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A Social Europe without a Social Conscience

The Case of Malta

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Abstract

Founded on the underlying principles of equality, solidarity and cohesion, with economic growth envisioned as a vehicle to social well-being, Europe has emerged as a significant competitor in the global economy. Despite the subsidiarity principle, member states' social protection systems are increasingly being driven by the European neoliberal agenda. Malta is no exception: its socialist welfare regime, based on strong government interventions and universal provision, has progressively given way to a more regulated, privatised and means-tested model. The globalisation–inequality–social protection nexus suggests that Malta's high GDP growth and widening inequalities are not reflected in a reciprocal outlay in social protection expenditure. In a context where the social well-being of all is increasingly becoming subordinated to the economic well-being of the few, one questions to what extent the social model has remained a fundamental pillar of the EU and whether, through Europeanisation, Malta is concomitantly losing its social conscience.

Keywords

open method of co-ordination – Europeanisation – social protection – globalisation – inequality

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1 Social Europe: The Globalisation, Inequality and Social Protection Nexus

The European Social Model (ESM) based on 'social justice and solidarity, where economic and social advancement take equal priority, and where decent work and social protection combat poverty and social exclusion' is considered a good practice example for developing fair and just political systems 'to the rest of the world' (ETUC 2006). Indeed, the 'catchphrase' ESM has become associated with 'positive-sum solutions' to otherwise 'unavoidable trade-offs' between economic growth and social justice and cohesion (Kersbergen 2015, 270), as increasingly 'efficiency and equality, growth and redistribution, competitiveness and solidarity are referred to as polar opposites that can only thrive at each other's expense' (Ferrera and Rhodes 2000, 257).

The concept of Social Europe is ingrained in the overarching objectives of a more egalitarian society, protection of fundamental rights and freedoms spanning civil and political, and economic, social and cultural rights, a protective and enabling social protection and welfare system based on wealth redistribution, and progressive taxation to ensure that everyone lives in dignity. It thus demands state responsibility and intervention in the provision of goods and services, enabling opportunities and the regulation of market forces. The concept of Social Europe is also founded on social dialogue, pluralism and representation, as well as recognition of the diversity and subsidiarity of member states.

Europe, a main actor in the global world economy, has increasingly become driven by neoliberalism and economic globalisation. Despite fuelling economic growth, however, globalisation, through the liberalisation of trade regulations and economic flows, is significantly correlated with higher income inequalities (Bergh, Kolev and Tassot 2017). The compensation hypothesis postulates that the economic volatility created by globalisation raises demands for social protection (Rodrik 1998). Thus, expenditure on social protection is expected to increase in countries with higher income inequality (Bergh, Kolev and Tassot 2017), the assumption being that more globalisation leads to greater inequalities, which in turn leads to greater need and demand for social protection, resulting in higher social protection expenditure.

Social protection expenditure is indeed negatively correlated with inequality (Bergh, Kolev and Tassot 2017; Sánchez and Pérez-Corral 2018), such that the impact of globalisation on inequality is less significant in those countries with a higher level of social protection expenditure, due to social protection's 'cushioning effect … that dampens the inequality increasing effect of globalisation' (Bergh, Kolev and Tassot 2017, 7).

Despite the evident 'globalisation–inequality–social protection nexus' (Bergh, Kolev and Tassot 2017, 9), with globalisation positively correlated and social protection negatively correlated with inequality, the link between the nexus is non-linear as intense globalisation and increased inequality does not necessarily imply greater social protection. On the other hand, it may be the case that globalisation and social protection are incommensurable, as neoliberal market forces precede over the social dimension with an inverse relationship. Thus, it is pivotal to examine the nature of the globalisation–inequality–social protection nexus within processes of Europeanisation and their impact on the domestic sphere.

2 Aims, Objectives and Methodological Considerations

In the context of the above scenario, this article presents a discussion of the social policy agenda on the domestic and EU level. It questions whether and the extent to which the ESM should be a fundamental pillar of the EU and whether, through the Europeanisation process, Malta is concomitantly losing its grip on the social dimension.

The analysis makes use of three sets of Eurostat indicators to corroborate its argument: i) GDP growth; ii) expenditure on social protection as a percentage of GDP;[1] and iii) equality indicators through the Gini coefficient and the income quintile share ratio (S80/S20).[2] The usage of these indicators is justified on the basis that a nation's tangible commitment to the social agenda goes beyond discourse and rhetoric but is defined through allotment of monies and

1 Based on the United Nations' 'Classification of the functions of government' (1999), social protection includes sickness and disability; old age; survivors; family and children; unemployment; housing; R&D; social protection and social exclusion.

2 GDP measures the value of total final output of goods and services produced by an economy within a certain period of time (Eurostat 2023a). The Gini coefficient is the extent to which income distribution within a country deviates from an equal distribution. A Gini value of 0 per cent means full equal income distribution among the population, while a value of 100 per cent means that the income was received by only one person (Eurostat 2023b). The income quintile share ratio is the ratio of total equivalised disposable income received by the 20 per cent of the population with the highest income (top quintile) to that received by the 20 per cent of the population with the lowest income (bottom quintile) (Eurostat 2023c). The higher the values, the greater the disparities in the distribution of income between upper- and lower-income populations. The Gini coefficient and the income quintile share ratio are used in conjunction because they address different aspects of inequality.

resources, while the effectiveness of its social protection system is measured by its redistributive impact on income inequalities.

The longitudinal use of such data, from Malta's accession to its 20th membership anniversary, should provide an analysis of Malta's economic performance and commitment to redistribution policies while also providing added insight on any retrenchment in social protection provision.

