

What is the role of the EU in supporting a more equal society?

The social and political situation in the EU

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The Social Situation

Poverty **Deprivation** **Inequality**

Insecure work **Unemployment**

Ageing population **Migration**

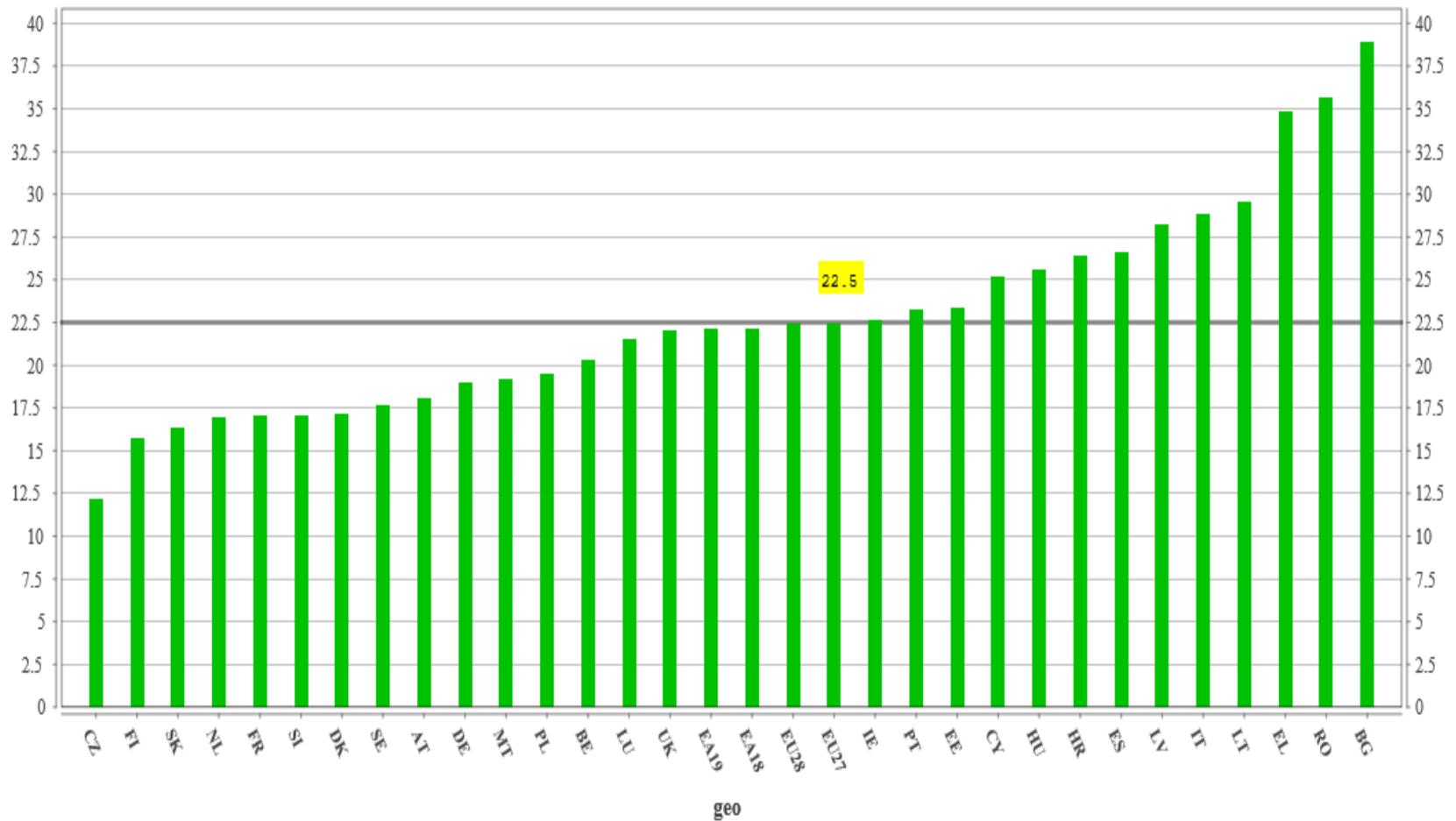
Housing exclusion **Social protection**

Environmental sustainability

Persistent high levels of poverty or social exclusion

- **22.4% (113 million)** at risk of poverty or social exclusion (AROPE) in EU (2017)
