



Pilot Study

# Social Policy Reforms in the EU: A Cross-national Comparison

Social Inclusion Monitor Europe (SIM) –  
Reform Barometer

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## Social Inclusion Monitor Europe (SIM) – Reform Barometer

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## 1. Key findings, in brief

**European countries are losing momentum for social policy reforms:** The results of the SIM Europe Index report on social justice, published in September 2014, suggested a growing social divide among the member states. Assessing six policy areas of social inclusion, the data revealed the deteriorating social situation since 2009 across the EU. The report stressed, in particular, the difficulties southern EU member states were having in coping with the effects of the financial and economic crisis. This second report, the *SIM Europe Reform Barometer*, takes up these results and delivers two tasks: to impartially assess the extent of problem awareness of governments, and to ask whether they have enacted concrete social policy initiatives to tackle these challenges and to counterbalance the growing divide. Southern European member states, especially, did not or have not been able to pursue reforms to limit their withering levels of a socially inclusive society. In almost all key dimensions of social inclusion, those member states most affected by the implications of the protracted economic and fiscal crisis in the EU have been least able to confine the ongoing ‘internal devaluation’ in terms of socially balanced governmental activity. By contrast, some northern member states have legislated acts which seem well-suited to at least stabilise or even increase their level of social inclusion.

**Mismatch of talk and action:** While the level of problem awareness is high, this compiled analysis of an EU-wide expert survey among social policy scholars clearly indicates a mismatch between problem awareness and problem response. In many cases, this is reported to be because of limited financial room for manoeuvre during the implementation of suitable policies. Across Europe, experts pointed out that promoting shared values among citizens and building trust in key public institutions appear as important concerns which were not, however, followed by any substantial policy input in this direction. Similarly, in the realm of labour market, a sizeable number of countries report problems in anti-discrimination and fairness in the hiring process, but very few developed initiatives to address this problem. The implementation gap is also imputable to both political willingness and financial restrictions. This is particularly true in the case of some poverty measures as well as social cohesion investment.

**Reforming social policy at the time of the economic crisis:** The focus on structural reforms from a macroeconomic perspective, not only limited to so-called programme countries, implies a caveat when it comes to balancing social consequences: The necessity of fiscal adjustment due to an economic downturn leads to a short-term reduction in welfare state provision in the first place, as benefits and coverage are usually decreasing. Yet, this process simultaneously increases the necessity for reform while financial resources to do so remain low. This becomes clear with unemployment, for example. Even in the face of economically sound legislative action and funding, time is an issue, too: For example, altering entrenched structures, such as dual labour markets, usually takes some time to reap potential improvements. In terms of an inclusive society, those affected during the ‘transition’ need to be compensated.



**Increased necessity for action at the EU level:** Of course, the lack of competences, on the one hand, and the sophisticated, yet publicly unknown monitoring efforts, on the other, make it difficult for European institutions to act in the realm of social policy and social inclusion, in particular. Yet, the widening gap poses a threat to citizens' trust in the European integration project beyond mere expectation management. The fact that, in the words of the European Commission, 'the employment and social impacts of the crisis will take years to redress', poses a problem to the EU: While the Union sets its own targets for achieving social inclusion, member states have delegated little competence to it for doing so. Conversely, member states face the problem that they hold responsibility, but (at least some of them) are less and less in a position to provide a high level of social inclusion. Therefore, this data corroborates the plea of the Index report to better align the EU's two key objectives, growth and social justice, and to streamline the plethora of existing instruments to foster social inclusion. To increase leverage for social policy goals without treaty change, the European Commission will have to put more effort into communicating not only the economic, but equally the social adjustments in the member states, as part of a 'social stress test'. And given the time lag many reforms imply, sound policies need to be singled out early on: Just comparing recent labour market reforms in Greece, Spain and Portugal, the experts consider the Greek activity on balance negative regarding social inclusion but still on par with Portugal and comparatively better than in Spain.

In looking at the overall results across the Reform Barometer's six dimensions, a mixed picture emerges with regard to individual EU member states' strengths and weaknesses.

**Poverty:** Three key issues have affected the degree to which individual member states respond to a given indicator: *political willingness*, *political and/or societal perceptions* of need for a given policy, and *financial restrictions*. There was a higher-than-average response rate, which indicated that the problem of child poverty (as singled out in the Index report) was perceived as a problem in need of policies to combat it, and that such policies had consequently been put in place across all member states.

The analysis of respondents' written responses indicates that whether and to what degree a policy initiative was funded was key to the degree to which member state governments actually committed themselves to combating poverty across the indicators. Respondents noted that their governments may have acknowledged the need for a specific policy intervention, but too often a policy *may have been legislated and even implemented only to be underfunded or not funded at all*. In terms of perceptions of fairness for out-of-work benefits, there was a clear split between countries, with respondents who felt their governments resented those on out-of-work benefits on the one side (Bulgaria, Cyprus, the Netherlands, Poland, Portugal, Slovakia, Spain and the UK), and, on the other, those who saw it as a fair and necessary component of social insurance programs (Croatia, France, Greece, Hungary, Ireland, Italy, Lithuania, the Czech Republic and Finland). This suggests that while the *stigmatisation of individuals on benefits has increased in some countries* in recent years, it has not increased in all countries.

**Education:** At least two types of patterns at the European level come out of this aggregated data:



The degree of political initiative depends on the area, and there are ‘successful’ and ‘unsuccessful’ groups of countries in education and training. Overall, although some areas were much less associated with government initiatives last year than others (tertiary attainment, lifelong learning, learning mobility), all areas have witnessed efforts either in the past year or earlier. *No area is deemed unproblematic*. In a first group of countries, policy initiatives are overall considered to be successful or even very successful (Bulgaria, Cyprus, Denmark, Estonia, Malta). Some countries may be mixed, with good as well as bad appreciations of governmental action (Latvia, Poland), while for some the reforms are considered to be neutral (Czech Republic). In Spain, learning mobility, childhood education and basic skills are perceived to show fairly successful outcomes. Thus, the picture that emerges from an aggregate viewpoint is a *mismatch* between the wide perception that education and training are important objectives and the fact that rather few related efforts are actually deemed to have been successful. It is telling that no obvious good practice emerges on EU-related ‘employability’, although the issue is considered to be salient by almost all countries. Similarly, in relation to NEETs, who are a high priority on European governments’ agendas in the context of high youth unemployment, the failure to improve performance *reinforces the inequality gap* between them and those in the same age group who benefit from the ‘graduate premium’.

There is also a common thread across responses, and that is the negative effect of the economic crisis and subsequent European austerity policies on policies which might improve social inclusion. *Lifelong learning* policies, and to some extent *childhood education*, appear to have been the hardest hit.

**Labour markets:** One of the key conclusions, as indicated in the Index report, is that those countries that were *hardest hit during the crisis, and where labour market participants suffered most, also happened to be those where the least was done to alleviate the problems*, and vice versa. Southeast Europe and southern Europe suffered the most draconian effects of the crisis by far, had labour markets which were, even before 2008, among the most unequal in the EU, and are also the places where, despite the problem of labour market exclusion being sharper, there was very little effort put into rectifying sharp inequalities in terms of access to the labour market. Scandinavia, in contrast, reports plenty of relevant initiatives, even in areas where experts inside and outside the country agree that a lot has already been done in the past.

The relation between insiders and outsiders remains a problem in many countries; it is, however, also among the more active areas in labour market policies. That said, it operates mainly through the reduction of security for insiders, not by increasing job security for outsiders. This fits in with the general orientation of much of the social policies and initiatives on the labour market since the crisis. A disproportionate amount of attention has gone to the supply side: Unemployment benefits have been reduced to make labour markets more flexible, Active Labour Market Policies (ALMPs) were organised as pathways into steady jobs, etc. But their effects have remained weak by any measure.

There is some evidence that *a remarkable shift is taking place in European labour markets* which may well herald a more Anglo-Saxon orientation of the labour market, away from the collectivism that has characterised European labour markets for the better part of the 20th century. The evidence is not



always clear, but our data suggest that exclusion is relatively high in ‘quantitative’ areas, such as employment, unemployment and wages, while it seems lower in such areas as discrimination; at the same time, governments have initiated anti-discrimination measures while reducing efforts in the more quantitative areas.

**Social cohesion and non-discrimination:** The expert survey suggests that all sub-dimensions of social cohesion *have resonance as important areas of concern in the member states of the EU*. With regard to policy implementation and success, the results are more disappointing. Austerity measures and economic recession have severely limited state budgets for policies which can bring about sustained change in any area related to social cohesion.

The *integration of external groups* was the dimension on which most countries had some government policy developed in the last year. Indeed, 17 member states had introduced some form of policy with regard to the integration of external groups in the last year. This was followed by government intervention to promote the voluntary sector; 14 of the countries had developed policy to *improve the voluntary sector* in the last year. Improving the trust of individuals in institutions was another area in which a large number of countries (13) had taken improvement measures.

Regarding the integration of external groups, Spain and Romania reported that policies in this dimension had been extremely successful, and 12 other countries reported that the policies to integrate external groups had been fairly successful. Spain, Romania and Lithuania reported that policies in all nine dimensions had been fairly successful.

Some countries were clearly ahead of others: Respondents from *Finland, Sweden and Denmark* felt that *a majority of dimensions of social cohesion had been dealt with through policy more than a year ago, or that it was not an issue of concern in their country*. In other countries, such as Italy, Spain and the UK, whilst the urgency of improving the situation was clearly felt by the respondents, they felt there was little implementation or policy development by the government.

**Health:** One way to keep up with the demands of austerity has been to cut the healthcare of migrants in Spain and Croatia. Another major reform of the austerity policies has been the expansion of cost-sharing (e.g. co-payments) in countries where some population groups (e.g. the elderly) were exempted from paying for medicines, and, like pensioners in Spain, were arguably abusing the system. Expansion of cost-sharing is found in Greece and Italy. Only in countries where coverage was relentlessly low do we find evidence of interventions that expand healthcare affordability.

Population health seems to be an area of policy reform in some of the EU member states. More specifically, we find evidence of interventions in Belgium, Bulgaria, Ireland and the UK; but, in contrast, it is found to be an area of concern and of limited reform in Croatia, Germany, Greece, Spain and Portugal and, to a lesser extent, in Italy and Latvia.



Health systems are subject to the challenge of how to increase population health, especially among socially excluded groups. However, there is only so much that social intervention can attain, and there is a generalised feeling that intervention in public health needs to be specifically targeted to attain the desired goals.

**Social welfare:** Most countries have implemented measures that have decreased the overall level of coverage and the targeting and generosity of welfare benefits. Only some countries have succeeded to some extent in improving on these measures (e.g. Poland, Italy, Malta) or at least in minimising the social consequences of cuts (e.g. Denmark).

Results for indicators other than welfare benefits are more mixed. *Reform activity regarding welfare services has been lower than for welfare benefits.* Yet the result of these reforms has been generally more positive than with welfare benefits, particularly with respect to the quality of social services. On the other hand, many countries where no reform activity is reported do indicate that the quality of and coordination within social services has been a persistent problem. *In many cases, measures to improve welfare services have been prevented by budgetary cuts driven by austerity policies* (e.g. in Greece, Italy, Ireland and the Netherlands). Reform activities regarding activation policies have shown the most positive results. Reform activity in this area has been similar to that on welfare benefits, yet the measures have generally been assessed as successful. Many countries have implemented activation policies (e.g. Ireland, Latvia, Malta, Poland), while others have reduced existing yet unsuccessful activation policies (e.g. Denmark).

The survey results suggest that, in 10 countries, the number of reforms that have decreased social welfare has been greater than the number of reforms that have increased social welfare. These countries include Croatia, Greece, Belgium, Hungary, the United Kingdom, Portugal, Spain and Estonia. In contrast, the balance of reform activity has been mainly in the direction of improved social welfare in seven countries: Malta, Poland, Lithuania, Slovakia, Latvia, Italy and the Czech Republic.





## 2. Introduction

Jan Arpe, Simona Milio, Andrej Stuchlik

### What is this report about?

The financial and economic crisis and its political perception have forced many EU member states to implement severe austerity policies. In some cases, these measures have impaired social inclusion and may lead to a dismantling of the welfare state in the medium term. In order to provide a more detailed description of the state of affairs, data on specific reform strategies within the member states is required. Complementing the predominant macroeconomic reasoning, we believe the European Union needs a ‘social stress test’, as well (Boeri, 2015).

This is what the *Reform Barometer* is designed for. Focused on the principle of participatory justice, this report<sup>1</sup> sheds light on the variety of social policy reforms across the EU member states in 2013/2014. It seeks to achieve two tasks: to impartially assess the extent of problem awareness within governments, but equally to narrowly focus on pursued reform initiatives; and to evaluate the respective responses of the governments. The Reform Barometer is based on the results of an EU-wide online expert survey among social policy researchers. This publication contains the results of a pilot study that was developed, conducted and evaluated in a joint initiative of the London School of Economics and the Bertelsmann Stiftung. It is the second report of SIM Europe, a new annual social policy monitoring instrument for the EU-28. Together with the Social Justice Index (first released in September 2014), the Reform Barometer promotes the social dimension of the Europe 2020 strategy by providing evidence-based analyses. While the Index Report reveals social policy performance, the Reform Barometer produces a *qualitative evaluation of reform activity* in the member states. In combination, these two tools comprise a new instrument, the Social Inclusion Monitor Europe (SIM Europe).

Combining data on social policy outcomes with expert survey-based information on the scope and direction of government initiatives serves three purposes:

- » to provide timely data (annually) in order to rebalance the predominance of the macroeconomic part of the EU’s economic governance;
- » to issue comparable cross-country data on social policy reforms; and
- » to show and disentangle governments’ trade-offs regarding austerity policies, i.e. point either to worsening social outcomes or reveal ‘hidden’ social costs of initiated reforms.

All SIM Europe data and further quantitative evaluations will be made publicly available at [www.social-inclusion-monitor.eu](http://www.social-inclusion-monitor.eu) in late 2015 and updated regularly.

<sup>1</sup> We are grateful for valuable comments and research support to Niccolò Durazzi, Bregtje Kamphuis, Sabine Feige, Christian Kroll, Doreen Löber, Jürgen Noack, Daniel Schraad-Tischler, Henning vom Stein and the participants of two workshops: a seminar with European macroeconomists at Villa Vigoni (Menaggio) in June and an informal debate with experts from DG EMPL, DG ECFIN and the Social Protection Committee in Brussels in October 2014. Of course, all errors remain our own. Andrej Stuchlik is Policy Analyst at the European Parliamentary Research Service (EPRS), Members’ Research Service, Economic Policies Unit. All views presented in the report are strictly and exclusively those of the authors and should not be attributed to the European Parliament or any other EU institution, agency or body.





### Why do we do it?

National welfare states were under pressure prior to globalisation. Social policy was already under stress due to increased competition from the single market. Even before the euro crisis, there were calls for the EU to do more for social inclusion, and these calls have intensified as the financial and economic crisis has unfolded, especially in the southern EU member states. Therefore, in his address to the European Parliament, Commission President Juncker has called for a ‘social Triple A’ rating for the member states (Juncker, 2014: 29).

Yet, even if the anaemic growth rates in almost every EU member state after 2008 might eventually soar again, ‘the employment and social impacts of the crisis will take years to redress’ (European Commission, 2015a: 9). Or, as Anton Hemerijck has put it, the ‘aftershocks’ are here to stay for some time (Hemerijck, 2012: 338f.).

Why the EU is in need of a social stress test becomes specifically clear with the issue of unemployment. A large part of European 15- to 24-year-olds has been affected to an extent that even the promise of an educational premium does not hold true anymore (chapter 4.II in this report). The level of long-term unemployment has doubled between 2008 and 2013 and crucially aggravates the risk of becoming poor, as stressed by the latest ILO World Employment and Social Outlook (ILO, 2015: 36). Finally, time matters too: Member states that have endured high costs in economic adjustment, such as Portugal, have pushed through substantial reforms in their labour markets (Portugal, 2015). But their potentially beneficial impact will take much longer than the time span of standard European surveillance programmes.

From the Union’s perspective, this poses a problem: On the one hand, the EU sets its own targets for achieving social inclusion; yet, on the other, member states have delegated little competence to the EU for doing so. Conversely, member states face the problem that they hold responsibility, but at least some of them are less and less in a position to provide a high level of social inclusion. And the gap between the member states is widening (Schraad-Tischler and Kroll, 2014). As a result, citizens’ expectations are being disappointed twice over, thereby lowering people’s acceptance of the EU altogether. Our take is to look at common trends or shared challenges in the member states and to derive cross-country recommendations, if possible.

### What does the EU do?

The EU is pinning its hopes on its own (social) growth targets. The so-called Europe 2020 strategy is an attempt to combine macroeconomic developments and structural reform in the member states in a thematically meaningful manner. True, the imbalance between budgetary surveillance and reporting in other policy areas that is stipulated in the treaties makes social monitoring a tricky issue. But the European Commission scored some notable successes, introducing the notion of material deprivation early in 2008 and a ‘social scoreboard’ in 2013, whose six indicators measure income distribution, among other



things (cf. European Commission, 2013b). Yet until now, the extent of this ‘socialisation’ of economic policy coordination, the European Semester, did not translate into parity between the relevant actors on the EU level (Zeitlin and Vanhercke, 2014: 64). In fact, the Commission’s Directorate-General for Economic and Financial Affairs is still firmly in control. In the past, it proved even difficult to mention concepts such as a youth guarantee or poverty prevention in so-called country-specific recommendations (CSRs), that is, in the country reports which the Commission uses to assist member states to attain to better policymaking on the basis of proposals for reform (‘National Reform Programmes’). These reports are evaluated once a year and subsequently adopted jointly with member states and the Commission. In the sense that the CSRs contain a growing number of recommendations regarding social issues, an emerging ‘social dimension’ is slowly complementing the public finance bias of European economic coordination procedures.

At the EU level, social inclusion relates to a different number of factors, such as income and living standards, the need for educational and decent work opportunities, effective social protection systems, housing, access to good-quality healthcare and other services, as well as ‘active citizenship’.<sup>2</sup> The topic has flourished during the past 15 years. Social inclusion was first recognised at a European level under Articles 136 and 137 EC of the Amsterdam Treaty,<sup>3</sup> one of numerous changes aimed at enhancing the rights of EU citizens and at the establishment and maintenance of basic principles, such as democracy and individual rights. Subsequent action by the European Union included agreement by the Lisbon European Council in March 2000 on the need to ‘take steps to make a decisive impact on the eradication of poverty by 2010’ through efforts to improve skills, promote wider access to knowledge and opportunity, and fight unemployment utilising the nascent and voluntary concept of Open Method of Coordination (OMC) for policies combating social exclusion and poverty (European Council, 2000a; European Social Watch, 2010). Later that year, the Nice European Council meeting of December linked employment, combating social exclusion, the modernisation of social protection and worker involvement as essential priorities for the European Social Agenda (European Council, 2000b). By the end of 2001, the EU adopted a set of commonly agreed indicators to assess social inclusion and to develop a framework to encourage countries to exchange best practices (SPC, 2001).<sup>4</sup> Yet, the responsibility of innovating and implementing social inclusion policies remained the responsibility of the member states.

As one of the three key objectives of the Europe 2020 strategy, the encompassing concept of inclusive growth implies higher employment for women, young and older workers; investment in skills and training; modernising labour markets and welfare systems; and ensuring that these benefits span all countries (cf. European Commission, 2008). This growth objective translates into country-specific targets relating to employment and school drop-out rates, tertiary education and, most explicitly, the reduction of people living in poverty. EU members voluntarily deliver

2 E.g. initiatives like the European Year for Combating Poverty and Social Exclusion 2010, Decision 1098/2008/EC.

3 Art. 151 and 153 of the Treaty on the Functioning of the European Union (TFEU).

4 For a more recent and sophisticated approach, see the Social Protection Committee’s ‘Social protection performance monitor (SPPM)’ (SPC, 2012).



National Social Reports taking their individual national circumstances and the particular nature of national social protection systems and social policies into account.

This approach is complemented in the European Commission's Social Investment Package, which emphasises the need for a more holistic approach to integration and stresses that greater attention should be placed on young people's capacities and adequate support systems (European Commission, 2013a). Furthermore, the 2012 Joint Report of the Council and the Commission on the implementation of the renewed framework for European cooperation in the youth field (2010–18) calls for greater focus on social inclusion, health and well-being in the second three-year work cycle of the renewed framework (2013–15) (Council of the European Union, 2012). Already in the last programming period, the European Social Fund (ESF) has set out a specific support for social inclusion to be achieved by increasing participation in education and training and supporting disadvantaged people.<sup>5</sup> Not least, elements of social inclusion also appear under some of the priorities within the Convergence Objective of the EU regional policy. Under the priority on expanding and improving investment in human capital, there is reference to 'increased participation in education and training throughout the life-cycle, including through actions aiming to achieve a reduction in early school leaving and in gender-based segregation of subjects and increased access to and quality of initial, vocational and tertiary education and training'.

Of course, the measurement of social inclusion is a difficult task because of the variety of social constructs and measurements across the Union, which make the relationship between social inclusion indicators and policymaking uneasy (Mabbett, 2007). Yet, European institutions are by far not the only bodies approaching social inclusion and, more generally, social policy developments. Atkinson and Marlier (2010) argue that social inclusion requires that both poverty and social exclusion be addressed in a balanced way, while the World Health Organisation champions the importance of health and successful healthcare systems as a combatant against social exclusion (WHO Regional Office for Europe, 2010). An influential report by European Social Watch matched ILO and World Bank data, focusing on seven dimensions of social inclusion: poverty, employment, education, health, gender, living conditions and social participation. Following an even more comprehensive approach, the OECD Better Life Index blends indicators ranging from housing, jobs, life satisfaction and education to health, environment and civic engagement. Here, social inclusion is approached indirectly by revealing inequalities in socioeconomic status (OECD, 2014).

Brussels-based pro-welfare state organisations, such as the European Anti-Poverty Network (EAPN), are monitoring member states' national reform programmes. The European Social Observatory (OSE) and the European Trade Union Institute (ETUI) publish an annual report on social development in the EU, while liberal think tanks focus instead on competitiveness and overall economic strength, such as the Lisbon Council with its 'Euro Plus Monitor'.

<sup>5</sup> See regulation 1081/2006 EC. During the new ESF funding period, at least 20 percent will be allocated to social inclusion so 'that people in difficulties and those from disadvantaged groups will get more support to have the same opportunities as others to integrate into society'. <http://ec.europa.eu/esf/main.jsp?catId=62&langId=en>.



It seems as if the protracted effects of the economic crisis in many EU members have contributed to a greater awareness of the inflicted social costs. Recently, the EU-wide foundations' initiative 'New Pact for Europe' developed proposals to transform the EU into a 'supportive union' (Emmanouilidis, 2014). In the same vein, Friends of Europe's high-level group on social policy has stressed the importance of a 'caring EU' (Friends of Europe, 2015). We even observe growing macroeconomic support for redistribution policies, with the IMF, for example, stipulating that 'the things that governments have typically done to redistribute do not seem to have led to bad growth outcomes, unless they were extreme' (Ostry, Berg and Tsangarides, 2014: 26).

### How do we do it?

The Reform Barometer collects, aggregates and evaluates data on policy reforms, implementation and activities focusing on social inclusion across the 28 EU member states during 2013/2014.<sup>6</sup> It thus provides a novel data set on the direction of national social policies and impartial evaluation by leading scholars in the field. Admittedly, European institutions are already conducting large monitoring initiatives, such as the Commission's annual report on economic and social developments (European Commission, 2015). But the only comparable assessment of social policy reforms explicitly abstains from voicing critical views and mainly summarises the national social reports (SPC, 2014). In addition, most available data sets focus on welfare entitlements, specific policy areas or institutional comparisons, whereas this report aims to contribute to the policy debate by producing systematic and standardised data on the scope and impact of governmental responses to challenges in six specific areas: *poverty, education, labour markets, social cohesion and non-discrimination, health and social welfare* (Schraad-Tischler and Kroll, 2014: 16ff.).

The London School of Economics and Political Science and the Bertelsmann Stiftung have set up an academic advisory board of LSE scholars covering these six dimensions of social inclusion. They have constructed an encompassing expert survey, disseminated it online to more than 400 pre-selected social policy researchers across the EU, and present their aggregated empirical findings in the following chapters.

With respect to the definition of social inclusion, this report takes the definition suggested in the European Commission's Joint Report on Social Inclusion (2004: 10): '*Social inclusion is a process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live. It ensures that they have greater participation in decision making which affects their lives and access to their fundamental rights.*'

<sup>6</sup> More precisely, the survey asked to assess social policy reforms 'in the past year', i.e. between 1 July 2013 and 30 June 2014. However, participants were invited to also refer to earlier reforms, since this was the first Reform Barometer survey.



- » [Anne Marie Brady](#) and [Lisa McKenzie](#) present their assessment regarding anti-poverty policies. The eradication of *poverty*, relative deprivation occurring because of a lack of material resources, contributes to a more equal experience of living standards in a given country;
- » [Anne Corbett](#) and [Tanguy Séné](#) focus on reforming *education policy*. Modern societies have generally held that education systems have a strong role in underpinning social inclusion through an adherence to three principles: supporting equal rights, enabling individuals to fulfil their innate abilities, and promoting shared democratic values;
- » [Bob Hancké](#) explains recent attempts to reform *labour markets*. Participation in labour markets contributes to an individual's economic standard, but also to social engagement and inclusion. Exclusion from the labour market limits an individual's income (possibly contributing to poverty), social participation and self-realisation.
- » [Simona Milio](#) and [Lamia Irfan](#) take a look at governmental action regarding *social cohesion and non-discrimination*. The promotion of social cohesion and non-discrimination, the process of developing a community of shared values and challenges within a country through connectedness and solidarity, strengthens social relations and interactions, and reduces disparity, inequality and social exclusion;
- » [Joan Costa-i-Font](#) compiles the survey's results regarding *health policy*. Broadly, health is a fundamental determinant of economic and social outcomes within a society, and most European countries adhere to the view that access to healthcare is a right and should be guaranteed independently of individuals' ability to pay;
- » Finally, [William Bartlett](#) and [Pieter Tuytens](#) evaluate *social welfare* reforms, in other words, policy which ensures that individuals and families are protected from social risks,<sup>7</sup> and thereby contributes to social inclusion.