The findings are interpreted in terms of the defining characteristics of social welfare regimes and their associated political ideologies. Taking Parker's (1975) differentiation, social welfare regimes are widely classified into laissez-faire, socialist and liberal models. The laissez-faire model, reflecting neoliberal ideologies, holds 'great value on economic growth and maximising wealth, and emphasises individual free choice' such that the market constitutes the most effective determinant of opportunities and quality of life. State intervention should be as minimal as possible to 'protect the weak or to restrain the powerful' (Parker 1975, 4). In contrast, the socialist model—underlying left-wing ideologies—adopts a more egalitarian and rights-based approach, with the role of the state extending beyond the guarantee of a minimum standard of living. The liberal model considers the market as a vital element for enabling opportunities and a good standard of living but argues for state intervention for those truly in need. In this sense, the liberal model tends to be more akin to the laissez-faire approach by emphasising the market and one's bargaining power while viewing state provision as demoralising and offering inducement for abuse. While the socialist model calls for universal provision, the laissez-faire and liberal models call for more restricted means-tested services and initiatives which promote market activation to 'support' people to become autonomous and self-reliant from the state.

Similarly, Esping-Andersen's (1990) tripolar typology of welfare regimes highlights country variations in social policies by differentiating between the social-democratic, the liberal and the conservative-corporatist welfare states, based on their degree of decommodification and effects on stratification. While the social-democratic model adopts a universalistic approach to social rights accompanied by high levels of decommodification whereby the state assumes full responsibility for the welfare of its citizens, the liberal approach adopts a targeted means-tested approach limited to the most disadvantaged, with little redistribution against the background of an unregulated market. In the conservative-corporatist model, welfare rights are not universal but largely dependent on particularistic eligibility criteria. Within the conservative model, other institutions such as the family, civil society and religious organisations, in conjunction with the state and the market, share responsibility for the welfare of citizens. Being ideal types, countries may not fit easily with these welfare regimes, such that while certain ‘countries do resemble these ideal types pretty well … there are also countries that show mixed characteristics or only partially resemble one of the categories’ (Fenger 2007, 11–12).

In examining the traits of the typical southern welfare state, Ferrara (2000) identifies seven distinctive characteristics, ‘which can be treated as a single institutional configuration, with a somewhat autonomous internal logic’ (Ferrara 2000, 171). These traits, shaped by historical influences (Ferrera 1996), include the significant weight of transfer payments such as cash benefits, the uneven distribution of protection across standard risks and the diverse areas of social policy, universalistic health care systems, an articulated yet collusive relationship between public and non-public entities, a persisting ‘institutional particularism’ characterised by clientelism and patronage, an asymmetric distribution of fiscal burden among different occupational groups, and a weighty informal economy and tax evasion. Such traits, according to Ferrara (2000, 178), make the southern welfare state ‘highly inadequate to respond to the new social and economic challenges’, and its alignment to ‘Continental norms and levels would thus only mean a walk down a dead end’.

Within the context of these aims and objectives of the study and methodological considerations for examining the globalisation–inequality–social protection nexus, the following section will provide an overview of the origins and foundations of the ESM as well as trace the development of Malta’s social protection system. This will be followed by a critical appraisal of the domestic social policy model through the use of equality and social protection indicators. In critiquing the downfall and disintegration of the social, the article questions the future of Social Europe and by default that of Malta.

3 Social Europe: Its Origins and Development

Social policy is ‘inherently political as it fundamentally deals with the articulation and actualization of social norms and entitlements, and with social ordering, legibility and discipline’ (Fischer 2020, 378). As with any other public policy, it reflects the ideology of policy-makers, and thus the ideology of those in power. Social policy in Europe indeed reflects the political ideology of the different member states but also that of the EU as a conglomerate whole, as attested by its origins, historical development and governance.

In the wake of the Second World War, the European Union was born, with the Treaty of Rome founding the European Economic Community signed in 1957. Despite its market-driven imperative, the Treaty under article 136 promoted various fundamental social objectives, including those of ‘employment, improved living and working conditions … proper social protection, dialogue between management and labour, the development of human resources … and the combating of exclusion'.

Founded in the 1960s 'to improve employment opportunities … and … standard of living' (Article 123 [now 146] EEC Treaty), the European Social Fund constitutes the main funding programme for employment, social protection and inclusion. Despite its wide social remit, backed by the establishment in 1975 of the European Regional and Development Fund, it remains mainly targeted at employability initiatives, such as tackling unemployment through training and reskilling of the labour force.

The communique by the European Council in Paris 1972 emphasised the importance of the social domain in the achievement of economic and monetary union. Similarly, the 'Community Social Action Programme' resolution by the Council of Ministers in 1974 stressed that economic development was not an end in itself but a means to a better standard of living. While focusing primarily on work-related issues, the programme paved the way for the advancement of social policy. Revising the Treaty of Rome in 1986, the 'Single European Act' emphasised the importance of a social dimension to the internal market, while the Maastricht Treaty in 1992 gave new impetus to social affairs as it led to the development of a Social Policy Agreement and a new legislative framework through the Social Protocol, enabling European institutions to take up initiatives on social aspects, while emphasising the significance of social dialogue and citizenship rights. It also led to the allocation of a cohesion fund and greater flexibility in the use of social funds. The 'Community Charter of the Fundamental Social Rights of Workers' of 1989 affirmed the social aspects of the single market by proclaiming fundamental employment rights, including freedom of movement, renumeration and fair wages, social protection, freedom of association, health and safety, equal treatment, and protection of vulnerable groups.

In 1997, the Treaty of Amsterdam emphasised further the concept of a 'Social Europe' through the launch of the Social Policy Agenda, better known as the Lisbon strategy. The strategy envisaged a 'comprehensive and coherent approach … to confront the new challenges to social policy resulting from the radical transformation of Europe's economy and society', focusing on the creation of new and better jobs, modernising and improving social protection, promoting social inclusion and gender equality, and combating discrimination.

