RETHINKING SOCIAL AND WELL-BEING POLICIES IN THE EUROPE (POST-) 2020 STRATEGY

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MANY BASIC FACTS CLEAR

- The absence of growth & its labour market effects
- Widening of income inequalities
 - Both within and between EU Member States
 - Link to household propensity to work crucial
- New risks from aftermath of crisis
 - Overall capacity for growth diminished
 - Upsurge in migration from under-performing regions
 - Could weaken medium-term growth potential
- Specific challenges, such as:
 - Lower education spending in some countries
 - But changing: more on tertiary, and in some, on LLL

BENIGN ECONOMY SCENARIO

MARKET OPPORTUNITIES
Raises incomes, generates jobs
Diffuses capital & technologies

LABOUR MARKETS EFFECTS
Stimulates new skills
Encourages better quality

Virtuous cycles
leading to enhanced
capacity for choices:
Positive interdependence

SOCIAL PROTECTION
Becomes easier to afford
More choices enabled

Facilitates poverty reduction Eases pressures of inequality

MALIGN ECONOMIC SCENARIO

INTENSIFIED COMPETITION
Dislocations in economies
Job losses; new spatial
problems; squeezed profits

Redundancy of skills base Hysteresis effects Push factor on migration

LABOUR MARKET EFFECTS



Imbalances are aggravated, zero or negative sum outcomes

SOCIAL PROTECTION

Diminished capacity to cope

Emergence of new problems

Alternative support weakens



Social cohesion and social sustainability are undermined, potential 'races-to-the bottom'

- The Reframing of EU Social Policy: The Case of the Europe 2020 Poverty Target
- A distance-to-target weighting method for Europe
 2020
- A wind of change? Reforms of Tax Systems since the launch of Europe 2020
- Economic governance in **Europe 2020**: socialising the European Semester against the odds?
- Prospective analysis of the flows of certain rare earths in Europe at the 2020 horizon

EUROPE 2020 IN ECONOMIC GOVERNANCE

SEMESTER AND CSRs

ENERGY

TTIP

FIVE PRESIDENTS' AGENDA FOR EMU

JUNCKER

PLAN: EFSI

COP 21 & FOLLOW-UP

DIGITAL SINGLE MARKET

EUROPE 2020: MISSING IN ACTION; PRESUMED...?

APPROACH TO COORDINATION

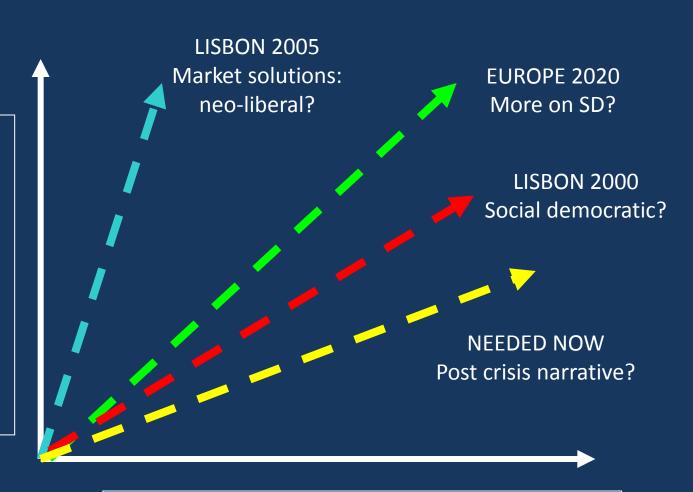
- Efficacy of the governance model
 - Guidelines > plans > recommendations formula
 - Do governments take note?
 - Does it make any difference to policies adopted?
- Ascendancy of the semester process
 - Shifts focus to shorter term and macroeconomics
 - Yet even here, how useful are CSRs?
- The risk that process overshadows content
 - Compliance and appropriateness can be in conflict

AIMS OF CO-ORDINATION

ECONOMIC TARGETS

> Wealth creating

(Growth, competitiveness & employment)



QUALITY OF LIFE/DISTRIBUTIVE AIMS

(Environment, social inclusion)

FOUNDATIONS FOR A RESPONSE

- Reconciliation of equity and efficiency goals
 - A familiar dichotomy, but rarely settled
- The four objectives of ILO decent work agenda
 - Promoting employment
 - Enhanced social protection
 - Social dialogue
 - Rights of workers, but perhaps extend the notion
- Sustainability in its various forms
 - Ecological, but also social, fiscal and macroeconomic
 - Suitable metrics of well-being beyond GDP

SOCIAL INVESTMENT AS AN ANSWER?

- Increasingly visible in EU welfare state
 - Though not always using this term
- Links to Sen's notion of capabilities
 - Targeted at human and social capital
- Key element is early intervention
 - Future difficulties forestalled
- Empowerment through activation
 - The example of child-care
- Criticised for cost, poor targeting & crowding-out

THE HARD REALITIES OF 'STRATEGIES' A 'RIO' FORMULA

- Relevance and how to instil it
 - Propensity to state the obvious
 - Also the unrealistic: remember the 'Lisbon' aspiration...
- Implementation
 - Administrative and managerial imperatives
 - Too often neglected, yet critical for implementation
 - The persistent challenges of achieving 'ownership'
- Outcomes have to be tangible and 'SMART'
 - Specific, measurable, attainable, relevant and timely

EVALUATING POLICY INTERVENTIONS

INPUTS

- Spending, e.g on R&D
- Public investment
- Regulatory innovation

OUTCOMES

- Human capital
- Jobs & productivity
- Lower inequality

DIRECT OUTPUTS

- Patents or similar
- Scores, e.g. PISA
- New infrastructure

UPWARD CONVERGENCE

CONCLUDING REFLECTIONS

- Lack of growth having a debilitating effect
 - But social conditions will take time to improve
 - Accentuating political risks, including 'reform fatigue'
- New economic governance framework
 - Emphasises stability over solidarity
 - Lacks EU cross-border commitment
 - Stresses compliance, but neglects appropriateness
- An underlying narrative will be needed
 - Will determine future logic(s) of intervention
 - What are the most pressing concerns of policy-makers?

"For every problem there is a solution which is simple, obvious....and wrong"

Attributed to Albert Einstein