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**Equality – social inequality  
in the present papers of the European Commission to debate the future of Europe**

**White Paper on the Future of Europe (1 March 2017)**

1. Introduction:

“It [the EU] is where equality is not just spoken about but continues to be fought for.”  
(p6)

2. The drivers of Europe’s future

“The global financial and economic crisis that started in 2008 in the United States shook Europe to its core. Thanks to determined action, the EU economy is now back on a more stable footing with unemployment falling to its lowest level since the “great recession” hit. *However, the recovery is still unevenly distributed across society and regions* (italic by FDF). Addressing the legacy of the crisis, from long-term unemployment to high levels of public and private debt in many parts of Europe, remains an urgent priority.” (p9)

*On youth and generational inequality:*

“The challenge is particularly acute for the younger generation. For the first time since the Second World War, there is a real risk that the generation of today’s young adults ends up less well-off than their parents. Europe cannot afford to lose the most educated age group it has ever had and *let generational inequality condemn its future* (italic by FDF).” (p9)

*On ageing society in Europe:*

“There are more *women* in work than ever before but achieving real *gender equality* will mean breaking down persisting barriers (italic by FDF).” (p10)

3. The 5 Scenarios:

Scenario 1 – “Carrying on” – The EU focuses on delivering its positive reform agenda.

Scenario 2 – “Nothing but the Single Market” – The EU is gradually re-centred on the single market

Scenario 3 - “Those who want more do more” – The EU allows willing Member States to do more together in specific areas.

“A group of countries, including the euro area and possibly a few others, chooses to work much closer notably on taxation and social matters. ... Agreed social standards provide certainty for business and contribute to improved working conditions.” (p20)

Scenario 4 - “Doing less more efficiently” – The EU focuses on delivering more and faster in selected policy areas, while doing less elsewhere.

“Conversely, the EU27 stops acting or does less in domains where it is perceived as having more limited added value, or as being unable to deliver on promises. This includes areas such as regional development, public health, or parts of employment and social policy not directly related to the functioning of the single market.” (p22)

But this would also mean: “Salaries, social legislation and taxation levels continue to vary significantly across Europe.” (p23)

Scenario 5 - “Doing much more together” – The EU decides to do much more together across all policy areas.

“Within the euro area, but also for those Member States wishing to join, there is much greater coordination on fiscal, social and taxation matters, as well as European supervision of financial services. Additional EU financial support is made available to boost economic development and respond to shocks at regional, sectoral and national level.” (p24)

## **Reflection paper on the Social Dimension of Europe** (26 April 2017)

### Foreword

“Europe is home to the most equal societies in the world — a reality that is hugely valued across the Union. Even though differences in economic development and social traditions between countries remain, we have increasingly strengthened both individual and collective social rights and improved cooperation with social partners at European and national levels. The EU framework has pushed the momentum for more effective policies and more equitable social outcomes.” (p3)

### 1. Europe’s social dimension

“The European Union has always had a social dimension, closely linked to its economic ambitions. Improving working conditions, living standards and gender equality have been central objectives of the EU ever since the treaties of Rome enshrined the principle of equal pay between women and men into law in 1957.” (p6)

### 2. Today’s social realities

This chapter starts with a sub-chapter on

“While Europe is recovering from the crisis, divergences between countries and regions persist” (p8-9)

“Economic indicators of living standards show a varied picture across Europe. And yet, even national averages do not tell the full story, as they mask even *greater disparities within the territories of the Member States* (italic by FDF), with pockets of relative wealth in less well-off countries and vice versa. In general, capital cities are significantly better off than elsewhere.” (p8)

The different economic and social development between *countries* but especially *regions* is described again:

“Nevertheless, progress is not evenly felt across all regions or in all parts of society. For instance, while the partial or full delocalisation of companies has not had negative overall effects for some countries and is part of the possibilities offered to enterprises through the single market, this has brought about serious hardship and loss for many individual regions. Unemployment rates range from below 5 % in the Czech Republic, Germany and Hungary to 18 % in Spain and 23 % in Greece.” (p9)

It is highlighted again that the *younger generation* has been hit particularly hard by the crisis:

“The crisis has affected parts of Europe in different ways, but across the Union it is younger generations that have been hit particularly hard. At the end of 2016, the youth unemployment rate stood at 18 % in the EU and 20 % in the euro area. It was around 40 % in Greece, Spain and Italy. For the first time since the Second World War, there is a real risk that today’s young adults — the most educated generation we have ever had — may end up less well-off than their parents.” (p9)