 - 23.7% in 2008
 - 29-39% Italy, Lithuania, Greece, Romania, Bulgaria
 - 12-17% Czech, Finland, Slovakia, Netherlands, France, Slovenia, Denmark
 - Ireland 22.7%
- **EU 2020 Poverty Target:** reduce by 20 million (cf 2008)
 - Higher up to 2016 & slight reduction by 2017
- **Some groups very high risk** (2016)
 - Children 26.4% (65+ “only” 18.2%)
 - Non EU born 39.1%
 - People with a disability 30%
 - People living in (quasi-)jobless households 60%

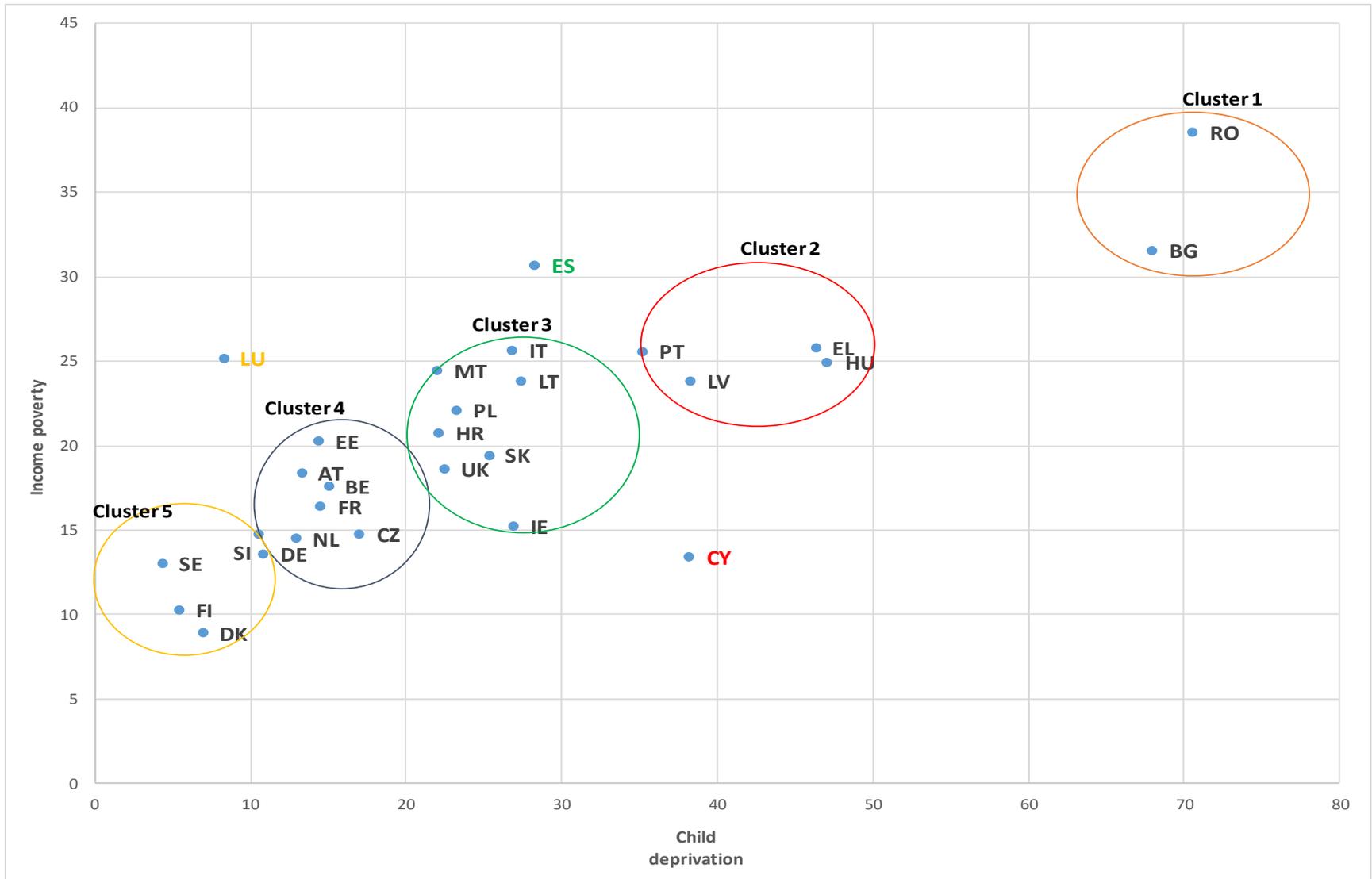
People at risk of poverty or social exclusion - 2017