A generic definition of the ESM emerges from the presidency conclusions of the 2000 Nice Summit, referring to 'systems that offer a high level of social protection … social dialogue and by services of general interest covering activities vital for social cohesion … on a common core of values'. The EU Charter of Fundamental Rights, proclaimed in 2000 and entered into force through the Treaty of Lisbon in 2009, similarly articulates various objectives of a social nature, including equality and solidarity, rights to fair and just working conditions, protection of fundamental freedoms and social security and assistance. Despite the Europe 2020 Strategy's focus on improving competitiveness and economic growth, it gave added significance to the social field through adopting social investment as a key policy framework for social reforms to achieve smart, sustainable and inclusive growth. The strategy also established targets for combating poverty and social exclusion.

Notwithstanding this emphasis on the social dimension of the EU, also promoted through awareness campaigns such as the commemoration of the European Year for Combating Poverty and Social Exclusion in 2010, which help to keep the social dimension 'high on the political agenda' (Briguglio, Bugeja and Vella 2016, 386), social policy remains peripheral to the core European Commission (EC) operations, which focus primarily on economic matters. Indeed, as 'social harmonisation was seen as an end product of economic integration rather than a pre-requisite' (Hantrais 1995, 1), EU competence in the social field was upheld only to the extent necessary for reaching economic objectives. This is reflected in the lack of formal regulatory frameworks guiding the area of social policy, despite the social acquis which underlies the European social policy legislative framework.

The ESM signifies a concoction of diverse national policies embedded within different socio-cultural realities and challenges. Thus, while the concept of an ESM has been pivotal in the development of social protection systems, no official European model exists, complicating consensus on specific social objectives and their mode of achievement (Ferrera, Hemerijck and Rhodes 2001). But 'what has been, is and should be the proper role of the European Union in social policy?' (Kleinman 2002, vii). This question continues to haunt the spirit of Social Europe to the current day.

4 The Governance of Social Europe: The Open Method of Coordination

The EU Commission operates through the Social Protection Committee (SPC), using the social open method of co-ordination (OMC) in the areas of social inclusion, pensions and health, and long-term care.[3]

3 In its operation, the SPC often collaborates directly with EMCO, the Commission's Employment Committee.

Emerging out of the Lisbon European Council, the OMC was 'designed to help Member States to progressively develop their own policies' through setting guidelines and timetables for achieving short-, medium- and long-term goals; establishing indicators and benchmarks for comparing best practice; rendering European guidelines into national and regional policies; and monitoring and evaluation through mutual learning processes (Lisbon European Council 2000, para. 37). The OMC is guided by flexibility since it respects the subsidiarity principle, decentralisation and transparency since it is stresses horizontal rather than vertical structures, and lack of formal regulatory mechanisms and legal constraints.

The OMC was thus envisaged as a 'mechanism for promoting experimental learning and deliberative problem-solving' (Zeitlin 2005, 448) to address common European concerns in the area of social policy while respecting national diversity and subsidiarity. While promoting convergence of objectives and broad policy approaches, it does not impose harmonisation of regulations and programmes. European diversity is considered 'not as an obstacle to integration but rather as an asset', enhancing mutual learning and reassessment of policies through best practices (Rodrigues et al. 2002, 37). Social policy competence is thus shared between EU bodies and member states, with the OMC conceived as a way in between full integration and intergovernmental cooperation. But 'more open and less rigid … the OMC is also more ambitious and better structured' (Dehousse 2003, 5) and possibly more 'messy' and 'frustrating' (Kleinman 2002) than full integration.

The OMC has enabled the European Union to infiltrate in domains where common policies are not covered by the remit of the Treaties due to being the preserve of the respective member States. Yet, despite its supposed collaborative and non-regulatory nature respecting the diversity, autonomy and subsidiary principles of member states, is the OMC really so egalitarian, liberal and benign? Is it true that there is no 'hegemonic player endowed with a formal authority' (Dehousse 2003, 13) and no underlying harmonisation agenda for the area of social policy?

Though this governing mechanism is significantly different from that of the economic sphere, which is more binding and taxative through legislative and enforcement mechanisms, the OMC's vocabulary is redolent with regulatory presumptions, 'management by objectives, self-evaluation, peer control, and preference to forms of flexible regulation' (Dehousse 2003, 8), and rather than offering a 'soft' option, it may be 'potentially more domestically intrusive than "hard" EU legislation' (Zeitlin 2005, 47). This subtle insidiousness emerges from the operation of 'intermediate' and 'capillary effects' infiltrating national policy-making and inducing the dissemination of 'concepts and themes linked to the Social OMC', often 'without necessarily recognizing such linkages' yet reinforcing a 'given outcome' (Barcevičius, Weishaupt and Zeitlin 2014, 14).[4] Such notions include, among others, those of active inclusion, active ageing, flexicurity, affordability and adequacy of services, and sustainability of pensions.

Despite the subsidiarity principle, European regulation inevitably encroaches on member states' competency in the area of social policy, since the Union's 'clout in the area of employment and economics, in effect ripples down on social protection and inclusion' (Briguglio, Bugeja and Vella 2016, 386).

The OMC's reporting and regulatory frameworks are becoming increasingly more taxative and binding, as evidenced through member states' subjection to Country Specific Recommendations (CSRs). As part of the evaluative processes of National Reform Programmes arising from the Annual Growth Survey, CSRs 'guide' member states on the required structural reforms to reinforce economic growth and competitiveness. These recommendations are then expected to be incorporated by member states into their reform programmes.

An examination of CSRs demonstrated that around 40 per cent of them constituted Social CSRs (Clauwaert 2013). While most CSRs referred to active employment and statutory retirement age reform, few emphasised the provision of adequate social protection systems (Clauwaert 2013). Most CSRs are targeted towards economic growth and competitiveness 'while totally neglecting what constitutes the principal role of social policies'—social cohesion and redistribution—leaving 'no doubt as to the intended direction of the reforms advocated' (Degryse, Jepsen and Pochet 2013, 27). And, while presented as recommendations, 'the expectation is nonetheless that they will be heeded' (Degryse, Jepsen and Pochet 2013, 27).

