, 1995, 'Mapping the federal condition', in *Federalism: the multiethnic challenge*, London: Longman.

³ See e.g. W Cash, 1991, *Against a federal Europe*, London: Duckworth.

matters are, in their turn, independent of the general government. This involves, as a necessary consequence, that general and regional governments both operate *directly* upon the people; each citizen is subject to two governments."⁴

The European Union fits this definition - written before the Communities were formed - fairly precisely.

1. The European Union is an association of states, not a state in itself.
2. It has a government, in the sense that it has legislative, executive and judicial powers. The government lacks democratic authority, a problem referred to as the 'democratic deficit', because the main elected body, the Parliament, lacks power, and the main legislative body, the Council, is a senate of the (elected) member states rather than a directly elected body; but that is not the same as saying that it is not a government.
3. The European Union is in certain matters independent of the governments of the associated states. There is some ambiguity here, because the Union is not truly independent in practice even if it is independent in law, but the Union has areas of 'exclusive competence' - areas of competence on which the member states have accepted lie exclusively within the domain of the European Union, and on which member states do not have the right to make legislation.
4. Member states are independent in some matters of the Union.
5. Each citizen is subject to two governments. Citizens are bound by the laws of the European Union.⁵ Citizens have access to European Courts, generally by referral from national courts. In cases of conflict of laws, European law is paramount.⁶ Pinder comments that "the Community is distinctly federal ... as far as the rule of law is concerned", by which he means that European laws have come, along with the laws of member states, to regulate the relationships between citizens of member states and the states themselves.⁷

Europe is sometimes presented as less than a federation. It is fairly evident that the European Union is more than a customs union, and more than a league of nations. Europe might be seen as a 'confederation', which is a system in which unitary states share some of the institutions of government.⁸ Archer and Butler take this view, on the basis that the member states have maintained independent foreign and defence policies (though the Maastricht Treaty has provision for common policy in these areas), and the right of secession.⁹ The main objections to classifying Europe as a confederation are that several elements go beyond the scope of confederation: there is common policy, common legislation, and in certain cases the direct effect of the central government on the citizen. Europe has also been represented as a new kind of experiment - in the days when there were twelve members, as a 'thirteenth state'.¹⁰ Europe would, by this model,

⁴ K C Wheare, 1946, *Federal Government*, Oxford: Oxford University Press, p 5

⁵ Van Gend en Loos, European Court of Justice Case 26/62.

⁶ Costa v ENEL, 6/64.

⁷ J Pinder, 1993, *The new European federalism*, in M Burgess, A-G Gagnon, *Comparative federalism and federation*, Hemel Hempstead: Harvester Wheatsheaf, pp 59-60.

⁸ C Hughes, 1993, *Cantonalism*, in M Burgess, A-G Gagnon (ed) *Comparative federalism and federation*, Hemel Hempstead: Harvester Wheatsheaf.

⁹ C Archer, F Butler, 1992, *The European Community: structure and process*, London: Pinter.

¹⁰ J Berghman, 1991, 1992 and social security, in G Room (ed) *Towards a European Welfare State?*, Bristol: SAUS.

act as a quasi-independent state, making its own rules within its own distinctive area, defining new areas of intervention related to inter-state activity while leaving the bulk of the activity of the member states untouched. That is implausible, because the Union has already extended its tendrils into existing areas of policy, and if the Union holds it is difficult to see what areas of policy within the member states Europe is not going to affect.

There are, of course, important limitations on the scope of European federalism. Pierson and Leibfried emphasise the fragmented, territorially based political structure and the weakness of the centre relative to the member states.¹¹ Nugent, attempting to make the case that Europe is not yet federal, points to the relative lack of power of the centre, the concentration of financial resources in the member states, the restricted development of the political structure of the EU and the lack of major substantive rights of citizenship.¹² All of this is true; the European Union is still developing, and it is difficult to be sure what it may become. It is possible for a federation to be much more unified than Europe is currently; the German model, although it allows for considerable independence to the Länder, is sometimes difficult to distinguish from a unitary state.