<sup>7</sup> Social welfare also includes the provision of minimum living standards, but this dimension and corresponding data are covered by the 'poverty' dimension.



## 3. Methodology

Bregtje Kamphuis, Simona Milio, Andrej Stuchlik

The Reform Barometer compiles expert assessments for six key dimensions of social inclusion: poverty prevention, access to education and labour markets, social cohesion and non-discrimination, health and social welfare. The report is based on data extracted from the *Social Inclusion Monitor Expert Survey*, an EU-wide survey comprising a total of 153 question items across 43 sub-dimensions, allowing expert respondents to assess the extent to which various policies introduced in 2013/2014 achieved particular objectives in specific policy fields. The European Commission's own monitoring attempts, such as AMECO and LABREF,<sup>1</sup> are comprehensive databases but lack an evaluation component. Instead, online expert surveys offer the advantages of potentially enjoying a high number of respondents as well as of addressing a very specific target audience at the same time. Using expert judgments fits best to 'derive systemic estimations of otherwise unobservable political characteristics' (Benoit and Wiesehomeier, 2009: 511), such as parties' preferences regarding European integration or the quality of government.<sup>2</sup> In our case, which estimates the quality of national reforms affecting the provision of social inclusion, the external validity derives from the members of the advisory board (ibid., 504; Babbie and Mouton, 2001) who have analysed the data and compiled the following empirical chapters.

### Measures for dimensions of social inclusion

For each of the six dimensions, several sub-dimensions/indicators have been identified as measures of social inclusion in each of these fields (see Figure 1). Each sub-dimension refers to one or several question items. In this regard, we follow the logic of the first SIM Index report (Schraad-Tischler and Kroll, 2014: 18): The expert questions have been conceived to juxtapose the (statistical) outcome indicators of the Index report, such as the rate of early school leavers in the education dimension, with a policy output-oriented equivalent, e.g. 'How successful are the government's efforts in reducing the number of early school leavers?'<sup>3</sup> This approach applies to five out of six policy dimensions.<sup>4</sup>

The eradication of *poverty* is a key aspect of working towards the goals of social inclusion. As the basis for the questions, the six sub-dimensions used for the poverty dimension identify at-risk populations (e.g. children and young people or single-headed, predominantly female-led, households), circumstances that contribute to poverty (e.g. insecure housing) and social dynamics (e.g. new forms of social inequality, precarity and wider stigmatisation).

The second dimension, *education*, is structured along eight different indicators. They are linked

1 AMECO (Annual macro-economic database), LABREF (LABour Market and REForm database).

2 E.g. the Chapel Hill Expert Survey (CHES Data) on political parties and the Quality of Government Expert Survey of Gothenburg University.

3 The data set, questionnaire and codebook will be made available at: [www.social-inclusion-monitor.eu](http://www.social-inclusion-monitor.eu).

4 The Social Justice Index and the Reform Barometer slightly differ in the last dimension. Since the Social Justice Index looks at welfare state provision also from a sustainability perspective (e.g. including indicators on greenhouse gas emissions), it chose the label 'intergenerational justice'. The Reform Barometer applies a narrower understanding of welfare state quality and uses the notion of 'social welfare' instead. In future editions, this might be revised.



closely to indicators identified by the EU, such as in the EU's Education and Training 2020 strategy, which mentions both early childhood education and tertiary education as primary concerns, and the Europe 2020 strategy, which sets thresholds for certain priorities and indicators. The questions also takes into account international data, such as the PISA survey or the OECD's Survey of Adult Skills. Assessing the effects of education systems, the questions focus on: employability; the promotion of learning mobility and lifelong learning; activities aimed at improving both early childhood education and knowledge of basic skills; efforts made to decrease the number of school leavers and increase the number of individuals attaining tertiary degrees. Finally, the survey aims at a wider understanding as evidenced by trust in the education system.

The third dimension aims to capture the level of social inclusion in the *labour markets* by taking a multidisciplinary perspective. Spread across six sub-dimensions, the selected question items cover processes occurring at the work-place level drawn from research on the sociology of work, such as fairness in hiring and representation of workers. It also covers wage policy and insider-outsider dynamics, and it uses indicators focusing on active and passive labour market policies to capture the inter-connectedness of a country's labour market policy with its broader framework of welfare reforms. This dimension is therefore closely inter-linked with a number of areas where European institutions have promoted reform, ranging from industrial relations (e.g. the EU directives on works councils) to broader social policy issues (e.g. the provision of a forum for Active Labour Market Policy (ALMP) reform through the European Employment Strategy and the Open Method of Coordination).

*Social cohesion and non-discrimination*, the fourth dimension, promotes an individual's civic engagement, contributing to feelings of inclusion and belonging. The main actions that governments can take to improve social cohesion include strengthening social relations and interactions, and reducing disparity, inequality and social exclusion. Significant indicators for this are the active promotion of shared values and challenges, building and maintaining institutional and interpersonal trust, and ensuring access to services and facilities.

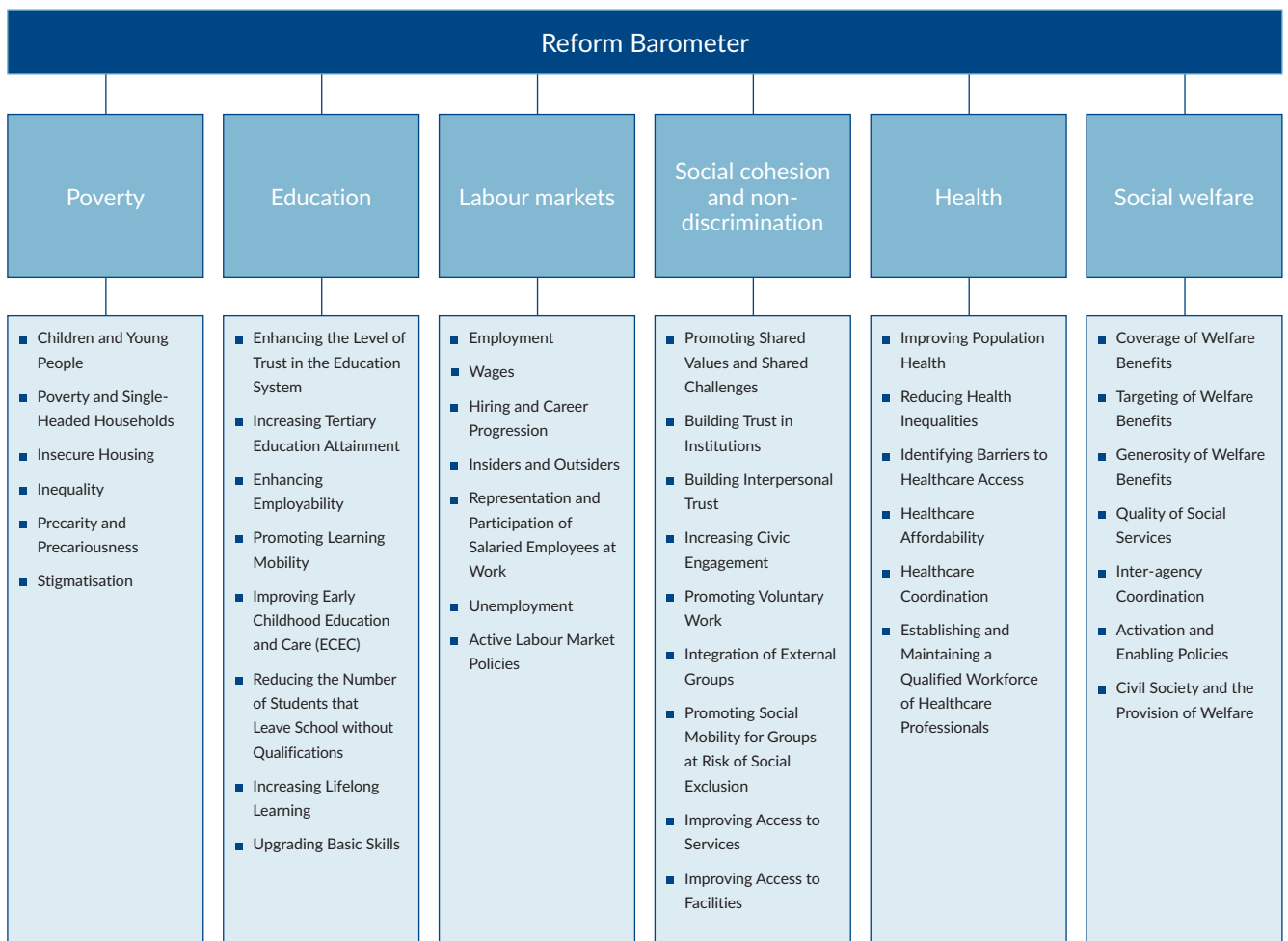
The fifth dimension of the Reform Barometer, *health*, is a fundamental determinant of economic and social outcomes within a society. The six indicators for health consider more general elements of a successful health system (e.g. improving population health), other elements which may contribute to further disparity (e.g. access for vulnerable and socially excluded populations, barriers to access and affordability), and elements regarding more strategic considerations (e.g. maintenance of a qualified workforce of healthcare professionals and the design of a healthcare system coordinated for and centred on patient needs).

Lastly, the dimension of *social welfare* focuses on a total of seven indicators relating to the provision of benefits and social protection services, such as the coverage, targeting and generosity of a state's welfare benefits. They also cover the quality of social services and the inter-agency coordination, the amount of activation and enabling policies, and, finally, the interplay with civil society actors. The following figure provides an overview of the dimensions of social inclusion and the chosen total of 43 sub-dimensions/indicators identified to support them.





Figure 1: Dimensions and question items of the Reform Barometer



Source: Own representation.

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### Survey Design and Sampling

Assessing social inclusion policies across the EU, including different traditions of welfare state provision, is tricky. Prior research on survey instrument design has offered strong evidence of cross-cultural differences in how a particular question is interpreted, thus introducing the risk of measurement error (Warnecke et al., 1997). Therefore, this questionnaire is carefully constructed and incorporates several ways to improve the validity of the study, including expert panels and focus groups to develop questions, conventional pre-tests in advance of the survey launch, and the use of open-ended questions (Groves et al., 2004).



The questionnaire was drafted using narrowly defined and fact-based questions that illuminate the policy conditions surrounding the sub-dimensions at the country level. In designing and defining the survey questions, an approach similar to that of the Bertelsmann Stiftung's Sustainable Governance Indicators (SGI) project was taken.<sup>5</sup> A small sample of social policy experts were invited to the LSE to attend a workshop to refine the survey by addressing ambiguous terminology and concerns about comprehension and problematic questions as well as by running an online pre-test. To make the coding and drafting of the country reports easier, most of the questions were designed to be closed-ended. Respondents were presented with clear and detailed introductory information that seeks to illustrate the purpose of the question. The questions are constructed to extract specific fact-based evidence that may be cross-checked with responses to other questions, statistical data or data from opinion surveys. Each sub-dimension/indicator followed the same question structure, asking: a) a question on whether the national government has implemented any policy for the given indicator in the past year (yes/no/do not know); b) a question on how successful the implemented policy has been (ranked on a scale from -2 to +2); and c) an open-ended question inviting more details about the policy (or lack thereof).

The link to the online survey was directly disseminated to a total of 400 policy experts in order to cover each dimension across the EU. These experts were selected based on: their field of study; their level of professional qualification (e.g. Ph.D., M.D. or J.D.); whether they had a minimum of five years' experiences in the identified policy area; and whether they had a minimum of three publications related to the identified policy area. The survey allowed respondents to recommend colleagues for the survey. The survey aimed to reach six experts in each dimension for each of the 28 member states and was open for completion between 30 June and 5 October 2014.

### Caveats, data coverage and empirical findings

In the pilot survey, conducted in 2014, a total of 139 social policy experts from across the EU have participated. Since some participants signed up a second time to cover additional multiple policy dimensions, our results are based on a total of 161 expert responses. The design of the survey, and the chosen respondent group, provide consistent data based on expert evaluation, but some caveats have to be mentioned as well. First, designed to be an annual monitoring device, the survey considers actions taken by governments each year and the eventual aggregation of this data over a period of time. But the nature and time constraint added to the questions ('In the past year...') may limit respondents' ability to fully evaluate policy impacts because of the time span between (monitored) legislation and implementation later on. Second, open-ended questions allowed for further clarification. While a benefit to the data on a whole, the inclusion of additional text extended the duration of the survey, and a number of respondents did not provide further elaborations on their answers, limiting the inferences in some cases. Lastly, the survey data considered in this report does not hold data for

<sup>5</sup> The SGI project provides country rankings according to performance as well as the quality of their governance structures: [www.sgi-network.org](http://www.sgi-network.org).



each country across each dimension. But data collection on the SIM Expert Survey is ongoing and will be discussed in future Reform Barometer reports. Exact information on the respective country coverage can be found in Appendix I.

The following chapters present the results of governmental reform activity across the 28 EU member states and distil interesting practices. They identify which member states have undergone significant changes and, if possible, the reasons behind such changes. In addition to including a discussion on interesting examples of interventions or measures introduced by governments, the chapters are also supplemented by a short introduction to the dimension, a discussion on EU-level policy and activity in the field, and an overall conclusion covering all findings across sub-dimensions. Using this cross-country comparison, we hope that governments will start to ‘feel the heat’ (Economist, 8 November 2014).



## 4. Empirical findings

### I. Poverty

Anne Marie Brady, Lisa McKenzie

When thinking about poverty in Europe today, we seldom associate the malnutrition, squalor and hardship experienced by many during the eighteenth, nineteenth and early- to mid-twentieth centuries with what it means to be ‘poor’. Many Western European countries entered into social contracts post-1945 that include the provision of health, education, housing and social insurance schemes as a means to counter levels of absolute poverty and manage risk.<sup>1</sup> Yet, increasingly over the last 40 years, poverty is no longer perceived, defined and measured as just an absolute, but as a relative concept as well. Peter Townsend, a leading authority on poverty from the UK, broke ground when he defined relative poverty as multidimensional. For Townsend, the dimension of *social participation* was key to his concept of ‘relative deprivation’ and that upon which his definition of poverty was built. Here, relative deprivation occurs when people ‘cannot obtain, at all or sufficiently, the condition of life – that is, the diets, amenities, standards and services – which allow them to play the roles, participate in the relationships and follow the customary behaviour which is expected of them by virtue of their membership of society’ (Townsend, 1993 : 36). People can thus be said to be in poverty when relative deprivation occurs because of a lack of material resources. Since the late 1970s, Townsend’s work has been influencing social policy in general, but it has also specifically shaped how we define, measure and consequently understand poverty throughout Europe. This was evident in how the European Commission’s 2004 *Joint Report on Social Inclusion* defined poverty: ‘People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty, they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate healthcare and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalised from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted’ (European Commission, 2004: 8).

As a result the EU has adopted a relative poverty line which represents a threshold below which people are counted as ‘poor’. This threshold is a percentage of average incomes, typically now in Europe 60 percent of the median disposable income in each member state. Anyone living below this line is considered to be living in poverty. What is alarming today is that despite the wealth of European Union nations, poverty in the EU is growing at a relatively high rate. Indeed, today, nearly 1 in 7 people are at risk of poverty. In fact, when isolating specific groups of the population, such as children and single-headed households, the figures are even higher. However, the extent and seriousness of the problem is often not well understood either by policymakers or the general public. This perception

<sup>1</sup> Here, absolute poverty can be understood as ‘lacking sufficient money to meet basic physical needs’.



stems in part from a superficial understanding of what it means to be poor in Europe. Too often, poverty is associated with absolute definitions (e.g. the absence of basic physical necessities) and measures (e.g. the World Bank's much criticised \$1, \$2 or \$4 a day), which leaves the impression of something that only happens in other countries far away from the heart of Europe. However, the reality is that poverty across EU member states is very much a real problem. Indeed, it can be argued that the very existence of poverty represents a direct attack on people's fundamental rights; limits individuals' opportunities to achieve their full potential; brings high costs to bear on society; and hampers sustainable economic growth. Moreover, and crucially, the existence of poverty reflects the failure of governments to adequately redistribute resources and opportunities in a fair and equitable manner. This results in excessive wealth concentrated in the hands of a few while a proportion of the population is reduced to living restricted and marginalised lives within centres of rich economic activity.

In any definition of poverty, there is a subjective dimension. Indeed, those individuals living without the relative means of 'ordinary living patterns' by their very nature may not know or identify as 'being poor'. As a consequence, in order to capture the lived experience of poverty, a joined-up and multidimensional approach is needed. Poverty is often defined by one-dimensional measures, such as income. But no one indicator alone can capture the depth, complexity and composition of 'poverty'.

This chapter defines poverty as multidimensional and will explore key indicators that consider policies to potentially alleviate poverty in relation to children, youth, single-headed households and individuals more broadly. Here, the question is whether specific policies have been legislated and implemented by European Union member states that contribute to combating poverty. This includes questions on housing policies, flexible working policies, policies to redistribute income, policies to alleviate precarious working and living conditions, and out-of-work benefits.

### EU activity in the field of poverty

Broadly speaking, the aim of EU social policy – and the Treaty of Lisbon specifically – is to promote employment, improve working and living conditions, ensure equal treatment of workers, provide adequate social protection according to need, develop human resources aimed at achieving a high and sustainable level of employment, and combat social exclusion. A number of EU treaties make reference to poverty reduction. The first significant development was in 2000, when the Lisbon Strategy and the EU Social Inclusion Strategy agreed that the goal of social policies should be 'to make a decisive impact on the eradication of poverty' and established the Open Method of Coordination. Since then, there have been two more developments. In 2010, the Commission launched the European Platform Against Poverty and Social Exclusion. Here, the focus is on the role of social innovation to create private-public partnerships, promote social entrepreneurship and make a better use of available resources to give support according to individual needs. Second, the EU established the Fund for European Aid (FEAD) for the most deprived in March 2014. The fund supports EU countries' in their endeavor to provide basic food and material assistance to the most deprived. In addition to food, this includes clothing and other essential items for



personal use, e.g. shoes, soap and shampoo. The larger objective of the fund is to ensure that basic material assistance is combined with social inclusion measures, such as ensuring that key guidance and support is provided to help individuals move out of poverty. Finally, reducing poverty and social exclusion is also firmly anchored in the Europe 2020 strategy, through the headline poverty target. Indeed, the EU 2020 headline indicator ‘People at risk of poverty or social exclusion’ is a composite indicator including not only relative income, but also material deprivation, which suggests that the EU recognises the importance of using a multidimensional approach to measuring and defining poverty and social exclusion in order to understand and solve a multidimensional problem.

Europe 2020 is the European Union’s 10-year growth and jobs strategy that was launched in 2010. Five headline targets have been set for the EU to achieve by the end of 2020. These cover employment; research and development; climate/energy; education; social inclusion and poverty reduction. The poverty target is to have 20 million fewer people at risk of poverty by 2020.<sup>2</sup>

The objectives of the strategy are also supported by seven ‘flagship initiatives’ that provide a framework through which the EU and national authorities mutually reinforce their efforts in areas supporting the Europe 2020 priorities. The flagship initiative titled the European Platform Against Poverty is to ensure economic, social and territorial cohesion. This builds on the current ‘European year for combating poverty and social exclusion’ with the objective of raising awareness while also highlighting that people experiencing poverty and social exclusion have fundamental rights that should enable them to live in dignity and take an active part in society. To that end, Europe 2020 has outlined broad policy objectives both from the standpoint of the Commission and at the national level (European Commission, 2010a: 19). These include, at the EU level:

- » To transform the Open Method of Coordination on social exclusion and social protection into a platform for cooperation, peer-review and exchange of good practice, and into an instrument to foster commitment by public and private players to reduce social exclusion, and to take concrete action, including through targeted support from the structural funds, notably the European Social Fund (ESF);
- » To design and implement programmes to promote social innovation for the most vulnerable, in particular, by providing innovative education, training and employment opportunities for deprived communities, to fight discrimination (e.g. disabled) and to develop a new agenda for migrants’ integration to enable them to take full advantage of their potential;
- » To undertake an assessment of the adequacy and sustainability of social protection and pension systems, and to identify ways to ensure better access to healthcare systems.

At the national level, member states will need:

- » To promote both collective and individual responsibility in combating poverty and social exclusion;

<sup>2</sup> To date, none of the five headline targets have been met, though the results so far suggest that progress is being made across the indicators. The 2020 headline targets are monitored by Eurostat with the following eight indicators: people at risk of poverty and social exclusion; employment rate age group 20–64; gross domestic expenditure on R&D; greenhouse gas emissions; share of renewable energy in gross final energy consumption; primary energy consumption; early leavers from education and training; tertiary educational attainment.



- » To define and implement measures addressing the specific circumstances of groups at particular risk (such as one-parent families, elderly women, minorities, Roma, people with a disability and the homeless);
- » To fully deploy their social-security and pension systems to ensure adequate income support and access to healthcare.

These represent an overall view of where the Commission would like to see the EU move in order to meet its poverty target by 2020. They do not represent a ‘one size fits all’ approach, but it is expected that each member state will accommodate the policy objectives into the design of specific government policies in order to combat poverty and social exclusion. This is even more relevant since, due to the economic and financial crisis, poverty rates in the EU have started to increase again. Between 2009 and 2013, poverty rose by 6 percent, to over 121 million people in the EU.<sup>3</sup>

### Survey results across member states

In relation to poverty specifically, SIM Europe’s expert survey has been set up to help explore the degree to which, if at all, individual member states have addressed ‘poverty’ through their social policies in the last year. If so, then it is a question of just how successful such policies have been at combating poverty. For this survey (and study), poverty indicators include: the provision of affordable housing; policies to combat child and youth poverty; flexible working arrangements for single-headed households; policies to combat income inequality (redistribute resources), precarious living and working conditions; and the provision of out-of-work benefits. It is naturally difficult to summarise 28 member states and their responses (or lack thereof) in a few sentences, but an analysis of the data brings into relief three key issues that have affected the degree to which individual member states respond to a given indicator. These include: political willingness, political and/or societal perceptions of need for a given policy, and financial restrictions.

First, in terms of political willingness (i.e. whether a member state’s government demonstrates support for and interest in a given policy issue by investing in designing specific policies to combat poverty and ensuring that they are funded), an analysis of the data suggests that, broadly speaking, the EU member states have neglected five out of the six indicators. Support for out-of-work benefits was the only indicator where positive and negative assessments were on a par.

Second, pertaining to political and/or societal perceptions of need for a given policy, this manifested itself in answers to questions about whether the issue was of concern and, if so, whether policies had then been developed to address the given issue. Again, an analysis of the data across the EU suggests that member states do not perceive the need for policies across five of the six indicators. The exception was the child poverty indicator. There was a higher-than-average response rate, which

<sup>3</sup> These figures are valid for the EU-27. 2013 figures are estimates. The increase in the eurozone (EU-18) is approximately 7.5 percent (Eurostat online data for 2014).





indicated that the problem of child poverty was perceived as a problem in need of policies to combat it, and that such policies had consequently been put in place across all member states. This finding suggests that governments are truly concerned about the high and increasing rate of individuals 18 years of age or younger who are at risk of poverty or social exclusion in the EU, with the most recent data, from Eurostat 2013, being 27.7 percent.<sup>4</sup>

Finally, it was a question of whether a given member state financially invested in a specific policy to combat poverty. While this was not an explicit question on the questionnaire, an analysis of respondents' written responses indicates that whether and to what degree a policy initiative was funded was key to the degree to which member state governments actually committed themselves to combating poverty across the indicators. Respondents noted that their governments may have acknowledged the need for a specific policy intervention, but too often a policy may have been legislated and even implemented only to be underfunded or not funded at all.

These issues will be unpacked in more detail as we move to a more detailed discussion of respondent responses to each specific indicator in the next section.

### Survey results across sub-dimensions

**Children and Young People:** Children and young people are more at risk of poverty than the overall population in the EU. The current financial and economic crisis has had a serious impact on the well-being of children and young people, including a rise in the proportion of those living in poverty. Indeed, according to the most recently published Eurostat results, the five countries with the highest risk of poverty and social exclusion for individuals 18 years of age or younger are Bulgaria, Romania, Hungary, Latvia and Greece (Eurostat, 2015e).

Based on an analysis of the data of the 28 members states, it appears that Belgium, Croatia, Estonia, Hungary, Ireland and Spain have recently addressed the issue of poverty through specific policies to target children and young people. Countries such as Ireland and Poland have adopted specific measures; but, to some extent, it is too early to tell if the interventions have had an effect on reducing child and youth poverty. In July 2014, for example, the Irish government announced a policy initiative to reform child income support as a way to ease transition to work for families with children that are on benefits. However, the government has not, as of yet, provided details on this policy intervention. Moreover, in Ireland, child-poverty reduction is centred on the employment of parents. Thus, the emphasis of the National Expert Group on Tax and Social Welfare Advisory is to transition parents with children into the labour force, as having parents work is perceived as the solution to inadequate household income. This means seeking a balance between means-tested and universal income support with a focus on the role of in-work benefits for families with children.

<sup>4</sup> This rate, the aggregate for 27 member states, is slightly lower than the 2012 figure (27.9 percent) but still higher than the figures between 2006 and 2011. These figures, published in 2015, are the most recent available. Those for 2006 were 27.5; 2007, 26.4; 2008, 26.6; 2009, 26.5; 2010, 27.4; and 2011, 27.2 percent (Eurostat, 2015e).



Other countries, such as Spain, have cited the challenge of obtaining funding for initiatives that have recently been put in place. Here, the government approved its National Plan for Social Inclusion late last year, which conceptually addresses poverty and social exclusion. It includes a strategy to combat child poverty by addressing the needs of vulnerable families. However, although 36 million euros was suggested for 2014–2016, the actual budget to combat child poverty has been reduced to 17 million euros. Thus, while it is good in theory that such a strategic plan exists, its efficacy will be limited without adequate funding.

Since 2007, Hungary has had a long-term strategy in place to combat child poverty. In 2011, the strategy became a part of the Hungarian National Social Inclusion Strategy. Yet, in spite of this, the government has not budgeted adequately for the programme. There have been a few partial results, namely, the implementation of Sure Start programmes and the free-school-meals project for those schools located in areas of high deprivation. In 2014, the government reformed the tax system as a way to address child poverty, which included increasing the child tax allowance. That said, others have argued that, since 2010, the government has implemented changes to the benefit system that actually adversely affect child poverty. These include lowering the level of social assistance and reducing the compulsory school age from 18 to 16 years.