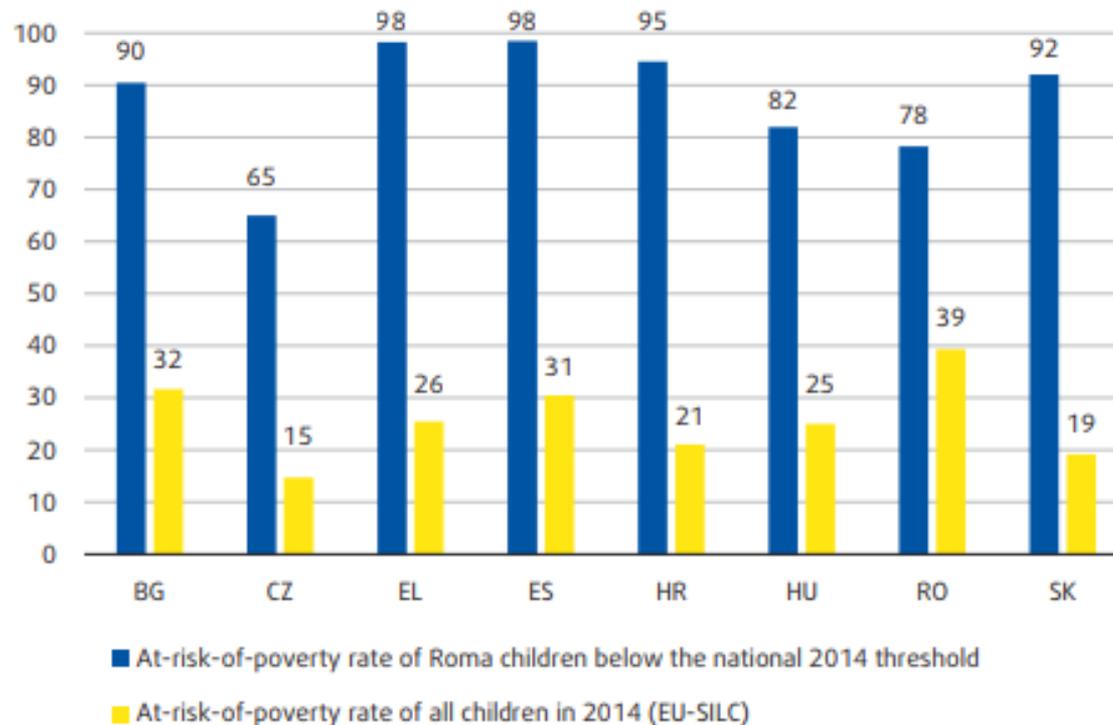
High & persistent levels of child poverty and social exclusion

- High levels
 - 19.8 million children in EU experience relative income poverty
 - 8.8 million children experience severe material deprivation
 - Children at higher risk
- Risk greater for some children
 - lone parent families; children in institutions; children from migrant background; Roma children; children with disabilities; children in precarious families; left-behind children
- Very wide variation across Member States
 - Child specific deprivation varies from 5% Finland to 71% Romania
 - i.e. enforced lack at least 3 of 17 items (e.g. some new clothes, two pairs of shoes, fresh fruits & vegetables daily, meat/chicken/fish daily, warm home)
 - undermines upwards convergence

Proportion of children (aged between 1 and 15 years) who lack at least three items (out of 17) and proportion of children who suffer from income poverty, EU-28 Member States, 2014, %



Income poverty rate of Roma children compared with the rate for all children in 2014, EU Member States, 2014, %