Federalism is not, however, unification. Arguments for European union have sometimes referred to the aim of a United States of Europe¹³. Some of the objections to this idea seem to reflect the assumption that a United States is a unitary superstate, which it is not. The United States of America still has separate governmental and legal systems operating in each state. The States retain the powers to regulate social conduct and to provide major public services, including education, public protection, public welfare, public health, transport and conservation.¹⁴ Health and welfare are operated differently in different states: for example, Hawaii and Minnesota have a health service, and Arizona and Texas have no general public assistance. Where there are federal rules, as there are in social security, states may still be able to obtain 'waivers' from the Federal government. The States are not, then, simply the equivalent of local government in a unitary system; they are major actors in the process of government.

Federations have generally been used precisely to link people who are divided, and to balance pressures for independence and joint action (centrifugal and centripetal forces)¹⁵. The difficulty of maintaining government in the face of these pressures can make federations unstable - the American civil war being the most obvious case. Europe could fall apart, because any federation can fall apart; secession is still possible. But there are strong economic and commercial interests which argue against it. Any position other than secession implies acceptance of a federal Europe; from any other perspective, the main questions now concern the division of powers, and the identification of the roles of the different actors in the federal process.

¹¹ P Pierson, S Leibfried, 1995, The dynamics of social policy integration, in S Leibfried, P Pierson (eds) European social policy, Washington: Brookings, pp 432-3.

¹² N Nugent, 1994, The government and politics of the European Union, Macmillan, pp 76-77.

¹³ e.g. E Wistrich, 1994, The United States of Europe, London: Routledge.

¹⁴ J Zimmerman, 1992, Contemporary American Federalism, Leicester: Leicester University Press, pp 35-7.

¹⁵ G Evans, J Newnham, 1992, The dictionary of world politics, Hemel Hempstead: Harvester Wheatsheaf, p.93.

The role of Europe in the provision of welfare

European social policy was an afterthought. The central political aim was the maintenance of peace in Europe; the principal economic aim was the establishment of a European free market. Such social measures as there were followed from the pressures of economic policy. The Community's 'social policy' was geared principally to the problems of dislocation produced by the formation of the European market. The development of free trade encourages countries to specialise in particular areas of production; the regional funds were intended to protect poorer areas from the economic consequences of this transition, while the social funds were geared to the perceived social consequences, which is why these funds have such an emphasis on training and the redeployment of labour.

The attempt to create the conditions for a unified economic market also generated concern that the economic market might be distorted by the differential value of social benefits. The Commission has expressed concern about 'social dumping', where firms would be led to relocate by the differences in labour costs implied by different kinds of social protection¹⁶. The main concern of the Social Charter, and subsequently of the social chapter in the Maastricht treaty, was to try to establish a basic standard of social benefits in so far as this relates to employment.

European social policy has not, however, remained within the confines of a concern with economic issues or the labour market. The European Court has progressively extended the understanding of the 'worker' to cover virtually any European citizen. The Commission has been arguing for a different view of the scope of the European Union. "Social Europe" is based, not simply on an understanding of the implications of the single market, but on a wider view of Europe as guaranteeing social rights to all its citizens. The Green Paper on Social Policy identified a basis of values for action, including individual rights, equality of opportunity, respect for human dignity and social security. The policies discussed related to employment and training, family structure, social exclusion, health care, education, women's rights, youth policy, public health, racism, the welfare of elderly people and rural development.¹⁷ The important point here is not what current policies are, because the Union still lacks the substantive power to develop such policies and implement them; it is that these issues have been identified, clearly and explicitly, as part of an agenda for future action.

In the course of the last ten years or so the Commission has attempted progressively to expand the role of the Union in welfare policy. Part of this has been done by means of a broad interpretation of the demands of the single market, but there are three other major elements to the strategy:-

1. *Competence*. The Commission has sought to extend the competence of the Union - the field of legitimate action. This has proceeded partly through small, incremental precedents - in previous writing, I have commented on such measures as bus passes for pensioners (seeking to establish roles in relation to transport and the welfare of elderly people), the Lingua programme (competence in education), and health warnings on cigarette packets (public health).¹⁸ The main resistance to the growth of competence has been the idea of subsidiarity, generally interpreted in practice to refer less to the devolutionary principle it descends from than to the division of powers between the

¹⁶ European Commission, 1992, *Social Europe 1992: the 1991 social year*.