**Poverty and Single-Headed Households:** In 2013, 25.4 percent of women were at risk of poverty across the EU compared to 23.6 percent of men, leaving in place an EU-wide gender gap of 1.8 percentage points (Eurostat online data). Across Europe, single-headed households (which are disproportionately headed by women) bear some of the highest risk of poverty. Part of this problem comes down to single-headed households' inability to find work that is flexible enough to fit with their children's schedules. Thus, the ability to work in a flexible working environment may have the twin benefit of allowing single-headed households to enter the labour market and alleviate some of the pressure of poverty through earning an income while also allowing such households to be home when necessary to care for their children.

An analysis of the data suggests that only three (Romania, Cyprus and Poland) of the 28 member states have attempted to address this issue through specific policies. Of the three, only Romania appears to have been fairly successful at implementing flexible working policies, though with mixed results. The majority of respondents noted that while poverty among single-headed households may be an issue, addressing this issue through flexible working policies has not been a focus of government policy. Indeed, the majority of member states noted that the focus of family policy generally and single-headed households specifically was ensuring high-quality, affordable childcare that would allow the parent to then enter the labour force. Alternatively, some countries were focusing on maternity/paternity-leave policies and the use of tax credits to offset single-headed households' low incomes.

Other countries, such as Hungary, noted that while the topic was currently debated, there were no specific policies to address the issue as of yet. Moreover, in the Czech Republic, the topic is currently being debated, but as a means to increase fertility rather than in the context of poverty. In Croatia



and Poland, the topic of flexible working is being debated as something for the wider population rather than in terms specific to single-headed households. Furthermore, in Croatia, even if a flexible working policy were enacted, the institutional support for flexible working is very weak. Finally, other countries, such as Greece, Poland and Portugal, acknowledge that single-headed households are disproportionately more susceptible to poverty, but flexible working arrangements are not perceived as the correct policy response for alleviating poverty among this group of people.

**Insecure Housing:** There is an ever-growing shortage of affordable housing available to those on low incomes. Social housing has been slowly sold off, leaving low-income families and individuals reliant on an often unstable and expensive private rental sector. Poor-quality and insecure housing has negative effects on the stability of families.

Interestingly, of all the respondents who participated in this study, only those evaluating Cyprus indicated that a lack of social housing was not a problem or an issue in their country. This suggests that the need for social housing is perceived by the majority of respondents as an important issue facing governments. That said, it appears that only Belgium, Bulgaria, France, Ireland, Lithuania and Slovakia have recently addressed the shortage of affordable housing for low-income families and individuals. The United Kingdom has recently cut housing benefits, which has forced families to move to cheaper locations (often locations outside of city centres) so that the benefit they receive will cover the cost of rent.

On the other hand, an analysis of the data suggests that responses are mixed as to whether the housing policies put in place to address the shortage of affordable housing have been a success in the countries mentioned above. In Ireland and Slovakia, for example, respondents suggest that their governments have been unsuccessful at financially investing in addressing the need for social housing. Whereas the perception was that the governments of France and Lithuania have been fairly successful, the experts from Belgium and Bulgaria could not agree on whether their government was fairly successful or not. Meanwhile, experts on Croatia, the Czech Republic, Hungary and Portugal noted that even though there was a massive need for social housing, their respective government has done nothing to address this need and there are no discussions about doing so in the future.

In Ireland, they have designed three initiatives to partially address the crisis in social housing. These include a social-housing building programme to address the 10,000-unit deficit in social housing supply (mix of voluntary, statutory and private building). Second, a Housing Assistance Payment was introduced to replace a rent supplement that provides a differential rental subsidy to those in employment but unable to pay private rent. And, third, a homeless strategy was introduced that includes needed preventative measures. That said, none of these initiatives introduced in 2014 has yet to show results. Indeed, access to housing remains a 'crisis' for many families in Ireland.

Finally, Slovakia has introduced a subsidy to help house young people. Yet the conditions young people have to meet in order to receive the subsidy have recently been changed and become stricter. The government also continues to provide social housing for some socially excluded groups, usually funded



with funds from the EU. But, as one respondent noted, such projects often include ‘governmental waste’ due to the levels of corruption in Slovakia.

The issue here is that while countries like Ireland have made an effort to address the need for more social housing, demand far outpaces supply. The problem of high rents, the impact of the recession and the bursting of housing bubbles in countries such as Spain and Greece have created a situation in which individuals are unable to pay their mortgages. This has contributed to the ever-growing need for more affordable housing and, in part, to a rise in homelessness. While member state governments have been pressed to address the issue, by and large, there appears to have been very little investment and few policies put in place to address the problem of housing.

**Inequality:** The current economic climate, combined with major demographic changes taking place in Europe, threatens to widen already-existing income inequality.

Among respondents for this survey, inequality was principally described in terms of income. The majority of respondents viewed the rise in income inequality as a problem (only respondents from the Czech Republic considered inequality not to be a problem in their country), but they noted that their countries had no policies in place to counteract rising inequality. Indeed, several respondents, such as those from Italy and Portugal, noted that the recent change to policies resulted in either tighter regressive tax policies or increased inequality through reducing income received from benefits, for example. Only Bulgaria, Cyprus, Greece, Hungary and Portugal had put in place policy initiatives to counter the rise in income inequality. Here, it appears from an analysis of the data that these five countries either changed their tax codes to make them more progressive, redistributing money from the rich to the poor, and/or they enacted a rise in the minimum wage. For example, Bulgaria annually increases the minimum wage, while Cyprus is in the process of enacting a guaranteed minimum income scheme. Hungary also increased its minimum wage, but at the same time instituted a flat tax, a regressive tax change that would, in all likelihood, counter any benefits gained from an increase in the minimum wage.

Greece instituted more progressive tax changes, especially measures to combat tax evasion. In 2013, Portugal introduced changes to its tax code that may have a small effect in reducing inequality. Here, the government increased the marginal rates for high-income earners while putting in place tax breaks in education and health that should have an equalising effect. But, at the same time, Portugal has made the means test for social assistance tighter, which will increase inequality mainly by injecting greater distance between the bottom and the top of the income distribution.

**Precarity and Precariousness:** A growing number of people across Europe are living and working precariously, usually working a series of short-term zero-hour contract jobs without recourse to stable social protection or protective regulations. Guy Standing (2011) describes this group of people as the ‘precariat’, those whose working conditions put them in increasingly dangerous and vulnerable situations with little to no security.



An analysis of the data suggests that, by and large, member states did not have specific policies in place to address precarious working and living conditions. If member states did have policies in place, then they were not perceived as successful in terms of enabling low-income communities to have stability in their home and work lives. Belgium, Denmark and Romania appear to have put policies in place to combat precarious living and working conditions. Only respondents from Romania appear to perceive the government intervention as fairly successful. Respondents from Denmark noted that while there are many ongoing initiatives that have been fairly successful, there are still gaps in provision for those living and working in the most precarious conditions. Specifically, the lack of services for the long-term homeless, coupled with the lack of affordable housing, has proved to be an ongoing problem in Denmark.

Respondents from Italy and Poland both noted that their respective governments have acknowledged the rising problem of precarious working conditions and, as a result, have been in discussions about what the correct policy response should be. But neither country's government has implemented any specific measures yet.

Respondents from Spain, on the other hand, point out that not only has the government undertaken nothing specific in this respect, but many of the policy measures recently adopted have serious negative effects on individuals' precarious working conditions. Here, respondents pointed to the use of active labour market policies adopted to 'activate' those on unemployment benefit to find work. Too often, recipients take on precarious work because that is all that is available to them, for example, temporary-agency work with no safeguards in place.

Respondents from other member states, such as Croatia, Cyprus and the Netherlands, seem to suggest that while their governments know that precarious working conditions exist (e.g. in the form of 'flexicurity'), the economy benefits from such working arrangements. Thus, mobilising change has proved difficult.

**Stigmatisation:** In recent years, the stigmatisation or 'othering' of the 'poor' in society has been particularly acute among those who claim benefits. They are perceived by some media outlets and some politicians as 'scroungers' – taking something for free while giving nothing in return. They are seen as lazy and not deserving of the benefits they receive.

When asked whether claiming out-of-work benefits was considered a fair part of the social insurance system, respondents were – interestingly – evenly split: There were those who did not think their government supports such claims, with some even resenting those who claim out-of-work benefits; and there were those who believed their government fully supported such benefits or at least viewed them as a fair part of the social insurance system. The United Kingdom is perhaps an anomaly among the member states, with respondents noting both that the government resents those in receipt of out-of-work benefits and that policies have recently been put in place that have caused greater hardship for those on low incomes. This was due to the Conservative government's implementation of the Universal Credit that caps benefits, coupled with a reduction in the housing benefit, the move



from universal to a reduced means-tested child benefit, greater restrictions to the working tax credit and the implementation of a tougher sanction regime for the Jobseeker's Allowance.

In addition, respondents from Bulgaria, Greece, Hungary, Ireland, Italy, Lithuania, Portugal, Romania and Spain all felt that the policy changes recently enacted by their governments caused greater hardship for the poor. Still, only respondents from Bulgaria, Greece, Italy, Portugal and Spain felt that their governments resent or do not support those who claim out-of-work benefits. Particularly noteworthy were respondents from Bulgaria, Hungary, Romania, Slovakia and the Czech Republic who noted that the resentment for those who claim out-of-work benefits was specifically targeted at the Roma population in these respective countries.

Respondents from all countries, except Croatia, noted the change in perception over time, in both political and social discourse, from a 'deserving poor' to an 'undeserving poor'. They also felt that this change in perception has helped foster policies that have tightened out-of-work benefits by introducing tougher conditionality. In Croatia, on the other hand, it was noted that since the economic recession has affected wide swaths of the population in equal measure, the population has a 'we are all in this together' attitude rather than one that moralises and demonises the poor.

**Discussion:** What can this survey tell us about member states' awareness of, interest in, concern for and investment in combating poverty across a range of indicators? It appears from an analysis of the evidence that while some countries, such as the Czech Republic, Croatia, Hungary and Poland, are aware of the impact that the housing crisis, for example, has had on well-being, governments are not necessarily taking bold action to combat the issues of concern. And, indeed, if they are, then the funding for legislated initiatives is not what it should or needs to be to adequately address the problem. On the other hand, in terms of perceptions of fairness for out-of-work benefits, there was a clear split between countries, with respondents who felt their governments resented those on out-of-work benefits on the one side (Bulgaria, Cyprus, the Netherlands, Poland, Portugal, Slovakia, Spain and the UK), and, on the other, those who saw it as a fair and necessary component of social insurance programs (Croatia, France, Greece, Hungary, Ireland, Italy, Lithuania, the Czech Republic and Finland). This suggests that while the stigmatisation of individuals on benefits has increased in some countries in recent years, it has not increased in all countries. There is still a place for benefits to assist those on low incomes or out of work, and such benefits are perceived as being a worthy and fair part of any social insurance system.

The challenge, though, is in *how* policies have been designed by member state governments to address unmet needs of citizens and residents while combating the larger problems at hand, i.e. high child-poverty rates. Here, it appears that the governments of some member states, such as Latvia, the UK and Portugal, have implemented a series of policies that may actually both help and hinder initiatives to alleviate poverty – indeed, sometimes at the same time. Policies do not act in isolation



from one another (though, too frequently, this is the perception). Thus, when a country like Latvia increases both the amount of childcare benefit and the length of receipt (from 18 to 24 months), but then cancels the co-financed housing benefit while leaving the guaranteed minimum income benefit to the discretion of local government, it begs the question of whether the benefit gained from the one policy may be wiped out by the other. Indeed, social policies still have a vital role to play in contributing to the well-being and welfare of EU citizens and residents alike. It is just a question of the political, social and financial commitment member state governments make to addressing needs.





## II. Education

Anne Corbett, Tanguy Séné

Modern societies have generally held that education systems have a strong role in underpinning social cohesion through an adherence to three principles: support for equal rights, support for enabling individuals to fulfill their innate abilities and the promotion of shared democratic values. This can be seen as the contract with society which citizens trust governments to deliver. To quote the UN Declaration of Human Rights, 1948: ‘Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.’

With the advent of a knowledge economy, and global financial pressures for competitiveness, aspects of the traditional ‘contract’ are being re-ordered and re-combined. Over recent decades, the OECD, followed by the EU, has reshaped a vision of the way education might be more effective for all if it were to better adapt to the modern economy. Education is a core component of the Europe

Aspects of social inclusion in education	Concepts to be measured	Indicators (sub-dimensions)
<b>(i) Belief in a ‘social contract’</b>	Trust in the policy direction as supporting social inclusion	1. Trust, general appreciation of policy strategy
<b>(ii) Effective opportunities for personal, social and professional fulfilment through more effective policies</b>	Equity, quality, effectiveness	2. Tertiary education attainment 3. Employability rates of graduates 4. Learning mobility target
<b>(iii) Action against disadvantage and risks of exclusion</b>	Targeting of disadvantage and risks of exclusion	5. Early childhood education participation target 6. Early school leaving reduction target 7. Lifelong learning participation target 8. Basic skills target

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2020 strategy to move towards a knowledge-based ‘smart growth’ economy. The argument is that a successful education system provides benefits to individuals as well as to society as a whole, and that therefore a priority should be to provide a better-quality and more efficient education system for individual inclusion. This can be seen as an emphasis of social inclusion. The European Council signalled the change with its commitment to outcome-oriented targets to improve quality and delivery in a way which is coherent between EU and national levels as early as 2001. The economic crisis has reinforced the view at the OECD and EU levels that inclusive and educationally effective societies depend on resilient economies to empower people for jobs and growth.

SIM Europe aims to provide a social policy counterpart to the EU macroeconomic monitoring, highlighting social costs involved in policy trade-offs by combining data on social policy outcomes with expert survey-based information on an annual basis (see Introduction). In the field of education, SIM Europe goes beyond most of the available publications and data. As compared with the annual OECD



Education at a Glance reports, SIM Europe assesses success based on the experience of experts. As compared with the Eurydice reports, which focus on single topics, the SIM report takes a system-wide, comprehensive approach to education policy, including adult lifelong learning and early childhood education together with a range of other areas. Crucially, it sets out to fill a gap in EU monitoring of education policy, from both a perspective of collective social cohesion and one of individual inclusion. A further novelty of SIM Europe is that it identifies the governmental trade-offs in each education area, in contrast with existing documentation and data sets.

The rationale of this section is to understand the interface of national and EU governance in the field of education policy, from both a collective social cohesion perspective and from an individual inclusion perspective. Central to this approach is to relate social inclusion aspects to measurable indicators, as detailed below, but also to include a traditional social-cohesion measure, namely, trust in the system. What role do respondents think education policy is now playing in relation to social inclusion? Is it in practice widening opportunities, inclusion and cohesion, or is the system struggling to counter widening disadvantages?

The selected aspects of social inclusion reflect the application to education and training of concepts of social inclusion (e.g. trust in the policy direction; equity, quality, effectiveness; targeting of disadvantage and risks of exclusion) and associates them with measurable indicators. These indicators overlap with the key EU strategy documents which relate to education and training in having been tested as applicable across the European member states. But they also provide expert evaluation of policy reforms and, as such, set out to build a sound representation of the way education policies are currently shaping social inclusion, while also giving an idea of the trade-offs policymakers make across Europe in this area.

A variety of sub-dimensions were examined: Have European governments fostered trust in their education systems? Have they managed to increase higher education attainment? Do current policies contribute to the enhancement of the employability of graduates? Removing obstacles to mobility lies at the core of the European construction – yet how much effort has been made and successes recorded by member states in this respect? Tackling the root of growing inequalities also involves issues of the state of early childhood education and care (extensive research has shown the crucial impact of early age on future life chances) and that of early school leavers (research, again, consistently shows not only effects on future earnings and employment, but also non-monetary outcomes, such as health-related ones). Not so long ago, the International Labour Organisation (ILO) warned against the risk of an entire ‘lost generation’ – the current population of 15- to 24-year-olds. Of particular concern are the so-called NEETs: young people who are neither in employment nor in education or training.<sup>1</sup> But in a fast-evolving economic world, the continuous upgrading and adaption of skills through adult lifelong learning has been another key EU objective that is also discussed in

<sup>1</sup> The NEET indicator is one of the six social scoreboard indicators proposed by the European Commission in its Communication on strengthening the Social Dimension of October 2013 (European Commission 2013b).



this chapter. Adaptability of the labour force also calls for basic transversal skills – some mastery of statistical skills and adequate levels of comprehension and expression. The PISA studies of basic achievement (the latest version is from 2012) have been a wake-up call to Europe, which still lags behind other nations (e.g. Japan) and is currently barely represented among the top performers (especially in mathematics). Have European governments taken significant action to improve those essential skills over the past few years?

In the first section of the analysis, we turn to the EU policy background in education policy and the indicators that it generated.

### EU activity in the field of education

The education and training sector was formally included in the European treaties in the Treaty of Maastricht of 1992 as a policy area to be governed by the rules of subsidiarity. The Treaty of Lisbon (2007) elaborated the distinction between competences governed by the principle of subsidiarity and competences ruled by European hard law. Hence, the EU can contribute to the development of quality education by coordinating and supplementing the actions of member states; it ‘shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the member states’.<sup>2</sup> The content of teaching and the organisation of education systems remain within the remit of national governments, as do cultural and linguistic diversity.<sup>3</sup>

Within these boundaries, the EU has been significantly involved due to the acceptance by member states of the potential benefits of applying the Open Method of Coordination (OMC). It was created in 2000 as a new instrument based on standard-setting and regular monitoring (Ertl, 2006) and on ‘cognitive and normative harmonisation’ (Palier, 2009: 295).

One measure of how the OMC has created acceptable conditions to further the development of an education and training policy at the EU level is the speed with which the mechanisms of OMC were taken up (Corbett, 2012). Corbett challenges the view that OMC conflicts with subsidiarity, arguing that it is member states which approve the measures. Furthermore, cooperation and coordination had already become normal practice in higher education in the intergovernmental Bologna Process, launched in 1992, which operates in parallel to the EU and also uses an OMC-like instrument in its efforts to create more comparable, compatible and coherent systems of higher education in Europe to such an extent that, in March 2010, ministers announced the creation of the European Higher Education Area (EHEA). Forty-seven countries participate in this cooperation, including all 28 EU member states.

Strategically, the EU education- and training-cooperation policies have been placed at the heart of

<sup>2</sup> Article 5, Treaty on European Union (TEU).

<sup>3</sup> Article 165, Treaty on the Functioning of the European Union (TFEU).



the EU's Europe 2020 measures for 'smart growth', i.e. building an economy based on knowledge and innovation. Member states have identified four key priorities in the strategic framework for education and training for 2020:

- » making lifelong learning and mobility a reality;
- » improving the quality and efficiency of education and training;
- » promoting equity, social cohesion and active citizenship;
- » enhancing creativity and innovation, including entrepreneurship, at all levels of education and training.

Benchmark targets to which member states were prepared to agree have been associated with these objectives in the context of the OMC, which provides a yearly evaluation and recommendations from the EU. Two of them were integrated by the European Council as part of the five key targets for the overarching Europe 2020 strategy:

- » fewer than 10 percent of young people should drop out of education and training;
- » at least 40 percent of people aged 30–34 should have completed some form of higher education.

The other benchmark targets are the following (Council of the European Union, 2009):

- » at least 95 percent of children (from 4 to compulsory school age) should participate in early childhood education;
- » fewer than 15 percent of 15-year-olds should be under-skilled in reading, mathematics and science;
- » at least 15 percent of adults should participate in lifelong learning;
- » at least 20 percent of higher education graduates and 6 percent of 18- to 34-year-olds with an initial vocational qualification should have spent some time studying or training abroad;
- » the share of employed graduates (20- to 34-year-olds having successfully completed upper-secondary or tertiary education) having left education 1–3 years ago should be at least 82 percent.

Moreover, the agenda for the modernisation of higher education issued in 2011 set out five key EU priorities for 2020, based on the diagnosis by the European Commission that the proportion of the graduates and researchers among the EU workforce is too low for the needs of an economy, and that European universities need to adapt to a global competition context (notably in the light of world university rankings). The priorities are the following (European Commission, 2011):

- » increasing the number of higher education graduates;
- » improving the quality and relevance of teaching and learning;
- » promoting mobility of students and staff and cross-border cooperation;
- » strengthening the 'knowledge triangle' linking education, research and innovation;
- » creating effective governance and funding mechanisms for higher education.

Two key current EU policy instruments can be highlighted as relevant to the social inclusion debate. The new Erasmus+ programme, which brings together several former European education and training programmes with a budget of 14.7 billion euros for the 2014–2020 period, provides grants to students, trainees, staff and volunteers to spend a period abroad to increase their skills and employability. It



also supports organisations to work in transnational partnerships and to share innovative practices in the fields of education, training and youth.<sup>4</sup> The policy instrument ‘Youth on the Move’ (European Commission, 2010b) consists of a comprehensive package of policy initiatives on education and employment for young people in Europe. It aims at improving young people’s education and employability in the context of the wider EU target of achieving a 75 percent employment rate for the working-age population (20–64 years).

### Survey results across member states

SIM Europe explores the degree of policy change in a range of educational sub-dimensions: the level of trust in the education system, tertiary education attainment, employability, promoting learning mobility, early childhood education and care, reduction of the number of students that leave school without qualifications, lifelong learning and upgrading basic skills. There are two types of questions across these dimensions: Has the particular government made related policy efforts over the past year? And, if so, how successful have these efforts been? Although the issue of achievement at the EU or national levels is evoked in each question (apart from the ‘trust’ one), the question on the achievement of EU targets is a closed-ended one of its own for three specific dimensions (early childhood education and care, lifelong learning, basic skills). Moreover, every question left room for additional information from the experts in open-ended questions.<sup>5</sup>

At least two types of patterns at the European level come out of this aggregated data: The degree of political initiative depends on the area, and there are ‘successful’ and ‘unsuccessful’ groups of countries in education and training.

First, there are numerous policy initiatives in existence directed at measures to enhance the level of trust in the education system: 22 out of 30 respondents deemed that governments made efforts last year to prioritise this type of policy. Overall, although some areas were much less associated with government initiatives last year than in others (tertiary attainment, lifelong learning, learning mobility), all areas have witnessed efforts either in the last year or before that. No area is deemed as unproblematic (the sentence ‘This issue is not a problem in my country’ accounts for a maximum of one-fifth of the responses).

Second, some patterns of appreciation of the policy initiatives can be drawn. In the first group of countries, policy initiatives are considered overall to be successful or even very successful (Bulgaria, Cyprus, Denmark, Estonia, Malta). Some countries may be mixed, with good as well as bad appreciations of governmental action (Latvia, Poland), while for some the reforms are considered

<sup>4</sup> Education, Audiovisual and Culture Executive Agency (EACEA), ‘Erasmus +’. Available at: [https://eacea.ec.europa.eu/erasmus-plus\\_en](https://eacea.ec.europa.eu/erasmus-plus_en).

<sup>5</sup> There were in total 30 respondents to the expert survey for the dimension on education, after excluding the experts who answered ‘Questions not applicable to the respondent’, double entries and empty entries. These respondents produced appropriate data for a total of 17 EU member states. Data is missing for eleven member states, which are geographically and politically diverse: AT, BE, HR, FI, DE, IT, LT, LU, NL, RO, SE.



neutral (Czech Republic). In Spain, learning mobility, childhood education and basic skills are perceived to show fairly successful outcomes. The latter group of countries display unsuccessful or very unsuccessful policy initiatives according to the respondents (France, Greece, Portugal, Slovakia, Slovenia and the United Kingdom). It is interesting to observe that, within the member states, Mediterranean and Central European countries still struggle with the effects of the economic crisis and so their lack of fiscal support is expected, but that this is also found in countries like the United Kingdom, whose economic outlook has much improved over the past year.

Thus, the picture that emerges from an aggregate viewpoint is a mismatch between the wide perception that education and training are important objectives and the fact that rather few related efforts are actually deemed to have been successful. More details are set out below as we examine results for each sub-dimension.

### Survey results across sub-dimensions

**Enhancing the Level of Trust in the Education System:** There is no EU target for trust in educational systems, yet this dimension is central to the political acceptability which citizens grant them. The strength of this ‘social contract’ can be construed as a measure of democratic adhesion to the education structures in place. Trust in institutions is therefore key to social inclusion and to political reforms (Algan and Cahuc, 2007) – and yet level of trust in the education system is not systematically measured in elaborate transnational surveys, such as the European Social Survey and the World Values Survey. SIM Europe can thus help us provide new data about this phenomenon.

What can be drawn from the data is that in all countries, excluding Cyprus, the Czech Republic, Portugal and Spain, governments have made efforts over the last year to improve the education system – or have not done so because reforms were carried out prior to that year. The question is broad, and it should therefore be no wonder that only four countries are judged to not have put in place policy reforms.

However, very few of the reforms in the field of education have improved the level of trust in the education system to deliver reform, according to the answers. Only Denmark, Ireland and Malta have unambiguously made successful (or very successful) reforms in this regard. The respondent for Ireland associates success with its National Strategy to Improve Literacy and Numeracy (2011 – 2020), whose outcomes among the weakest in reading are significant. Also, the Delivering Equal Opportunity in Schools scheme, implemented in 2005, is showing incremental improvements in terms of retention until the Leaving Certificate (the final examination in the Irish secondary-school system).

The targets for social inclusion could be extended and improved. The expert commenting on Malta mentions the need for better completion rates of compulsory education, a more relevant curriculum and the strengthening of home-school links.

The main issue related to trust in the countries for which unsuccessful policy activity has been flagged



(e.g. France, Portugal and the United Kingdom) is inequality. Education policies are often considered to be increasingly socially selective, with no significant impact on the existing inequalities – except when they actually contribute to reinforcing inequalities. Within the UK, however, devolution to four different governments in the education area (England, Northern Ireland, Scotland and Wales) adds variety to the general impression: England is singled out as a government reluctant to acknowledge lack of trust and inequalities, focusing rather on overall performance in global university rankings. However, the introduction of the ‘pupil premium’ additional cash for schools could yield results in terms of achievement among the poorest children.