Indeed, 'competency and subsidiarity is being "softly" undermined' (Briguglio, Bugeja and Vella 2016, 386). Moreover, there is often a fine line between processes of mutual learning, naming and shaming exercises, and the use of indicators for 'scoreboarding' and 'benchmarking' purposes. In this context the Social OMC acts as 'a "technique" which is used in order to implement the instrument' (Kröger 2009, 14), in this case, the Europeanisation of domestic social policies.

Through the CSRs, alongside other processes such the European Semester and the strengthening of the stability and growth pact, the ex ante surveillance of national budgets, and the EU2020 strategy, demanding reform of

4 The OMC is seen as leading to various indirect outcomes, including cognitive, normative, discursive, leverage and democratising destabilisation effects (Barcevičius, Weishaupt and Zeitlin 2014).

national policies, 'the soft instruments … have become more rigid' and restrictive, indeed 'virtually compulsory' (Degryse, Jepsen and Pochet 2013, 28). Apart from more binding, they have also become more consubstantial; 'one size is evidently deemed to fit all' (Degryse, Jepsen and Pochet 2013, 27). Thus, member states are subjected to significant pressures to converge their social agendas with the projected European model.

5 Social Europe: An Elusive and Delusive Concept

In line with the rapid economic growth in GDP, from its inception in the post-war period up to the 1970s, the welfare state of many EU countries registered significant development. Fuelled by a rights-based approach, this expansion gained track faster than GDP growth (Pierson 1998), becoming increasingly characterised by universalistic provision and extended eligibility criteria, reminiscent of affluent, post-industrial democracies.

This, however, was not to last, as the Thatcherian conservative right-wing agenda in the 1980s and early 1990s led to a backlash in social policy. This perspective prompted the idea that welfare provisions 'contradict the logic of capitalism, hinder the appropriate functioning of market regulations, make people dependent instead of autonomous, and above all imply the financial bankruptcy of the nation state' (van Deth 2000, xiii). This discourse depicted the welfare state 'as part of the causes, and no longer as a part of the solutions' (van Deth 2000, xiii) to social problems, leading to a negative trend of 'austerity, dismantlement, cost containment, [and] retrenchment' (Bouget 2003, 690).

The privatisation dogma in conjunction with other neoliberal policies was readily and uncritically adopted by many Continental EU countries, including by left-wing parties, in the belief that this would promote cost-effectiveness and efficiency, increase competition, strengthen domestic markets and reduce public debt and deficits (Frangakis and Huffschmid 2009). Privatisation, defined by the sale of government shares, property and other assets to private shareholders and the transference of public enterprises and services to private contractors, often results in the 'undervaluing of state assets' to the detriment of the people (Forrest and Murie 1988, 9), yet with the understanding that the profitability reaped will filter down to the general public.

This downfall and disintegration of the EU social dimension was sustained through the mid-2000s following the rise of rightist and centre-rightist governments in various member states, but also through the advocation and advancement of neoliberal reforms by various left-oriented governments, including in the UK, France, Germany, Italy and Spain. Social policy became increasingly reoriented as a productive force in the form of social investment (Ferrera 2009). This shift significantly impacted the governance of the social dimension as the 'European social dialogue was no longer fed; the social goals of the Lisbon Strategy were neglected; few new European legislative initiatives, meanwhile, were taken in the social policy field' (Degryse, Jepsen and Pochet 2013, 37).

As the free market spurred by globalisation trends intensified competition, Europe remained one of the biggest global trading forces, with great shares in world exports (European Commission 2023).[5] Yet it is increasingly struggling to keep its dominance in the world economy, competing as it is with countries, such as China and India, with more human and material resources and fewer labour standards and regulations. As global markets seek greater profits, this competition has led to the intensification of free trade, deregulation of the labour market, austerity measures, and privatisation of public goods and services.

The call for increased profit is increasingly leading to a deterioration of workers' rights by cutting wages and lowering standards of working conditions, in the hope of competing with developing economies. This has led to a dual labour market, characterised by an 'ever-increasing polarisation' (Borg 2017, 21) between high-skilled knowledge-based work and low-skilled precarious employment. Another trend is the 'shift from poor unemployed to working-poor … and the shift from stable … to … unstable [and] unpredictable' working environments (Borg 2017, 21). Declining guarantees of labour rights law within a competitive market economy forecasts a 'recipe for a "race to the bottom", with workers paying the price of increased competition through declining standards … and firms competing by lowering working conditions' (ETUC 2006, para. 13). Neoliberal discourse, propagated by both liberal and conservative parties, has defiled the welfare ideal as a 'luxury' that cannot be afforded at the expense of the market, calling instead for the easing of market regulations. Greater deregulation in turn furthers economic instability, as in the case of the banking crisis, where private debt created by banks was transformed 'into a sovereign debt crisis, as if it had been the welfare states' which led to the crisis. Solving the crisis thus demanded retrenchment of social protection spending and the institution of other forms of austerity measures (Kersbergen 2015, 19).

This has led to a 'move away from universalism and inclusive social investment, with rising selectivity in social policy as an effect of tighter eligibility criteria, more targeting and privatization' (Kersbergen 2015, 18). Through pri-

5 Worldwide, the EU is the largest economy with a GDP per head of €25,000 (European Commission 2023).

vatisation, social welfare services become insecure and unreliable, since in their pursuit of profit, private entities may cut corners to reduce costs or close down services, negatively impacting service users (Jones 2015). Thus, perhaps more than other amenities, social welfare 'should never be exposed to the market' with the main motive of service provision being profit (Jones 2015, 449).

Demographic ageing has been linked to sustainability challenges of the pension system. The concept of active ageing pushed by active inclusion policies is primarily defined in terms of enabling older people to stay in employment. Under the guise of the positive mantra of 'active ageing', CSRs push member states through a 'clear and unified recommendation' towards an increase in the statutory age of retirement (Degryse, Jepsen and Pochet 2013, 25).[6] Active ageing becomes a buzzword and a beautiful façade for cost containment and profitability, enticing us to 'work until we die'.