¹⁷ Commission of the European Communities, 1993, *Green Paper: European Social Policy - Options for the Union*, Com (93) final.

¹⁸ P Spicker 1991, 'The principle of subsidiarity and the social policy of the European Community', *Journal of European Social Policy*, vol 1 no 1, pp 3-14.

Union and the member states. (Subsidiarity should not, incidentally, be taken to be equivalent to opposition to federalism. Subsidiarity is itself a federal principle, governing the principles by which power is devolved within a federation.¹⁹)

The Edinburgh accord defined certain areas as being in the exclusive competence of the Union - which means in principle, though not in practice, that national governments have no right to make laws on these areas. They are

- the removal of obstacles to the free movement of goods, people, services and capital;
- the common trade policy;
- general rules on competition
- the organisation of agricultural markets
- the conservation of fish stocks
- the basic elements of transport policy, and
- future monetary policies.

Areas in which competence is 'shared' between the Union and member states - that is, in which both the Union and the member states can be deemed to have competence - include

- 'legislative' actions, for example in relation to common policies or to social and environmental issues;
- 'community' actions, including measures on 'economic and social cohesion', and social research;
- 'contributory' actions, including environment, industrial policy, consumers and professional training; and
- 'complementary' actions, like education, culture and health.

It is not very clear what the categories of 'legislative', 'community', 'contributory' or 'complementary' actions are supposed to mean, but the list of illustrative topics is intelligible enough: it is an agenda for government. The Maastricht treaty specifies certain basic tests: that the Member States cannot achieve the aims, and that the Community can do better. Two further limitations were agreed at Edinburgh. The first is that community action must be 'necessary'. The necessity of the action is to be judged not only by a test of comparative effectiveness or efficiency, but also by 'added value' - that the use of power by the community offers more than its use by the Member States. The second limitation, imported from French jurisprudence, is the principle of 'proportionality': that the level of action taken must be proportionate to the nature of the issue addressed. This would limit the scope for the previous strategy of incremental development, but the importance of most of these provisions is not questioned. It appears that the Union has the competence to intervene in most of the areas of domestic or social policy which might be held to fall within the competence of a central government.

2. Direct intervention. The second main strategy has been direct intervention by the Union. The 'poverty programme' was nominally a research programme; the Commission argued that it offered 'added value' to the actions of member states "with respect to the development and dissemination of information, to the mobilisation of persons and to the stimulation of the debate".²⁰ The continuation of the programme was vetoed by Germany, as a violation of the principle of subsidiarity. This has been a setback for the development of direct intervention, but it has been succeeded by funding for 'demonstration projects seeking to overcome social exclusion', which, even if limited, is not unlike the poverty programme under another name.

¹⁹ N Emiliou, 1994, Subsidiarity: panacea or fig leaf?, in D O'Keefe, P Twomey, Legal issues of the Maastricht Treaty, London: Wiley Chancery Law.

²⁰ Commission of the European Communities, 1993, Medium term action programme to control exclusion and promote solidarity, COM(93) 435, p. 4.

The scope for intervention through research was clearly restricted, and the Commission has sought to expand the scope for intervention by other means. This has been done principally through the emphasis on 'exclusion', which has replaced the idea of 'poverty' in much of the discourse on policy²¹. Article 2 of the Social Protocol to the Maastricht Treaty makes specific provision for directives for the 'integration of persons excluded from the labour market', which in France and Belgium at least would be understood as extending well beyond unemployed people to cover other forms of disadvantage, and which the Commission takes to include "those who cannot join the labour market"²². Article 1 more generally allows for 'measures' in relation to exclusion.

3. *Minimum standards* The third main approach has been 'convergence', understood in the EU as agreement on minimum standards. The Social Charter, which was adopted in 1989 by 11 member states, is an example; later attempts have included the *Recommendation on common criteria concerning sufficient resources and social assistance in social protection systems*, and the *Recommendation on the convergence of social protection objectives and policies* (unfortunately emasculated because it came to Council at a time when Britain had the Presidency). These documents contain acceptances of rights to social protection, non-discriminatory treatment in social benefits, comprehensive health care provision and sufficient resources to maintain human dignity. There is agreement on the need to specify the minimum resources which people need, and for income support to bring people up to a minimum income. The Social Protocol of the Maastricht Treaty represents a further step towards convergence, mainly creating powers to establish standards on social protection, social security and policies for exclusion. The UK will sign up to this eventually, because the effect of opting out is to preclude further negotiation on the terms.