Sub-chapter: Employment rates differ

About *women on the labour market*:

“Improvements largely reflect the rising number of women on the labour market. Job creation in the services sector, better childcare facilities and the removal of tax disincentives for second earners to work are contributing to this trend even though significant gender gaps persist.” (p10)

Sub-chapter: Social protection systems differ across Europe

On *income inequalities*:

“Social protection systems — combined with taxation — help narrow income inequalities. Today, Europe is home to the most equal societies in the world although significant disparities still exist. On average, the wealthiest 20 % of households earn five times more than the poorest 20 %. According to this measure, the highest levels of income inequality are seen in Bulgaria, Estonia, Italy, Cyprus, Latvia, Lithuania and Romania. There is also significant income inequality between regions within Member States.” (p11)

On *poverty*:

“Lastly, even in our prosperous societies, the risk of poverty remains significant. Almost a quarter of the EU-27 population is estimated to be at risk of poverty or social exclusion. Child poverty also remains high and is rising in several Member States. This means that these children have limited access to health care, a higher risk of school drop-out and later, as adults, higher risks of unemployment and poverty. In 2010, EU leaders had committed to reduce the number of people at risk of poverty by 20 million by 2020, yet today, Europe is far off track to deliver on this objective. So far, there has been an increase of 1.7 million people at risk of poverty.” (p11)

### 3. Drivers of change by 2025

Sub-chapter: Europe’s population is undergoing rapid change

*On life expectancy and health care:*

“Life expectancy has dramatically improved. For men, it has gone from an average of 43 years in 1900 to an expected 82 years in 2050. For women, it was 46 years and is expected to climb to 87 years by 2050. Most babies born in Europe between today and 2025 will still be alive 100 years from now. At the same time, healthy life expectancy and access to healthcare services still vary considerably between income groups and regions.” (p14)

*On the situation of elderly people:*

“Already today, almost a third of the population over 65 lives alone and up to two thirds of people over the age of 75 are dependent on informal care, mostly provided by the immediate family. One in six older people live in poverty, with elderly women particularly exposed to low pensions as a result of incomplete careers.” (p14)

*On intergenerational fairness:*

“Fundamentally, ageing also brings the question of intergenerational fairness to the fore. There is today a real risk of a generational divide between younger and older people in terms of decision-making, wealth, material security and access to housing as well as in terms of sharing the financial and fiscal burden of an ageing society.” (p15)

*On gender equality:*

“Gender equality remains far from a reality, even if progress continues. Gender stereotypes persist and women are still under-represented in the labour market in economic and political decision-making positions.” (p15) – See also the overview on gender gap aspects on p16.

*On migration:*

“On 1 January 2016, 29.7 million people born outside the EU were legally residing in the EU-27, having come for different reasons (work, study, protection or to join their family) over the past decades. While migration to the EU remains relatively modest compared to other parts of the world, the large recent inflows in the EU within a relatively short time frame have caused tensions in some parts of Europe.” (p15f)

Sub-chapter: A new world of work is taking shape

*On the change of the world of work:*

“This is emblematic of increasingly diverse and irregular working patterns and working conditions that end the prospect of a traditional career. In its place are new forms of contracts, greater geographical mobility and more changes in jobs and working status. While new types of contracts can be a stepping stone to the world of work, there is also a risk of increasing labour market polarisation, with evidence of rising wage inequalities and people with low skills trapped in low-quality jobs with few prospects of advancement.” (p17)

4. A possible way forward for the EU27

Sub-chapter: Empowering citizens to create strong societies

To aim at *equal opportunities*:

“Across the EU, there is growing consensus that fostering equal opportunities so that everyone can start well in life, overcome difficulties and realise their own potential is necessary to create resilient societies.