**Increasing Tertiary Education Attainment:** The EU 2020 target for tertiary education is that at least 40 percent of 30- to 34-year olds should complete third-level education by 2020. The target seems to be within reach, as the rate of tertiary education attainment in the EU-28 was 36.9 percent in 2013; however, there is great variety among member states, from 22.4 percent in Italy to 52.6 percent in Ireland (Eurostat, 2015d).

Higher education massification is recognised as being at the heart of a knowledge-based ‘smart growth’ economy. Attainment levels need ‘to meet the projected growth in knowledge-intensive jobs, reinforce Europe’s capacity to benefit from globalisation, and sustain the European social model’ (European Commission, 2011). There is indeed an economy-efficiency argument in favour of widening access to higher education, holding that the role of human capital is becoming more important in global competition or, in other words, that ‘countries cannot afford to waste talent’ (Barr, 2012: 301). But there are social implications, as well.

What can be drawn from the data is that some countries witnessed policy initiatives in this area last year, including Bulgaria, Denmark, France, Ireland, Latvia and Malta. Only Ireland and Malta have fairly successful policy outputs. A good Irish policy tool, according to the Irish respondent, is the Equality of Access policy, which links access to higher-education targets to funding. Malta resorts to European funds to provide more opportunities for post-graduate studies.

It is striking that experts for Cyprus and Poland comment that reaching attainment targets is not an issue. While Cyprus (with 47.8 percent in 2013) has already met its national target of 46 percent, Poland (with 40.5 percent in 2013) has achieved the European threshold but not its national target of 46 percent. For Portugal and Spain, increasing tertiary attainment appears to be an important issue, but one that has not been the object of significant policy initiatives.

On this evidence, France, Portugal and the United Kingdom appear to be among the least successful countries in developing successful policies to increase their higher-education attainment rates (although one expert points out that there have been numerous policies in this area in the UK). Comments on France by the relevant expert state that the promotion of competition between universities is an impediment to greater access to higher education.





**Enhancing Employability:** The target defined by the strategic framework for education and training for 2020 is a share of at least 82 percent of employed graduates (20- to 34-year-olds having successfully completed upper-secondary or tertiary education) having left education 1–3 years ago. The 2013 figure for the EU-28 was 75.5 percent, and it ranged at the national level from 40 percent in Greece (where the crisis certainly affected the figure) to 92.2 percent in Malta (Eurostat, 2015a).

Employability, generally defined as the acquisition of skills, understandings and personal attributes which make individuals more likely to gain employment and be successful in their chosen occupations, is a salient issue in relation to both social cohesion and social inclusion since success in increasing the level of skills benefits the economy, the community and the individual. As such, it relates to another EU policy area: To measure social inclusion, the new poverty indicator used at the EU level for the 2020 strategy takes into account not only a monetary threshold, but also work intensity.<sup>6</sup>

What can be drawn from the data is that Bulgaria, Cyprus, France, Ireland and Latvia definitely took policy initiatives in this direction last year. In Portugal, the issue is considered important, but no policy initiative has taken place in recent times. Only in the Czech Republic and Malta is this aspect of education not considered a political issue.

There was no perception of highly successful policy for any country. Fairly successful employability, increasing the likeliness of reaching the EU target, was assessed in Bulgaria, Denmark and Ireland. Cyprus was the object of mixed reviews from two experts; there are indeed government initiatives to increase graduates' participation in labour markets, but in many cases the impacts are only short-term. Unsuccessful and very unsuccessful policies were flagged in France, Greece, Portugal, Slovenia and the United Kingdom. In the case of Greece, one expert highlighted how employability-related policies are made to conform to austerity policies (e.g. reducing the number of students in the social sciences).

**Promoting Learning Mobility:** The Europe 2020 target set by EU ministers relating to learning mobility is that 20 percent of those graduating in the EHEA should have a study or training period abroad. Mobility constitutes a key objective of the Modernisation of Higher Education Agenda for 2020 ('promoting mobility of students and staff and cross-border cooperation').

Mobility has been a core pillar of the construction of Europe from the outset, from the free movement of workers to the free movement of persons today. It is a key role attributed to education policy in the European treaties ('encouraging mobility of students and teachers', Art. 165.2 TFEU). The EU has budgeted for a vast extension of programme mobility through Erasmus+ (whose budget has increased by 40 percent in comparison with the previous budgetary framework). Learning mobility is not easily measurable, but the EU has recently launched a Mobility Scoreboard, a monitoring tool to identify and remove obstacles to studying and training abroad as part of wider efforts to help young people gain the skills and experience they need to increase their employability – and, as such, it is a

<sup>6</sup> Europe 2020 headline indicator 'People at risk of poverty or social exclusion' (see also the chapter on poverty).



policy instrument targeting social inclusion at the European level (European Commission, 2014a). It examines key aspects, such as information and guidance about mobility opportunities, portability of student aid, knowledge of foreign languages, recognition of studies abroad and support for students from disadvantaged backgrounds.

What can be drawn from the data is that more than a third of the 17 countries witnessed initiatives in this area last year or before (Bulgaria, Denmark, Ireland, Latvia, Malta, Poland and Spain). But apart from in Denmark, Ireland, Malta and Spain, no success has been recorded. One plausible explanation is that it is too early to evaluate changing national patterns of mobility following these reforms. Extension of mobility to vocational educational and training is interpreted as being part of the Maltese success, according to the respondent for this country. Comments from one expert on Denmark point out the potential issue of the emphasis on company training in the vocational education, which limits opportunities for mobility abroad.

Although mobility is considered an important policy issue in the Czech Republic, Portugal and Slovenia, no governmental effort has been formally assessed in those member states.

**Improving Early Childhood Education and Care (ECEC):** The target set by the EU strategic framework for education and training for 2020 is that at least 95 percent of children (from four to compulsory school age) should participate in early childhood education. Currently, the average figure for the EU-28 is 93.9 percent (2012), and it ranges at the country level from 71.7 percent in Croatia to 100 percent in France (Eurostat, 2015c). Among the countries of the survey, six have not reached the EU target yet (Cyprus, Greece, Latvia, Poland, Portugal and Slovenia).

The relevance of this sub-dimension has been shown by a growing body of research which suggests that early childhood education and care is a crucial element in shaping educational life chances – impacting outcomes such as more equitable child outcomes and reduction of poverty, increased intergenerational social mobility, more female labour market participation, increased fertility rates and better social and economic development for the society at large (OECD, 2012).

It is therefore crucial to the concept of social inclusion. The Commission has set out priorities to improve this education area by developing policy guidance, developing more European data and research, and promoting the most effective use of European funding (European Commission, 2015b).

What can be drawn from the data is that a solid majority of countries represented in the survey (11) implemented policy initiatives last year or earlier (Bulgaria, Cyprus, Estonia, Hungary, Ireland, Latvia, Malta, Poland, Slovenia, Spain and the United Kingdom). The Czech Republic, Greece and Portugal are among the states where no significant political will has been shown despite the issue's salience. The perceived success of such policies is striking: A third of the countries observed (Bulgaria, Cyprus, Denmark, Estonia, Ireland, Latvia, Malta, Spain and the United Kingdom) have witnessed successful or extremely successful policies. Malta has had universal kindergarten in place for years, while one



expert explains that Poland has recently introduced conditional grants for Polish local governments to support the provision of preschool services which target higher enrolment. For one respondent, Slovenia has not witnessed satisfactory outputs due to a lack of resources in an austerity context and an observed fall in family living standards. Negative policy outputs were identified in Greece and Portugal. In the United Kingdom, expansion was identified by one expert, but quality issues are of concern.

**Reducing the Number of Students that Leave School without Qualifications:** The Europe 2020 strategy also aims at having fewer than 10 percent of young people drop out of education and training. The percentage of 18- to 24-year-olds fitting the ‘NEET’ (not in education, employment or training) category is currently 12.0 percent on average in the EU-28, ranging from 3.9 percent in Slovenia to 20.8 percent in Malta.

Young people with fewer qualifications are more often affected by unemployment, more likely to depend on social benefits, less likely to participate in democratic processes and more likely to be at risk of social exclusion. They are also likely to be caught in a cycle of events which starts long before an individual leaves education and continues thereafter. A growing concern has emerged over the NEETs in Europe. Across the EU, the unemployment rate amongst early school leavers was 40.1 percent in 2012, whereas the overall youth unemployment rate was 22.8 percent.

What can be drawn from this data is that some countries have implemented measures to prevent early school leaving over the past years (notably, Bulgaria, Denmark, Estonia, Ireland, Latvia and Malta). According to the respondent for Ireland, the Delivering Equality of Opportunity in Schools (DEIS) plan in Ireland, in place since 2005, has delivered good results by prioritising the educational needs of children and young people from disadvantaged communities, from pre-school through second-level education (3 to 18 years). But the expert points out that there was room for improvement in related policy areas, such as mental-health services and hunger prevention at school. The respondent for Malta explains that the Maltese government’s retention strategy is to organise a special programme more oriented towards vocational education and basic skills.

Government action was deemed successful or even very successful in a handful of countries (Bulgaria, Estonia, Ireland). For other countries, neutral effect (the Czech Republic, Poland, Spain) or even clear failure of the policies (Denmark, Greece, United Kingdom) were noted. In the case of Greece, early school leaving is mostly concentrated in socially excluded groups (the Roma, the Muslim minority in Thrace) which rarely constitute policy priorities.

**Increasing Lifelong Learning:** The target defined by the EU strategic framework for education and training for 2020 is to achieve a percentage of at least 15 percent of adults participating in lifelong learning.

These questions address the issue of lifelong learning, which potentially has much to contribute to social inclusion. Lifelong learning is an important element of social-dimension policies. Lifelong learning initiatives tend to concentrate on a particular problem: that those who would most benefit



from it are those who participate least. Adult participation in lifelong learning is most prevalent among the young and highly educated. But whether looking at the average skill levels or the highest level of education attained, continued learning is a necessity for the majority of member states. As stressed by the OECD over many years, ‘distribution of skills is important over the long term for [an individual’s] living standards and productivity: more equitable investments in skills can foster growth by making the overall labour force more productive’ (OECD, 2005: 10).

What can be drawn from this data is that only a few countries achieved the EU target in this policy area last year (the Czech Republic, Denmark, Latvia and Slovenia). The Czech Republic is an interesting case as, although it has reached the target, the issue of lifelong learning is not considered important by the government, according to the survey. It is worth mentioning that six respondents indicated they did not know whether the target was reached or not – which could suggest a need for better up-to-date databases on/promotion of adult lifelong learning at the national level.

This relatively low achievement contrasts with the significant number of countries that set up adult lifelong learning in the past year or before (half of the countries observed in the survey): Bulgaria, Denmark, Estonia, Ireland, Latvia, Malta, Poland, Slovenia and the United Kingdom.

Austerity policies are signalled as a probable explanation for poor outcomes. The unsuccessful outcomes in Ireland are attributed to a succession of austerity budgets that have entailed radical cuts in lifelong learning services. The same observation is made for the UK, in addition to the lack of support for graduates to obtain additional qualifications and a perceived lack of interest from the government. In Portugal, data suggests that the issue of adult lifelong learning is considerable but left aside by government action.

**Upgrading Basic Skills:** The target defined by the strategic framework for education and training for 2020 is that fewer than 15 percent of 15-year-olds should be under-skilled in reading, mathematics and science, as measured by PISA tests.

The dimension of basic skills is important to modern societies. They expect citizens to achieve an acceptable level in the basic skills of literacy, mathematics and science. Those who do not acquire these skills are at high risk of social exclusion. The Survey of Adult Skills (OECD, 2013) shows that 25 percent of 16- to 65-year-olds today are unable to exceed a basic level of literacy, and 24 percent are unable to exceed a basic level of numeracy. The PISA 2012 studies fill this out with evidence that, on average, 17.8 percent of 15-year-olds fall below acceptable levels in reading, 16.6 percent in science and 22.1 percent in mathematics – the EU on average is ahead of the US, but lags behind a number of Asian countries, including Japan. Moreover, there is huge diversity between member states: Since the last PISA study, the share of low-achievers across the three basic skills has increased in ten EU countries (Greece, Hungary, Slovakia, Finland, Sweden), while it has significantly decreased in ten others (Bulgaria, the Czech Republic, Denmark, Estonia, Ireland, Croatia, Latvia, Austria, Poland and Romania).



What can be drawn from this data is that half of the respondents either did not answer or declared they did not know about a basic skills policy. The fact that PISA studies are updated only every three years may contribute to this phenomenon. However, some countries are seen to have reached the target already: the Czech Republic, Estonia, Greece, Ireland, Latvia and Spain. In other cases, Ireland has shown strong gains in reading and mathematics ability among the pupils with the lowest scores – although an expert deems the pupil–teacher ratio to be worryingly high in many deprived schools.

Significant success as a result of government action was observed only in Denmark, Estonia, Ireland, Malta and Spain. Portugal and the United Kingdom were clearly estimated to be amongst the poorest performers. Comments from one expert suggest that a number of initiatives in the UK (e.g. literacy and numeracy assessments) could yield results in the near future.

## Discussion

Six points arise from this SIM expert analysis of social inclusion policies in the education sector.

**General policy framing:** First is the general point that many countries now integrate into national policy the European cognitive framing for a more efficient and equitable education system. Early childhood education and care, a strong determinant of future educational attainment, stands out as an area where governments have been active across Europe and where a number of successful outputs were observed.

The survey brought to light particular examples of good practice, such as the Irish Equality of Access policy which links access to higher education targets to funding and measures or, in Malta, the extension of mobility to Vocational Education and Training.

In contrast, some policy sectors have attracted relatively little support. Efforts to boost tertiary attainment, learning mobility and lifelong learning as well as to lower rates of early school leaving score low in this survey. On the crucial question of basic–skills policies, a significant number of respondents were not aware of any policy changes. It is telling that no obvious good practice emerges out of the evidence on EU–related ‘employability’, although the issue is considered salient by almost all countries.

Similarly, in relation to NEETs, who are a high priority on European governments’ agendas in the context of high youth unemployment (particularly in the southern Mediterranean countries of Greece, Portugal and Spain), the failure to improve performance reinforces the inequality gap between them and those in the same age group who benefit from the ‘graduate premium’ (i.e. better socioeconomic outcomes on average for those who completed higher education).

We should note, however, the limitations of the survey data. Some of the negative feedback may reflect inadequate data: A number of experts could not indicate a precise evaluation of the results,



especially for policies enacted the past year (e.g. tertiary-attainment policy in Denmark, basic-skills measures in the UK). Moreover, for some countries, the information was significantly more limited than for the rest of the data set: No information was added to the closed-ended questions in the case of Estonia, Hungary and Slovakia.

**Trade-offs:** A third general point is that countries appear to be making trade-offs in their choice of education and training policies. Whereas policies aimed at improving graduate attainment and early childhood education and care have attracted recent governmental support, policy initiatives to foster the employability of graduates and NEETs, and to improve lifelong learning, are perceived as very limited.

**National variation:** There is a wide variation in the national performance on EU benchmarks. Denmark, Cyprus, Latvia, Lithuania, Luxembourg, the Netherlands, Finland and Sweden have already reached, or exceeded, their 2020 national targets for tertiary-education attainment and are all above the 40 percent EU threshold. By contrast, Italy's figure was 22.4 percent in 2013.

**A lack of evaluation of social inequality:** There appear to be rising inequalities within and between systems on social inclusion policies. But we should also note a lack of evaluation of educational inequalities at the EU level. This can be read in the light of the monitoring of social inclusion by OMC. The benchmark that might be helpful, suggests Mary Daly, is underperformance; but such an indicator does not exist (Daly, 2012).

A caveat for many respondents is that it is still too early to make an evaluation of policies enacted over the last year. But there is a common thread across responses, and that is the negative effect of the economic crisis and subsequent European austerity policies on policies which might improve social inclusion. Lifelong learning policies, and to some extent childhood education, appear to have been the hardest hit.

**The issue of trust:** For this survey, there remains one important issue, which we have framed as trust in the system. The concept is ambiguous. It might mean trust in the system to improve social inclusion, in line with the OECD and EU conceptualisation of social inclusion as a product of systems which demonstrate high levels of efficiency and a commitment to equity. But trust may also be viewed in the light of traditional expectations of what an education system is supposed to deliver. As reflected in some of the most distinguished sociological writing, education is a crucial aspect for social cohesion, as educational attainment has a strong impact on life outcomes, both in terms of wages and employment, but also on positive externalities, such as health and civic engagement (e.g. Esping-Andersen, 2009; Machin, 2009). It is also worth remembering that even EU policies recognise this dimension. As stated in the strategic framework Education and Training 2020 (an aspect of the general Europe 2020 strategy), the EU aims at 'promoting equity, social cohesion and active citizenship'.



**The future:** We conclude that social inclusion could have a much higher profile in education policies across Europe. This survey has indicated that experts view all education policy areas as relevant to social inclusion, although they are often not (successfully) tackled as such. But until education ranks higher in national policies, the issue of social inclusion – and, indeed, social cohesion – will not be addressed as well as they might be.





### III. Labour markets

Bob Hancké

The logic behind this section is to address the different dimensions of labour market inclusion succinctly. The analysis is structured by the logical sequence of a series of basic questions on working life and government interventions designed for and used in the Eurobarometer survey. What is the state with regard to employment? When people have jobs, to what extent are they structured to allow the integration of weaker groups into the labour market? Once the job exists, to what extent are wages structured to reflect a fair distribution of the rewards of work? Are hiring practices and career prospects fair? Can everyone access decent jobs, or are there stark insider–outsider divides that reduce life chances of employees and workers in the second group? Are employees and workers involved in decisions that significantly affect their working life – through company-based and independent forums? Finally, how are the unemployed treated? Do they have access to unemployment benefits that allow them to maintain a standard of living while looking for employment, and are there programmes that help unemployed workers acquire skills that would increase their chances of being integrated into the labour market again after unemployment? With these questions, we hope to cover the key dimensions of the labour market from the point of view of the life chances of individuals – and, thus, to capture the extent to which the labour market reflects concerns over social inclusion.

#### EU activity in the field of labour markets

Labour markets is an area that has traditionally been colonised by the member states, together with the national organisation of socioeconomic interest representation in many countries in and beyond the EU, with very few significant initiatives emerging from the EU. Taking into account the variation in labour market structures across the Continent and the differences in terms of economic performance since the onset of the crisis, this should not really come as a surprise. At the EU level, employment policy has been recognised in Title IX (Articles 145–150) of the Treaty on the Functioning of the European Union (TFEU), which highlights the importance of a coordinated strategy at the EU level for creating a skilled and adaptable workforce and labour markets that are flexible in responding to economic change. Subsequent coordination of member states' economic policies occurs through the *Broad economic policy guidelines*,<sup>1</sup> the monitoring and analysis of member states' reform policies as part of the European Semester, and the European Council's guidelines for employment policies based on the smart, sustainable and inclusive growth aims set by the the Europe 2020 strategy, through which it is able to coordinate the content of and approaches in member states' policies in the area.<sup>2</sup> These initial and broad commitments are furthered by initiatives emanating from Brussels, such as the employment sections in the Lisbon Strategy and its replacement, the Europe 2020 Strategy, and the consequent employment policy programmes, e.g. the European Programme

1 The Broad economic policy guidelines are a set of non-legally binding recommendations set by the European Council, though member states are held accountable for implementing economic policies that align with the guidelines. Their implementation is monitored by the European Commission.

2 For more information, please see the Council Decision of 21 October 2010 on guidelines for the employment policies of the member states (2010/707/EU).



for Employment and Social Innovation (EaSI), and initiatives tailored to specific problems, such as the EU's approach to the problem of youth unemployment through the Youth Guarantee.<sup>3</sup> A series of employment-related targets in such areas as employment rates, unemployment policies, active labour market policies and poverty and social inclusion were set, including the Europe 2020 strategy target to have 75 percent of 20- to 64-year-olds in employment by 2020. The EC agreed with countries how to reach these targets, and uses the soft coordination tools in the employment programmes as ways to induce countries to learn from each other which measures to adopt.

It has to be kept in mind that these initiatives originated in a very different time – before the crisis, when unemployment appeared 'structural', when the supply of labour did not match the demand for labour. This implies that the solutions for persistent unemployment were to be found on the supply side of the labour market – hence the emphasis on active labour market policies and targets for reducing unemployment, among others. Since the onset of the big economic and financial crisis in 2008, that approach has witnessed its limits; the role of international organisations, such as the EU (and the ECB, with the IMF), has been to concentrate on macroeconomic adjustment programmes. Consequently, the EU resorted to playing a relatively small role in labour-market adjustment programmes, and the initiative shifted back to the member states.

### Survey results across member states

One of the key conclusions from the observations from the data per country – bearing in mind the caveat that not all countries are represented<sup>4</sup> – is that those countries that were hardest hit during the crisis, and where labour market participants suffered most, also happened to be those where the least was done to alleviate the problems, and vice versa.

Southeast Europe and southern Europe suffered the most draconian effects of the crisis by far, had labour markets which were, even before 2008, among the most unequal in the EU, and are also the places where, despite the problem of labour market exclusion being sharper, there was very little effort put into rectifying sharp inequalities in terms of access to the labour market. Scandinavia, in contrast, probably still among the most equal and inclusive societies in the world, reports plenty of relevant initiatives, even in areas where experts inside and outside the country agree that a lot has already been done in the past. Bearing in mind that the global economic crisis was relatively softer in Scandinavia than in most other countries (with the exception, of course, of Finland), this is a remarkable observation.

<sup>3</sup> The Youth Guarantee aims to have all young people under 25 receive a 'good-quality' offer, in the form of a job, apprenticeship, traineeship or continued education, within 4 months of leaving formal education. More information can be found here: European Commission. Policies and Activities: Youth Guarantee. Available at: <http://ec.europa.eu/social/main.jsp?catId=1079>.

<sup>4</sup> Survey results for the dimension on labour markets do not cover Austria, France, Germany, Luxembourg and the United Kingdom.



### Survey results across sub-dimensions

**Employment:** In a modern capitalist economy, the life chances of the vast majority of the population are determined by salaried work in employment. Finding employment is therefore a critical indicator of social inclusion in the labour market. However, while for a long time the ideal employment situation was one of full-time, stable (and often nine-to-five) employment, the massive increase in female labour market participation has raised the problem of how to balance working and family life. Despite some changes to the better, the vast majority of family tasks remain the responsibility of women. That has raised the issue of the availability of part-time jobs (both for men and women).

The vast majority of countries have developed initiatives in this area, to lower unemployment and to increase employment rates. Remarkably, in quite a few EU member states, especially among the countries at the forefront of the crisis and with very high unemployment rates (e.g. Italy, Greece and Portugal), not very much has happened. The correlation between problem load and policy initiatives is therefore, at best, tenuous. In Scandinavian countries, where unemployment has not nearly been a problem of the magnitude that we saw in the south of the Continent, employment has remained at the core of social policies.

Employment and unemployment are considered major problems everywhere, even or especially in the countries where governments have not taken many initiatives: 32 experts<sup>5</sup> considered the employment situation in their country problematic, while only respondents from Bulgaria, Cyprus, Lithuania, Malta, the Netherlands and Slovakia assessed the situation in the labour market to be more or less satisfactory, in the sense that most people who want to find a full- or part-time job are able to find one.

One of the Spanish experts summed up the issue for all of the southern European countries (the GIPS: Greece, Italy, Portugal and Spain), which report that several million people who want to work are unable to do so: ‘This means more than one out of four (26 percent) [in the active population]. Moreover, nearly 15 percent of people with a job are at risk of poverty and/or social exclusion. During the last year, the government has made efforts to improve this situation, but they have evidently been unsuccessful. In my opinion (and the opinion of many), the main goal of the government was to stabilise the economy, not necessarily to create jobs (and still less good-quality jobs). Whereas these two objectives (create employment and stabilise the economy) could (and should) reinforce each other, the reality has been different and the results bad. Moreover, the strategy followed by the government (responding to EU demands) has focused on the so called ‘internal devaluation’ which has resulted in deteriorated labour and social conditions (poverty and social exclusion rising among workers), increasing inequalities and increasing difficulties, for example, to reconcile the labour and personal lives of women and men.’

<sup>5</sup> This was reported for the variable ‘labempl\_success’ of the survey for: BE, BG, HR, CY, CZ, FI, GR, HU, IE, IT, PL, PT, RO, SK, SI, ES and SE (see online annex). See p. 103 for country codes.



**Wages:** Wages are the main source of income for the vast majority of households and individuals in modern capitalist societies. Wages need to address several problems at the same time. Is the distribution of wages fair, and is it considered to be fair by most people in the labour market? Do wages on the whole reflect abilities, skills and performance (or are they based on more arbitrary criteria, including age, nepotism, gender, etc.)? Do they allow salaried employees to live a life that is commensurate with the expectations of a decent life that they have? Do social transfers, such as child benefits and other welfare payments, and public services provided, for example, through health, education and public transports, compensate for a possible inadequacy of pre-tax wages? Different countries have developed different ways to address this question, and it is important to think through questions about wages and social inclusion not just in terms of individual market wages, but also as a combination of market wages, social transfers and public provision of important services that increase life chances.

Many countries where low pay has increased – often as a direct result of deteriorating labour market conditions due to the crisis – have instituted little in the way of response by government. Leaving aside those countries, usually in the northwest of Europe, where wages are essentially determined (outside the strict legal framework) by employers and trade unions, in most countries where labour markets have undergone dramatic shocks – obviously in the GIPS, but also in Central Europe – government responses have been very patchy. In addition, the UK, Germany and France have seen the incidence of low pay increasing over the last few years, and both the UK and Germany have addressed this through government initiatives: in the UK, via the Low Pay Commission, and in Germany, through tax initiatives, direct wage subsidies and the institution of a statutory – instead of collectively bargained – minimum wage.

On the whole, these initiatives have not been very successful (only expert scores on Bulgaria (albeit contested), the Czech Republic and Lithuania say they had a measure of success). The main problems seem to revolve around the increase in low-paid jobs; in the countries where a minimum wage exists, it is often deemed to be too low and has not been raised to keep pace with the cost of living.

