





Social Policy in the EU – Reform Barometer 2016

Social Inclusion Monitor Europe

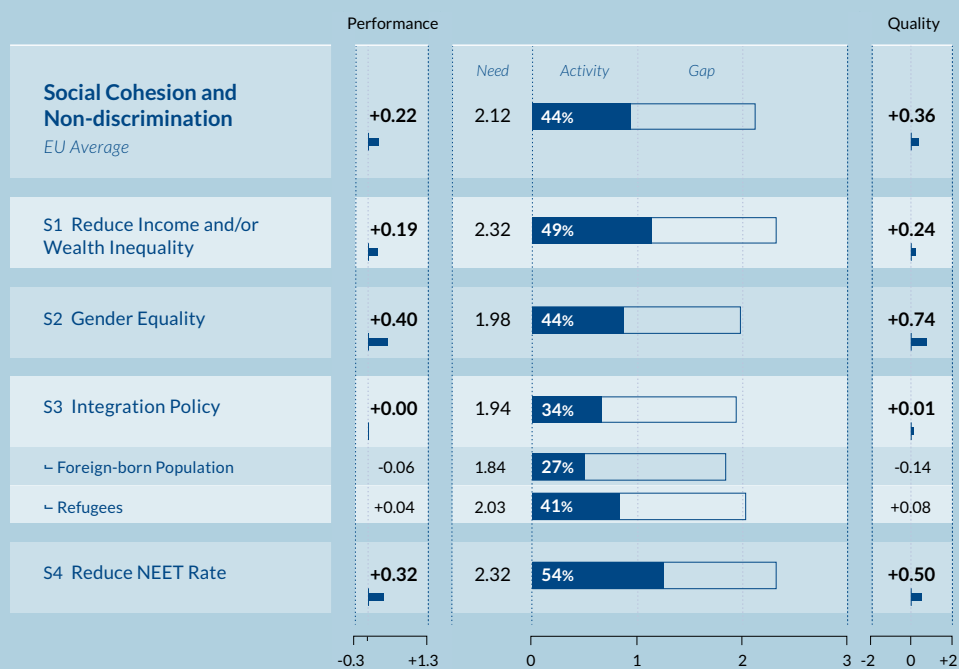
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Findings by Dimension

Social Cohesion and Non-discrimination

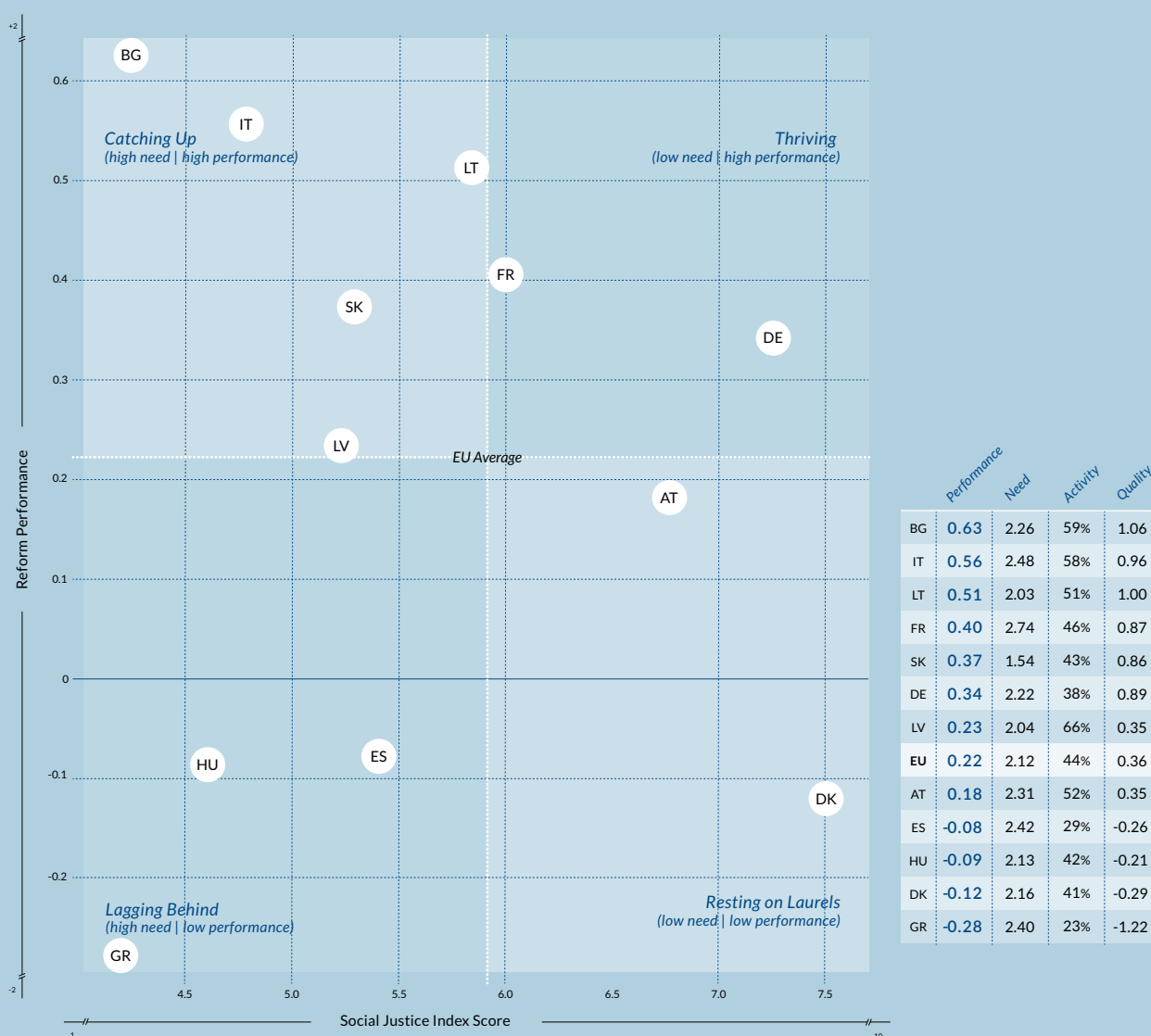
Overview of Policy Objectives and EU Average Scores



NOTABLE FINDINGS

... for the EU as a whole

- This dimension displays the lowest reform quality in the EU and the widest range of quality scores across countries.
- Concerning the need for reforms, policy objectives can be split into two groups: The reduction of economic inequality, the integration of refugees, and the reduction of NEET rates received significantly higher scores. Gender equality and the integration of the foreign-born in general received lower scores, with exceptions to the latter being Hungary (for gender equality) and Denmark (for integrating the foreign-born).
- The reduction of NEET rates is addressed most actively, and gender equality most effectively.
- Integration policies targeting foreign-born citizens were the least actively and effectively addressed policy goals by far (positive exception: Italy).