Deprivation & Inequality

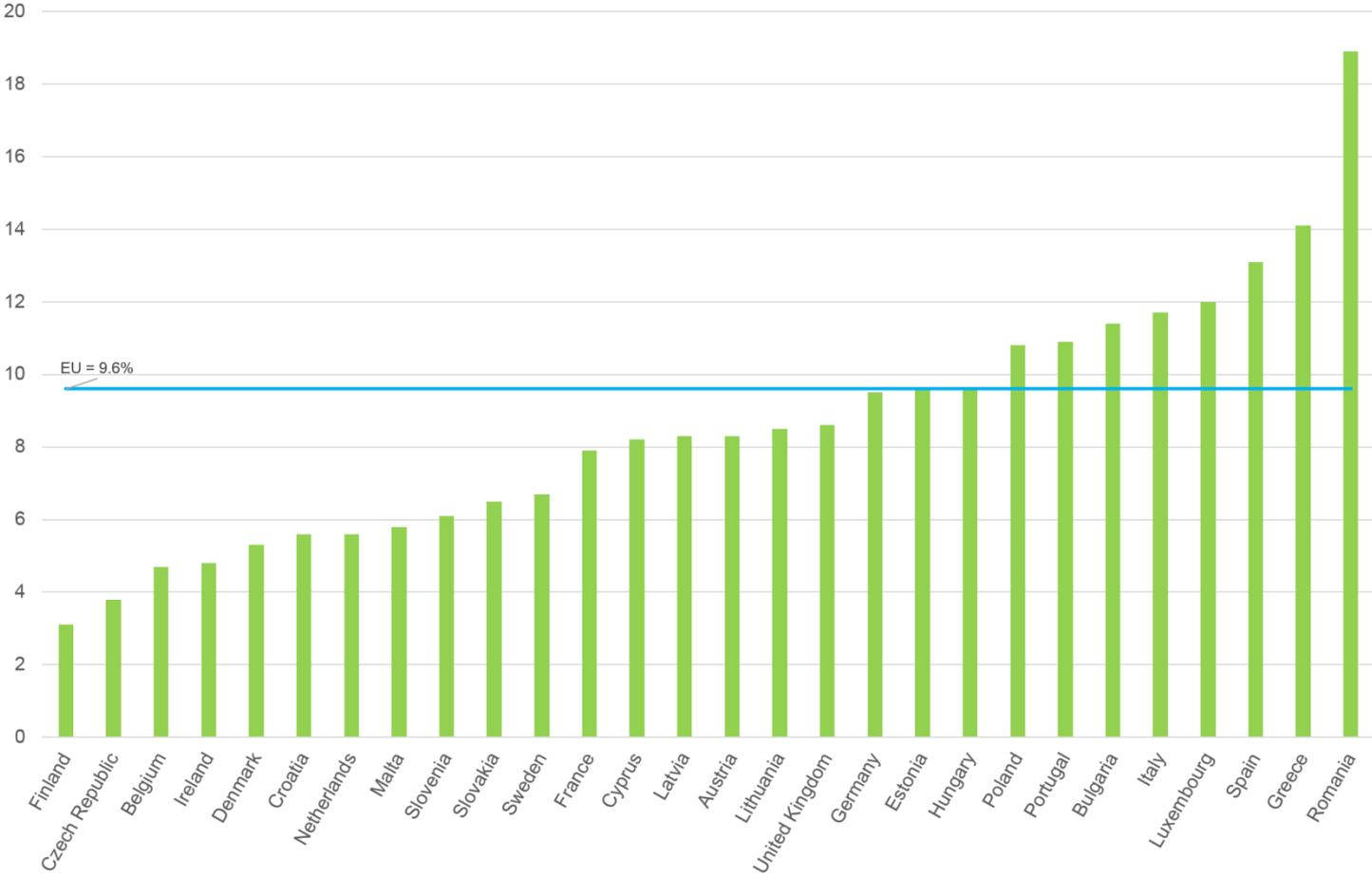
- **Severe material deprivation**
 - 7.5% in 2016 from 9.9% in 2012
 - 0.8-2% Sweden & Luxembourg
 - 20-32% Greece, Romania, Bulgaria
- **Income Inequality (S80/S20)**
 - The **20% richest households** earn over **5 times more** than the poorest 20%
 - 3.6 Finland, Slovakia & Slovenia
 - 7 to 7.9 Lithuania, Romania, Bulgaria