While the European Union can be considered a single market, there remain massive intra-member state differences and 'small, rich countries, such as Luxembourg, contrast sharply with big, poor ones, such as Romania' (Dauderstädt and Keltek 2011, 44). The EU is essentially an inegalitarian society characterised by significant intra-European inequality (Dauderstädt and Keltek 2011). During 2021, the income quintile share ratio (S80/S20) within the EU stood at an average of 5.0, such that the income of the 20 per cent of those with the highest income was five times higher than that of the 20 per cent with the lowest income (Eurostat 2022). This ratio ranged from below 4.0 in Slovakia, Denmark, the Netherlands, Ireland, Finland, Czechia, Belgium and Slovenia to more than 6.0 in Lithuania, Spain, Latvia and Romania, with the highest inequality standing at 7.5 in Bulgaria (Eurostat 2022). The Gini coefficient stood at an average of 30.1 per cent in 2021 with again significant differences between member states, ranging from more than 35.0 per cent to less than 25.0 per cent (Eurostat 2022).

Government expenditure on social protection in the EU as a whole stood at 19.5 per cent of GDP in 2022 (Eurostat 2024),[7] varying significantly from as low as 7.5 per cent in Ireland to as high as 23.8 per cent in France (Eurostat 2024).[8] The impact of social transfers in reducing inequality and the risk of poverty

6 This is the case, for example, with regard to Malta's receipt of a CSR in the area of pensions, 'demanding acceleration of its pension reforms and the promotion of private pension savings' (Briguglio, Bugeja and Vella 2016, 386).

7 Translating into € 3,098 billion and comprising 39.2 per cent of total expenditure. Social benefits and social transfers in kind constituted 88 per cent of the full expenditure.

8 Ratio increases were registered primarily in 2020 and 2009, with 2.6 and 1.9 percentage points respectively, mainly due to GDP decline as a result of the financial crisis and COVID-19 pan-

is an important yardstick of the effectiveness of social welfare systems.[9] EU poverty rates before and after social transfers in 2022 respectively stood at 35.5 per cent and 16.5 per cent, while the Gini coefficient decreased from 34.9 per cent to 29.61 per cent. This redistributive effect was at the high end in Sweden, Germany, the Netherlands and France (Eurostat 2022).

Yet, despite member states' diverse realities and outstanding differences and challenges, common core values and principles underlie Europe's evolution, such that while the social-democratic model characteristic of Nordic and Scandinavian countries constitutes 'best practice',[10] due to its combination of high economic growth and strong redistributive social protection systems, this model is increasingly being pushed out by the general neoliberal policy direction at EU level, including within the domestic sphere.

6 Social Malta: Its Origins and Development

In Malta, social welfare and social security provision owes its origins to the Knights of St John, who in the mid-17th century established charitable institutions to assist the needy. Following self-government in 1921, Malta laid the foundation of a basic social security system which, despite the challenging times of the Second World War, by 1947 'resumed in earnest with the restoration of self-government' (Social Security 2021, para. 5). Though in the context of the country's independence in 1964, emphasis was primarily placed on 'the infrastructural needs of the economy, leaving little space for social concerns' (Azzopardi 2011, 33), during the subsequent years of socialist governance in the 1970s, welfare featured strongly among state priorities (Azzopardi 2011). A welfare system comprising a mix of universalistic and targeted social security and welfare services was formally established, offering a wide range of income and in-kind benefits and services, most of which are still available to the present day, including universal access to health and education, children's allowances and pensions, as well as specific benefits and services to the

demic (Eurostat 2022). Despite the mitigating effects of the COVID-19 pandemic, expenditure in 2021 (20.5 per cent of GDP) was significantly lower than that of the previous year, standing at 21.0 per cent in 2020.

9 The redistributive impact of social welfare can be examined by comparing at-risk-of-poverty rates and Gini coefficients (on income inequality) before and after pensions and social transfers.

10 Nordic countries rank among the most egalitarian countries and score high levels of well-being outcomes (OECD 2020).

most vulnerable and disadvantaged. This strong welfare system was complemented by redistributive measures of progressive taxation and national insurance (Bugeja 2010).

This rights-based approach to welfare was advanced 'to varying degrees in subsequent legislatures' (Briguglio, Bugeja and Vella 2016, 375) from both sides of the political spectrum, such that, despite liberalising its economy, the country continued to exhibit 'a strongly entrenched social welfare system that actively protects those at risk-of poverty' (Abela and Vella 2009, 1).

Malta is characterised by a unique hybrid model of welfare owing commonalities to both social-democratic and liberal models (Pace 2009) and thus not fitting neatly into any of Parker's social welfare regimes. Despite its socialist roots favouring universalism through a 'predominantly generous welfare state' (Pace 2009, 357), Malta's model is also characterised by liberalism. The country's welfare system has evolved in the context of 'Malta's colonial history, the country's geographical location, the importance of the Church, [and] EU membership amongst others' (Bugeja 2010, 1). During the last twenty years, the evolution of Malta's welfare model has been invariably shaped by Europeanisation processes, which as we have seen have increasingly become synonymous with liberalisation processes.

Though 'all of Europe has undergone liberalization … there are important differences in both the timing and degree of such processes across countries and regions' (Mijs, Bakhtiari and Lamont 2016, 2), with, however, little contestation of the neoliberal agenda. Malta is no exception to this economic trend as 'it forms another player in this web of neoliberal free market global economy' (Vella 2020, 292).

7 Social Malta: Its Downfall and Decay

Shrouded in a discourse of 'efficiency and less waste of resources, while being "freed" (!) from the danger of corruption' (Sant 2021, para. 1), in Malta, 'a privatisation dogma prevails, manifested through the sale, leasing and contracting out of public assets and services' (Vella 2020, 289–290). This has led to the privatisation of various services including services of general interest, as well as health and long-term care provision. Despite still being fully funded by the government, in recent years national welfare entities have been transformed into agencies and social welfare services are increasingly being delivered through public–private partnerships with non-governmental organisations and charitable organisations, but mainly by big private businesses.