... for selected countries and regions

- France has markedly the highest reform need, according to the experts. It is followed by Italy, Spain and Greece. While France and Italy have shown good reform performance in response, Greece ranks last in this respect.
- The need to reduce income or wealth inequalities is particularly strong in the Baltic states (insufficient data for Estonia), Southern Europe, the United Kingdom, France and Germany. Among these, the level of reform activity is above average only in Italy, Latvia, Lithuania and Portugal.
- Sweden is the most active member state when it comes to social cohesion policy. In particular, while it was highly active in combatting economic inequality, Denmark shows very little activity in this respect.
- Austria and Denmark show a similar pattern concerning their integration policies: Both countries receive high need scores and have relatively high activity rates, but they fail to address the challenges effectively.

SOCIAL COHESION AND NON-DISCRIMINATION: A LOT OF TALK, BUT NOT MUCH ACTION ON EQUAL OPPORTUNITY FOR ALL

by *Torben M. Andersen and Christian Keuschnigg*

1 Introduction: Social cohesion

There is widespread concern that social cohesion is threatened by societal changes, in particular, that the consequences of technological changes, globalisation, migration and other trends are not being fairly shared – with some experiencing new opportunities and significant gains, while others are bearing the costs and facing the risk of becoming marginalised. Visible signs include increasing income inequality and poverty rates as well as social barriers to education, segregation of neighbourhoods etc. The concern is that such divergences may threaten social cohesion to such an extent that societies will become more fragmented and politically unstable. Accordingly, social cohesion has become more important in policy debates on a par with more technical discussions on the specific design of tax systems, social safety nets, labour market policies etc. A clear sign of this is that major international organisations – including the World Bank, IMF and OECD – have brought these issues to the fore. The EU has made social cohesion part of the Treaty¹ (see next section).

Given these developments, it is immediately apparent that social cohesion is a normative concept. It is only meaningful in a given societal context and depends on the values, norms and institutions that are considered essential and worth preserving in any society. The significance and understanding of social cohesion may thus differ across societies. At the same time, it is a broad and somewhat loose concept. It is hard to be against social cohesion, but it is even harder to define it precisely.

The concept of social cohesion has its roots in sociology and applies both at the ‘micro’ level to specific groups and at the ‘macro’ level in relation to societies/nations.² At an individual level, cohesion relates to friends, neighbourhoods, colleagues, job opportunities etc. that are important for individual options, choice possibilities and, ultimately, well-being. At the national level, the same issues matter but in broader terms regarding the opportunities and possibilities for all inhabitants. Nationwide cohesion thus affects how society performs in general and whether it embraces and creates an identity and sense of ‘belonging’. At the level of society, cohesion is often discussed with respect to threats arising from changes or transformations in societal or economic structures. The notion of social cohesion thus explicitly builds on the recognition that individuals are interdependent in a way going beyond the (non-personal) interaction in economic markets. At the core of the concept is thus a two-way interaction: social cohesion affects individuals, and individual behaviour and attitudes determine social cohesion.

Both the academic literature and policy-oriented reports have featured various definitions of social cohesion, but no universal definition exists. The OECD (2012), for example, defines a cohesive society as one which “works towards the well-being of all its members, fights exclusion and marginalisation, creates a sense of belonging, promotes trust and offers its members the opportunity of upward social mobility.” This definition, and the discussion and

¹ Articles 3, 174 and 175 of the Treaty on the Functioning of the European Union.

² For an overview of different definitions and references, see e.g. Norton and de Haan (2013).

literature more broadly, also shows that concepts like social cohesion, social capital, trust, social inclusion/exclusion and social mobility are related and often used interchangeably. Social Cohesion and Non-discrimination are thus closely related to the other dimensions included in this report: Poverty Prevention, Equitable Education, Labour Market Access and Health.

Societal changes typically create winners and losers, which implies that social cohesion is associated with a shared responsibility to share costs and benefits, that is, an explicit recognition of mutual responsibility. Larger economic reforms, such as free trade agreements or pension and tax reforms, entail structural adjustments and thus well-defined gains and costs for different parts of society. They generate heated debate and opposition in some countries, but less so in others. The ability to navigate societal changes in a way considered fair and all-embracing is thus closely related to the notion of social cohesion. A society with little cohesion is likely to be more segregated and conflict-ridden, whereas more cohesion is conducive to a more consensus-driven approach.

Social cohesion is closely related to equality of opportunity and social inclusion designed in the sense of ensuring that all have the same opportunities to take part in the activities of society. Social inclusion respects individual choices, views and differing personal characteristics and priorities in life, but it stresses the importance of ensuring the same set of opportunities for all (or capabilities as defined by Sen 2009). Education is a classic example of an area where equality of opportunity is crucial, both as a value in itself for individual life options and for society in terms of utilising the human capital potential and, in turn, affecting growth and living standards. Equal opportunities apply not only to the formal possibilities (*de jure*) of, for example, entering education for given abilities, but also to the actual possibilities (*de facto*) where social background factors can be a deterrent affecting both entry and performance. Similarly, equal access to health care and social protection are considered essential. Universal access to such basic services is often seen as a precondition for equal opportunities. These issues bring forth that the concept of social cohesion is context-dependent, as the provision of such services crucially depends on welfare state arrangements.