The areas for action are well known: investing in children to ensure they have the best start in life; investing in youth, skills and lifelong learning; facilitating transitions throughout a career and moving from a ‘job for life’ to an ‘employment for life’ perspective, including self-employment; promoting longer and healthier lives through prevention and better working conditions and elderly care; promoting gender equality to overcome remaining gaps and establish the concept of a ‘dual earner family’; ensuring active inclusion and fighting against discrimination, allowing everyone to have a dignified life; facilitating mobility and ensuring successful integration of migrants; promoting civic participation, culture and dialogue, which are also economic assets — to name just a few.” (p22)

Sub-chapter: The EU is not starting from scratch

On relating to *international organisations and globalisation*:

“Convergence of social standards is a key element of fair globalisation. To this end, the EU cooperates with international organisations so that international standards on human and social rights are respected and working conditions improve.” (p24)

Presentation of 3 scenarios:

Scenario 1 - Limiting the “social dimension” to free movement

Scenario 2 - Those who want to do more in the social field do more

“Common standards could focus primarily on labour markets, competitiveness, the business environment and public administration, as well as certain aspects of tax policy (such as the corporate tax base). The euro area would be better supported and its citizens better protected with *more convergence* (italic by FDF) of national employment and social policies. Existing funding at EU level could be used to support joint actions and/or dedicated funds could be set up by the countries taking part.” (p28)

Scenario 3 - The EU27 deepen the social dimension of Europe together

“There is a widespread view in Europe, reflected also in the Rome declaration<sup>1</sup>, that social values are fundamental to the European project itself and that all EU citizens should have rights and equal opportunities.”

On *common rights*:

“Legislation would not only set minimum standards but, in selected areas, could fully harmonise citizens’ rights across the EU.”

5. Moving the debate forward

“However, every European country is ultimately striving for the same thing: to create a fairer society based on equal opportunity. Our gender, birthplace, family background or wealth on our first day should not determine the level of access to education, services or opportunities.

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<sup>1</sup> See: <http://www.consilium.europa.eu/en/press/press-releases/2017/03/25-rome-declaration/> (footnote by FDF).

In their diversity, the EU-27 countries have the possibility to respond to common challenges individually and together, in the knowledge that the responsibility for preparing for the future is largely in their hands.” (p32)

## **Reflection paper on harnessing Globalisation (10 May 2017)**

### 1. Tackling stock of globalisation and its effects

*On positive effects towards equality:*

“Some of our Member States that are most integrated in global supply chains also have both higher incomes and lower inequality. This success has provided resources to support our social model and protect the environment.

Globalisation has had similar positive effects around the world. It has helped lift hundreds of millions of people out of poverty and has enabled poorer countries to catch up. It has played a role in increasing stability, democracy and peace. The United Nations (UN) sustainable development goals (SDGs) have provided a global framework to address poverty and increase living standards in developing countries — ultimately also creating exports markets of the future. Providing the prospect of a sustainable and prosperous future at home also helps reducing and managing illegal migration flows to Europe.” (p8)

*On challenges and negative effects towards inequality:*

“At the same time, globalisation also poses challenges. Its benefits are spread unequally among people and regions, some of which are less adaptable to change and competition than others.” (p9)

“Unless active steps continue to be taken, there is a risk that globalisation would compound the effect of technological advances and the recent economic crisis and contribute to further widening inequalities and social polarisation. Over the last decade, real incomes of middle-class households in the EU and other advanced economies have, for the most part, stagnated even as the economy has grown overall. While inequality in Europe remains much less marked than elsewhere in the world, the wealthiest 1 % of our population still own 27 % of the total wealth.” (p9)

### 3. Europe’s external response: International cooperation to shape globalisation, economic diplomacy and instruments to ensure a level playing field

*On international order:*

“Building a fair international rules-based order based on high standards requires cooperation between many countries with different interests, cultures and levels of development. The aim is to reconcile the means of globalisation — opening markets and technological progress — with its ends — projection of rights and increased human well-being.” (p13)

Reflecting and referring to UN SDGs, development policy etc.

*On social and labour standards:*

“...we should take forward efforts to improve social and labour standards and practices,

in close cooperation with the International Labour Organisation, but also civil society, social partners and the private sector. In this context, collective bargaining systems should be promoted at global scale. Globalisation needs to become efficient.” (p14)

4. Europe’s internal response: Building resilience through better sharing of benefits and promoting of long-term competitiveness

*On robust social policies against social inequalities – e.g. redistribution of wealth:*

“Citizens must be confident that their governments will protect and empower them through robust social policies that are an essential part of our response to globalisation. ... Even if Europe already has the most equal and inclusive societies in the world, we need to continuously strengthen and adapt our policies for the future and address inequalities through fair and modern tax policies. A better distribution of the benefits of globalisation, coupled with effective social protection, will help people find a decent job and adapt to change. More broadly, a fair and equitable redistribution of wealth, as well as focused investments fostering social inclusion of more vulnerable categories of people including migrants, will help to strengthen social cohesion.” (p16)