Despite their inefficiency and ineffectiveness in curbing corruption, privatisation and deregulation processes are on the increase, furthering 'private control over civic matters and the appropriation of public assets by the private sector in betrayal of the public interest' (Vella 2020, 289–290). This is accompanied by government efforts at 'privatising responsibility' (Ilcan 2009) through 'pressuring/incentivising' the uptake of private health and pension schemes within the context of a dominant private housing market and increasingly decentralised education system. Through these ongoing reforms, divesting responsibility from its authority to the individual, alongside other financial incentives profiting corporate entrepreneurs, the Maltese welfare state is becoming increasingly akin to the neoliberal laissez-faire agenda.

In line with the Social OMC, Malta regularly reports on its strategic approach and coordination of social policy on an EU level. Following accession, the European Commission's evaluation of Malta's National Strategic Report (2006–2008) specified that Malta is undertaking a comprehensive reform 'marked by a shift from government provision to a growing emphasis on the responsibilities of the individual' (European Commission 2007, 156). Pushed by European fora, reform of national social policy has indeed been ongoing. The most recent policy document, the 'Social Vision for Malta 2035', emphasises the relationship between economic and social well-being, 'social fairness and prosperity, through an economy that supports people' (European Commission 2022, 18). While it emphasises that 'national economic growth is one of the most effective instruments that can reduce poverty and improve quality of life' (2022, 33), the vision does not critically appraise current economic practices, which are increasing inequality and leaving many people behind. This neoliberal agenda permeates political discourse and policy action in the domestic sphere through the belief that 'greater economic growth will eventually and ultimately ripple down to the less well-off strata of society' while disregarding recognition that 'equitable distribution of growth is a vital factor for long-lasting poverty reduction' (Briguglio, Bugeja and Vella 2016, 383).

In line with the EU agenda, social policy has been intrinsically defined through social investment and active inclusion policies aimed primarily at incentivising engagement in the labour market and addressing the disincentives that social benefit systems may place on activation. This has led to the introduction of various 'Making Work Pay' initiatives such as the 'In-Work Benefit' and the 'Tapering of Benefits' schemes. Yet, although it has been successful in reducing unemployment rates, in-work poverty has steadily increased (Borg 2017),[11] as precarious employment and the minimum wage remain a reality for

11 From 5.2 per cent in 2012 to 7.10 per cent in 2022.

a significant stratum of the population, for whom 'making ends meet is increasingly becoming a challenge' (Briguglio, Bugeja and Vella 2016, 375). Indeed, 'what is given to the people is in the form of tokenism … a triviality compared to the increase in the cost of living' (Vella 2020, 290).

Within this context of incentivising autonomy and self-reliance from the state, concern has been shifted to the sustainability of the social welfare system, 'as it has over the years been overstretched' (Azzopardi 2011, 60), allegedly due to abuses of social benefits, inefficient taxation collection, economic competition (Azzopardi 2011, 1) and demographic ageing. Indeed, the 'the free for all system has been questioned, with fears that it has become too extensive and abused … and … not managed well' (Azzopardi 2011, 73). However, is the Maltese social protection system under threat due to overstretching and mismanagement, or rather due to liberalisation/Europeanisation trends?

Examining trends of income inequality and social protection expenditure compared with GDP growth since Malta's EU accession (as presented in Appendix 1) may help to give a clearer insight of this Europeanisation process on the globalisation–inequality–social protection nexus.

Throughout the years of EU accession (2004–2022), Malta experienced i) a significant increase in GDP growth (from 0.1 in 2004 to 6.9 in 2022);[12] ii) a higher rate of inequality exemplified through an increase in the Gini coefficient (from 27.0 in 2005 to 31.1 in 2022)[13] and income quintile share ratio (S80/S20) (from 3.95 in 2005 to 4.75 in 2022);[14] and iii) a marginal increase in social protection expenditure as a percentage of GDP (from 17.5 in 2004 to 18.1 in 2021).[15]

In its initial year of accession in 2004, Malta's GDP growth rate stood at 0.1 per cent, as compared with the EU average of 2.5 per cent. During the same period, its social protection expenditure as a percentage of GDP stood at 17.5 per cent. Computation of data for GDP growth and social protection expenditure as a percentage of GDP in 2004 demonstrates that tiered to other EU countries, Malta ranked in the last place and 18th place respectively in terms of these indicators. Conversely, in 2019,[16] Malta ranked first in terms of real GDP

12 With the lowest standing at –8.1 in 2020 and the highest standing at 12.3 in 2021 (Eurostat 2023a).

13 With the lowest standing at 26.3 in 2007 and the highest standing at 31.2 in 2021 (Eurostat 2023b).

14 With the lowest standing at 3.9 in 2007 and 2012 the highest standing at 5.0 in 2021 (Eurostat 2023c).

15 With the lowest standing at 14.5 in 2019 and the highest standing at 19.7 in 2020 (Eurostat 2023d).

16 Data for 2019 is utilised as the most recent point of reference of Malta's GDP growth and social protection expenditure as a percentage of GDP. Established trends for these indica-

growth rate across the EU27, with 7.1 per cent as compared with an EU average of 1.8 per cent. However, with 14.5 per cent, during the same year, it dismally ranked in the penultimate 26th position in terms of social protection expenditure as a percentage of GDP, significantly below the EU average of 25.8 per cent.

Thus, embedment in EU membership has corresponded to a significant increase in GDP growth for the country yet an equally significant lower outlay in social protection, as expenditure as a percentage of the GDP has remained relatively stable with marginal increase. This trend is also correlated to widening income inequalities between the richest and the lowest strata of the population, with clear repercussions on the most vulnerable and disadvantaged. Indeed, over recent years, wealth and income distribution trends exhibited more favourable results for households in the upper echelons (Georgakopoulos 2019). This increased inequality also signifies that the benefits reaped from economic growth are not rippling down to the population.