One of the somewhat ironic outcomes of the crisis seems to have been that while minimum wages were low but stable, other wages for large sections of the working population have been frozen or may even have fallen (extra pay, such as a ‘thirteenth month’, was abolished in many public-sector jobs in the austerity-hit countries), with the effect that wage inequality for the lower 75 percent may actually have been reduced.

Finally, arbitrary wage inequalities across different categories in the labour market, such as gender, seem not to have been addressed very much during the crisis years.

**Hiring and Career Progression:** One of the central dimensions of inclusion in the labour market is fairness in hiring, both formally and informally. Discrimination on the basis of non-relevant dimensions implies that the chances to have a job and earn a wage are distributed along criteria that



may systematically advantage some groups while disadvantaging others. Gender, age, race, sexual orientation and disability are the most obvious candidates in this regard, but they are not the only ones (soft and hard forms of nepotism are another). The same logic applies to career structures after hiring.

Exclusion with regard to hiring, operationalised here as non-relevant discrimination in hiring practices, varies tremendously across the different member states. Interestingly, about half of the countries seem to have a problem in this regard (often corruption, especially nepotism, reported in the data for both Bulgaria and Croatia), yet develop few initiatives to address the issue, while the other half is aware of the problem and has, to some extent, addressed this in the past or more recently, as seen in Denmark, Ireland and Poland. The problem is, of course, that changing the legal framework to prevent discrimination is a necessary but far from sufficient condition to change this aspect of the labour market. Most experts (between half and two-thirds)<sup>6</sup> across Europe agree that even if governments developed initiatives to counter arbitrariness in hiring, such as the reform of job-centres, together with the responsibility of monitoring hiring practices being transferred to municipalities (as was done in Denmark), they have rarely been successful. An exception to this is Ireland: Irish experts responded that policies implemented to combat this issue had been fairly successful, with the implementation of ‘an extensive equality framework’, ‘considerable infrastructural changes’ in merging institutions and tribunals to influence the workplace, and a larger change of functions in the merging of the Equality Authority and the Human Rights Commission. There is a general sense that things are moving in the right direction: Governments are trying to address discrimination, EU-led policies have imposed more transparency in countries where discrimination has traditionally been rampant, especially in Southeastern Europe, and blatant discrimination in hiring practices is slowly disappearing.

The same picture emerges with regard to how careers are structured. The vast majority<sup>7</sup> agrees that discrimination in careers is a significant problem, but also suggests that not enough is done about it. More importantly, perhaps, the effectiveness of the measures is judged as reasonably high by almost half of our experts.<sup>8</sup> Negative experiences are often about practices that are ‘hangovers’ from the previous period or about a lack of enforceability of the law on transparency and discrimination in hiring – and less about the political will to tackle the issue.

**Insiders and Outsiders:** When inequalities in the labour market(s) are institutionalised in such a fashion that there is a relatively stable primary segment with good jobs, wages and working conditions, and a secondary segment where jobs are more precarious and wages and working conditions considerably less positive, labour markets do not further social inclusion. If labour markets are split between insiders with good jobs and outsiders with precarious jobs, the same social exclusion applies.

6 Respondents representing BG, CY, CZ, EE, GR, NL, PL, PT, SK, SI, ES and SE indicated that government interventions were extremely or fairly unsuccessful, compared to 6 respondents stating it was not applicable to their country, and 6 stating interventions had been fairly successful (Belgium, Ireland, Lithuania, Poland, Romania). No country respondent reported extremely successful policy interventions.

7 Out of 43 responses to the question ‘During the last year has the government in your country adopted policies to increase the transparency and fairness of procedures regarding career progression?’, 23 reported that this is an issue in their countries (BG, HR, CY, CZ, EE, FI, GR, IE, IT, MT, NL, PL, PT, SK and ES), but with no policy response.

8 Respondents from BE, BG, HR, FI, LT, PL, PT and RO.



In most countries in the EU, such insider–outsider problems are seen as important obstacles to a fair and inclusive functioning of the labour market, and in many countries, governments have developed initiatives to counter them. Often, however, the measures proposed and taken are asymmetric: They involve much more often a form of deregulation of labour market conditions of the insiders than an upgrading – legal, institutional and financial – of the labour market situation of the outsiders.

The success of these measures is also somewhat mitigated: Over three–quarters of the experts polled suggest that they changed little in practice. An Estonian expert stated that ‘the wage problem is [an] actively discussed problem, but new politics have not developed’, illustrated by Estonian citizens’ commuting across the border to Finland or emigrating to an entirely different country. This sentiment regarding (a lack of) action to support acknowledgement was mirrored by 40 percent of respondents.<sup>9</sup> Even in countries where attempts at policy are being made, they are largely deemed unsuccessful: The most recent labour market reform in Spain (2012) aimed to combat segmentation by narrowing firing costs on both fixed–term and open–ended contracts, and by providing social security rebates to employers offering more stable contracts. But, according to Spanish respondents, stable contracts only represent 7 percent of hiring, and fixed–term contracts still engage the young, low–qualified and vulnerable. One consideration here is that it may take some time for such measures, which deal with deeply institutionally entrenched divisions in the labour market, to yield tangible effects. Another consideration is that a lot of the outcomes depend on the existence of transitional arrangements between different labour market segments. Younger but skilled workers often start out in an outsider position, but can ‘graduate’ into an insider position – which reflects their relative value to the company, something that is bound to increase with experience. Finally, in many countries, the job security and wages of public–sector workers, as compared with those in the private sector, are far more favourable. It remains to be seen, in the latter case, how this plays out, as austerity measures inevitably will reduce the number and quality of jobs in the public sector.

**Representation and Participation of Salaried Employees at Work:** For people in work, the right to participate in company decisions that affect them is an important indicator of inclusion. Such participation can take several forms, depending on the autonomy of the actors involved, ranging from cooperative contestation through labour unions to non–union–based works councils to informal modes of participation in the workplace, such as quality circles and teams. It is important to distinguish between individual and collective mechanisms of employee voice and between more expressive and instrumental methods of workers’ participation.

In most countries in Europe, an institutionalised form of worker representation and participation exists which is (usually, but not always) centred on independent trade unions and firm– or plant–level works councils. In many cases, relevant legislation introducing such institutions was introduced many years (and sometimes decades) ago and subsequently refined. As a result, this sub–dimension does

<sup>9</sup> These respondents represented BG, HR, CY, CZ, EE, FI, HU, MT, PL, PT, SK and SE.



not show up as problematic for slightly over half of our experts.<sup>10</sup> Yet, that obviously also implies that almost half of the expert panel suggested that representation and participation are issues in the labour markets that need to be, but have not been addressed.

When initiatives were taken, the success rate of recent measures that were aimed at improving participation and representation in the workplace varied across countries; but, more often than not, they were deemed relatively weak (65 percent of respondents indicated that they would rate their national interventions as fairly or extremely unsuccessful). Particular problem areas that were singled out were the uneven institutionalisation across sectors and types of companies, the weakness of labour unions regardless of the strength of the legislation, and political initiatives that thwart the effectiveness of institutions of workers' participation in decision-making, such as in Spain, where the labour market reform failed to positively impact the issue of limited representation and actually had the effect of leaving workers with less representation than before.<sup>11</sup>

**Unemployment:** Because of the importance of salaried work in employment for life chances and living standards in a capitalist economy, unemployment can be (and historically has been) a calamitous event for individuals and families because of the disappearance of a stable income. Since the Second World War, the fall in income due to unemployment has been compensated through a replacement income. One of the key achievements of modern capitalism, in terms of social inclusion, has been the development of forms of income, in the guise of benefits, to bridge periods of unemployment due to the lack of jobs, advanced age, poor health and inability. Especially unemployment benefits are important in this regard, since they allow people in wage labour to retain their living standards without having to accept the first available job. But, according to economic theory, the benefits can be too high, and thus blunt incentives to go out and find a new job. While the extent of this problem is unclear, there are good reasons to accept that unemployment benefits should strike a balance between safeguarding living standards and providing economic incentives to find new work.

Unemployment benefits have been changed in many countries to 'incentivise' the unemployed to look for a new job by shortening the period of eligibility and/or the level of the replacement income. But our experts often pointed out that it is unclear to what extent these changes in unemployment benefits were necessary: Given the high unemployment rates that exist in some of the southern and central European countries, anyone without a job would take the first one available anyway. The problem, some rightly point out, is the lack of jobs, not the incentives to search for them. The experts also indicated that there is a lack of transparency with regard to the rationale behind newly introduced programmes (e.g. why they are necessary) or the perceived possibility for the programme to improve on prior programmes.

<sup>10</sup> Experts from BE, BG, HR, EE, FI, GR, LT, PL, RO, SK, ES and SE suggested that their governments adopted policies to increase the representation and participation of salaried employees in their workplace in the past, and experts from Bulgaria, Cyprus, the Czech Republic, Denmark and Finland said this was not a problem in these countries, thus negating any necessary action (a combined total of 53 percent of respondents), while experts from Croatia, Cyprus, the Czech Republic, Greece, Ireland, Italy, Latvia, Malta, the Netherlands, Poland, Portugal, Slovenia and Spain suggested this was not the case (40 percent).

<sup>11</sup> That is not to say that the Spanish reform had no impact, according to the respondent. It did, however, acknowledge the participation of workers in negotiating conditions in collective dismissals or changes in labour conditions.





That explains why, despite the many initiatives, these policy changes have, on the whole, been relatively unsuccessful<sup>12</sup>. The unemployed may be ‘incentivised’ (i.e. policy initiatives were taken), but the effects are weak since there are very few new jobs. There is a sense from these data and comments that such reorganisations of unemployment benefits were relatively simple ways for governments to reduce their social policy expenditure rather than well thought-out policies to balance standards of living and employment prospects. In some countries with an unemployment rate well above 10 percent, the vast majority of those on the dole no longer receive any unemployment benefits and are forced to rely on social assistance and (more commonly) family structures for their survival.

**Active Labour Market Policies:** Alongside passive social inclusion policies, which are geared towards income replacement, many governments have introduced more active labour market policies (ALMPs), which mainly aim to retrain unemployed workers in declining industries – and, thus, replace defunct skills with those that increase the chances of stable jobs. Such policies can take many forms, but usually combine a modicum of classroom and on-the-job training over a period of several months to several years, depending on the distance between the existing skill set and the one that needs to be acquired. In some countries, these are administered directly by central or local government agencies, while in others, private actors are the central players, sometimes in cooperation with and funded by government agencies.

Active labour market policies have become a central part of many governments’ arsenal to handle high and long-term unemployment. Over half of the experts in our sample reported the introduction of some ALMPs. In some countries, though, the crisis and the fall in government revenue has actually led to a drop in funding for such policies, associated with closures of regional labour market agencies; an example of this is Spain, where an ALMP reform has been in the pipeline since the crisis, but with no evidence of effective action yet. This is furthered by the budget for ALMPs being halved in light of the crisis (against rising unemployment), and by the fact that 50 percent of the budget after that is being spent on incentives for employers. Other countries, as reported for Bulgaria and Slovakia, choose to use resources from the European Social Fund for ALMP programmes, but these are then accompanied by extensive bureaucratic regulations and low financial incentives, and are not met with much enthusiasm by employers. Experts also raised the issue of continuing funding programmes that are not focused, well-designed or well-defined, with limited funding and predictability (e.g. Spain).

Active labour market policies do have one problematic component, pointed out by a few of the experts whose opinion we solicited (e.g. Portugal, the Czech Republic): The problem of the labour market is not one of inadequate supply in the economy, but of inadequate aggregate demand. ALMPs might, in this perspective, change something in the (often very narrow) margin, but are of very little use to reintegrate large numbers of unemployed workers into the labour market. Not surprisingly, the effectiveness of the measures is rated as low. A little over half of our experts<sup>13</sup> suggest that they

<sup>12</sup> In the data, over 70 percent of respondents agreed that many of the initiatives in this field have been fairly or extremely unsuccessful. Finland was the only country that received an ‘extremely successful’ rating.

<sup>13</sup> 23 out of 39 respondents claimed their national intervention were fairly or extremely unsuccessful. These respondents covered BE, BG, HR, CY, CZ, EE, FI, GR, HU, IE, NL, PL, PT, RO, SK, SI, ES and SE.



simply missed their goal altogether, or in some cases, their effects may not be able to be measured yet (e.g. Italy, the Czech Republic and Poland).

## Discussion

Looking at our indicators of the relation between labour markets and social inclusion leaves one clear and stark impression: Very little is done regarding social inclusion in employment and especially unemployment practices. Intriguingly, such policies are especially marginal in those countries that were hit hardest by the crisis and by austerity afterwards – i.e. those where exclusion in employment and unemployment (the harshest form of labour market exclusion) are highest.

While wage structures seem to have become more equal or wages have simply fallen, some of the social problems associated with this have been addressed through government policies – subject to the caveat that, in many of the West European countries reviewed here, wages are set between employers and trade unions without, on the whole, direct state intervention. Governments have to some extent played a role in wage subsidies and negative taxes to compensate for low or falling wages.

The relation between insiders and outsiders remains a problem in many countries; it is, however, also among the more active areas in labour market policies. That said, it operates mainly through the reduction of security for insiders, not by increasing job security for outsiders. This fits in with the general orientation of much of the social policies and initiatives on the labour market since the crisis. A disproportionate amount of attention has gone to the supply side: Unemployment benefits have been reduced to make labour markets more flexible, ALMPs were organised as pathways into steady jobs, etc. But their effects have remained weak by any measure. They run up against the hard constraint that – in a restrictive macroeconomic regime which is characterised by the generalised adoption of austerity and weak exports to compensate for falling domestic demand, and which seems to be bordering on an economic depression – it is not jobs that are lacking, but incentives to find them.

There is some evidence in these data that a remarkable shift is taking place in European labour markets which may well herald a more Anglo-Saxon orientation of the labour market, away from the collectivism that characterised European labour markets for the better part of the 20th century. The evidence is not always clear, but our data suggest that exclusion is relatively high in ‘quantitative’ areas, such as employment, unemployment and wages, while it seems lower in such areas as discrimination; at the same time, governments have initiated anti-discrimination measures (which improve life chances) while reducing efforts in the more quantitative areas.

Importantly, these quantitative areas are also those we would generally associate with the ‘traditional’ European social model: social-democratic, class-based policies and effects that improve the material living conditions of salaried employees, target full employment and generally produce stable, rising incomes in line with national income. The other, qualitative areas are important in a more (philosophically) ‘liberal’ sense: They herald equality of opportunity (and not outcome) through



anti-discrimination measures targeting characteristics of individuals that they did not choose – sex, race, sexual orientation, handicap, etc.

Before drawing any overarching conclusions, one should note that the quantitative areas of the labour market are difficult to organise, risky in terms of effectiveness and, most importantly, expensive, while the qualitative ones are considerably less expensive, risky and difficult (think of the contrast between an effective subsidy and a change in the law). That said, the latter have one important feature in the sense that they are part of a post-collective turn of the labour market. MIT economist Michael Piore, of ‘dual labour market’ fame, analysed this almost 20 years ago (Piore 1995) when he pointed out that Anglo-Saxon labour markets increasingly witnessed a disappearing explicit class dimension in the labour market (rights of workers as collectivities were curtailed in the Reagan-Thatcher revolution), while individual characteristics (gender, race, sexual orientation, etc. – accidents of birth, in short) have become key labour market-based life chances.

It is too soon to tell, as the caveat goes, where this will lead. But these data, set against the background of broader observations on the state of work (and unemployment) in Europe, of political discussions about economic policy, and of the general tenor of debate on adjustment in Europe, lead to the sad conclusion that inclusion in labour markets has – after a few years of a narrative that balanced competitiveness and decent (working) life, as in the EU’s Lisbon Agenda – once more been relegated to the back of the queue of important problems. The effects are there for all to see: high unemployment, increasing inequality and poverty, and falling life chances for large swaths of the population.



## IV. Social cohesion and non-discrimination

Simona Milio, Lamia Irfan

This chapter presents and discusses the findings relating to social cohesion across the 28 member states of the European Union. The formal inclusion of social cohesion among EC competencies was formalised in the Single European Act (1986), and an ad hoc policy was created in 1988 to address the issue of cohesion across Europe – i.e. Cohesion Policy.<sup>1</sup> Subsequently, the need to achieve social cohesion was expressed in the Lisbon Treaty as follows: ‘In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion’ (Lisbon Treaty, Art 174). The EU approach to this concept focuses on the reduction of territorial disparities and unemployment rates. Indeed, according to the First Cohesion Report, the aim of social cohesion is instead the reduction of the disparities which arise from unequal access to employment opportunities and to the rewards in the form of income (European Commission, 1996: 14). The term embraces five complementary aspects which ground the concept in a normative perspective (ibid.): universal systems of social protection, regulation to correct market failure, systems of social dialogue, policies which promote solidarity and mutual support, and policies which strengthen the productivity of European society and contribute to economic and social well-being (cf. Milio, 2014). Even though Cohesion Policy has always targeted regions and their development of hard infrastructure, most recently its social component has become more apparent, reinforcing the idea that the policy is in the end intended to improve the well-being of people throughout the EU (European Commission, 2014b: 57).

Parallel to the EU approach to social cohesion, there is an extensive literature which has developed on this issue, suggesting its increased relevance. Such research suggests that: ‘Social cohesion refers to the extent of connectedness and solidarity among groups in society. Accordingly to Durkheim, a cohesive society is one that is marked by the abundance of “mutual moral support, which instead of throwing the individual on his own resources, leads him to share in the collective energy and supports his own when exhausted”’ (Kawachi and Berkman, 2000: 175). These authors suggest that a cohesive society is also one that is richly endowed with stocks of social capital,<sup>2</sup> where integration of disadvantaged groups into society is a priority and access to services (such as justice and culture) and facilities (such as transport, sport and leisure centres) are equal for everyone.

Social cohesion is seen to bring together two aspects that contribute towards more sustainable and equitable processes of economic growth. The first aspect of social cohesion looks at ways of

1 There are four Structural Funds which support Cohesion Policy in reaching its goals: (1) The European Regional Development Fund (ERDF), set up in 1975, is intended to help reduce imbalances between regions of the Community. (2) The European Social Fund (ESF), established in 1960, is the main instrument of Community social policy, providing financial assistance for vocational training, retraining and job-creation schemes. However, the actual goal of ESF is that of improving the functioning of labour markets and helping to reintegrate unemployed people into working life. (3) The European Agricultural Guidance and Guarantee Fund (EAGGF) finances the EU’s common agricultural policy. (4) Lastly, the Financial Instrument for Fisheries Guidance (FIFG) of 1994, the last such fund to be created, draws together the Community instruments for fisheries. With the reform of 2006, the EAGGF and the FIFG were moved out of the Cohesion Policy umbrella.

2 Here social capital is defined, in line with Putnam’s view (1993), as levels of interpersonal trust, norms of reciprocity and mutual aid.



strengthening social capital<sup>3</sup> – i.e. social relations, interactions and ties – leading to a more engaged citizenry. The second aspect focuses on reducing inequalities within society.

This survey measures government performance and the initiatives taken to promote both aspects of social cohesion in the following nine key areas and deemed necessary in promoting a cohesive society. These nine sub-dimensions are: (i) promoting shared values and shared challenges; (ii) building trust in institutions; (iii) building interpersonal trust; (iv) increasing civic engagement; (v) promoting voluntary work; (vi) integration of external groups; (vii) promoting social mobility for groups at risk of social exclusion; (viii) improving access to services; and (ix) improving access to facilities.

In choosing the sub-dimensions for this survey, we have relied on different extensive frameworks existing in the literature, such as those elaborated by Jenson (1998), Bernard (1999) and Chan et al. (2006). However, compared to these established concepts, we have altered our survey in two specific ways: a) It puts a strong emphasis on the individual dimension and relationship within society (sub-dimensions (i) to (v)); b) It limits the emphasis on the economic variables, and it focuses more on equality in chances and conditions (sub-dimensions (vi) to (ix)).

### EU activity in the field of social cohesion and non-discrimination

As discussed above, the EU addresses the issue of social cohesion via Cohesion Policy. The European Social Fund (ESF), established in 1957, was meant to focus on people at risk of unemployment and, even today, it is ‘Europe’s main instrument for supporting jobs’.<sup>4</sup> Social cohesion is one of the stated goals of the Lisbon Strategy developed in 2000 in order to counter economic growth stagnation and low productivity in the European Union. Although the main goals of the Lisbon Strategy were not met, it provided a consensus on key targets agreed by all states within the Union, including a commitment to promoting social cohesion as a driver of economic change.

This commitment towards social cohesion has been further developed in the Europe 2020 agenda, which followed the Lisbon Strategy of 2000. This strategy is focused on making the European Union ‘a smart, sustainable and inclusive economy’. As part of Europe 2020, there are several flagship initiatives that aim to promote inclusive growth, including ‘An agenda for new skills and jobs’, ‘Youth on the Move’ and the ‘European platform against poverty and social exclusion’. All these initiatives seek to work for better economic and social cohesion across the EU. One of the main targets of Europe 2020 is increasing employment within groups that are at risk of social exclusion, such as the elderly, women, youth and immigrants. Therefore, in the last two decades, social cohesion has become a key priority for all members of the European Union. In line with Europe 2020, social-cohesion programmes developed across the EU have placed special emphasis not only on employment, but also on reducing poverty and increasing education. Europe 2020 provided integrated guidelines

<sup>3</sup> Although the literature is divided on this issue, we have adopted the view of social capital as being a subset of social cohesion, where social capital refers to the individual sphere and social cohesion to the overarching society.

<sup>4</sup> <http://ec.europa.eu/esf/main.jsp?catId=35&langId=en>.



which have been developed into national strategies for each of the member states. The states have responsibility for implementing strategy and providing annual progress reports.

Furthermore, Cohesion Policy has gradually witnessed a shift of resources from investment in heavy infrastructure (which characterised the 1989–1999 period) towards social inclusion, employment and innovation. Such a shift has been formalised by ‘the regulatory framework for 2014–2020 [that] ring-fences a minimum share (23.1 percent) of the Cohesion Policy budget for the ESF’ (European Commission, 2014b: xix).

Despite the overarching thrust towards social cohesion and integration across the EU, there are marked national differences in the ways nation-states grapple with this goal. Welfare-state research suggests that policies towards social cohesion are usually closely influenced by the political cultures of the nation-states (Melotti, 2006).

We can observe two clear and opposing strategies adopted by different member states in the EU. It compares ‘explicit’ government-led strategies towards social cohesion which have become central to the cohesion agenda in Scandinavian countries, such as Sweden, with the more bottom-up or ‘implicit’ approach towards social cohesion adopted by the southern states, such as Italy. Comparing these two types helps us understand the extent, but also the limits of EU policy intervention.

The ‘explicit’ model of social cohesion which has been adopted by Scandinavian countries, such as Sweden, means that governmental policies and plans directly address the key areas outlined in the previous section and thereby contribute to social cohesion. Although Sweden was meeting most of the goals set out by the Lisbon Strategy already by 2013, it recognised the need to provide further help and support to groups vulnerable to social exclusion, such as youth,<sup>5</sup> women, the elderly, people with disabilities and new immigrants. Along with this, in order to promote ‘integration of external groups’, Sweden offers introduction programmes<sup>6</sup> to all new immigrants through local councils. These policies provide a crucial bridge which helps immigrants acquire skills and knowledge to engage with the labour market and broader society.

With its 2014 National Reform Programme,<sup>7</sup> Sweden aims to strengthen labour market participation amongst all sections of the population. Reforms introduced as part of the reform programme include: raised housing allowance for households with children; parental benefit reforms; social assistance reforms; an income ceiling on the housing allowance for the elderly; and access to high-quality healthcare for everyone. Such policies<sup>8</sup> recognise the complex and varying needs of all citizens and

5 In 2007, the Swedish government introduced a job-guarantee scheme for young people. Further reforms to help young people make a successful transition from student life to employment have also been introduced in the 2014 Budget Bill. The reforms included changes to legislation in order to facilitate an upper-secondary apprenticeship employment scheme for students whilst still in the final years of study.

6 The introduction programmes include Swedish language courses for immigrants along with civic orientation and employment-preparation activities.

7 Available at: [http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014\\_sweden\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014_sweden_en.pdf).

8 For more detail, see: [www.esponontheroad.eu/library/national-swedish-strategic-frame-of-reference-for-cohesion-policy](http://www.esponontheroad.eu/library/national-swedish-strategic-frame-of-reference-for-cohesion-policy).



seek to promote cohesion through ensuring economic, political and social equality as well as citizen participation across the board.

Southern states, such as Italy, Greece and Spain, are said to have implicit cohesion policies; this means that these states have little formal recognition of having transformed from emigrant states to states of net immigration (Mantovan, 2013). Despite the EU strategies outlined above, Italy's response to these in terms of explicit policy goals has been somewhat mixed. Although Italy developed 'national action plans for social inclusion' already in 2000, there is little explicit acknowledgment in these plans for promoting, for example, equal access to culture or shared values to build social inclusion.<sup>9</sup> Furthermore, even in the Ministry of Cultural Heritage and Activities, there is very little explicit policy to promote social cohesion. This bottom-up approach to cohesion policy is usually centred on family networks in local communities.

However, it also leads to fragile and weak levels of nationhood and of social cohesion in a broader sense. Such an approach also to a large extent leaves immigrants to fend for themselves. Mantovan (2013) argues that this leads to a weakened and fragile social cohesion which reinforces structural inequalities within communities at risk of social exclusion along with reinforcing xenophobia amongst its citizenry. Despite the impact of EU policy initiatives, Italy<sup>10</sup> has made little progress in developing explicit policy to address social-cohesion concerns. Since 2007, Italy has faced severe economic recessions and made only slow progress towards recovery. By 2013, its response to the Lisbon Strategy's goals was mixed and it had made little progress. As part of Europe 2020, Italy was given a revised set of objectives, as it was still trailing behind EU targets. These Europe 2020 targets include providing socially excluded groups greater access to the labour market and improving social cohesion.

Europe 2020 initiatives can provide a means to achieving convergence towards social-cohesion policy despite persisting differences due to political culture. The flagship initiatives which are part of Europe 2020 (outlined above) could be important in smoothing out these national differences, leading to greater equality and inclusion across the EU (Melotti, 2006). The next section outlines the findings on social cohesion gathered through the survey.