“A modern and effective labour market should facilitate access for all to the job market. Policies should also provide adequate employment security, income replacement and safety nets for those people going through a difficult transition. Access to quality services should ensure equal opportunities and social inclusion. These can range from healthcare to child care — in order to raise the participation of women in the labour market —, teleworking, promoting work-life balance and to enhancing job opportunities for people with reduced mobility.” (p16)

*On the differences of regions in the EU:*

“Many European regions are well positioned to take advantage of the opportunities offered by globalisation. However, others face a higher risk of heavy job losses as a result of international competition and technological change. Vulnerable regions can be found across Europe, though most are located in southern, central and eastern Europe and are the focus of EU policies to boost competitiveness and strengthen resilience.” (p19)

*On rural areas:*

“Special attention should also be paid to strengthening the resilience of rural communities that are at risk of being left behind by globalisation or demographic change.” (p19)

*On the demand of fairer distribution of its benefits:*

“Making the European economy more competitive, sustainable and resilient to globalisation and ensuring that it generates the necessary resources to ensure a fairer distribution of its benefits are a shared responsibility for all levels of government.” (p19)

and: “Europe must act to more fairly share the benefits of globalisation in line with our principles of solidarity and sustainability.” (p21)

## Reflection paper on the Deepening of the Economic and Monetary Union (31 May 2017)

### Foreword

“Our Economic and Monetary Union still falls short on three fronts. First, it is not yet able to reverse sufficiently the *social and economic divergences* (italic by FDF) between and within euro area members that emerged from the crisis. Second, these centrifugal forces come with a heavy political price. If they remain unaddressed, they are likely to weaken citizens’ support for the euro and create different perceptions of the challenges, rather than a consensus on a vision for the future. Finally, while the EMU is stronger, it is not yet fully shock-proof.” (p3)

### 2. The story of the euro so far

#### Results of the *crisis – significant social and political costs*

“In 2013, the level of real GDP in the euro area was still 3.5% lower than in 2008, and wide gaps in growth had opened between a group of more vulnerable countries and the others, with significant social and political costs.” (p10)

### 3. The case of completing the Economic and Monetary Union

Since 2007/2008 a divergence trend

#### On *unemployment*

“While unemployment is declining overall, levels still differ substantially across the euro area. In some countries, such as in Germany, the Netherlands, Estonia and Austria, unemployment is at very low levels. Others – like Spain or Greece – still experience unacceptably high unemployment, especially for young people, with high shares of structural unemployment.

This has had far-reaching social consequences, particularly in the countries having had to adjust most during the crisis. For the first time since the Second World War, there is a real risk that the generation of today’s young adults ends up less well-off than their parents. These developments have fuelled doubts about the design and functioning of the EU’s social market economy and the EMU in particular.” (p12)

#### Increase in *levels of public and private debt*

“The crisis led to a sharp increase in levels of public and private debt, which have now been contained but still remain high. On average, levels of sovereign debt in the euro area increased by 30 percentage points in only seven years – from 64% to 94% over 2007-2014. Even Member States with relatively low deficit and debt levels before the crisis – such as Spain or Ireland – came under pressure as concerns emerged over the budgetary costs of difficulties in the financial sector and underlying structural fiscal positions turned out to be worse than headline figures had suggested. This showed that the EU fiscal rules of the time were not enough, and that there was a need to monitor closely trends in private debt as well.” (p14)

### 4. Reflections on a possible way forward



- by 2019

- beyond 2019

A macroeconomic stabilisation function of the Euro area

With a euro area fiscal capacity for

- protection of public investment from economic downturn; or

- an unemployment insurance scheme in cases of sudden rise of unemployment level.  
(p25)

## **Reflection paper on the future of European Defence (7 June 2017)**

### 1. Introduction

“Security has become one of the biggest concerns for Europeans.” (p6)

### 3. Europe in 2025 – moving towards a Security and Defence Union

Three scenarios:

Scenario a): Security and Defence Cooperation (p12f)

Scenario b): Shared Security and Defence (p13f)

Scenario c): Common Defence and Security (p14f)

## **Reflection paper on the future of EU Finances (28 June 2017)**

Foreword – Focal points shall be:

“Economic strength, sustainability, *solidarity* [italic by FDF] and security must be the focal points for the EU finances of the future.” (p3)

### 1. Financing European integration: the evolution of EU finances

Until today 70% of the total EU budget is spent for agriculture and cohesion policy. (p7).