Discrimination is a visible sign of the violation of equality of opportunity; access to jobs or participation in various activities in society is barred based on gender, religion, ethnicity etc. The gender issue of 'equal pay for equal work' is a challenge in all EU countries, as is the issue of equal gender possibilities for job-promotion, leading positions in business and politics etc. In a number of countries, there is increasing concern about intergenerational equity and the problem of 'lost generations', or young cohorts having difficulties finding jobs, accommodation etc. (see e.g. Andersen et. al. 2016). Such a divide may challenge the social contract. Increasing immigration flows obviously change the demographic structure and raise difficult questions about social inclusion. The labour market position of refugees and immigrants from low-income countries is a critical issue. In most countries, employment rates for these groups are significantly below the national averages. While cultural differences (gender roles) and education can explain some of these differences, there is concern that these groups are discriminated against and thus marginalised.

The concept of social cohesion is subject to some caveats. First, it can be associated with a status quo bias where all changes in society are viewed as threats to social cohesion and are therefore to be avoided. Second, it may be

interpreted as implying that homogeneity across the population is desirable based on the premise that this would automatically foster cohesion. But cohesion does not really become an issue unless there are differences across individuals and groups in society. Social cohesion is intimately related to societal changes and the need to cope with such changes in a way that encompasses the entire population. Likewise, equality of opportunity relates to the choice set, and not to the actual choices or behaviours made by particular individuals and groups which might subsequently lead to (voluntary) inequality and heterogeneity.

Social cohesion is not readily measurable or quantifiable. To assess the extent of social cohesion – or, perhaps more importantly, possible trends – it is necessary to resort to various indicators either in the form of hard data or survey results.³ Examples of such material and non-material indicators are measures of poverty, marginalisation in the labour market, the role of social background factors in education, civic participation in elections and social activities, as well as surveys on material deprivation, living conditions, trust etc. No definitive list is possible, and a wide variety of indicators are used in the debate. The difficulty of measurement opens up room for discussion and leaves ambiguities. Such difficulties, however, should not be an argument against attempts to assess aspects of social cohesion, but rather remind us that such indicators should be interpreted cautiously. They may be correlated with aspects of social cohesion, but they may not tell us much about causality.

Related to these measurement issues, there is no one-to-one mapping between aims to improve social cohesion and well-defined policy instruments or possible initiatives. It is easier to say when social cohesion is low or high than it is to say how it can be improved. There are clear differences in a cross-country perspective, but disentangling how they depend on specific institutions, policies or historical trajectories is difficult, if not downright impossible.

The rest of this chapter is organised as follows: Section 2 proceeds by shortly describing EU activities in the area of social cohesion and non-discrimination. Sections 3 and 4 report the results of the expert survey across member states and policy objectives, which assesses reform activity for the period between July 2014 to January 2016. Section 5 discusses the findings, and Section 6 offers a brief conclusion.

2 EU activity in the field

The Treaty on the Functioning of the European Union (TFEU) explicitly recognises the importance of cohesion and makes it a policy objective to strengthen it, stating (Article 3, 174): “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.”

The treaty stipulates that it is the responsibility of member states to conduct their economic policies and coordinate them so as to support these objectives. The European Commission is required to report every three years on the progress made towards achieving economic, social and territorial cohesion.

The Treaty of Rome already embraced social and employment issues, and contained articles on discrimination and gender equality. While initially fo-

³ An example is the EU-SILC survey-based statistics on income and living conditions in EU countries; see <http://ec.europa.eu/eurostat/web/income-and-living-conditions/overview>.

cusing mainly on free mobility and the common market, initiatives have more recently turned to employment and social issues more broadly defined. Social policy is defined by the EU social acquis (Treaty provisions, regulations, directives, decisions, European Court of Justice case law and other Union legal measures, both binding and non-binding; see European Commission 2016). Social policy at the EU level mainly relies on the ‘open method of coordination’ (OMC), which focuses on benchmarking, target-setting and mutual learning processes. The main responsibility lies within the member states (subsidiarity principle). However, the EU has law-making competence to adopt directives, but it is limited by the principle of ‘shared competence’ and can only establish minimum requirements. There are such directives in the area of working environment and access to work (e.g. on equal treatment in the workplace, reconciling family and professional life, the protection of health and safety), collective labour relations (e.g. worker representation, information and consultation, collective redundancy, restructuring of enterprises), and a few on social protection (social security, coordination, equal treatment within social security and social integration). A wide range of social rights and principles are defined in the EU Charter of Fundamental Rights.

Social issues and questions form part of the EU’s 10-year growth strategy, Europe 2020. The overall aim is for the EU to become “a smart, sustainable and inclusive economy”. The strategy includes specific targets for the EU as a whole, but also translates these into country-specific ones. Targets related to employment and social conditions to be reached before 2020 include: I) Employment: 75 percent of 20- to 64-year-olds to be employed; II) Education: a) reducing the rates of early school leavers below 10 percent, b) at least 40 percent of 30- to 34-year-olds completing tertiary education; and III) Poverty and social exclusion: at least 20 million fewer people in or at risk of poverty and social exclusion. Each member state is supposed to adopt its own strategy to reach these targets and may set additional ones.

As a result of the so-called Five Presidents’ Report (Juncker et al. 2015), there is an ongoing process to develop a social pillar for Economic and Monetary Union (EMU) countries. Other EU countries can opt to join in. In his 2015 State of the Union speech (Juncker 2015), Jean-Claude Juncker said that the objective was to have Europe aim to earn a “social triple-A”, adding: “I will want to develop a European Pillar of Social Rights, which takes account of the changing realities of the world of work, and which can serve as a compass for the renewed convergence within the euro area.”