Insecure work & In-work poverty

- New challenges for social and employment policies
 - how to enhance social protection for those working in new forms of employment (e.g. driven by the digitalisation of the economy)
 - how to ensure job quality and work-life balance in the context of new production models;
- Self-employed 3 times higher risk of AROP than salaried workers
 - 16% of temporary and part-time workers were income poor in 2016, compared to only 6% of employees with a permanent contract
- Nearly one-tenth (9.6%) of employed persons aged over 18 AROP
 - rising in recent years from 8.3% in 2010

In-work poverty in the EU Member States, 2016

(% of employed persons aged 18 or over)



Unemployment

- **6.5% (Jan. 2019)**

- lowest since the start of the EU monthly unemployment series in January 2000 **but**
- high among young & low skilled
- nearly half (48.7%) of unemployed persons aged 16-64 in the European Union (EU) AROP
 - risk of monetary poverty was five times greater than for those in employment (9.6%).

- **Youth unemployment**

- From the second quarter of 2008, the youth unemployment rate has taken an upward trend peaking in 23.9 % in the first quarter 2013, before receding to 16.2 % at the end of 2017.
- After peaking at 23.7% in 2013, youth unemployment is decreasing, but is still above the level observed in 2008 (15.6%).
- The EU unemployment rate for people aged 15-24 was 16.8% in 2017, representing a key challenge in Greece (43.6%), Spain (38.6%), and Italy (34.7)
- More than 6 million people aged 15-24 were not in employment, education or training (NEET) in the EU in 2016

Ageing population

- Significant ageing population
 - By 2060 ratio of working-age people to 65+ will be 2 to 1
 - Growing retired population: over 65 will be 28%+ by 2070
 - Increase need for influx of workers from outside EU
 - Pressure on pensions
 - New care arrangements needed
 - Pressure on younger generations: work longer

Migration into EU

- **Migration peaked in 2015** but remains at significant levels
 - 2.4 million immigrants entered the EU from non-EU countries in 2017
 - 22.3 million people (4.4 %) of the 512.4 million people living in the EU on 1 January 2018 were non-EU citizens
 - 17.6 million persons living in one of the EU Member States on 1 January 2018 with the citizenship of another EU Member State.
 - EU Member States granted citizenship to 825,000 in 2017
 - More than 1 million migrants crossed the Mediterranean Sea in 2015, sharply dropping to 364,000 in 2016
 - Germany largest total number of immigrants (917,100) in 2017 followed by the United Kingdom (644,200), Spain (532,100), France (370,000) and Italy (343,400)