### Survey results across member states

There were in total 91 respondents to the expert survey for the dimension of social cohesion. These respondents covered 26 member states, excluding Cyprus and Slovenia. The experts did not respond equally to all the question items; therefore, in the next sections, we included the number of respondents per sub-dimension, along with the member states which were represented.

The survey examined the priority attached to building social cohesion through policy interventions

<sup>9</sup> [www.culturalpolicies.net/web/italy.php?aid=428](http://www.culturalpolicies.net/web/italy.php?aid=428).

<sup>10</sup> [http://ec.europa.eu/europe2020/pdf/csr2014/swd2014\\_italy\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_italy_en.pdf).





within the span of a year in all the member states. Along with taking stock of the interventions introduced, we also wanted to gauge the success of these policies from the viewpoint of independent social policy experts. As indicated earlier, social cohesion and non-discrimination is a multidimensional concept which prioritises equality of access and participation of different groups within society.

The expert survey suggests that all nine sub-dimensions of social cohesion have resonance as important areas of concern in the member states of the EU. With regard to policy implementation and success, the results are more disappointing. Austerity measures and economic recession have severely limited state budgets for policies which can bring about sustained change in any area related to social cohesion. Where policy is implemented, again, the results are not easily visible, and it may be too soon to say whether they are having the desired effect. The next section outlines the key findings from the survey for each sub-dimension.

### Survey results across sub-dimensions

**Promoting Shared Values and Shared Challenges:** This section examines governmental strategies for promoting a culture of shared values. Building shared values contributes to a sense of belonging which translates into engaged and strong citizens.<sup>11</sup>

A majority of respondents (60 percent of the 65 respondents) felt that although promoting shared values was an issue of concern in their country, the government had not developed any policies to address this. Finland was the only country which felt that promoting shared values was not an issue that required government attention through policy changes. Denmark, Greece, Latvia, Lithuania, Sweden, Romania and Poland reported that policy changes to promote shared values had taken place more than a year ago. Bulgaria, France, Estonia, Hungary, Ireland and Malta reported that changes to government policy had taken place during the last year.

Respondents from Estonia, Denmark, Malta and Lithuania said that the policies had been fairly successful in promoting shared values and trust between the government and individuals. Forty-two percent of respondents felt that the policies had been fairly or extremely unsuccessful. Experts assessing the Czech Republic, France, Greece, Ireland and Romania felt that the policies had been fairly unsuccessful in promoting shared values. Respondents from the United Kingdom, Spain and Hungary reported that the policies had been extremely unsuccessful in promoting shared values in their countries.

The qualitative responses indicate that promoting shared values is more rhetoric, with few actual policy initiatives to support it in any of the member countries. Qualitative responses outlined how, while governments may have introduced frameworks and initiatives, these were mostly on paper and with very little implementation. Latvia, for example, developed integration programmes in 2001 and 2011.

<sup>11</sup> There were 65 respondents covering all 26 member states, except for AT and LU.



The aim of these programmes was the socioeconomic integration of the Russian-speaking minority and the ethnic rural population of Latvia. A respondent from Latvia argued that, due to budget cuts, the programmes were merely policy frameworks with no real implementation or effect on the ground. Respondents felt that such an approach can lead to increased political detachment and cynicism. Some of the respondents felt that a common agenda or goals could only emerge in more economically and socially equitable societies; this was considered a prerequisite to shared goals and values. Specifically, in Ireland, it was felt that more attention is given to achieving outcomes than to bringing about more structural changes. In Malta, legislative changes, particularly with regard to gay rights and universal daycare for all children, were considered positive steps taken towards promoting shared values. Spain reported that building shared values was a task devolved to the country's 17 regions, meaning that there was a high degree of difference in the way any policy was developed and implemented across Spain. France, on the other hand, felt that its centralised form of political decision-making was the biggest hindrance to a more participatory approach to dealing with this issue.

**Building Trust in Institutions:** This section examines policies developed to build individuals' trust in key institutions, such as the police, parliament, political parties, justice system, healthcare and financial institutions. Governments can build trust by increasing transparency in these institutions along with ensuring that the institutions meet the needs of people.

The survey results indicate that building trust was a matter of concern for most of the respondents. Fifty percent of respondents felt building trust was important but no policy had been developed in their country, while 38 percent responded that their government had introduced policy to address this issue in the last year. Only participants from Finland and Belgium felt that trust in institutions was not a cause for concern which required government intervention in their countries. Thirteen out of the 24 member states reported new government interventions to build trust in the last year. However, from the countries that reported new interventions, there were respondents who felt that much more was required. Three member states – Germany, Poland and Sweden – reported that related policy changes had already taken place more than a year ago. Meanwhile, respondents from the UK, Bulgaria, Croatia, Latvia and Portugal felt that it was an important issue in their country, but no new policy had thus far been developed by the government.

In the qualitative responses, Lithuania and Spain reported decreasing trust in institutions due to concerns around high levels of corruption. This was a particular problem in Spain due to the current government's involvement in corruption scandals. In the UK, trust in financial institutions was seen as most problematic due to constant banking crises and bailouts. In Germany, it was felt that greater transparency was required in parliamentary affairs, particularly regarding the salaries that members of parliament had from other jobs.

Ireland reported government initiatives to promote trust through the founding of an independent police commission, an independent commission to oversee judicial appointments and plans to regulate lobbying and whistle-blowing. In Malta, several initiatives have been taken to promote



trust in institutions across all the institutions outlined in the survey, including: a whistle-blower act; legislation in favour of unionisation of the police force, civil protection corps, prison wardens and the armed forces; action to reduce waiting lists at hospital and to eliminate the phenomenon of treating patients in corridors; overhaul of the legal system; and several initiatives in education.

More than 85 percent of the total of 91 survey respondents on social cohesion reported that the government had taken no steps to build trust in the key institutions of police, parliament, healthcare and financial institutions. This indicates that a more concerted and coordinated effort is required to make governments recognise the importance of building trust in institutions to promote social cohesion.

Forty-two respondents commented on the success of policies to promote trust in institutions. Sweden, the Netherlands, Italy, Germany and Denmark reported that the initiatives to promote trust in institutions had been fairly successful, while Bulgaria, Greece, Hungary, Ireland, Slovakia and Spain felt that the interventions had been fairly unsuccessful. The UK responses indicated that government policy had been extremely unsuccessful in building trust in institutions.

**Building Interpersonal Trust:** The survey examined government awareness and action on interpersonal trust, or how individuals perceive other members of their society. Interpersonal trust has been measured by asking people if they have someone in their life they can count on to help them in times of need or distress.

The economic downturn, along with austerity measures, has led some governments to carefully consider levels of interpersonal trust and implement policies aimed at building trust among members of society. However, the 56 responses to the question item on interpersonal trust<sup>12</sup> indicate that implementation of such measures has been very limited across the EU.

Bulgaria, Finland and Germany did not find interpersonal trust to be an issue that required policy intervention. Hungary, Romania, Lithuania, Malta, Belgium and Estonia reported that new policy has been introduced in the last year to help develop interpersonal trust. Apart from the countries mentioned above, a majority of the countries felt that it was an issue that required government attention, but no policy had so far been developed to deal with the issue.

Belgium, Lithuania and Malta felt that policies introduced to build interpersonal trust had been fairly successful. The rest of the responses found that policies had either been fairly unsuccessful or extremely unsuccessful.

Qualitative responses in this section indicated that austerity measures had had a damaging effect on interpersonal trust across the European Union. In the United Kingdom, austerity measures were seen to be driving mistrust and divisions in society through constant concerns around ‘benefit scroungers’

<sup>12</sup> There were 56 respondents covering all 26 member states, except for AT and LU.



and ‘illegal immigrants’. Along with this, due to austerity measures, interpersonal relationships in Spain have been further burdened, as families and communities are seen as the first port of call to turn to in order to deal with the difficulties brought about by the crisis and austerity. Similarly, in other countries experiencing austerity, interpersonal relationships are increasingly becoming defined as based on obligations rather than trust. Some of the qualitative responses from Greece laid the blame for decreasing social trust on political-party ‘point-scoring’, which was seen to be driving xenophobia and greater intolerance in society. In Italy, migration and ageing were seen as two of the main forces driving decreasing levels of interpersonal trust.

**Increasing Civic Engagement:** Civic engagement requires individual involvement in the development and implementation of local policy. It leads to social cohesion, as individuals work collectively to make improvements and changes to their society. These questions<sup>13</sup> seek to capture governments’ actions to improve civic engagement.

Responses from the Czech Republic and Finland indicate that civic engagement was not an issue which required policy intervention. Belgium, France, Slovakia and Lithuania had introduced policies to improve civic engagement during the last year. In Denmark, Germany, Latvia, Poland, Ireland and Sweden, such policies had been introduced more than a year ago. Apart from this, 46 percent of responses suggest that, although it is an important issue, government has not developed policy to deal with this concern.

Thirty-six respondents<sup>14</sup> completed this section of the survey. Responses from Germany, Denmark, Spain, Malta and the Netherlands suggest that the policies have been fairly successful in improving civic engagement in these countries. Apart from these positive responses, a majority of respondents felt that the policies were either fairly unsuccessful or extremely unsuccessful.

Qualitative responses suggested that, in Germany, although popular participation is discouraged at the national level, regional governments sometimes hold consultations and popular votes to decide policy. Similarly, in Spain, although civic engagement is not a national priority (especially due to anti-government protests that took place recently), the city of Madrid introduced a programme to encourage the unemployed to volunteer in city-wide activities. In Malta, local councils stream their sessions online, and the prime minister and ministers make regional visits to discuss specific government policy with local communities. In Ireland, strategies were developed in 2007 to improve civic engagement, but few new developments have taken place since then. In Latvia and Lithuania, there are limited funds available for NGOs, though the processes of allocation require more transparency. In the UK, anti-terror concerns were seen to be eroding civic participation, which had been reduced to a ‘tick box’ exercise.

**Promoting Voluntary Work:** The following section seeks to assess governments’ actions to establish

<sup>13</sup> 56 respondents covered all 26 member states, except for AT and LU.

<sup>14</sup> Respondents covered all 26 member states, except for AT, HR, EE, LU and PT.



or promote the voluntary sector, in which non-profit and non-governmental organisations engage in social activities aimed at improving quality of life. Fifty-four social policy experts responded.<sup>15</sup>

According to social policy experts for Germany and Sweden, promoting voluntary work was not an area that required government intervention. In Hungary and Ireland, such policy was introduced more than a year ago. In 14 member states, government policy to strengthen the voluntary sector had been introduced in the last year. In Italy,<sup>16</sup> the voluntary sector has historically played an important role in providing social assistance and welfare. Even though involvement in and the promotion of voluntary activity has been devolved to the regional governments, there are two national programmes that promote voluntary activity: the National Civil Service and the national agency of the EU's Youth in Action programme. Both of these programmes focus on promoting volunteerism amongst youth between the ages of 15 and 28.

Thirty-nine responses<sup>17</sup> were received for the question regarding how successful government policy has been at promoting the volunteer sector. Respondents from France and Malta felt that government policies to promote the voluntary sector had been extremely successful. In France,<sup>18</sup> the voluntary sector was secularised and limited at the time of the French Revolution of 1789. It is only recently, through decentralisation and European integration, that attempts have been made to resurrect the voluntary sector.<sup>19</sup> This can in part explain why policies to promote volunteering are seen as extremely successful, as voluntary organisations are a new and emerging phenomenon in the French context.

Twelve countries reported that the policies had been fairly successful. In Croatia, Hungary, Greece, the UK, Italy and Ireland, the policies were seen as fairly unsuccessful. One respondent each from Lithuania and Greece felt that the policies were extremely unsuccessful.

Most of the survey responses suggest that the voluntary sector was growing in a lot of the member states; this was seen to happen with or without government support.

**Integration of External Groups:** This section of the survey examined policy and initiatives to promote the integration of external groups, such as ethnic minorities and new immigrants, using 54 expert assessments.<sup>20</sup> In this regard, policies to promote equal opportunities and non-discrimination were particularly significant.

A respondent from Sweden was the only one who reported that the integration of external groups was not a cause of concern in this country. In 13 countries, new policies had been developed in the

15 Respondents covered all 26 member states, except for AT and LU.

16 [http://ec.europa.eu/citizenship/pdf/national\\_report\\_it\\_en.pdf](http://ec.europa.eu/citizenship/pdf/national_report_it_en.pdf).

17 Respondents covered all 26 member states, except for AT, BE, EE and LU.

18 [http://ec.europa.eu/citizenship/pdf/national\\_report\\_fr\\_en.pdf](http://ec.europa.eu/citizenship/pdf/national_report_fr_en.pdf).

19 In France, the voluntary sector is managed by the Directorate for Youth, Education and the Associative Sector under the High Commissioner for Youth. Youth Policies 2003 is one programme undertaken to encourage youth volunteering in holiday and leisure centres.

20 Respondents covered all 26 member states, except for AT and LU.



last year to help external groups integrate into wider society. By contrast, Croatia, Greece, Malta, Italy, Portugal, Slovakia, Spain and the UK felt that it was an important issue, but no policy had been developed to deal with this problem. Finland, Latvia and Germany reported that policies to help external groups integrate had been developed and implemented, yet over a year ago.

With regard to the success or failure of integration policies for external groups, 41 experts<sup>21</sup> responded to this question. One respondent each from Romania and Spain felt that the policies had been extremely successful in helping external groups integrate into society. In contrast to this, however, two respondents from Spain felt that the policies were extremely unsuccessful. Ten of the countries reported that the policies were fairly successful, while a large proportion found that the policies were not very successful. All respondents from the UK felt that the policies were fairly unsuccessful.

In Spain, Lithuania, Croatia and Bulgaria, the main concern was the integration and inclusion of Roma communities and new immigrants. However, the qualitative responses suggest that, in Lithuania, there is more funding available to facilitate the integration of the Roma community compared to immigrants from other parts of Europe, who also require help with language training and skills to enter the job market. Qualitative responses suggested that, in Spain, interventions to support external communities had been severely affected by the recent cuts in public spending. A serious cause of concern was the fact that, in Spain, due to recent legislative changes and budget cuts, healthcare services are not available to more than 873,000 non-registered immigrants.

In Germany, the process of including external groups was manifold, as there are many different ethnic and religious minorities, and the task needs to be treated delicately. The government has, however, created a Federal Office for Migration and Refugees, which allows groups from different ethnic and/or religious backgrounds to be able to engage with and influence public debate.

Qualitative responses indicated that the exclusion of external groups was an inevitable consequence of power hierarchies, poverty and other forms of inequality within society. A more structural approach which incorporates all these aspects was thought necessary to be able to fully address this concern. However, there were concerns that current policy was being set to win back votes from ultra-right-wing political parties and, therefore, could not be seen to address the concerns of immigrant communities.

**Promoting Social Mobility for Groups at Risk of Social Exclusion:** An important priority with regard to social cohesion is ensuring that all groups within society have an equal chance to access opportunities and resources in order to have a secure future. This part of the survey was answered by 54 experts<sup>22</sup> and collected information on policy changes made to improve the social mobility of groups at risk of social exclusion – i.e. women, young people, the disabled and the elderly.

<sup>21</sup> Respondents covered all 26 member states, except for AT, LU and PT.

<sup>22</sup> Respondents covered all 26 member states, except for AT, LU and SE. For this specific dimension, there was a total of 54 respondents for the general question, whereas there were 91 respondents answering the questions on the single groups at risk of exclusion.



Sweden was the only country to report that this issue was of no concern in their country. Respondents from Denmark, Germany, Malta and Romania confirmed that policies to promote social mobility for groups at risk of social exclusion had been implemented in their countries in the last year. While a majority of respondents from Croatia, Estonia, Greece, Italy, Latvia, the Netherlands, Portugal, Romania, Slovakia and the UK felt that it was an important area of concern in their country, no policy had been developed to tackle this issue in the last year. In Finland, Greece, Spain, Poland and Lithuania, this type of intervention had occurred more than a year ago.

Over 76 percent of respondents<sup>23</sup> reported that no new policies had been developed in their country to improve the social mobility of women, youth, the elderly and the disabled. Thirty-seven respondents commented on the success or failure of government policy in this area. Sixty-two percent of these respondents felt that government policy in this area had been either fairly unsuccessful or extremely unsuccessful. Respondents from Croatia, Denmark, Ireland, Lithuania, Malta, Romania and Slovakia felt that policies to improve the social mobility of groups had been fairly unsuccessful. A majority of respondents from the UK and Sweden felt that the policies had been extremely unsuccessful.

Qualitative responses indicated special concern about ensuring social mobility for the homeless, people with low educational attainment, the unemployed, Roma and other ethnic-minority communities. There were concerns that social-mobility policy was more concerned with increasing productivity than with understanding the needs of socially excluded groups. It was felt that social mobility was caused by structural inequality, which needed to be addressed for any meaningful change to take place. In countries where reforms or policies had been introduced, most respondents felt that it was too early to assess their impact on improving social mobility. In Hungary, for example, as part of the Social Renewal Operational Program 2007–2013, mobility had been encouraged through supporting apartment rentals in areas where people managed to find jobs. The success of this policy was limited, however, as it was available to a very small target population; there were plans in place to extend this policy, but it had not yet been implemented. Along with this, the qualitative responses in general suggested that there was a need for more systematic approaches to social mobility. In Germany, children with disabilities were being integrated into regular schools. It was felt, however, that this process requires more planning for successful implementation.

**Improving Access to Services:** A sense of belonging is firmly grounded in having access to important services, such as justice and culture. This part of the survey collected information from 91 experts<sup>24</sup> about government policy changes that aimed to improve access to such key services.

Bulgaria, Romania, Spain and Malta had introduced new policies to help improve access to services. Malta, for example, was working on increasing access to services through citizens' awareness programmes which educate people about their rights. In Romania, along with increasing awareness

<sup>23</sup> Over 76 percent of the 91 respondents.

<sup>24</sup> Respondents covered all 26 member states, except for AT and LU.





amongst vulnerable groups, such as the Roma, legal-assistance offices are being set up in areas where there are large Roma populations.<sup>25</sup> Respondents from Croatia, Finland, Greece, Italy, Portugal and Spain felt that although it was as important issue in their country, no legislation had been introduced to improve access to services. The respondent from the Czech Republic was the only one who felt that no policy was necessary, as it was not an area of concern in his country. Over 90 percent of respondents reported that no new policies had been introduced to improve access to services. In the UK, there were concerns that access to justice was being limited through cuts to legal-aid spending. Along with this, libraries and other museums were under pressure due to cuts to budgets.

**Improving Access to Facilities:** In order to improve opportunities for vulnerable groups, it is important to prioritise access to key facilities, such as transport, sports and leisure. This section examined governments' actions to improve access to these key facilities, using 53 expert evaluations.<sup>26</sup>

Sweden was the only country where improving access to facilities was not a cause of concern requiring new policy interventions. A majority of participants from Croatia, Ireland, Italy, Spain and the Netherlands felt that this was an important area of concern in their country, but the government had not developed any policy to deal with this concern. In Finland, Germany, Greece and Lithuania, policy to improve access to services was introduced more than a year ago. Over 80 percent of all respondents<sup>27</sup> did not think the government had taken any measures to improve access to leisure, transport, sports or other facilities.

Thirty-Four respondents rated the success of government policy with regard to access to facilities. One respondent from Bulgaria felt that the policies introduced to improve access to facilities were extremely successful, one respondent felt they were fairly successful, while a third felt they were fairly unsuccessful. The importance of improving access to facilities in Bulgaria has been recognised as an important area for growth by the Europe 2020<sup>28</sup> country-specific agenda outlined for Bulgaria. Along with this, the Youth Policy 2010–2020 developed by Bulgaria prioritises providing access to leisure and sports facilities for youth to promote healthy living. This suggests that promoting access to facilities has been a part of several different policy initiatives taken up in Bulgaria in order to move it towards achieving its 2020 objectives.<sup>29</sup> The successes of these policies remain to be seen. Respondents from 12 countries felt that the policy changes were fairly successful in improving access to facilities. However, respondents from Ireland, Sweden and the UK felt that policy changes were extremely unsuccessful in improving access to facilities. Respondents from France, Hungary and Slovakia reported that policy interventions were not very successful.

25 <http://eeagrants.org/project-portal/project/RO24-0005>.

26 Respondents covered all 26 member states except for AT, LU and PT. For this specific dimension, there was a total of 53 respondents for the general question, whereas there were 91 respondents answering the questions on the single facilities (for more details, refer to tables in the online annex).

27 Over 80 percent of the 91 respondents.

28 [http://planipolis.iiep.unesco.org/upload/Youth/Bulgaria/Bulgaria\\_National\\_Youth\\_Strategy.pdf](http://planipolis.iiep.unesco.org/upload/Youth/Bulgaria/Bulgaria_National_Youth_Strategy.pdf).

29 [http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014\\_bulgaria\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014_bulgaria_en.pdf).



## Discussion

This survey offers insight from the perspective of independent social policy experts about government actions in the past year in regards to strengthening social cohesion and non-discrimination. The survey results provide a comprehensive overview of current levels of policy action, implementation and success/failure in the nine key areas that have been deemed necessary to improve social cohesion. The research shows the broad range of perspectives and approaches towards these nine aspects across the European Union. The qualitative aspects of the survey allowed participants to expand on the reasons for their choices in the survey and provided real insight into changes taking place across the European Union.

The survey results indicate that all sub-dimensions of social cohesion were considered important within the EU member states. The integration of external groups was the sub-dimension on which the highest number of countries had some government action developed in the last year. Indeed, 17 out of 26 member states had introduced some form of policy with regard to the integration of external groups in the last year. This was followed by government intervention to promote the voluntary sector; 14 of the countries had developed policy to improve the voluntary sector in the last year. Improving the trust of individuals in institutions was another area in which a large number of countries (13) had taken improvement measures.

Improving access to facilities and improving the social mobility of groups at risk of social exclusion had a similar level of response from government, with 12 countries reporting changes in policy to improve access to facilities and 11 countries reporting changes in policy to improve the social mobility of groups vulnerable to social exclusion. Ten countries had taken measures to develop civic engagement, while nine countries had brought about changes to policy to improve access to important services. Building shared values and improving interpersonal trust seemed to be the lowest priority of governments, with only six countries reporting new policies in the last year in each of the dimensions.

With regard to the success and effectiveness of new policies introduced, the survey results are less positive but echoed the results with regard to policy implementation. Government policies to improve the voluntary sector were seen as the most successful. Two countries, France and Malta, felt that the policies to improve voluntary activities were extremely successful, while 12 countries reported that these policies were fairly successful.

Another dimension in which policies were seen to be successful was the integration of external groups. Spain and Romania reported that policies in this dimension had been extremely successful, and 12 other countries reported that the policies to integrate external groups had been fairly successful. This was closely followed by interventions in the dimension of building trust in institutions. Malta found the policies extremely successful, and 11 countries reported that the policies to build trust in institutions had been fairly successful. Ten countries reported that policies to develop shared values



and civic engagement had been fairly successful. Nine countries reported that policies to improve access to services and facilities had been fairly successful. This was closely followed by the dimension of improving social mobility of groups at risk of exclusion; eight countries found policies to improve this dimension fairly successful. Policies to improve interpersonal trust between individuals were the least successful, as only five countries reported that policies to improve interpersonal trust in their countries had been fairly successful.

Spain, Romania and Lithuania reported that policies in all nine sub-dimensions had been fairly successful, while Malta reported that the policies had been fairly successful in seven of the nine sub-dimensions.

It clearly appears that a government's responsiveness to developing policy to improve any one of these dimensions varied a lot across the different member states. Some countries were clearly ahead of others in terms of their focus on key aspects of social-cohesion dimensions; for example, respondents from Finland, Sweden and Denmark felt that a majority of the dimensions of social cohesion had been dealt with through policy more than a year ago, or that it was not an issue of concern in their country. In other countries, such as Italy, Spain, and the UK, whilst the urgency of improving the situation was clearly felt by the respondents, they felt there was little implementation or policy development by the government. Some emerging states, such as Ireland and Malta, demonstrated interesting new policy developments, particularly with regard to new legislation to improve trust in institutions and to integrate external groups. However, it is still too early to assess the success of such policies.



## V. Health

Joan Costa-i-Font

One of the most essential dimensions of social inclusion is health. Health is a key component of human capital investment and a fundamental determinant of economic and social outcomes within a society. Most European countries adhere to the view that access to healthcare is a right and should be guaranteed independently of individuals' ability to pay. Governments can improve the health of their people by investing in healthy behavior and preventive actions (Costa-i-Font and Mladovsky, 2008). But given that health is also highly dependent on social inequalities, health systems should try to reduce disparities in health outcomes for those most at risk of social exclusion (Costa-i-Font and Hernández-Quevedo, 2012).

The health dimension has been structured in a way to examine how well countries fare in improving health-system efficiency (improving population health), dealing with inequalities in health (improving the health of the 'worst-off') and healthcare (reducing the barrier to access to healthcare). Similarly, moving to the supply side, issues related to provider coordination and qualities are examined, too. Most of the sub-dimensions of healthcare performance examined here are very much dependent on the role of member states, and the European Union can act upon them by means of 'soft governance', namely, through processes of policy imitation and transfer (Costa-i-Font and Greer, 2012). For the latter to take place, a regular evaluation of policy intervention and information-sharing is essential.

The World Health Organisation (WHO) performance index draws upon a measure of social inequality in health along with a measure of fairness in healthcare financing (WHO, 2000). Other things being equal, the lesser the 'avoidable' inequalities (the higher equity in health), the better a health system is said to perform. Another example of how to assess the equity of health systems in the member states is this report's sibling publication, the Social Justice Index, which compares, among other things, values for self-reported need for medical help as well as the degree of a healthy life expectancy (Schraad-Tischler and Kroll, 2014: 65ff.). Improvements in the degree of equity in the production and maintenance of good health, in the use of different health services and in their financing are normally taken as main outcomes in evaluating the performance of a health system.

### EU activity in the field of health

Over the last decades, we have witnessed a process of authority migration in favour of the EU in some substantial aspects of the social and welfare policies of individual member states. However, health policy is still one of the areas of healthcare responsibility which lies with members states; and even within member states, it is often an area of responsibility of regional authorities. However, healthcare is an example of how potential spillover effects across countries exist; regulations and judicial decisions concerning purchasing, workplace and employment issues, and principles of non-discrimination all shape the environment from which health systems must draw their



resources and in which they must conduct their activities. Legislative powers are allocated at the EU-level in some specific areas (cross-border healthcare, tobacco and alcohol, organs and blood, and medical devices).