Table S1 provides statistics related to aspects of social cohesion, such as income inequality, gender pay, employment rates for natives and immigrants, early school leavers, and youths not in employment, education or training (NEETs). The table points to substantial heterogeneity across EU countries. Wage inequality (measured by the ratio of total income of the highest/lowest quintile) for people under 65 is lowest in Finland, where the top 20 percent earn on average 3.7 times as much as the bottom 20 percent of the people, while Romania records the highest ratio, equal to 7.7. For people aged 65 and older, the income ratio varies between 2.3 in Slovakia and 4.9 in Portugal. The gender wage gap varies between 3.2 percent of the average wage in Slovenia and 29.9 percent in Estonia. Across countries, there is no clear relation between income inequality and the gender wage gap. In most countries, the employment rate for native-born people exceeds that for foreign-born (largest gap is for Sweden, with 17.8 percentage points), but it is

Table S1

Cross-country comparison of social cohesion in the EU-28

	GDP	Income ratio <65	Income ratio ≥ 65	Gender pay gap	Employment rates (native)	Employment rates (foreign)	Early school leavers	NEETs
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
LU	87,600	4.5	3.7	8.6	63.7	69.7	6.1	7.4
DK	46,200	4.2	3.8	16.4	73.8	63.4	7.8	8.7
SE	44,400	3.9	3.5	15.2	76.2	58.4	6.7	10.3
IE	41,000	4.9	4.2	—	61.8	61.4	6.9	22.1
NL	39,300	3.9	3.4	16.0	73.9	60.5	8.7	7.8
AT	38,500	4.2	4.0	23.0	72.3	63.6	7.0	9.1
FI	37,600	3.7	3.2	18.7	69.2	56.7	9.5	13.1
DE	36,000	5.4	4.2	21.6	75.1	62.8	9.5	9.5
BE	35,900	3.9	3.0	9.8	62.9	53.7	9.8	18.0
UK	34,900	5.2	4.2	19.7	72.2	69.4	11.8	18.5
FR	32,200	4.2	4.5	15.1	64.6	52.5	9.0	15.9
EU	27,500	5.5	4.1	16.3	65.2	59.8	11.2	18.0
IT	26,500	6.3	4.4	7.3	55.4	58.5	15.0	32.0
ES	22,400	7.5	4.3	19.3	56.6	50.9	21.9	26.3
CY	20,400	5.4	4.8	15.8	60.8	68.2	6.8	28.4
MT	18,900	4.2	3.2	5.1	62.5	61.1	20.3	9.7
SI	18,100	3.7	3.5	3.2	64.2	55.0	4.4	13.7
PT	16,700	6.6	4.9	13.0	62.7	59.4	17.4	20.5
EL	16,300	7.3	4.1	—	49.3	50.4	9.0	31.6
EE	15,200	7.1	3.3	29.9	70.3	65.3	11.4	16.2
CZ	14,700	3.7	2.4	22.1	68.9	74.1	5.5	13.7
SK	13,900	4.2	2.3	19.8	60.9	78.3	6.7	20.4
LT	12,400	6.6	4.0	13.3	65.6	72.4	5.9	18.0
LV	11,800	6.9	4.3	14.4	67.0	61.9	8.5	18.3
PL	10,700	5.2	3.4	6.4	61.7	66.0	5.4	19.4
HU	10,600	4.7	2.8	18.4	61.7	71.2	11.4	22.6
HR	10,200	5.2	4.5	7.4	54.6	40.1	2.7	25.2
RO	7,500	7.7	4.8	9.1	61.0	—	18.1	22.6
BG	5,900	7.6	4.2	13.5	61.1	52.1	12.9	26.3

Eurostat 2016

(1) GDP per capita, 2014, in euro

(2) Ratio of total income highest/lowest quintile, 2014, for people younger than 65

(3) Ratio of total income highest/lowest quintile, 2014, for people 65 years and older

(4) Gender pay gap in percent of average wage, 2013

(5) Employment rates, 2014, native-born people aged 15–64

(6) Employment rates, 2014, foreign-born people aged 15–64

(7) Early leavers from education and training, 2014, percent of population aged 18–24 with at most lower secondary education and not in further education or training

(8) Young people not in education, employment or training

negative in a few countries (–17.4 percentage points in the case of Slovakia). The share of early school leavers varies between 2.7 percent in Croatia and 21.9 percent in Spain, while the NEET rate varies between 7.4 percent in Luxembourg and 32 percent in Italy. Surprisingly, there is no strong correlation between the share of early school leavers and the NEET rate. Overall, there is substantial heterogeneity in country performance, and performance could be improved along one or several dimensions in all countries.

3 Survey results across member states

Figure S1 a and b give a first overall picture aggregated across all four policy objectives and over the entire EU-28. It reports the shares of specific expert ratings among all responses, excluding those who stated ‘don’t know’ and thus did not provide an informative evaluation. The survey finds that 78 percent of European experts identified a ‘strong’ need for reform, implying that only 22 percent see either no need at all or little need for reform. Out of these 78 percent, a very substantial share of 44 percent marked a ‘very strong’ need and thereby expressed a degree of urgency. In contrast to the high perceived need for reform, experts seemed to consider actual government reform activity to be lacking since only 44 percent recognised at least some reform activity while 58 percent were unable to identify any meaningful government action. Experts also seemed to be only moderately optimistic about expected reform outcomes. About 55 percent expected positive effects with regard to social cohesion and non-discrimination, including only 6 percent that expected strongly positive effects.

Not surprisingly, expert ratings vary substantially across countries, reflecting the large differences in the economic and social situation in the aftermath of the 2008 crisis, different welfare state arrangements, different role models regarding the position of women in society, and different exposure to migration and refugee flows. To draw an overall picture, Figure S2 reports averages over all four policy objectives. In the EU-28, 78 percent of experts believed that the current situation needs a strong or even very strong improvement. The variation of country-specific ratings is somewhat surprising, however. Clearly, one would expect that the need for reform is perceived to be highest in member states which suffer from higher average youth unemployment and which have had to substantially tighten social spending to achieve fiscal consolidation targets. Accordingly, experts perceived the greatest urgency in Cyprus, Greece, Portugal and Spain, where Greece is only marginally above the European average. Italy and France might also fit into this category owing to their persistent structural problems, high unemployment and ongoing fiscal imbalances requiring further budget tightening. Even more surprising is the sense of urgency felt in the Nordic countries as well as in Austria and Germany – in total contrast to the relatively relaxed attitude in Eastern Europe.