But

- Ageing EU needs continued high level of immigration

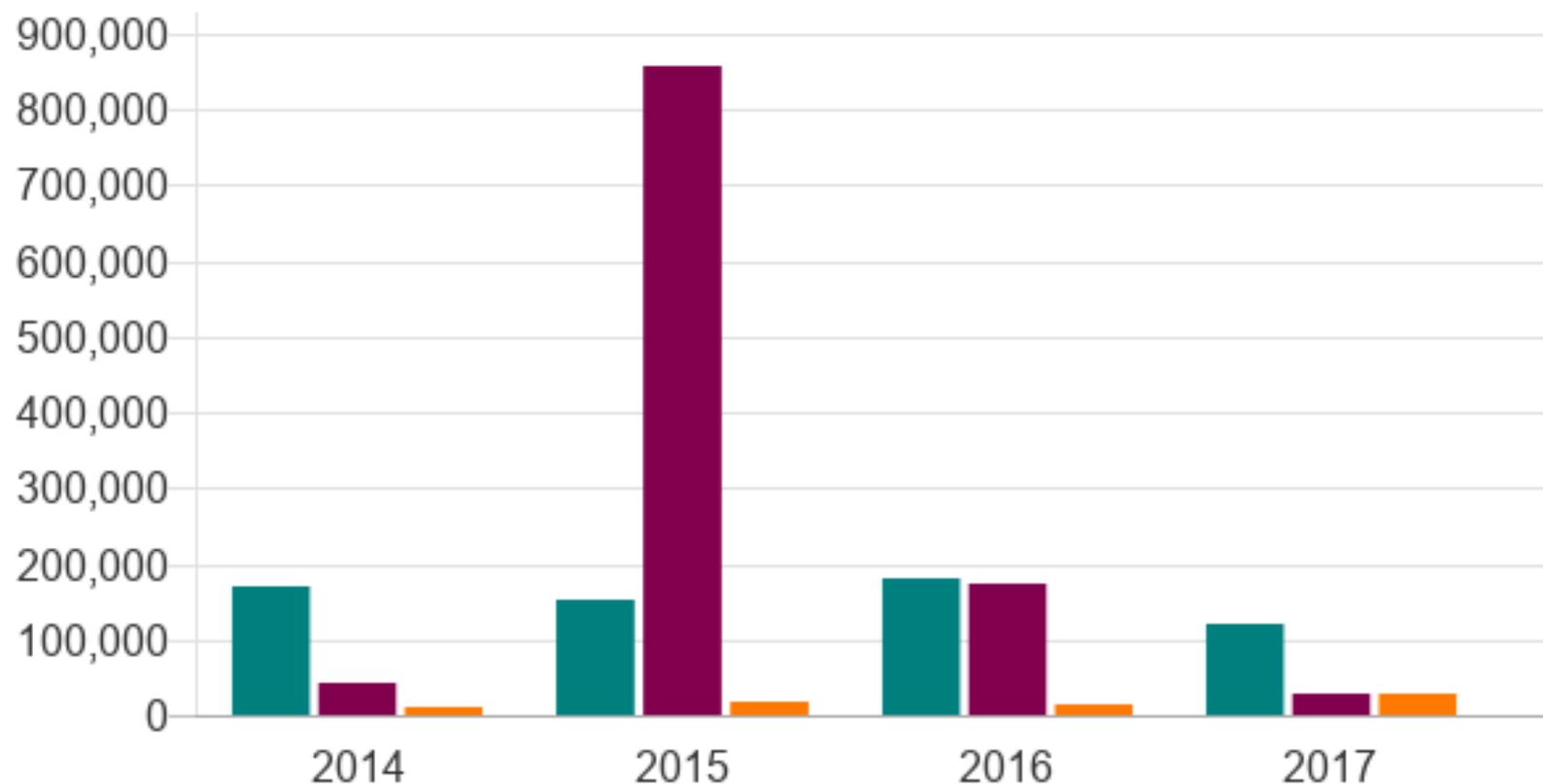
But leads to

- Increased integration challenge:
 - Rise in racism and discrimination to ethnic minorities & migrants
 - Non EU born less likely to participate in employment
 - average employment gap of 10.6 percentage points, exceeding 15 percentage points in 7 EU countries

