

## 5.3 SOCIAL POLICY

Nowhere do intense international competitive pressures raise greater concerns than in their potential threat to the structures of social policy -- the health and safety of workers, the unemployment insurance systems, the redistribution systems (generally to the aged, the young, and the infirm), the medicare systems, and, in Canada, the structures designed to diminish regional inequity.

Whatever the health of national economies, there is a fear that investment, industry and employment will shift to havens with the least-cost facilities, breeding a new form of beggar-thy-neighbour policies. These kinds of concern have generated a new interest in international agreements to resist this kind of predation by the establishment of international standards.

This is reminiscent of the intentions which informed the 1948 Havana Charter for an International Trade Organization<sup>126</sup>. Full employment and improved and consistent labour conditions were central to the plans of that time. However, the ITO was replaced by the GATT, a far less ambitious trade organization designed to facilitate a move to lower tariffs without making provision for the avoidance of ruthless competitive practices or with the ability to deal with new forms of anti-competitive and other trade distorting practices.

### 5.3.1 Euro-Charter:

The same need to reconcile national differences multilaterally, and a desire to ensure that social needs were met, were both recognized at the formation of the Council of Europe when a social charter was included in its constitution.

This charter makes explicit the minimum rights to be expected by workers and commits member governments to harmonize their social and labour standards upwards to the highest existing standards, rather than downwards to the lowest, as market forces would dictate.

As the European Community moves towards completion of the internal market, this matter is before the Community once again, as some countries push for the Charter to be given force inside the new single Europe. While the United Kingdom so far has resisted what Margaret Thatcher has called "socialism by the back door", an attempt is being made to develop a consensus on the scope of the new social charter, on the role of the various European institutions in its enforcement and administration, and on the role of national governments in setting future standards. A working group established as a part of the Single Europe process has been developing a series of directives to implement the objectives of the social charter, but it is unclear whether these will be implemented in the

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<sup>126</sup> The ITO, together with the IMF and the IBRD (the World Bank), were to be the institutions which would guarantee the post-war international economic settlement. Failure by the United States to ratify the ITO treaty, largely because of its disagreement with the social charter aspects of it, and the formation of the GATT as an "interim" organization by the major trading nations of the time, led to the collapse of the ITO.