Since 1998, cross-border patient mobility has been increasingly influenced and challenged by rulings from the European Court of Justice (ECJ), which has been active in health policy in some instances. In particular, two rulings which significantly altered the position of healthcare issues on the European landscape were the 1998 ‘Kohll and Decker’ rulings.<sup>1</sup> Two citizens of Luxembourg, where healthcare operates on the basis of reimbursement of expenses incurred by citizens, had sought reimbursement for the purchase of a pair of spectacles and orthodontic treatment in Belgium and Germany, respectively. Prior to this, it was widespread government opinion that free movement of goods and services did not include the realm of social security systems. However, the ECJ clearly stated that while ‘Community law does not detract from the powers of member states to organise their social security systems’, this does not imply that ‘the social security sector constitutes an island beyond the reach of Community law’. Today, as the European Commission website has described it, ‘the EU health strategy focuses mainly on ... decision-making’ (Rich and Merrick, 2006; footnote 159). However, it was not until February 2003, with the establishment of the High Level Process on Patient Mobility, that Europe turned serious attention to the impact of EU enlargement on healthcare systems and cross-border patient mobility, following the first-ever recommendations of the European Health Policy Forum (EHPF) on healthcare and enlargement issues, in November 2002.

The European Council adopted a statement on common values and principles for EU healthcare systems in 2006, listing the overarching values of universality, access to good-quality care, equity and solidarity. A year later, the Commission released the white paper ‘Together for Health: A Strategic Approach for the EU 2008-2013’, aiming to ‘set out a coherent framework – a first EC Health Strategy – to give direction to Community activities in health’ (European Commission, 2007). This strategy reinforces the importance of health in policies, such as the Lisbon Strategy, recognising people’s right to be empowered in relation to their health and healthcare. The Open Method of Coordination, the so-called Social OMC, was streamlined in 2005 and specifically targets providing accessible, high-quality and sustainable healthcare and long-term care. Actions represent work on health across all sectors. Health is found in Treaty articles on the Internal Market, Environment, Consumer Protection and Social Affairs, including the Safety and Health of Workers, Development Policy and Research, amongst many others (*ibid.*).

Healthcare policy has been specifically affected by austerity, specifically in Greece and Spain, but also in Portugal, where significant spending cuts have been put in place. An area that has been especially sensitive to the downturn, and one in which the EU has played some role, is mental health. Indeed, the European Commission puts ‘depression and suicide-prevention’ among the five priorities identified by the European Pact for Mental Health and Well-being. Nonetheless, it is important to state that,

<sup>1</sup> C-120/95 and C-158/96, 28 April 1998.



possibly due to the looser impact on free mobility and the single European market, health has not become an official Europe 2020 target, as issues such as education and poverty-reduction have.

Equity is one of the areas that has received more attention, but policies in place are still country-specific. Italy acknowledges the role of social disadvantage as a determinant of poor health, though specific objectives to reduce inequalities in health are restricted to marginalised groups (drug abusers and immigrants). Similarly, France and Spain have acknowledged the need to reduce avoidable mortality and morbidity. Concerning evidence of commitment to health equity, no quantitative targets have been included in Denmark, France, Hungary, Italy, Poland and Slovakia. Legislative commitments and laws with specific references to health inequalities exist in Greece and Germany. Finally, Scandinavian countries have stated in law their commitment to reducing social inequality in health as a key objective of public health policy. In specific areas connected to the health system, such as long-term care, the Europe Union can play a potential role. Indeed, the Social OMC very much stresses 'long-term' in the financial sense of sustainability (of public finances), which to date is the main limitation on long-term-care funding expansion (Costa-i-Font et al., 2015).

Altogether, our choice of sub-dimensions – despite being an issue of constant disagreement among member states – attempts to summarise the main aspects of the 'official' Eurostat indicators (Eurostat, 2015b).

### Survey Results across member states

There were in total 40 respondents to the expert survey for the dimension of Health. These respondents covered 20 member states (see Appendix I).

Overall, experts' responses were found to be largely dependent on the question asked, which suggests (in addition to the existence of a potential non-response issue) that health-policy interventions have varied widely across countries. In addition, responses were quite area-specific, which means that there might have been a significant number of actions in certain intervention areas, but a limited number of new ones in others.

Expert responses on the status of healthcare interventions can be divided into population health and health-related equity. Population health seems to be an area of policy reform in some of the EU member states; more specifically, we find evidence of interventions in Belgium, Bulgaria, Ireland and the UK. But, in contrast, it is found to be an area of concern and of limited reform in Croatia, Germany, Greece, Spain and Portugal and, to a lesser extent, in Italy and Latvia.

In terms of improving population health, we then follow a set of dimensions that includes immunisation, reducing health inequalities, removing barriers to healthcare and healthcare affordability.



### Survey results across sub-dimensions

**Improving Population Health:** Immunisation policies have been reported as an issue calling for policy intervention in Latvia, Bulgaria and the Czech Republic; but in most of the other countries, no changes were introduced. Specific targeting of obesity and cancer is uncommon, though some interventions have been reported in Germany, Portugal, Italy, Ireland, Bulgaria and Belgium. Tobacco is a major issue in Belgium, the Czech Republic, Denmark, Germany, Ireland and Latvia, and alcohol is a major policy issue in Bulgaria, the Czech Republic, Denmark, Ireland and Hungary, where there is some evidence of interventions. However, this was an area where there is some disagreement among experts. With regard to sexual health, Bulgaria, Denmark, Latvia and Spain have implemented some policy interventions.

Nonetheless, when the success of public health policies are evaluated, results are more mixed and suggest that countries like the Baltics states, Bulgaria, the Czech Republic and Portugal exhibit more negative attitudes, whilst in Belgium, Germany, Ireland, Italy, Belgium and Spain, there are more positive attitudes about the success of government interventions.

Limited public health intervention is found across the board, perhaps with the exception of Ireland. Population health strategies relating to cancer and cardiovascular disease have shown success in implementation and outcomes in Ireland. The survey results suggest that health systems often do not have a broad 'health perspective', insofar as health-technology assessment is still in its infancy in some countries. Other explanations may lie in the fact that performance in overall population health is far from heterogeneous across countries, and that some countries already exhibit better overall health indicators than others. Finally, population health is an area where international organisations, especially the WHO, already play an important role in making recommendations which are followed by European and non-European countries alike. However, when specific interventions are examined, a different picture emerges.

**Reducing Health Inequalities:** Importantly, on policies to improve the health of the more vulnerable, the evidence is mostly negative, with the exception of Bulgaria, Greece, Germany, Italy and the UK. Looking at specific groups, the elderly have been targeted in policy interventions in Ireland, Germany and Portugal, whilst exclusion based on ethnicity has received attention only in Bulgaria, the Czech Republic, Ireland, Italy and Spain. Income-related exclusion is found to have received particular attention in Germany. Belgium, Greece, Lithuania and Portugal show attention to disabled populations. Disability interventions to reduce exclusion have been put in place in Bulgaria, the Czech Republic, Ireland, Italy and Portugal. Notably, female exclusion is not specifically addressed in any country. On exclusion, only Belgium, Ireland, Latvia and the UK seem to show evidence of success, whilst almost all the other countries either show neutral or negative outcomes.

Vulnerable populations appear to be the main concern in public healthcare interventions, but there has been limited success in most countries, except in Belgium, Germany and the UK. Cuts to services





affect the elderly more than the rest of the population, given that the elderly population is more likely to make use of the health system. Low-income groups are generally more protected and identified as a group, and this is especially seen in the disabled population in Italy, whose members receive a central-level allowance which identified them as people with special needs. Certainly, disability is generally a dimension that is identified with need, and individuals tend to receive a specific treatment on that basis in almost all European countries, but it has not been an area of recent policy intervention. Finally, it is important to highlight that gender-specific gaps are not as much in the spotlight as they could be based on need. Although treatments for certain conditions are primarily limited to women, access barriers to those treatments are generally not perceived as constituting a form of social exclusion.

**Identifying Barriers to Healthcare Access:** In terms of barriers to access to healthcare, there have been policies in place to reduce such barriers in Belgium, Bulgaria, Croatia, Ireland, Greece and Portugal; and, in other countries, such as Ireland, it is believed that they should have been introduced. However, interventions took place a while ago in most other countries, except for in Hungary, where they have not been introduced despite being needed. When specific services are examined, mental healthcare has been prioritised in Ireland, reproductive services have been constrained in Spain and Portugal, and long-term care was only reformed in Spain in 2007, with new legislation. Eye- and dental-care services have been the object of policy intervention in Germany, while Belgium and Ireland have implemented policies aimed specifically at dental care. Finally, interventions in primary care in Croatia, the Czech Republic and Ireland have been active, and care for migrants and people residing in rural areas has been limited in the Czech Republic and Spain. Hence, we can conclude that dental and long-term care, together with eye care, are the areas that are still experiencing limited healthcare converge in most countries.

Results from our expert survey indicate that health systems have limited the breath of public coverage by being more stringent in the medicines that are eligible for reimbursement, by genericising treatments and, more specifically, by increasing the use of waiting lists in prioritizing patients. Some specific areas of healthcare where demand is perceived to be more residual, or where the original coverage is unclear (such as long-term care), have been limited through the introduction of need and means testing. Some services for which coverage was more limited (e.g. reproductive and eye health) have been generally restricted, while other areas (e.g. primary care) have received more attention. Meanwhile, additional barriers have only been introduced in a handful of countries..

The impact of spending cuts on barriers to healthcare is more difficult to identify. In most countries, the effect has primarily been on quality of healthcare, so public health systems have been understaffed and generally have longer waiting lists. In Ireland, some experts assert that ‘coverage for free care has been reduced due to austerity measures’ and, in Greece, one of the challenges has been the role of the underground economy, which implies limitation to get everyone to contribute to the funding of welfare services. By contrast, in Denmark, universal access to healthcare is continuously strongly emphasised in public policies, and there is no tendency to restrict access. For instance, in Italy, health



expenditure has slowed down significantly, from 5 percent to 2 percent growth (according to 2012 health data provided on the OECD website).

Countries where we observe the expansion of barriers to healthcare tend to have introduced changes in the cost-sharing schemes that make the elderly contribute towards the costs of healthcare, especially medicines, or they have simply excluded certain services from the public coverage catalogue. In Spain, for example, new co-payments for drugs were introduced, so retirees who used to be exempt are now required to make a co-payment equal to 10 percent of the total cost. As Antoñanzas (2013) notes: 'Healthcare institutions have also implemented several policies to manage tough budget constraints. Some regions have privatised healthcare management of some hospitals (as Madrid) to control spending and presumably to obtain a higher efficiency [...and there have been various...] initiatives dealing with human resources and external purchases [...] to mostly achieve budget control.' In Ireland, there was no fee for prescription drugs for low-income individuals until 2009. In 2010, a 50-cent fee was introduced, which now stands at €2.50 per item, with a cap of €29.50 per month. For many on low incomes, this is a significant barrier to getting the prescription medications they require. As part of government health-spending cuts, efforts were made to tighten eligibility for healthcare coverage for low-income people. For example, 1,873,015 people were covered by medical cards in May 2013, but only 1,790,438 were covered a year later. Between 2005 and September 2012, there was continuous growth in the number of medical cards (which have proven to be a pro-poor measure), but this changed in 2012/3, when there was an increase in eligibility restrictions, which reflects tighter budgetary controls. In Italy, regions had to introduce a €10 co-payment in October 2011 for visits to public and private accredited specialists and a €25 charge for visits by patients aged 14 or older to hospital emergency departments. In Portugal, one expert noted, some restrictions have been introduced on access to new drugs.

**Healthcare Affordability:** When examining healthcare affordability, we find evidence of policies aimed at improving it in Belgium, Bulgaria, Germany and Ireland. In contrast, in Croatia, Greece and Latvia, essential services have been reduced for people at risk of social exclusion, whilst in the other countries, services have only been subject to more stringent waiting lists. This last fact suggests that some countries, such as Germany and Italy, have already been successful at increasing accessibility. For instance, in Bulgaria, Ireland, Italy, Latvia and Portugal, there have been interventions aimed at improving access to primary-care services, which play a key role as health-system gatekeepers. Due to this and other factors, some of these countries (e.g. Bulgaria, Italy and Portugal) have had to reform access to emergency services, which were becoming burdened and less efficient by offering quick access to healthcare. Finally, long-term care has been made more affordable in Bulgaria, Greece and Germany. Reproductive, eye and dental services, in contrast, remain not as affordable, which is one of the health-system problems that is perennially prompting calls for a private healthcare market to be developed. Finally, most countries introduced policies on prescription drugs a while ago, and only a slight amount of evidence of intervention has been observed in Bulgaria.



In Belgium and Germany, some experts argue that dental services are less accessible. Indeed, dental healthcare is generally an uncovered service in most health systems, as it is generally viewed that the reasons for treatments are primarily aesthetic ones and that only some of them have an impact on overall health. As a consequence, there is a flourishing private sector both on the provision and insurance side.

Only in a few countries has healthcare become more affordable over time, and this has to do with lower departing coverage, such as in Bulgaria. Such exceptions, however, can be explained by the fact that some Eastern European health systems have ‘caught up’ in terms adopting health technologies, and by the fact that coverage has generally extended across the board.

**Healthcare Coordination:** Healthcare coordination is viewed as being an issue of concern in Greece, Germany, Hungary, Ireland, Luxembourg and Portugal, whilst in Bulgaria, Denmark, Ireland, Italy, Latvia and the UK, experts suggest evidence of intervention. Only in the Czech Republic and Luxembourg is healthcare coordination not perceived as an area of significant intervention improvement.

Coordination of healthcare is one of the major challenges of most health systems, especially disintegrated ones, such as that of Germany, or those where the sources of health- and social care come from different budgets. In contrast, the UK appears to be the champion of healthcare coordination, in part because of the significant integration of the system. On integrated care, an expert from Ireland argues that staff cuts are very difficult to implement, but a way to save resources is to incentivise care to be provided at the primary or community levels rather than in hospitals. Some clinical-care programs implemented mainly in hospitals have been successful at coordinating patient care.

**Workforce Expansion:** Finally, on workforce expansion, the evidence is more limited and suggests reductions in the workforce in Bulgaria, Croatia and Germany as well as unsuccessful attempts in Latvia and Lithuania. The only country that reported success was Ireland. In the other countries, it either does not apply or it only applies to certain sectors.

Reductions in workforce due to austerity measures have been the norm except for in countries where previous investment was limited and demands for specific age-related conditions were being faced, or where not expanding the workforce would result in a significant deterioration in the quality of care provided. An expert from Portugal asserts that there has been a loss of trained professionals, who have immigrated to other countries due to wage cuts and a lack of opportunities. An expert assessment for Ireland argues that there have been 12,000 staff (12 percent) cut from the public-health workforce as a direct consequence of austerity. This, combined with greater pressures and lower pay, means the workforce is insufficient to meet need and that many young health professions are emigrating.

**Other results across sub-dimensions:** Country experts for the study reveal that there are significant policy areas that have not been addressed and are in the pipeline for future policy action. These include the evaluation of population health needs in Bulgaria. Similarly, some areas of healthcare are disregarded, such as the need to focus on mental health in Luxembourg. In Germany, one expert



discussed the importance of antibiotic resistance as a major issue; as a result, Germany established an Antibiotic Resistance Strategy. Hence, although overall public-health intervention is not highlighted in responses to the survey, on the whole, if we examine specific interventions that are specifically impacting health systems of some countries, we do find evidence of interventions.

We also find significant differences in the success of public-health policies across countries. This might well be the result of the effect of the downturn and wider determinants of health, given that public health is very sensitive to wider changes that are not under the control of the health system, such as changes in stress and nutrition.

Some challenges that still remain for European health services include managing urban healthcare. An expert from Ireland reveals that we should learn more and discuss the outcomes/impacts of healthcare-services restructuring by concentrating specialist services in big cities.

Other important challenges that are influenced by EU policy have to do with managing healthcare migration. The Czech respondent argues that a certain part of the migrants from third countries (employees without permanent residence status) are not included in public health insurance; they are obliged to purchase private health insurance, which is significantly more restricted in terms of coverage.

## Discussion

Healthcare is an area of limited EU intervention, and intervention generally takes place within member states. The challenge for European Union health-policy governance lies in managing a system of structures that each follow their own different paths and have their own cultures and legacies. However, little is known about the influence of policy priorities, intervention and success across European Union countries. This is especially relevant for new member states, which can implement policies based on the evidence they learn from other experiences within member states that have faced similar health-policy challenges in the past.

Health systems are subject to the challenge of how to increase population health, especially among socially excluded groups. However, there is only so much that social intervention can attain, and there is a generalised feeling that interventions in public health needs to be specifically targeted to attain the desired goals. In Europe, we find that there is significant heterogeneity in policy targets. Evidence on public-health intervention suggests a positive development in the UK and Belgium, which are countries that appear to particularly have issues related to alcohol, and the UK with obesity. The latter comes from significant pressure that public-health problems pose to the health system.

Importantly, the groups that have been prioritised are the working population and, to a certain extent, low-income individuals in Greece, Germany and the Czech Republic, which is in line with their commitment to reduce social inequalities. However, Eastern European countries and some Southern



European countries, such as Greece, have been highly affected by the spending cuts in healthcare which have disproportionately impacted the socially excluded population. One way to keep up with the demands of austerity has been to cut the healthcare of migrants in Spain and Croatia, as well as certain groups that enjoyed some privileged position, such as the elderly, who are not required to co-pay for medications.

Another major reform of the austerity policies has been the expansion of cost-sharing (e.g., co-payments) in countries where some population groups (e.g. the elderly) were exempted from paying for medicines – and, like pensioners in Spain, were arguably abusing the system (Costa-i-Font and Puig-Junoy, 2007). Expansion of cost-sharing is found in Greece and Italy. Only in countries where coverage was relentlessly low do we find evidence of interventions that expand healthcare affordability.

We have found some evidence of rationing on the basis of service; for instance, dental healthcare in Germany or reproductive healthcare in Spain are examples of services affected by the austerity measures in place (see also McKee et. al., 2012). One of the variables that health systems play out with is reducing their investment in the healthcare workforce, which has applied across the board with only few exceptions.

Finally, countries with a more disintegrated health system seem to show coordination problems, which in part are the result of the role of primary-care systems. Indeed, primary-care improvements in the UK came from channeling care through the health service, acting as a gatekeeper of the system.



## VI. Social welfare

William Bartlett, Pieter Tuytens

This chapter looks at measures introduced across member states to change the provision of social welfare. Social welfare can be defined as the protection of individuals and families from social risks and the provision of minimum standards. However, since the latter policy theme is dealt with in the chapter on poverty, we restrict this chapter to the issue of protection against social risks. Welfare can be provided in cash, in the form of welfare benefits or in kind, in the form of social services. It can be provided on a universalistic or selective basis. Apart from state provision, welfare systems can also be organised through networks of civil society in the form of self-help organisations, such as friendly societies, associations or social cooperatives of various sorts. In order to analyse the reforms that have an impact on social welfare provision, this chapter looks at seven indicators that reflect and take into account these different characteristics of welfare systems.

The first three indicators focus on three key measures for cash welfare benefits: coverage, targeting and generosity. Coverage is a concern when people who are in social need do not receive welfare benefits that are received by other people in equal need. The ‘coverage’ of a welfare benefit therefore describes the proportion of eligible people who receive the benefit. Targeting is a concern when people who are not in a situation of need receive welfare benefits. The ‘targeting’ of welfare benefits therefore describes the proportion of benefits that reach those who are both eligible and in need. The generosity of welfare benefits is a concern in an environment of fiscal austerity, as governments may reduce the level of benefits in nominal or real terms. The ‘generosity’ of welfare benefits therefore describes the value of the benefits that recipients receive in terms of purchasing power.

While the first three indicators look at welfare benefits, the next two indicators focus on the public provision of welfare services. Two measures are used to analyse changes in social protection offered by welfare services. Firstly, the ‘quality of social services’ describes the outcomes of services in terms of their capacity to satisfy recipients’ needs. Secondly, a recurring problem with the provision of welfare services is that a social need often cuts across the administrative boundaries of the welfare state. Noticing child abuse, for example, requires sharing information between health workers, teachers and social workers. The fifth indicator therefore looks at changes in ‘inter-agency coordination’ as a way to improve overall effectiveness of welfare services.

The sixth indicator looks at policies that combat poverty and social exclusion by actively supporting unemployed people’s transition into work. This indicator therefore examines the extent, nature and degree of success of the activation policies adopted by a government. The seventh and final indicator looks at welfare services that are provided by civil society organisations rather than the state. Civil society organisations are often thought to provide social services more effectively than the state (because of their proximity to the users) and at a higher level of quality than for-profit organisations. This indicator therefore examines the extent to which government has supported the provision of welfare services by civil society organisations and the nature and degree of success of such measures.



## EU activity in the field of social welfare

Welfare provision is a policy area where most competences are held by the member states. Nevertheless, in recent years, several initiatives have been taken at the EU level that aim at supporting member states in developing and improving the effectiveness of their welfare systems. The European Commission has been involved in promoting both social protection as a ‘productive factor’ and social innovation and social investment in new forms of provision of services. Within the context of the Europe 2020 strategy, flagship initiatives have been developed, such as Youth on the Move, the Platform against Poverty and Social Exclusion, and the Agenda for New Skills and Jobs. The Employment and Social Innovation (EaSI) programme provides financial resources to promote sustainable employment, adequate and decent social protection, and measures to combat social exclusion and poverty and to improve working conditions.

In support of the Europe 2020 strategy, the Open Method of Coordination for social protection and social inclusion (Social OMC) provides a voluntary framework to coordinate and develop welfare provision by member states. The Social OMC – in collaboration with the Social Protection Committee – provides a framework for national strategy development and for coordinating policies between EU countries. Activity within the Social OMC deals with issues such as social inclusion and long-term care.<sup>1</sup> The most recent activities regarding long-term care are the European Year of Active Ageing and Solidarity between the Generations in 2012, as well as the European Innovation Partnership on Active and Healthy Ageing. In a staff working document on long-term care that was published as part of the Social Investment Package in February 2013, the European Commission called on member states to invest in prevention and rehabilitation in order to reduce the demand for long-term care. Other issues that have been covered by the Social OMC peer-learning events have included pensions, social entrepreneurship, the social economy, homelessness and childcare services.

The Commission also takes initiatives in the area of social investment. Most relevant for this chapter are policies regarding active inclusion, such as adequate income support combined with help to get a job or improving access to quality services that help people actively participate in society. The main policy is the Social Investment Package, which stresses the importance of activating and enabling services, such as job training and search assistance, access to basic bank accounts and adequate income support. In practice, member states are urged to implement the policy guidance provided in the Social Investment Package for Growth and Cohesion as soon as possible. In September 2014, the Commission published its latest ‘policy roadmap’ for implementation of this package.

Apart from these main measures, initiatives on the EU level have been taken in the areas of disability insurance, sickness insurance, family policies, unemployment insurance and social housing.

<sup>1</sup> See also the chapters on social cohesion and health.





### Survey results across member states

This chapter on welfare systems builds on the information retrieved from 57 expert responses from 20 different countries to the SIM Expert Survey. For the following eight countries, there is no information and hence no reference in this chapter: Austria, Bulgaria, Cyprus, France, Germany, Luxembourg, Romania and Slovenia. It also has to be noted that the number of responses varies per country – ranging from six responses for Greece to only one response for Finland, Latvia, the Netherlands and Slovakia.<sup>2</sup> More information on the specific response per country – whether a reform has been implemented and the assessment of its effect – can be found in the next section.

### Survey results across sub-dimensions

This section provides an in-depth discussion of the different indicators for the Social Welfare dimension. The first three indicators focus on three main characteristics of welfare systems: coverage across all social groups, targeting of the socially excluded and the generosity of the welfare system. The next two indicators focus on social services, particularly with respect to the quality of welfare services and the inter-agency coordination of welfare services. The sixth indicator focuses on activation measures to support the transition to work of unemployed or jobless people. The final indicator looks at measures to improve the provision of welfare services by non-governmental organisations and institutions. For each indicator, we will first focus on differences in reform activity across the member states. Subsequently, we investigate whether this reform activity increases or decreases the level of social welfare with respect to this indicator.

**Coverage of Welfare Benefits:** The first indicator looks at measures that alter the coverage of social benefits. This is one of the areas where member states have been most active (together with welfare targeting and generosity, as well as activation measures). Measures to alter the coverage of social benefits are indicated for sixteen countries. Coverage has been changed most frequently within the following policy areas: family policies (13 countries), unemployment policies (12 countries) and old-age policies (11 countries). Other areas that have been addressed are disability, sickness, survivor and housing policies.

In only four countries are no measures regarding welfare coverage observed during the last year: the Czech Republic, Latvia, Finland and Sweden. In the Czech Republic and Latvia, reforms are all older than a year. Sweden and Finland indicate that no policies have been developed, even though this is an issue in each country. It should be noted, however, that municipalities in Finland have great independence when it comes to social and health services and benefits – hence changes might have taken place in diverse places in the country.

<sup>2</sup> This variety in number of responses points at an important warning regarding interpreting the results. When there are multiple responses for one country, expert assessments can be quite different. Yet also when there is only one expert per country, one has to take care – particularly when making comparisons across and between countries. This is addressed in the discussion.



In many countries, reform of coverage of social benefits has resulted in a decline rather than an increase in social welfare. From the 16 countries that enacted changes, 12 indicate a negative effect.<sup>3</sup> Some countries have introduced multiple reforms that have increased coverage for some benefits but still resulted in an overall decrease in coverage. For example, the Spanish government has increased the coverage of unemployment assistance but has decreased the coverage of the health system for illegal immigrants. In Belgium, coverage of undocumented migrants has improved (though with unknown effect), but the government has been somewhat stricter in controlling benefit rights. Yet other countries have only introduced measures to reduce the coverage of certain benefits. For example, in the UK, it has been the government's intention to reduce benefit coverage in some areas, such as housing benefits. Ireland has made eligibility rules regarding illness benefits more stringent. In Portugal, access to means-tested benefits has been restricted by making the bureaucratic process more complex. The Dutch government has reduced the duration of unemployment benefits to a maximum of two years and has restricted access to social assistance. In other countries, such as Slovakia, an overall decrease in coverage has followed from a stricter application of existing policies (e.g. fighting the abuse of benefits) rather than as the result of new measures.