The White Paper on Social Policy has offered a re-statement of the general approach in these terms.

"Maintaining and adapting the European model of the Welfare State.

Two years ago, the European Union completed a long period of discussion culminating in the adoption by the Council of a Recommendation on the Convergence of Social Protection Objectives and Policies. In this recommendation, Member States acknowledged that a single market can be created while maintaining the diversity of social protection systems that exist within the Union - mainly as regards the arrangements for financing and organising them - and that comparable trends in Member States lead to common problems and challenges (unemployment, ageing, family structures, health care cost containment, etc.) In order to permit the co-existence of different national systems and to enable them to progress in harmony with one another towards the fundamental objectives of the Union, Member States have agreed to foster the convergence of their social protection policies, and have fixed common objectives which will act as pointers to the way their systems are modified to take account of the challenges set out above."²³

The White Paper has been criticised for its covert support of the political right and opposition to the extension of social policy in ways that might be detrimental to the

²¹ G Room, 1995. Poverty in Europe: competing paradigms of analysis, *Policy and Politics* 23(2) pp 103-114.

²² Commission of the European Communities, 1994, *European Social Policy - a way forward for the Union (White Paper)*, COM(94) 333 final, vol 1 p 38.

²³ White Paper, 1994, p 35.

economic markets²⁴. It was produced, Kuper notes, by a different directorate within the Commission from the Green Paper, and indeed from most other initiatives on social policy. If the arguments in the White Paper are accepted, he argues, then the UK is probably the only nation in step. In that light, it is interesting to note that the tone of this passage is far from opposed to the extension of social policy - not least because the form of words used in the last two sentences, from 'comparable trends' onward, is taken largely from the preamble to that recommendation. The UK's wrecking amendments to the Recommendation on convergence - which made any principles subject to the resources and circumstances of the members states - are ignored. There are, however, some striking additions, which might be indicative of the Commission's strategy in the future:

- a) that there is an onus of justifying differences which has to be discharged;
- b) that the differences between systems in different countries are issues of organisation and finance rather than of substance; and
- c) that there is a 'European model of the welfare state'.

Social policy in a federal Europe

Structure shapes policy. The structure of a federal government affects not only the relative power of the actors involved in policy-making, but also the process by which policy is made, and so the kinds of policy which it is possible to develop. The 'euro-sceptics' have offered warnings that the consequences of federal government may not be to everyone's taste. Cash condemns federalism in the USA and Germany for 'red tape, unaccountability and constipated government'.²⁵ There is certainly, in the US, a case to answer. The effect of the 'checks and balances' built in to the US constitution has often been to paralyse effective decision making. For the most part, however, it is the federal government which suffers the main restrictions. Constitutionally, the US Congress "lacks the power to enact laws regulating individuals and property in the States in order to promote and protect the health, safety, morals, welfare and convenience of the public."²⁶ The US minimum wage applies only to firms engaged in inter-state commerce, because the federal government does not have the authority to legislate in respect of commerce within states. In the War on Poverty, because the US Federal government did not have the power to direct the action of state governments, it went around the problem, offering grants directly to non-profit making organisations - a process strenuously resisted by state governments.²⁷ (The EU poverty programme, and the successor programme on social exclusion, are fairly transparent imitations.)

By contrast, there are fewer direct limitations in the US on state governments than on the federal government; the main constraint is federal law, and in particular the interpretation of the constitution by federal courts. The European member states are in a different position from the states of the American union, having more developed traditions of intervention and styles of government. European welfare systems are firmly established, and programmes are already operating at the level of the member states. This implies a greater degree of intervention in welfare policy than has generally been possible within the American context. (It may be worth noting here that Hawaii joined the Union with an established community and set of traditions, which may well be why it

²⁴ B-O Kuper, 1994, The Green and White Papers of the European Union, Journal of European Social Policy 4(2) pp 129-137.