Within a context where 'higher social protection expenditure is significantly related to lower income inequality, and … higher economic globalisation is linked to higher income inequality' (Bergh, Kolev and Tassot 2017, 19), Europeanisation processes on the domestic globalisation–inequality–social protection nexus demonstrate that GDP growth and widening income inequalities are not reflected in a concomitant growth in social protection expenditure.

Though social expenditure figures do not signify significant retrenchment, this 'persistence of welfare states' has been explained through the need by governments to ease the costs of globalisation and assure political support and stability (Taylor-Gooby 2002). 'Measuring retrenchment is a difficult task' (Pierson 1996, 157) since relying on social protection expenditure data may overemphasise stability and resilience (Taylor-Gooby 2002) and neglect the significant shifts in policy redirection (Hemericjk 2012) and 'recalibration' (Degryse, Jepsen and Pochet 2013) of social welfare models, which in turn impact on the effectiveness of welfare systems for reducing poverty and income inequalities. Apart from being substantially lower than the EU average of 35.29 per cent (in 2021), the impact of social transfers on poverty reduction exhibited a decline from a high 37.8 per cent in 2012 to 26.43 per cent in 2022 (Eurostat 2023e).

tors fluctuated significantly as a result of the COVID-19 pandemic, which led to negative GDP growth and increased outlay for social protection as a mitigation measure. 2022 data for these two indicators is not yet available for all EU27 countries, however data for Malta demonstrates that the pre-COVID-19 trend may be resuming.

Indeed, commitment to social protection goes beyond monetary allocation, as the above analysis of the domestic sphere demonstrates the retraction of social policy from its original generous universalism to more restrictive targetism. As in other sectors, prompted by neoliberalism, social welfare is increasingly characterised by privatisation, often with clear detrimental effects on public funding and quality of service provision. As responsibility for well-being is vested in the individual through private schemes, social policy is increasingly defined by labour market activation measures. Yet 'making work pay' constitutes a false rhetoric, as more 'working poor' are unable to enjoy a good standard of living and an adequate income for a living wage.

8 Social Europe: Quo Vadis? Where Is Thy Conscience?

Globally, the market has become the dominant form of governance. Neoliberal discourses and practices have infiltrated all spheres of life as EU policy became 'successfully linked to the dominant discourse' (Kröger 2009, 14). The OMC has been pivotal in establishing 'injunctions for Member States to orient their … policies in a common general normative direction' (Barbier 2004, 20). This dominant discourse, prompting active inclusion, flexicurity and other tightening of social benefits amid concerns of sustainability, has become an uncontested framework for the domestic social policy agenda.

Guised under discourses of efficiency and cost-effectiveness—'the idea that more (impact) can be made with less (spending)' (Fischer 2020, 381)—the EU social policy agenda is redolent of austerity, a 'conservative impulse that prefers disciplining poor people rather than redistributing wealth and power' (Fischer 2020, 381). This has led to a vicious cycle of social dumping of various categories of people, including those who for some reason or other lie outside the labour market, those engaged in precarious employment and those in dire need of social benefit and welfare services. In addition, 'the dual pressures to both "reform" … and … refine the targeting of social protection for the poorest, reinforces … a very large uncovered and unsecured middle' (Fischer 2020, 391)—a middle class which, despite its illusion of embourgeoisement, is increasingly becoming proletarianised by a system where the rich get richer, and the poor get poorer.

Despite the subsidiary principle, and the diversity of social protection systems across the EU, through the 'softness' of the OMC, harmonisation of social policy is taking place on a more insidious level. Though not overtly calling for retrenchment, the policy approach promoted by the OMC is 'open to interpretations and ways of implementation that are compatible with welfare state retrenchment' (Büchs 2009, 12). Moreover, by not being 'supportive of market-correcting policies and regulated capitalism' (Kröger 2009, 14), the OMC acts as a conservative mechanism reinforcing the neoliberal laissez-faire agenda.

EU policy structures and coordination mechanisms promote 'specific ideas about how a national social model should operate, and … this message is being conveyed, albeit with some slight variations, to all EU member states', leading to the diffusion and establishment of the neoliberal model (Degryse, Jepsen and Pochet 2013, 38). Scientific and technical discourse emergent from the Europeanisation process dilutes the ideological and 'inherently political' nature of social policy (Fischer 2020, 378). The OMC also falls short of democratic legitimacy as it 're-casts vast areas of (redistributive) policy as essentially technical or organizational matters' (Kröger 2009, 14). Through this scientification process, social policy is depoliticised. And, as 'science' becomes increasingly synonymous with the market, social policy becomes increasingly neoliberalised, albeit in 'apolitical' terms.

Neoliberal ideology validates the scaling down of public social provision, such as social welfare, health care and pension systems costs, without 'addressing the fundamental sources of social stratification and segregation' (Fischer 2020, 379). Apart from its denial 'that welfare measures are needed in order to minimize the need for welfare measures' (Esping-Andersen 2001, 154), such ideology explains 'social differentiation on increasingly neoliberal logics' (Fischer 2020, 379), justifying existing strata of inequalities. Indeed, this vision 'contains nothing—or very little' on the modus operandi of how inequalities can be addressed (Degryse, Jepsen and Pochet 2013, 38). More insidious is the fact that these 'reform agendas are usually cast in progressive, even emancipatory terms' (Fischer 2020, 379).

Such discourse and practices form an integral part of the wider European agenda of privatisation, 'a Trojan horse … [which] … represents the end game for publicly provided … social services' (Jones 2015, 469) while opening the market for private enterprises, whose main interest is profit and not social well-being.