### 3. Trends and challenges

#### 3.2 Economic strength, sustainability and solidarity (p13f)

*On sustainable development and UN SDGs – 2030:*

“Sustainable development has long been at the heart of the European project. European societies today face many sustainability challenges from youth unemployment to ageing populations, climate change, pollution, sustainable energy and migration. The 2030 United Nations Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) (see chart below) is an anchor of EU policy both internally and externally. The economic, social and environmental dimensions at the heart of the SDGs have largely been incorporated into the EU budget and spending programmes. They have been mainstreamed into the Europe 2020 strategy to build around education and

innovation ("smart"), low carbon emissions, climate resilience and environmental protection ("sustainable"), job creation and poverty reduction ("inclusive"). There is also a political commitment of devoting at least 20% of the EU budget 2014-2020 to climate action and to achieving 0.7% of GNI as Official Development Assistance within the framework of the 2030 agenda." (p13f)

*On averting a widening social divide:*

"Nurturing competitiveness and averting a widening social divide is an important challenge for the Union and for the euro area in particular. The aim must be to reduce economic and social divergences between and within Member States and to empower people to play their full role in society. EU expenditure on social matters, from labour market to poverty reduction, from social inclusion to education, currently represents only 0.3 % of total public social expenditure in the EU. While this share might be re-assessed in the future, there can be no mistaking that social support will remain primarily in the hands of Member States. The Reflection Paper on the social dimension of Europe has outlined areas where EU finances could make a stronger contribution in the future, depending on the path chosen for the EU's future social policy." (p14)

*On globalisation and inequality:*

"The benefits of globalisation are unequally distributed both between people and territories, notably between large metropolitan areas and declining industrial and rural areas." (p14)

About the basic functions of any public budget:

Financing *public goods* (p14)

On another function, which is *redistribution*:

"It achieves a re-distribution (coupled with the financing and provision of public goods) through cohesion policy, which promotes economic convergence as well as social and territorial cohesion; and, through support for rural development and via the support to the income of farmers under the Common Agricultural Policy (CAP)." (p14)

*On globalisation and socio-political tensions through economic and social differences:*

"While the benefits of globalisation are widely spread, the costs are often localised. Recent evidence suggests that many regions across Europe are much more likely than others to be exposed to sudden shocks due to their economic specialisation, labour costs, or education level of their workforce. At the same time, unemployment rates, particularly among the younger generations, remain too high; participation in the labour market is low in many parts of Europe; and the number of people at risk of poverty is unacceptably high.

These differences of economic and social perspectives may create socio-political tensions and require an appropriate EU response so that no person and no region are left behind." (p15f)

#### 4. Options for the future of EU finances

##### 4.1 What should the future EU budget focus on

###### 4.1.1 Responding to current trends and new challenges

*On reducing economic and social divergences – proposing i.a. a child guarantee (referring to the model of the Youth Guarantee)*

“First, reducing economic and social divergences between and within Member States is crucial for a Union that aims for a highly competitive social market economy aiming at full employment and social progress. It is of vital importance for the euro area, where divergences put at stake the sustainable development of Economic and Monetary Union in the medium term. The Reflection Papers on the Social Dimension of Europe and on Harnessing Globalisation have put forward a number of ideas for consideration. The overarching priority would be to invest in people, from education and training, to health, equality and social inclusion. Also—building on the example of the Youth Guarantee—a Child Guarantee supported by EU funds would be an option. It is important for a social spending to reach those that most need it, in particular in regions with high social inequalities. Existing criteria for such targeting may need to be revisited with that aim in mind.” (p22)

*On the function of a budget for stabilisation – e.g. a re-insurance for national unemployment schemes on EU level:*

“Fourth, an important issue is whether the next EU budget should incorporate some form of stabilisation function. The Reflection Paper on the deepening of the Economic and Monetary Union suggested introducing a macroeconomic stabilisation function as soon as the next Multiannual Financial Framework. Its objective would be to protect against large shocks that hit different countries differently (so-called “asymmetric” shocks). It could take the form of a protection scheme for investments, a re-insurance for national unemployment schemes or a “rainy day” fund. There would be clear conditions to access such a function.” (p22f).

At the end an overview is given about which budgetary consequences would have each of the 5 scenarios of the White Paper on the future of Europe .

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