One might speculate that high levels of income create even higher expectations with regard to welfare state solidarity and the level of social cohesion. Lower income and higher unemployment do not necessarily stand in the way of social cohesion. Family values and solidarity within the family might substitute for some of the shortcomings in the public safety net. The

Figure S1 a

Summary of expert ratings on average and across policy objectives. Averages across 28 EU member states (in percent)

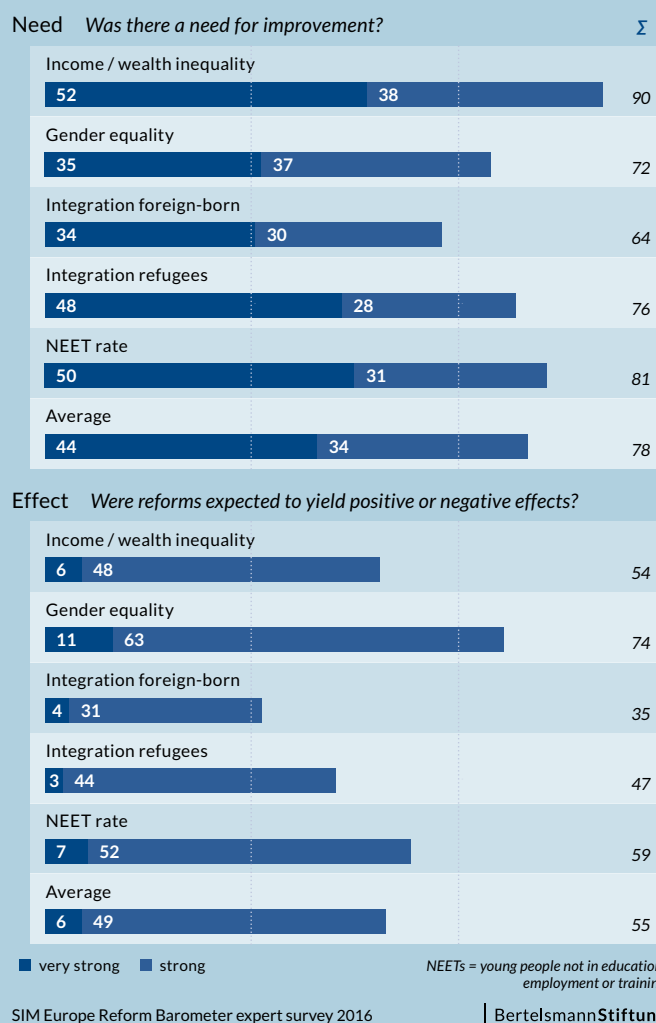
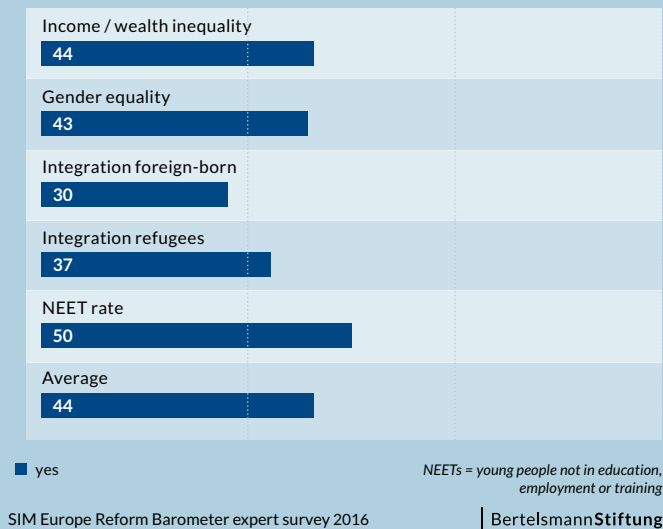


Figure S1b

Summary of expert ratings on average and across policy objectives.
Averages across 28 EU member states (in percent)

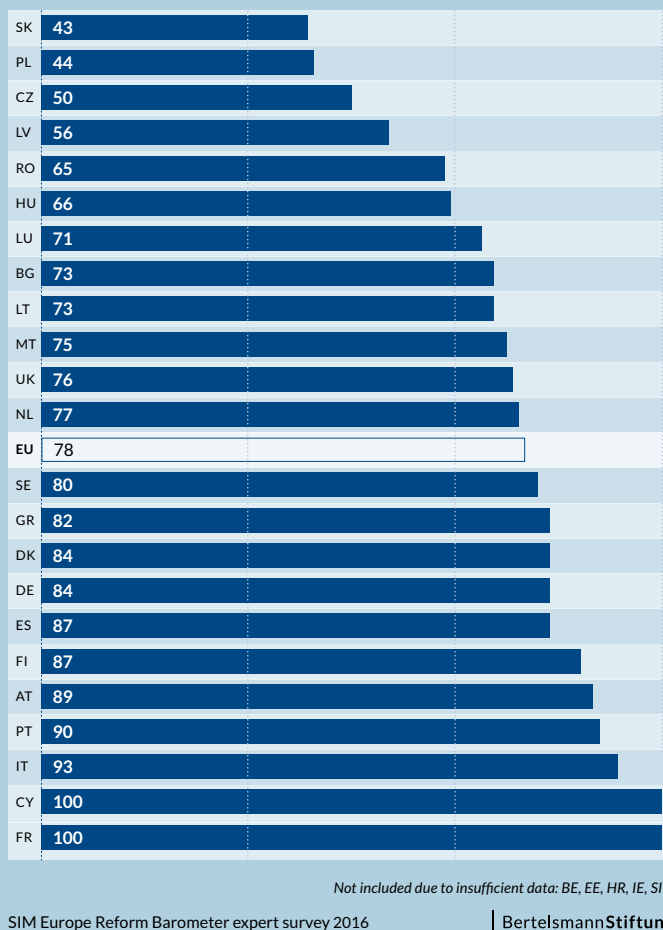
Activity *Were there any policy reforms?*



role of women in society might be perceived positively or negatively irrespective of the state of economic development. A dynamic economic performance tends to create new opportunities and hopes for a better future even if starting from disadvantageous initial conditions. The participation in schools, the expectation of rising living standards, and the chances of upward social mobility might lead to a less dramatic perception of dreadful current conditions so that countries (e.g. Ireland and many Eastern European member states) perceive a need for reform that is well below the EU average. Social cohesion, non-discrimination and togetherness do not seem to be very closely related to income levels and generous social spending. An average picture, however, hides important differences across the separate policy objectives of social cohesion and non-discrimination. For a fuller understanding of country variation, the next section thus investigates survey results separately for each policy objective.