Migrants and refugees

Total arrivals 2014-17

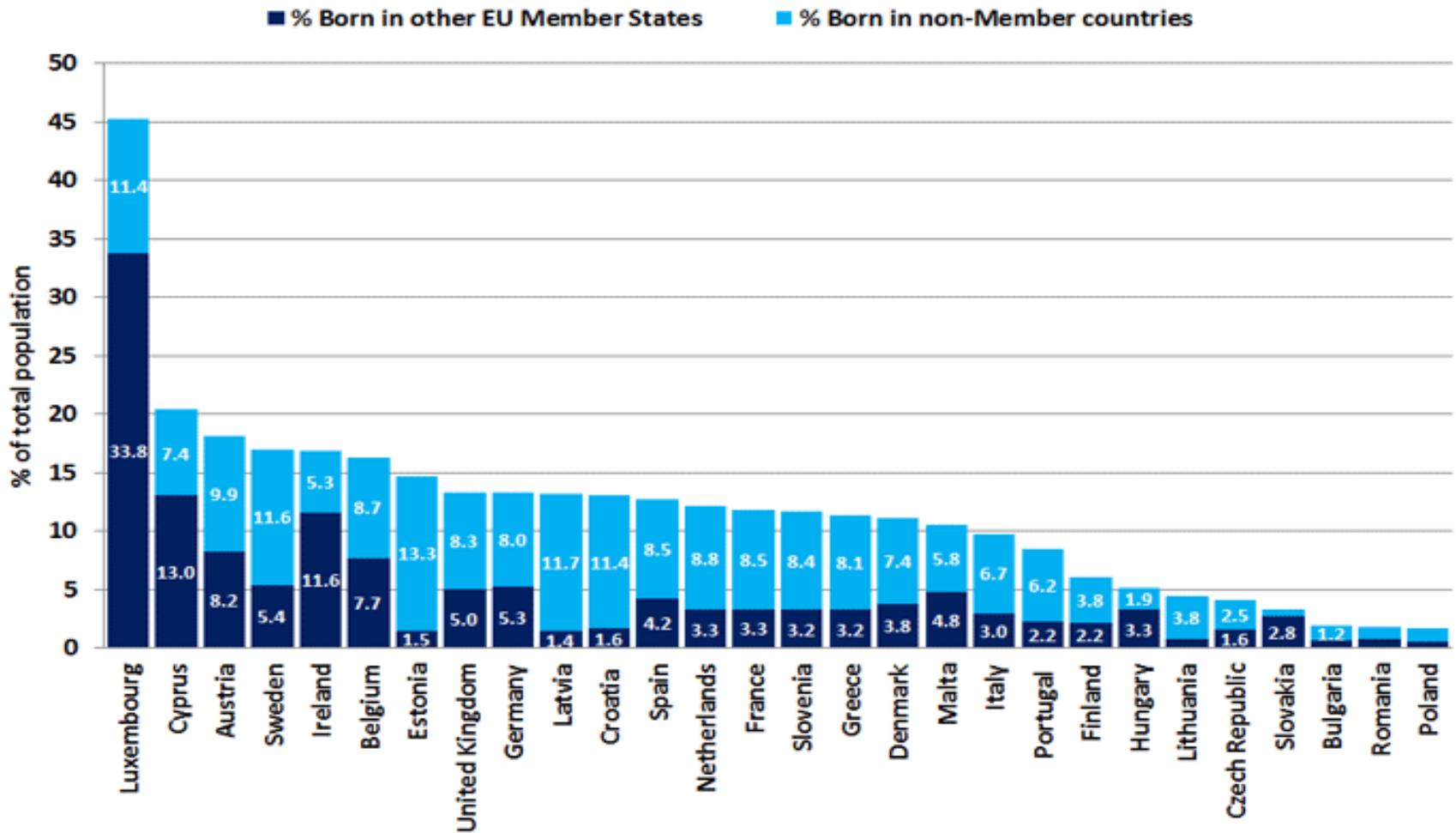
Italy Greece Spain



Source: UNHCR

BBC

Foreign and foreign-born population in EU-28 (as of 1 January 2016)



Intra-EU Mobility

- A plus for economies of more developed regions
 - In 2016, there were 11.8 million “long-term” EU-28 movers of working age living in the European Union
 - 5% more than in 2015
 - esp. to Germany & UK (almost 50%) followed by Italy, Spain and France
 - c. 50% from Romania, Poland, Italy & Portugal

But

- Population loss can lead to downward spiral in some regions
 - human capital & skill loss; population loss; ageing population

Housing Exclusion and Homelessness

- Significant extent of housing exclusion
 - 24,409,732 overburdened by housing costs (40%+ of income)
 - 10,945,645 severe housing deprivation
- Rise in homelessness
- Lack of investment in social housing

Social Protection for All

The Social Dimension of Europe

- Wide variation in expenditure on social protection
 - social protection expenditure as a percentage of GDP was 30% or more in France (32.2%), Denmark (31.6%) and Finland (31.1%)
 - below 20% in Estonia (14.9%), Lithuania, Romania (both at 14.4%), and Latvia (14.3%)
 - impact on poverty decreased in some countries
- Adequacy of Minimum Income
 - a challenge for many countries
- Lesson from crisis
 - Social protection systems an economic imperative as well as social & political requirement

Sustainability & the Environmental Challenge

- The time to act is now
 - listen to our children
- Challenge of putting green growth (or perhaps degrowth) at the heart of EU policies
- Challenge to ensure green policies also promote equality (& not more inequality)
- Challenge to adapt welfare systems to new emphasis on sustainability