²⁵ Cash, 1991, p.88.

²⁶ Zimmerman, 1992, p.34.

²⁷ E James, 1970, America against poverty, London: Routledge, chs 7-8.

has found it possible to introduce a health care system when many other states have not.²⁸⁾

The main question, then, is not so much what the role of member states will be, as what role might be available in this field to a central European government. Europe has begun to develop a role in some fields - notably gender equality and environmental health - but, despite the aspirations which have been expressed to develop new areas (for example, policies on exclusion, or issues relating to racial equality, the development to date is limited. A number of possible scenarios have been expounded for the future direction of social policy, notably by Jos Berghman²⁹ and Stephan Leibfried³⁰. If the growth of federal Europe is restricted, Berghman points to the prospect of immobility - a Europe paralysed by the vetoes of member states - or a focus only on the economic aspects of policy, in the name of pursuing a 'level playing field'. Leibfried sees scope for greater development, whether this is through a 'procedural welfare state' - a set of measures concerned, like the Supreme Court in the US, with the operation of rules rather than the substantive content of policy - or a 'compensatory welfare state', focusing mainly (like the Social Charter) on the conditions of workers, in which measures like the social and regional funds are used to compensate for the diswelfares which arise from the operation of the European market.

It seems more likely that the European Union will form its own distinctive social policy, because it already has the powers needed to develop such a policy. Berghman raises the possibilities of the introduction of new sectors of welfare, or of supplementary principles in which European influence will come to dominate (gender equality is the best current example). He suggests that there could be further 'convergence', in the sense of agreement on minimum standards. This is more than likely: the UK will eventually sign the Social Chapter of the Maastricht Treaty, because the effect of the triumphant negotiation which led to the UK opting out also means that the choice for any future government is to sign up to it or not, effectively precluding negotiation about specifics. Berghman also considers the possibility of 'spontaneous harmonisation', which is convergence in the sense in which it is used in the literature on comparative social policy. European welfare systems are becoming more and more like each other as time goes on. European countries are engaged in the common process of building a supra-national economic system, which will imply important similarities in issues like finance and labour relations; they also face many common issues and common pressures. Kleinman, reviewing the potential impact of Europe on the housing market - an issue more usually treated as if it fell solely within the remit of the member states - points to the influence of the completion of the Single Market, policies relating to construction, employment and finance, and the Social Charter. He identifies the likely outcomes as deregulation and integration of housing finance markets; a focus on mobility and migration; and concentration on socially segregated areas, as part of policies on exclusion.³¹ This can be seen as a European housing policy by default.

Leibfried has argued that there is nothing in the expansion of powers which guarantees that such powers will be used: Europe could, in principle, choose to act as a residual welfare state. The European Community, he writes, "may be thought competent but may

²⁸ The point was made by Professor B G Peters, University of Pittsburgh, in a lecture at the University of Dundee, 'Health reform in the USA', 15th November 1995.

²⁹ Berghman, 1991.

³⁰ S Leibfried, 1991, *Social Europe: Welfare State trajectories of the European Community*, Bremen: Universität Bremen.

³¹ M Kleinman, 1992, *Policy responses to changing housing markets* London: LSE/STICERD, esp. pp 37-41.

not want to or may not be able to make use of its competence". This is possible, but the scenario is not particularly plausible. First, this is a federal government, not a unitary system. Even if a central European government was to take a residual view, it could only produce residual welfare in Europe if it also required member states to take such a view. Second, as the example of housing shows, the impact of Europe is not confined to the actions of European government. The European Union is going to have an influence on social policy whether or not such an influence is intended in the explicit formation of policy. Third, the leading actors in the European Union have not been inclined to sit still and refuse to use the powers which are available to them, and it is difficult to imagine what might induce them to do so.

A European welfare state?