Figure S2

Need for improvement in social cohesion and non-discrimination policies, strong and very strong (in percent)



4 Survey results across policy objectives

The degree of social cohesion and non-discrimination is a multifaceted concept which is best measured along several dimensions and policy objectives. The SIM Europe Reform Barometer lists four policy objectives: S1 Income and/or wealth inequality; S2: Gender equality; S3: Integration policy, differentiated by foreign-born population and refugees; and S4: Young people not in education, employment or training (NEETs). The survey also invited open comments on social cohesion in general and with respect to each of the four policy objectives. Some of them are more widely relevant. For example, an Austrian expert noted that strong anxiety and fear of change, coupled with a tendency to ignore conflicts and refrain from confronting problems, seem to immobilise society. Another expert noted that the labour market and social reforms of the early 2000s in Germany resulted in more low-paid and temporary jobs as well as in lower pension and unemployment benefits. Social cohesion thus suffers from the inability to stabilise the economic and social situation of the middle- and low-income groups and to prevent growing inequality. An expert from Greece simply claimed that the situation is out of control. Italy lacks a coherent strategy regarding its

NEETs, and needs decisive action to fight fiscal evasion and the black labour market. These phenomena also result in unreliable data about the income distribution. An expert from Malta criticised that single mothers and women suffering from domestic violence are never targeted as a group, and further noted that more needs to be done to help sub-Saharan migrants and Syrians fleeing war. Another expert found that Romania urgently needs reforms to promote more social cohesion which would also take into account the European context of labour mobility. Such concerns for social cohesion and non-discrimination are further explored in the following discussion of the four policy objectives.

4.1 Income and wealth inequality

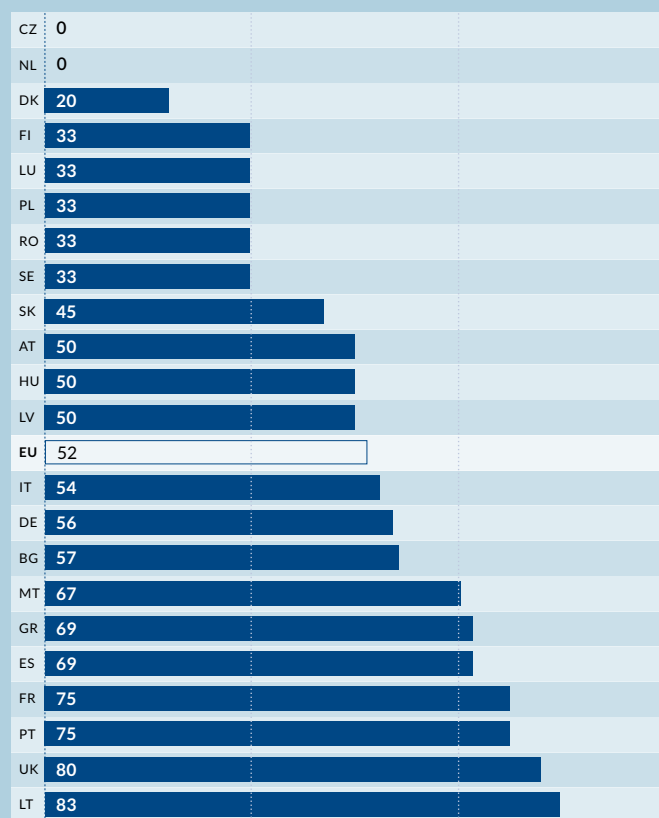
Of all 170 experts out of 1,058 who answered on this first policy objective without providing a 'don't know' response, 90 percent⁴ perceived a strong need, and 52 percent even perceived a very strong need for improvement. Figure S3 shows large variation across member states.⁵

Not surprisingly, the perceived need for reform towards a more equal distribution is clearly above average in crisis countries (e.g. Greece, Portugal and Spain), where low- and medium-income households were particularly hard-hit by austerity measures to contain public-sector indebtedness. Inequality is a very high concern in the UK, where 80 percent of experts perceived a very strong need for improvement, and in France, where 75 percent expressed the highest urgency. Austria, Germany and Italy are about average. Interestingly, inequality is perceived as less of a problem in most Eastern European member states, where ratings are significantly below the EU-28 average or at most close to it. Figure S3 indicates little urgency for reform in more egalitarian countries, such as the Netherlands and the Nordic states.

A policy area with a strong need for improvement should receive more attention and priority among policymakers and trigger more reform activity. Experts, however, are somewhat pessimistic on that front. In the entire EU-28, only 44 percent recognised some reform activity, with substantial variation across countries. There may be several reasons for this. Reform often comes discretely and infrequently so that a short time period cannot capture a country's true activity over a longer period of time. For example, no concrete reform might have been introduced during the reporting period even

Figure S3

Need for very strong improvement regarding income equality (in percent)



Not included due to insufficient data: BE, EE, HR, IE, SI

SIM Europe Reform Barometer expert survey 2016

BertelsmannStiftung

⁴ Here and in the remainder of this chapter, this percentage includes all respondents who indicated that they expect a positive or a strongly positive effect of reforms.

⁵ In 12 member states, 100 percent of the experts' rating indicated a 'strong' or 'very strong' need for improvement, giving a high cross-country average of 90 percent with little variation. For this reason, Figure S3 only plots 'very strong need'. In general, we include all answers when calculating Europe-wide averages, but we do not individually plot and discuss countries with fewer than three expert ratings.

though the government was heavily engaged in expert hearings, investigations and negotiations to prepare a new tax and social security initiative to be launched later. Distributional policies tend to be ideologically more divisive than other areas of government responsibility. Even if governments recognise a need for reform, they might not be able to push it through in an increasingly fragmented and politically divided landscape. In fact, an unequal distribution of income and wealth could be an indicator of low social cohesion and a lack of inclusiveness, which tends to reduce a country's ability to forge social compromise. Reforms get blocked.

After answering questions with regard to need and activity, a significant proportion of experts declined to evaluate the effect of policy reform. Out of the much smaller number of answers, a mere 6 percent reported a strong positive effect and only 54 percent⁶ indicated a positive effect. On average, experts pointed not only to a dearth of decisive action, but also to the limited nature of reforms which tend to only result in a minor change.