The Political Situation

Brexit & populism

Increased Social Europe

Debate on future EU model

European elections & new Commission

Brexit & Rise of Populism

- **Why?**
 - reaction against austerity and dominant liberal economic agenda
 - globalisation “losers”
 - growing alienation from EU & “establishment” politics
 - fear of migration and fear of other
 - perceived threat to identity
- **Consequences for a more equal society**
 - Rise in racism & discrimination & increased threat to (ethnic) minorities
 - Rise in protectionism and loss of solidarity
- **Some political consequences**
 - Increased realisation of need to increase focus on social policies
 - Intense debate on future direction of EU
 - quantum leap forwards in enhanced cooperation
 - spur disintegrative dynamics
 - more incrementalism towards enhanced cooperation

Increased politicisation of EU Social Policies

- from austerity to more Social Europe?

- **Mainstreaming poverty/social exclusion**
 - 2010 Europe 2020 – poverty target & effort to mainstream poverty
 - **but** European Semester (initially) dominated by economic agenda
- **Some rebalancing efforts**
 - 2013 Social Investment Package
 - Increased focus on vulnerable groups
 - Active Inclusion; EU Youth Strategy (incl. Youth Guarantee); Recommendation on Investing in Children; EU Framework for National Roma Integration Strategies; European Disability Strategy; Action Plan on Integration of third country nationals; Recommendation on integration of long-term unemployed into labour market
 - Increased Social Inclusion focus in EU Funds
 - 2014-2020 25% of €84 bn. earmarked for social inclusion.
- **President Juncker** & increased political momentum
 - (see next slide)

President Juncker & Increased political momentum for a more “Social” Europe

- **Social triple-A Europe** – Juncker 2014
- **2017 European Pillar of Social Rights (EPSR)**
 - Nov 2017 proclaimed jointly by Commission, Parliament and Council
 - 20 principles covering equal opportunities & access to labour market, fair working conditions, social protection & social inclusion
- 2017-2019 Increased “social” emphasis in **European Semester** & more **proactive Commission** (see COM presentation)
- **2030 Agenda for Sustainable Development** (Sept. 2015)
 - 17 SDGs + 169 associated targets
 - Close link to EPSR: e.g. ending poverty; zero hunger; good health and well-being; quality education; gender equality; decent work and economic growth; and reducing inequalities
 - EU has undertaken to implement in both internal & external policies

Which Model for the Future

- **Rome Declaration** (25 March 2017)
 - EU 27 leaders on 60th anniversary of the Treaty of Rome
 - pledge to work together on a) a safe and secure Europe; b) a prosperous and sustainable Europe; c) a social Europe; and d) a stronger Europe on the global scene
- **2017 COM White Paper** with range of scenarios
 - minimalist ('nothing but the Single Market')
 - very ambitious: 27 advance together in the integration process in specific policy areas ('doing much more together')
 - in-between: a restricted number of countries deepen their integration in some areas
 - possibly joined by the others at a later stage ('those who want more do more').
- **COM Reflection Paper on the Social Dimension** (April 2017): 3 possible trajectories
 - limit Europe's social dimension to the single market,
 - follow a multi-speed approach, where some Member States decide to do more together on social issues
 - a deepened social dimension for the EU-27

European Elections + new Commission

- European Parliament elections - 23-26 May 2019
- Political balance may change with influx of “populist” politicians
- What will replace Europe 2020
 - will new Commission embrace Juncker’s aim of a stronger Social Europe and implementation of EPSR?

Conclusions

Conclusion 1

- **Persistence of economic and social imbalances:**
 - Embed inequality
 - Undermine economic & social convergence
 - Lead to political, social & economic instability
 - Threaten future of EU

Conclusion 2

- **Need for new Global Strategy for a more sustainable & equal Europe post 2020**
 - **Rebalance** EU economic and social policies to achieve real equality & inclusiveness
 - new/changed model of development
 - Take the **Sustainable Development Agenda** seriously
 - reconcile EU social, economic and environmental policies
 - promote social & ecological transformation
 - Develop rigorous roadmap for implementing **EPSR**
 - include an action plan against poverty & inequality
 - Emphasise upward **convergence**
 - No one & no region left behind
 - Enhance participation & stakeholder **involvement**
 - Renew emphasis on **Fundamental rights**
 - democracy, human rights and the rule of law versus fascism & discrimination