Social policy is not developing randomly; there is an agenda, and a rationale, for intervention. The 'European model of the welfare state' is not very much like the model of the welfare state which has been dominant in the English-speaking literature. The 'welfare state' is often understood in a limited, and indeed a parochially British, sense. The post-war welfare state was defined primarily by contrast with the Poor Law that came before it. Whereas the Poor Law had limited assistance to those who were destitute and had no other resources, the Welfare State offered (in principle, at least) a universal guarantee of protection. Asa Briggs identifies, from the British debates, three main elements: a guarantee of minimum standards, including a minimum income; social protection in the event of insecurity; and the provision of services at an optimal standard.³² The idea of the 'welfare state' had little of the same power in continental Europe that it had in Britain. Although the Beveridge report was widely referred to in European countries, it seemed to refer to a different tradition, relying on mutual support or 'solidarity', and if the report was emulated it was on that basis. In its other elements, Beveridge came to stand for a system of welfare strongly based on the state. The Beveridge tradition is represented in the French literature as based on three great U's: universality, uniformity and unified administration³³.

The model which has been favoured within the European community is based on different kinds of objective: convergence (in the sense of agreement on basic standards), the integration of those who are excluded, and protection of the rights of workers when they are no longer in work.³⁴ On the face of the matter, the objectives are similar, but there are important differences in interpretation and the strategy for developing welfare. Social welfare in Western Europe has been based less in the state or in unified administration than in a corporatist network of state, labour organisations and systems of mutual aid, sometimes represented as the 'Bismarckian' tradition³⁵. The welfare state which is being developed now in Europe owes much more to that kind of development - and, in particular, to the French model of welfare, sometimes described (I think inaccurately) as being somewhere between Beveridge and Bismarck.³⁶ The state, in this

³² A Briggs, 1961, The welfare state in historical perspective, *European Journal of Sociology*, 2 pp 221-258.

³³ See e.g. D Lenoir, 1994, *L'Europe Sociale*, Paris: Editions la Découverte, p 19.

³⁴ Y Chassard, O Quintin, 1992. "Social protection in the European Community: towards a convergence of policies", paper presented to the International Conference on Social Security 50 years after Beveridge, University of York.

³⁵ See e.g. Lenoir, 1994; P van Parijs, 1994, 'Au delà de la Solidarité', *Futuribles* 184, February, pp 5- 30.

³⁶ See e.g. B Majnoni d'Intignano, 1993, *La protection sociale*, Paris: Editions de Fallois; D Lenoir, 1994, *L'Europe Sociale*, Paris: Editions la Découverte, p.22.

model, is not necessarily the dominant actor in social protection; there is a network of different patterns of provision, or 'solidarities'. Coverage is not universal, but rather progressively extended to incorporate increasing numbers of people. People who are not successfully brought into the net by the extension of coverage - the 'excluded' - require specific measures to insure their incorporation, or 'insertion', in solidaristic networks. Powers to intervene in relation to exclusion are incorporated in the Social Protocol. The Belgian government's submission in response to the Green Paper on Social Policy sums up the general strategy:

"To ensure greater solidarity among the members of society we have to strengthen the appropriate mechanisms within the different social security schemes and sectors and also combat social exclusion inter alia by organising and developing systems of social support."³⁷

This reflects, in part, the influence of French patterns of thinking, but the appeal of the model goes deeper. The uniformity, universalisation and unified administration associated with a 'welfare state' cannot be achieved, but they do not need to be. Federalism emphasises diversity within a union; this model allows for diversity. Federalism implies that the centre will be subject to important limitations; this model circumvents the limitations by avoiding placing responsibility on the state. In other words, the model justifies a course of action within the kinds of limitations suffered by the European Union; it is based, not on an unattainable ideal, but on building on what has already happened.

It is difficult to predict the outcomes of this process with any certainty. European institutions are imperfectly formed, and the role of the European Union in social policy is still indistinct. The agenda for intervention is hotly disputed, and the process of incremental development makes it difficult to predict what is likely to happen. It is not clear how extensive the welfare effort will be, what distributive consequences are likely, or who will be responsible for policy. It is clear, however, that the pattern of government in Europe is changing, and that with it welfare too will change. The importance of these issues can hardly be overestimated. For good or ill, Europe will sooner or later shape the pattern of services, the character of social policy and the terms on which social welfare is developed.

³⁷ White Paper, 1994, vol 2, pp 35/6-37.