These neoliberal reforms in social policy often receive 'affinity with right-wing populism' and other forms of authoritarianism, leading to exclusionary discourses and practices (Fischer 2020, 379). Through such processes, 'EU institutions are left to "spiritless specialists", while member state politics is increasingly vulnerable … to a dangerous spiral of "heartless" nationalistic egotisms' (Ferrera 2020, 180). Apart from consolidating existing social strata, such praxis 'have deep and long-lasting consequences on social inequalities … and on trajectories of development' (Fischer 2020, 392). Indeed, what we are witnessing is the homogeneous downfall and disintegration of the EU's social heterogeneity to the global economy.

In this struggle between the economic and the social 'there is no doubt as to who are the winners and which are the dominant messages' (Degryse, Jepsen and Pochet 2013, 27). Despite a perceived shift towards 'liberal neo-welfarism' (Ferrera 2013), the neoliberal agenda, mutually advanced by liberal and conservative parties on both the left and right side of the political spectrum, has become so diffused and ingrained within the hegemonic EU discourse and practices that it has become the norm. Indeed, the 'transformative potential' of liberal neo-welfarism remains subdued by the 'austerity-centred stance of "Economic Europe" and by the weakness of the EU's social dimension' (Ferrera 2013, 25). As the social becomes increasingly subordinated to the economy, it has become the main adjustment variable of monetary union, where 'forms of internal devaluation … replace the practice of currency devaluation' (Degryse, Jepsen and Pochet 2013, 38), irrespective of the fact that 'high social standards benefit economic performance' (ETUC 2006, para. 21).

As the social becomes the sacrificial lamb of economic growth, the 'success' of this laissez-faire model is already reaping results, as 'while millions are struggling, solidarity at source continues to be depleted through an immoral financial infrastructure … and cuts on social and community services, largely absenting the state from its core ethical responsibility' (Borg 2017, 20). Indeed, can Europe still be considered such a good practice example to other regimes? Or, lured by neoliberalism, is it shedding its social consciousness, jumping on the train of economic advancement but leaving the people's social well-being behind?

Thus, in the context of Malta's 20th year EU accession anniversary, it is germane to echo Borg's (2017, 27) concern:

> Why has Europe, in different ways and in varying degrees, failed the moral and ethical test of social justice? Why has Europe fallen behind in promoting social solidarity and communal understanding? Why social Europe seems incapable of providing an alternative model to the destructive ideology of profit first dignity and wellbeing later?

The answer to these rhetorical questions is obvious. Money and profit to the few and wealthy! While the only way to revise this unsustainable and unjust trend is to reclaim and put the social back on the political agenda, this cannot take place 'without seriously interrogating and challenging the global economic model which is exploitative, divisive and polarising' (Borg 2017, 29). Yet the embraced solution is a vicious cycle of neoliberalisation, privatisation and retraction of social welfare.

As advanced globalisation leads to widening inequalities and further retrenchment in social protection, this globalisation–inequality–social protection nexus presents another internal contradiction of capitalism, hopefully sowing the seeds of its own destruction. In the meantime, it remains a case of a Social Europe in discourse without a social conscience in practice, with a trickle-down effect to Malta.

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Appendix 1

TABLE 1 Evolution of GDP, inequality and social protection indicators

Year	Real GDP growth-rate—volume 3	Social protection expenditure as a percentage of GDP	Gini coefficient of equivalised disposable income	Income quintile share ratio s80/s20
2004	0.1	17.5	N/A*	N/A*
2005	3.4	17.4	27.0	4.0
2006	2.5	17.5	27.1	4.0
2007	4.8	17.5	26.3	3.9
2008	3.8	17.8	28.1	4.3
2009	−1.1	19.1	27.4	4.0
2010	5.5	18.7	28.6	4.3
2011	0.5	18.6	27.2	4.0
2012	4.1	18.5	27.1	3.9
2013	5.5	18.1	28.0	4.1
2014	7.6	17.6	27.7	4.1
2015	9.6	16.2	28.1	4.2
2016	3.4	16.2	28.6	4.2
2017	10.9	15.2	28.2	4.2
2018	7.4	14.7	28.7	4.3
2019	7.1	14.5	28.0	4.2
2020	−8.1	19.7	30.3	4.7
2021	12.3	18.1	31.2	5.0
2022	6.9	N/A**	31.1	4.8

* The first year for which this survey was carried out is in 2005, hence no prior data is available
** Data for 2022 not yet available

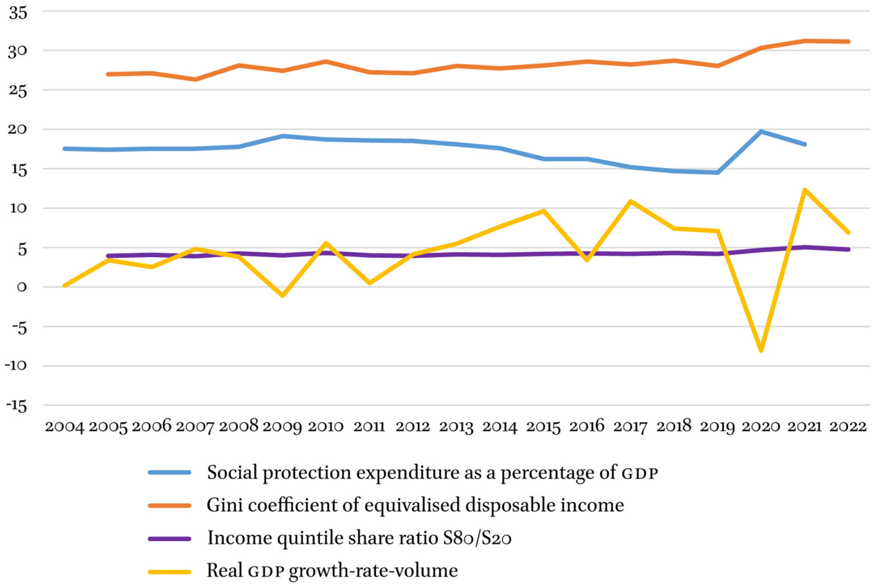

FIGURE 1 Evolution of GDP, inequality and social protection indicators