In only three countries – Poland, Italy and Malta – are measures observed that have resulted in an overall increase in the coverage of welfare benefits. For example, even though the regulation did not change, immigrants in Malta who receive humanitarian protection or have a refugee status are now entitled to basic social assistance. In Italy, certain benefits, such as the household allowance, have been extended to citizens of other EU member states and long-term non-EU legal residents in response to infringement procedures for violating the Council directive on third-country nationals. Furthermore, the Italian government has extended the coverage of unemployment benefits in response to the severity of the ongoing economic crisis. Concerns exist, however, that this extension of coverage only applies to some workers and might therefore have to be considered unfair.

**Targeting of Welfare Benefits:** In addition to altering coverage, governments can adjust the targeting of benefits. Targeting affects the proportion of benefits that reach those who are eligible and in need. Measures that have an impact on targeting have been reported for 13 countries.<sup>4</sup> Similar to coverage reforms, family policies have been affected most frequently (this in all 13 countries). This is followed by unemployment policies (in 8 countries), old-age policies and disability policies (in seven countries). The targeting of survivor benefits stands out because it has only been changed in Portugal (whereas coverage of survivor policies has been altered in 5 countries).

There are seven countries where no measures regarding targeting are recorded during the last year. In the Czech Republic and Lithuania, measures have been taken but are older than one year. In Sweden, no measures have been introduced, as there was no reason for concern. Yet, in four countries, no policies have been developed during the last year even though targeting of benefits is a concern in

<sup>3</sup> BE, HR, DK, EE, GR, HU, IE, LT, NL, PT, ES, UK. See p. 103 for country codes.

<sup>4</sup> BE, HR, DK, EE, GR, HU, IT, MT, PL, PT, SK, ES, UK.



this country: Finland, Ireland, Latvia and the Netherlands. While no serious political discussion is noticed in Finland, Ireland does plan to change targeting policy in the future, mainly in the area of family policies.

As with coverage reforms, in countries where policy has changed, there has mainly been an overall decrease in the targeting of welfare benefits. Some countries have introduced measures that decrease the effectiveness of targeting. For example, Spain has reduced its budget for ‘care at home’ services that mainly target elderly and disabled people. In the UK, government rhetoric and practice have actively discouraged people from claiming benefits, even if they were entitled to do so. In other countries, targeting has improved but with negative overall effects. These examples illustrate that increased targeting can also be a way to reduce welfare spending. For example, in Croatia, the maximum amount of unemployment benefit has been reduced. This increased targeting of people with lower incomes has effectively reduced the coverage of the benefit. In Greece, improved targeting has also decreased coverage. Moreover, in Italy, there is a concern that many targeting measures have had unwanted redistributive side-effects, for example, with respect to self-employed or unemployed individuals.

Despite the recurrent negative effects of targeting reforms, positive changes in targeting are reported in Belgium, Italy, Malta, Poland and Slovakia. For example, in Italy, new criteria have been introduced to revise means-testing mechanisms in order to increase efficiency and efficacy in delivering social welfare benefits to those households whose economic situation requires the most attention.

**Generosity of Welfare Benefits:** Having discussed changes in coverage and targeting, this indicator focuses on the generosity of welfare benefits. In 17 countries, governments have introduced measures that alter the value of benefits that recipients receive in terms of their purchasing power.<sup>5</sup> A closer look at which benefits have been primarily affected reveals that they are the same as with measures aimed at altering coverage and targeting. Again, family policy-related benefits have been changed most frequently (in 13 countries), followed by benefits in old-age policies and unemployment policies (in 11 countries). Also frequent have been changes in disability and sickness policies (in 8 and 7 countries, respectively). As with targeting, survivors’ benefits have remained largely untouched in terms of generosity (with changes in only 2 countries, Portugal and Greece).

Three countries have not introduced any measures during the last year affecting the generosity of welfare benefits. Latvia had already introduced ceilings for unemployment, sickness and maternity benefits earlier during the crisis that are still in place. Also, in Sweden and in the Netherlands, no measures have been reported despite acknowledgements that this is a concern. As it is politically very difficult to cut benefits in the Netherlands, the government has instead focused on restricting access to benefits (see earlier remarks on targeting and coverage).

5 BE, HR, CZ, DK, EE, FI, GR, HU, IE, IT, LT, MT, PL, PT, SK, ES, UK.



In line with measures affecting coverage and targeting, the overall generosity of welfare benefits has declined in a majority of countries that introduced change.<sup>6</sup> Nine countries in total report a decline in overall generosity. In several countries, benefit cuts have focused on pensions – for example, in Greece, Estonia, Finland and Portugal. In Ireland, young people have experienced welfare cuts as a result of lower job-seeker allowances or supplementary welfare benefits. In addition, many recipients of maternity benefits in Ireland have received lower benefits. Another way to reduce welfare spending has been to cut the budget for local authorities and to privatise public welfare providers – for example, through NHS reforms in the UK. Even without major cuts, welfare spending and generosity can still be reduced if existing benefits are not increased in line with inflation. This has happened, for example, in Italy and Ireland, where many benefit cuts had already been made during the crisis. Another strategy for less explicitly reducing benefits has been by changing the rules so that more people fall within a less generous scale. A good example is the change that has taken place in rules regarding minimum income in Portugal.

Measures regarding generosity do not always result in a reduction in social welfare. In some countries, such as Estonia, some benefits have decreased (sickness, pensions), while other benefits have increased (benefits to families, social assistance benefits) with an overall positive effect. Another strategy to limit the social effects of benefit cuts is by focusing them on less vulnerable groups. For example, Denmark has focused benefit reductions on cash benefit receivers between the ages of 25 and 29, with the idea being that they are either in education or in receipt of employment-related benefits. This has limited the negative effects of reductions in generosity. In Italy, suspension of pension indexation has exempted the lower pensions, thereby preserving the value of lower pensions while reducing the value of all others. In Poland, while an increase rather than a decrease of benefit rates is reported, it is noted that this is mainly because benefits were already relatively low to start with.

**Quality of Social Services:** While the previous indicators focused on the characteristics of welfare benefits, this indicator looks at measures that alter the quality of welfare services. Only 11 countries have undertaken such measures.<sup>7</sup> However, eight of nine countries where the government has not introduced any measures nevertheless indicate that the quality of welfare services is an issue of concern in their country. Almost all governments that have altered the quality of welfare services introduced measures regarding family and child services (nine countries, not including Slovakia and Sweden, only acted on services for the elderly). Five countries have also focused on services for young people, minorities, the elderly and individuals needing rehabilitation. The least amount of attention has been given to community services (three countries) and probation services (two countries).

As already noted, practically all countries with no reforms during the last year indicate that welfare quality is a concern. Some countries are in the process of preparing improvements. In the Czech

<sup>6</sup> BE, HR, FI, GR, HU, IE, PT, ES, UK.

<sup>7</sup> BE, HR, DK, EE, HU, LT, MT, PL, SK, SE, UK.



Republic, a wide-ranging reform of the social-services system is currently under preparation at the Ministry of Labour and Social Affairs. Also, in Finland, there is discussion around the quality of services (e.g. in elderly care), yet the main concern has been economic effectiveness rather than quality. However, as local and regional actors play an important role in Finnish social-service provision, quality improvements may already have taken place at lower levels. In other countries, there is no sign that concerns will be addressed any time soon. Austerity measures and the resulting cuts in public expenditure on social services have led to a deterioration or lack of improvement of social services in several countries. In Greece, for example, the quality of health- and social-care services has continued to deteriorate as a result of non-replacement of retiring personal. Italy has cut many kinds of services or reduced funding for others; for example, assistance to people with mental disorders has often been reduced to the most basic level of service. Recent examples from Ireland have concerned reduced budgets for the Health Services Executive and a cut in the Bereavement Grant. Also, in the Netherlands, cuts to services have continued to be introduced as a result of the crisis – especially within the public employment offices.

Countries that have introduced measures altering the quality of services have often improved the overall quality of services. This has been the case for five countries: Belgium, Lithuania, Malta, Poland and Slovakia. Only three countries indicate that reforms have resulted in a lower degree of welfare-service quality: Croatia, Estonia and Hungary. Unfortunately, there is no further information on why a reform was successful or not for any of these countries. Finally, in the UK, there has been service restructuring – especially in the direction of increased privatisation – yet these measures are too recent to judge their outcomes in terms of quality.

**Inter-agency Coordination:** Apart from quality, another important element of the provision of welfare services is the ability to coordinate responses to social needs across sectoral boundaries of the social administration. The indicator on inter-agency coordination captures measures that aim at enabling an exchange of information across administrative boundaries and that improve the overall effectiveness of social welfare services. Activity for this indicator is the lowest of all welfare-related indicators. In only six countries have measures been taken to alter the inter-agency coordination of welfare services.<sup>8</sup> As with measures regarding service quality, most countries that have introduced measures focused on improving coordination of family and child services (five countries). The other areas where countries have introduced changes are in services for young and elderly people, for ethnic minorities and for those in need of rehabilitation services.

While there are only six countries where measures have been introduced, there are 10 more countries where no measures have been developed during the last year, but where the coordination of welfare services is still considered an issue of concern. In Belgium, inter-ministerial conferences have had limited success (apart from an exception regarding inter-agency coordination in the area of psychiatric patients). In Finland, there have been discussions in the area of childcare, but without significant

<sup>8</sup> HR, DK, EE, IE, PL, SK.



changes so far. The Czech government has established an agency to deal with the social inclusion of Roma people, yet it has limited competences and there is little coordination in most areas.

Within the group of six countries where measures have been taken, the results in terms of coordination are considered to be improvements in two countries (Ireland and Slovakia) and decreases in coordination in three countries (Croatia, Greece and Spain). In Ireland, the main improvement has been in the establishment of the Child and Family Agency, aimed at supporting and promoting the developmental welfare and protection of children. A decrease in coordination in Spain has resulted from a reform of the law on local government administrations that has had a significant impact on the provision of local services. Unfortunately, there are no further explanations regarding the other countries.

**Activation and Enabling Policies:** This indicator looks at work activation measures that are aimed at supporting the transition to work of unemployed or jobless people. This is an area where member states have been quite active. In 15 countries, governments have introduced measures to support this.<sup>9</sup> Moreover, many countries have introduced measures to improve several forms of activation support. Most frequent have been measures regarding job-search assistance (in 10 countries). Nine countries have introduced training subsidies. Other forms of support that have received much attention are job counselling (seven countries), self-employment start-up subsidies (seven countries), wage subsidies to employers (seven countries), working tax credits (six countries) and wage subsidies (six countries).

In only five countries have no activation measures been introduced during the last year (the Czech Republic, Estonia, Finland, the Netherlands and Spain). In most cases, the reason is that such measures had already been implemented earlier. For example, in the Czech Republic, considerable working tax credits have been implemented since 2008 (yet, beyond that, there has been an overall deterioration in the other areas of activation). In Finland, a ‘youth guarantee’ has been introduced that stipulates that young persons should be either studying or working (yet with a neutral effect on support).

Measures to support activation have been generally assessed as successful. In nine countries,<sup>10</sup> there has been an overall improvement in support for the transition to work of unemployed or jobless people. Several countries have introduced new schemes (e.g. Ireland, Latvia, Malta and Poland). It is interesting that improvement in Danish active labour market policies has meant creating new schemes, but reducing existing policies that are considered pointless. In five other countries, the effect is considered neutral. In only four countries (GR, HU, PT, UK) are measures considered unsuccessful in the sense that the net effect has been an overall decrease in support. For example, the observation is made that, in Greece, considerable resources have been devoted by structural funds to active labour market policies, yet with doubtful results.

<sup>9</sup> BE, HR, DK, GR, HU, IE, IT, LV, LT, MT, PL, PT, SK, SE, UK.

<sup>10</sup> BE, DK, IE, LV, LT, MT, PL, PT, SK.



**Civil Society and the Provision of Welfare:** The final indicator considers the provision of welfare services by non-governmental organisations and institutions. As such organisations are often thought to be able to provide welfare services more effectively than the state, governments sometimes adopt measures to improve welfare provision by civil society organisations. Only in 10 countries have such measures been adopted.<sup>11</sup> Attention has been most frequently focused on supporting voluntary organisations (in nine countries), while social enterprises, associations and charities have also been quite frequently supported.

Of the eight countries where no such measures have been introduced during the past year, only three consider this an issue of concern (Spain, Malta and Italy). In the other countries, reforms were either considered unnecessary (Finland, Poland, Slovakia) or had been introduced earlier (Sweden, Estonia).

Support to civil society has been considered successful in Latvia, Lithuania and Portugal. In Latvia, charity organisations and foundations have been successful in combating poverty and providing assistance to people in need. Also, in Portugal, public programmes aiming at fighting poverty have been successfully moved to civil society organisations. For Belgium, Croatia and the UK, there are indications that such measures have not been successful (yet there is no information on why). Greece offers a mixed picture: The number of civil society organisations has increased over the last few years, yet there have been few government measures to support them, and the relationship between the state and non-governmental organisations is still not seen in cooperative terms.

## Discussion

This chapter has reported on recent changes regarding welfare systems across 20 EU member states. The overall conclusion is that while countries have been generally quite active in undertaking measures, this has often – but not always – resulted in decreasing levels of social welfare. This is particularly true for the three indicators that measure changes in social benefits. Most countries have implemented measures that have decreased the overall level of coverage and the targeting and generosity of welfare benefits. Only some countries have succeeded to some extent in improving on these measures (e.g. Poland, Italy, Malta) or at least in minimising the social consequences of cuts (e.g. Denmark). When looking more closely at which benefits have been most frequently affected, three policy areas stand out: Family policies have been changed in most countries, followed closely by unemployment policies and old-age policies. There is no clear conclusion regarding whether some policy areas have seen positive changes and others decreasing levels of social welfare.

Results for indicators other than welfare benefits are more mixed. Reform activity regarding welfare services has been lower than for welfare benefits. Yet the result of these reforms has been generally more positive than with welfare benefits, particularly with respect to the quality of social services. On the other hand, many countries where no reform activity is reported do indicate that the quality

<sup>11</sup> BE, HR, CZ, DK, GR, IE, LV, LT, PT, UK.





of and coordination within social services has been a persistent problem. In many cases, measures to improve welfare services have been prevented by budgetary cuts driven by austerity policies (e.g. in Greece, Italy, Ireland and the Netherlands). Reform activities regarding activation policies have shown the most positive results. Reform activity in this area has been similar to that on welfare benefits, yet the measures have generally been assessed as successful. Many countries have implemented activation policies (e.g. Ireland, Latvia, Malta, Poland), while others have reduced existing yet unsuccessful activation policies (e.g. Denmark). Finally, reform activity aimed at encouraging the provision of welfare services via civil society organisations has been limited, and the successfulness of the outcomes not always clear.

According to the expert survey, some countries have been more active than others with respect to the different indicators of welfare systems. Countries that have introduced reforms that affected at least four sub-dimensions (indicators) are Slovakia, Lithuania, Hungary, the United Kingdom, Portugal, Ireland, Greece and Estonia. Countries that report change in three or fewer indicators are Spain, the Czech Republic, Latvia, Sweden, Finland and the Netherlands. For another set of countries, the expert assessments of significant change have been mixed (Belgium, Denmark, Poland, Croatia and Malta). While some experts indicate change in more than four indicators, other experts report less frequent change. As noted earlier, one should take especial care when interpreting results not only when experts for a single country have varying assessments, but also when there is only one expert for a single country. This is particularly the case when comparing general performance between countries. Keeping this warning in mind, the survey results suggest that, in 10 countries, the number of reforms that have decreased social welfare has been greater than the number of reforms that have increased social welfare. These countries include Croatia, Greece, Belgium, Hungary, the United Kingdom, Portugal, Spain and Estonia.<sup>12</sup> In contrast, the balance of reform activity has been mainly in the direction of improved social welfare in seven countries: Malta, Poland, Lithuania, Slovakia, Latvia, Italy and the Czech Republic.

One could ask whether countries that focus on some indicators tend to have more success than countries where reforms affect many indicators. However, this does not seem to be the case: ‘Active’ countries, such as the UK and Hungary, generally experienced decreasing social welfare, while other ‘active’ countries, such as Lithuania and Slovakia, reported mainly improvements in social welfare (and vice versa for some ‘passive’ countries). Given the difficulties with interpreting these comparisons between countries, it is safer to conclude that the social success of reforms relates more to the kind of indicator (e.g. activation policy compared to welfare benefits) than to the country that introduces it.

<sup>12</sup> Expert assessments for Belgium are mixed and partly contradicting.



## 5. Conclusion

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The preceding thematic chapters provide rich empirical data that depict a complex situation as far as social inclusion in Europe is concerned. In this concluding part, the aim is to bring together the main underlying threads that have been identified across the six themes of the report. Three main conclusions stand out from the data analysis across the various policy areas:

**The worrying gap between north and south:** Last September's result of the SIM Europe Index report on social justice suggested a growing social divide among EU member states. Assessing six policy areas of social inclusion, the data revealed the deteriorating social situation since 2009 across the EU. It stressed, in particular, the difficulties for southern EU member states to cope with the effects of the financial and economic crisis. This second report, the SIM Europe Reform Barometer, corroborates this finding: Southern European member states, especially, did not or have not been able to pursue reforms to limit their withering levels of a socially inclusive society. In almost all key dimensions of social inclusion, those member states most affected by the protracted implications of the economic and fiscal crisis in the EU have been least able to confine the ongoing 'internal devaluation' in terms of socially balanced governmental activity. This is especially visible when it comes to inclusive labour markets: The survey results show that those countries that were hardest hit during the crisis, and where labour market participants suffered most, also happened to be those where the least was done to alleviate the problems, and vice versa. Southeast Europe and southern Europe are the places where, despite the problem of labour market exclusion being sharper, very little effort was put into rectifying sharp inequalities in terms of access to the labour market. The dichotomy between northern and southern countries applies to the social cohesion dimension as well and, indeed, some countries were ahead of others. Respondents for Finland, Sweden and Denmark felt that a majority of the dimensions of social cohesion had either been dealt with through policy more than a year ago or that it was not an issue of concern in their country. In other countries, such as Italy and Spain, whilst the urgency of improving the situation was clearly felt by the respondents, they also felt there was little policy development by the government.

**Mismatch of talk and action – the implementation gap:** These observations lead to a second underlying thread emerging across themes, that of the mismatch between the perceived policy relevance of a given social inclusion measure and its implementation. Across Europe, experts pointed out that promoting shared values among citizens and building trust in key public institutions appear as important concerns which were not, however, followed by any substantial policy input in this direction. In the realm of labour market, a sizeable number of countries report problems in anti-discrimination and fairness in the hiring process, but very few developed initiatives to address these (labour market) problems. The implementation gap is also imputable to both political willingness and financial restrictions. This is particularly true in the case of some poverty measures as well as social-cohesion investment.



**Reforms at the time of the economic crisis – lost momentum in social reform:** The result of lacking implementation can be partially explained by the third main theme of the report, the economic crisis, which represented for European systems of social protection a double-edged sword, increasing on one hand the need for policies promoting social inclusion and reducing on the other hand the available financial resources at governments’ disposal to successfully tackle these issues through public policies. As far as welfare systems are concerned, a fairly wide trend towards a decline in social protection stemming from narrower coverage and more selective targeting is registered. Austerity measures and budget cuts have also been identified in the domain of healthcare, exacerbating dynamics of social exclusion, in particular for the elderly. Increasing inequalities and a decline in interpersonal trust were also seen as important features associated with the current economic downturn. Furthermore, the effects of the economic crisis were seen in the inadequate levels of spending on education that were registered in a number of countries. Indeed, in times of austerity and tight public budgets, education has historically been a likely loser in the competition for public resources between policy areas, and the current crisis does not appear to be an exception to this trend. The collapse of aggregate demand triggered by the economic crisis also explains why some policies – even where enacted – did not prove fully successful; for instance, the limited effect of ALMPs on employment should not necessarily be ascribed to poorly designed measures, but rather to the lack of available jobs.

**Ways forward for the EU? Communication and social investment:** This data corroborates the plea of the Index report to better align the EU’s two key objectives, growth and social justice, and to streamline the plethora of existing instruments to foster social inclusion. To increase leverage for social policy goals without treaty change, the European Commission will have to put more effort into communicating not only the economic, but equally the social adjustments in the member states, as part of a ‘social stress test’. And given the time lag many reforms imply, sound policies need to be singled out early on: Just comparing recent labour markets reforms in Greece, Spain and Portugal, the experts consider the Greek activity on balance negative regarding social inclusion, but still on par with Portugal and comparatively better than in Spain. What could be a suitable EU response? Based on the survey results, social investment seems to work for countries with robust public finances, but it is not on the agenda of countries where austerity measures and the crisis have had the hardest impact, as seen with lifelong learning policies.

The motto at the heart of social investment is ‘prepare rather than repair’ by investing in human capital. This means equipping individuals with the necessary skills and conditions to face societal changes and the development of new social risks – hence, investing in measures to foster education, to reduce poverty, to increase employment, to modernise welfare, to ensure health coverage and to increase social cohesion. However, the survey shows how governments’ choices in a moment of crisis are driven by investing more on ‘hard’ rather than ‘soft’ outcomes. This is particularly true in the case of social cohesion. Although governments need to invest in specific areas to improve social cohesion, they haven’t done so owing to a lack of resources or political will.



The approach to social investment, which is similar to the approach the survey has had to social inclusion, is that of a multidimensional package. Limiting investment to only some of these dimensions will not lead to successful impacts. Indeed, all of the dimensions are interrelated. For example, investing in education has an impact on labour market, poverty and social cohesion. Investing in labour market has an impact on welfare, social cohesion and poverty, and so on. Therefore, if social investment is to become the way forward for a more social Europe, it is important to set in place mechanisms to ensure coordination and complementarities across the different dimensions of social inclusion policy.



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## 8. Appendix

### Appendix I – Data Coverage<sup>1</sup>

EU Member State	Country Code	Dimension						Number of dimensions covered
		Poverty	Education	Labour Markets	Social Cohesion and Non-discrimination	Health	Social Welfare	
Austria	AT	No	No	No	No	No	No	0
Belgium	BE	✓	No	✓	✓	✓	✓	5
Bulgaria	BG	✓	✓	✓	✓	✓	No	5
Croatia	HR	✓	No	✓	✓	✓	✓	5
Cyprus	CY	✓	✓	✓	No	✓	No	4
Czech Republic	CZ	✓	✓	✓	✓	✓	✓	6
Denmark	DK	✓	✓	✓	✓	✓	✓	6
Estonia	EE	✓	✓	✓	✓	No	✓	5
Finland	FI	✓	No	✓	✓	No	✓	4
France	FR	✓	✓	No	✓	No	No	3
Germany	DE	No	No	No	✓	✓	No	2
Greece	GR	✓	✓	✓	✓	✓	✓	6
Hungary	HU	✓	✓	✓	✓	✓	✓	6
Ireland	IE	✓	✓	✓	✓	✓	✓	6
Italy	IT	✓	No	✓	✓	✓	✓	5
Latvia	LV	✓	✓	✓	✓	✓	✓	6
Lithuania	LT	✓	No	✓	✓	✓	✓	5
Luxembourg	LU	No	No	No	No	✓	No	1
Malta	MT	No	✓	✓	✓	No	✓	4
Netherlands	NL	✓	No	✓	✓	No	✓	4
Poland	PL	✓	✓	✓	✓	No	✓	5
Portugal	PT	✓	✓	✓	✓	✓	✓	6
Romania	RO	✓	No	✓	✓	No	No	3
Slovakia	SK	✓	✓	✓	✓	No	✓	5
Slovenia	SI	No	✓	✓	No	No	No	2
Spain	ES	✓	✓	✓	✓	✓	✓	6
Sweden	SE	✓	No	✓	✓	No	✓	4
United Kingdom	UK	✓	✓	No	✓	✓	✓	5
<b>Number of countries</b>	<b>28</b>	<b>23</b>	<b>17</b>	<b>23</b>	<b>24</b>	<b>17</b>	<b>20</b>	

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<sup>1</sup> In this table, a dimension is defined to be covered for a country if at least one expert has given at least one answer for the respective dimension and country. Data disseminated at [www.social-inclusion-monitor.eu](http://www.social-inclusion-monitor.eu) may deviate due to stricter evaluation rules applied in a forthcoming quantitative analysis of the survey results.



## Appendix II: Structure of the Expert Survey Questionnaire

### Example for Dimension of Poverty:

**Sub-dimension: Children and Young People:** Children and young people are more at risk of poverty than the overall population in the EU. The current financial and economic crisis is having a serious impact on children and young people, with a rise in the proportion of those living in poverty.

**povchild:** During the last year has there been a current clear strategy promoted by the government in your country addressing child and young people's poverty?

Yes. (1)

No, this is not necessary because this issue is not a problem in my country. (2)

No, this type of intervention occurred more than a year ago. (3)

No, this is an issue of concern in my country, but no policies have been developed. (4)

Don't know. (-99)

**povchild\_success:** How successful have these strategies been in improving the well-being of all children and young people?

- » Extremely successful, the government has clear strategies to prevent and combat child and young people's poverty and these are achieving the expected goals. (2)
- » Fairly successful, the government has clear strategies in place to prevent and combat child and young people's poverty, but they are still at an initial stage and/or have only achieved partial result. (1)
- » Neutral / Does not apply to the government in my country. (0)
- » Not very successful, the government has clear strategies in place to prevent and combat child and young people's poverty, but not all of them are effective. (-1)
- » Extremely unsuccessful, the government does not have clear strategies in place to prevent and combat child and young people's poverty. (-2)

**povchild\_info:** Please provide any additional information about the quality of this strategy in the text box below. If possible, offer comments on whether the levels of child poverty increased/decreased in your country.

The complete questionnaire, summary tables as well as anonymised survey data will soon be available at [www.social-inclusion-monitor.eu](http://www.social-inclusion-monitor.eu).





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