Several survey participants added written comments. Instead of being confined to income and wealth distribution and the tax transfer mechanism, they also extended to other aspects of social cohesion and non-discrimination. In general, many experts echoed political difficulties in implementing reform and often viewed enacted measures as rather limited. Obviously, tax reform is almost always confronted with difficult equity/efficiency trade-offs.⁷ Austria enacted an income tax reform in 2015 with some complementary measures; it was long overdue but is expected to be unsustainable and have little impact. According to expert opinion, higher capital and wealth taxes plus a general inheritance tax would be needed. French experts similarly noted a need for fiscal reform to redress wealth inequality. A German expert recommended significant inheritance and wealth taxes accompanied by a reduction in taxes on wages. Italy introduced an €80 monthly bonus for employees earning less than €24,000 gross per year, which became permanent with the Finance Act of 2016. Experts called for lower taxes on labour combined with more tax on rental income and financial transactions. The effect on inequality is expected to be small because measures are not universal, the sums involved too small, and money transfers less effective than service provision.

Latvia enacted a progressive income tax reform in 2015 to be introduced in 2016. The reform is considered to be very complicated and with a high administrative burden, especially for people with low incomes. An increase in the non-taxable minimum income (tax threshold) might have been more useful for low-income earners. Danish experts emphasised that, despite rising inequality, the rich get tax breaks while support for the poor is tightened in order to "prepare them for the labour market". A similar tendency was noted in the UK, where relief for the low-paid was always matched with tax cuts for the wealthier. Finnish experts reported cuts in social benefits with simultaneous reductions in company and income taxes, and expected these policies to increase rather than reduce income inequality. Tighter regulation on offshore companies and various tax havens would be required in Greece. In the same vein, a Slovakian expert called for an end to exemptions, loopholes and tax vacations for companies to achieve more effective taxation of

⁶ Here and in the remainder of this chapter, this percentage includes all respondents who indicated that they expect a positive or a strongly positive effect of reforms.

⁷ In the following, all references to specific reforms are based on expert statements rather than on independent analysis of new legislation in individual countries.

the most affluent groups. Similarly, an expert from Spain pointed out that combatting tax fraud and imposing higher taxes on large fortunes would be necessary. Based on the idea of ‘flexicurity’ and of making work pay, social transfers are sometimes targeted towards the working poor. An expert from Malta mentioned that in-work benefits and a tapering of benefits are good measures for those able to enter the labour market, but that the drawback is that those unable to do so for reasons of mental health, addiction and care for young dependent children will become poorer. A number of experts also refer to the choice of monetary versus in-kind transfers as instruments of protection. Italy, for example, introduced a family card for Italians and legally resident foreigners with more than three dependent children, entitling them to discounts for goods and services. A German expert suggested massive expansion of public transport.

In addressing income and wealth inequality, experts also pointed to the importance of complementary policy measures that go beyond taxes and social benefits, especially to target certain problem groups. To protect the working poor and groups without a regular income, a number of experts referred to minimum wages or minimum income policies. Slovakia increased the monthly minimum wage from €380 in 2015 to €405 in 2016. In Germany, too, a statutory minimum wage has been in force since autumn 2015, albeit with wide-ranging exceptions. Equal pay policy is a related instrument. A Spanish expert identified a need to equalise real wages between men and women as well as between native- and foreign-born people. An Austrian expert also noted a serious gap in gender-related incomes. A French respondent similarly demanded more progress on equal pay policy for women as well as for ethnic and racial minorities to reduce wage gaps in both the private and public sectors. Malta adopted a directive on equal pay for equal value. Germany imposed a quota for women on company supervisory boards in autumn 2015, although the quota is rather modest for DAX enterprises (30 percent) and only voluntary for other firms.

General non-discrimination could also contribute to more equality in income and wealth. An Austrian survey participant criticised a relatively weak implementation of EU anti-discrimination directives regarding gender, ethnicity, religion, sexuality, age and disability since the early 2000s. It was also noted that a better integration of refugees and asylum-seekers with respect to language, housing and labour market access would be required. An expert argued that the Czech Republic should show more progress on anti-discrimination legislation and consistent enforcement of it. In Finland, a new act on non-discrimination came into effect on 1 January 2015 and is useful in enlarging the realm of non-discrimination from gender to a wider range of areas, including nationality, language, religion, family status, disabilities and sexual orientation. Authorities, education providers and employers must now conduct an equality assessment. Hungary established an equal opportunity office but needs to do more to fight child poverty and to help the poor and the Roma population, according to expert opinion. In Luxembourg, experts similarly see a need to address the situation of black citizens, the foreign-born and women as well as discrimination against them in social, economic and political life. An expert for Romania noted that young and elderly people live in poor situations there, and that the Roma are still severely discriminated against. People with disabilities are practically excluded from social and economic life. Slovakia launched a programme for anti-discrimination, equal

opportunities and human rights. According to one expert, the main remaining problems are to reduce regional disparities, to integrate the Roma minority, to improve the situation of young single-parent families, and to combat the social undervaluation of public-sector employees, such as teachers, doctors and nurses. An expert for the UK noted that little is done there to address discrimination in recruiting older workers.

A prime policy area for more inclusiveness and a more equal distribution is labour market access for disadvantaged groups. An Austrian expert criticised inadequate education policies and recommended a fight against precarious, atypical and half-time jobs. In Denmark, problems with poorly educated and marginalised persons in the labour market persist. Increasing access to knowledge, learning opportunities and apprenticeships for low-skilled groups is required to avoid further polarisation. There, an expert noted that social cohesion is being increasingly challenged by immigration and refugees. In Italy, differences in labour rights between long- and short-term employees have been reduced. Measures could be improved by better reconciling work and family policies, by paying greater attention to women. Improving access to the labour market helps reduce dependency on social welfare, as one Slovakian expert emphasised. In Greece, indicators of political and, to some extent, interpersonal trust are decreasing at an alarming rate.

4.1 Gender equality

The survey questions on gender equality were answered significantly less often compared to those on the first policy objective (123 instead of 170 in the EU-28 as a whole). In consequence, more countries are left without any response at all. Across the EU-28, 72 percent of experts perceived a strong or very strong need for improvement, and 35 percent a very strong need. About 16.5 percent of respondents could not state whether there was any reform activity at all. Excluding the 'don't know' answers, 43 percent of the respondents recognised some activity to improve gender equality, and 57 percent saw no reforms. Substantially fewer answers were provided to rate the effect of reforms, with no ratings available in quite a few countries. Among the 41 responses collected over the entire EU-28, 74 percent anticipated some moderate equality improvements, while only 11 percent expected strong positive effects.

Experts offered numerous remarks and various country-specific initiatives related to gender equality. Member states are addressing the challenge of gender equality on four fronts: labour market participation and career prospects of women; child care and parental leave to reconcile work and family; actions against sexual offenses; and, finally, social attitudes and role models. With respect to labour market performance, gender inequality in Austria is among the highest in Europe, and more efforts are needed to close the gender and resulting wealth gaps. According to expert opinion, Austria is among the very few EU countries which are rather inactive and lagging behind with regard to anti-discrimination laws. More affirmative-action and equal-treatment legislation is needed (e.g. punishing firms that violate equal pay for equal work). Fighting precarious employment will benefit women, who are disproportionately represented in these jobs. In Greece, as well, experts noted that women in the private sector do not enjoy full job security in case of pregnancy. There is a need for a safety net to protect prospective mothers, but the problem is not being addressed. Much should be done to

address the long-term discrepancy between men and women, who have much higher unemployment rates and much lower income for the same job. An effective 'glass ceiling' prevents women from climbing the career ladder in most business sectors, with the possible exception of the civil service. In Hungary, survey respondents noted a widespread gender prejudice, although there were efforts to support women's career development and remove the glass ceiling on job promotion for women. But the government seems to have a rather conservative approach. Experts only see prospects for rising female labour market participation if there is sufficient labour demand. In Slovakia, at the end of 2014, the government passed a national action plan on gender equality for the 2014–2019 period, focusing on employment aspects. However, as one expert criticised, the plan states general aims but sets few specific targets. Spain needs more progress regarding employment prospects, wages and the burden of raising children to better reconcile work and family life. Gender discrimination in salaries must be more systematically analysed and better controlled, especially in private-sector firms. A UK expert suggested that voluntary reporting requirements for large businesses regarding pay rates could be made mandatory.

Inspired by the European Parliament's proposal for quotas in June 2015, Cyprus introduced quotas for women's participation in political and financial decision-making posts, prompting a growing debate about the impact of quotas. The Czech Republic legislated for a 40 percent quota for women on the boards of the largest listed companies, and equal pay law obliges employers to develop a transparent remuneration policy. Finland adopted an act of equality between women and men at the end of 2014, requiring more precise provisions for equality planning ('pay mapping'). Bigger companies (those with more than 30 employees) must rid pay structures of any discriminatory elements. Still, experts mentioned that better access to employer information and more pay transparency are required. By a law dating back to 2001, public and private listed firms in Italy are already obliged to gradually raise the share of women on boards of directors to 33 percent. In France, an act in 2014 increased to 40 percent the mandatory presence of women on the board of directors of listed companies to be reached by 2017. Germany enacted a law at the beginning of 2016 that aims at a more visible representation of women at the highest managerial levels. Specifically, listed corporations must fill one-third of their supervisory boards with women. Experts remain somewhat sceptical that a higher percentage of women in executive positions will have a broader impact unless it is also applied at lower managerial levels. A UK expert suggested that legislation could enforce better gender equality among representation in Parliament.

Many governments are active in improving child care and parental leave to better reconcile work and family. In Austria, experts reported progress with regard to maternal, parental and paternal leaves and expansion of statutory child care. In addition to improving the reconciliation of work and family life, this will improve the career chances of women and enrich fatherhood. A Danish commission recommended in 2012 that part of parental leave be earmarked for fathers, but the policy proposal fell through. At the start of 2015, a reform of parental leave was implemented in France to reduce the average length of maternity leave and encourage fathers' involvement. By 2018, the family support allowance for single mothers is to be increased by 25 percent in real terms. Experts expect slight improvements in reducing the wage gap in companies, but fighting stereotypes against wom-

en still remains a big challenge. Hungary increased the scope and accessibility of child care services, which should positively affect the balance of work and family. The Jobs Act of 2015 in Italy provided greater protection to self-employed women; incentives for companies using teleworking or other innovative solutions to reconcile family and work; protective legislation for mothers; permits and daily hours of rest for mothers with children. Experts identified a remaining need for more child care. They expect that these various measures should improve the presence of women in atypical roles but, in general, female employment and activity rates are hardly on the rise. Spain still needs to show more effort in supporting women with child-raising and reconciling work and family life. The UK passed a shared parental leave regulation in 2014 for shared maternity leave and amended it in 2015.

A policy of gender equality must also act on sexual offenses, stalking, violence and other offenses that inhibit women's role in society. In Austria, an expert mentioned that a law governing sexual offenses has been implemented but remains a topic of highly controversial public debate. Finland ratified the 2014 Istanbul convention on violence against women and adopted a national programme including a number of targets. Among the main measures taken is the criminalisation of stalking. A help line has been established for victims of gender crime, and the cost of providing shelters was handed over from municipalities and NGOs to the state. Still, experts mentioned that additional penal law amendments will be needed, and that the provision of services to victims remains insufficient, especially concerning sexual crimes. Italy is reported to have stepped up anti-violence measures against stalking, in particular. In April 2015, Slovakia created a centre for the prevention and elimination of violence against women, based on the Istanbul convention. Spanish experts noted that gender violence needs to be confronted with more powerful tools.

Social attitudes and role models in family and society must change to achieve more substantial and lasting progress in gender equality. Austrian experts remain somewhat sceptical and do not see much development at the societal level. A German expert noted that the income tax regime still favours the bread-winner family model and continues to inhibit women's motivation to apply for full-time employment. Romania re-established in 2015 the national agency for equality of men and women, but no other significant actions are being taken. According to expert opinion, little is done in Malta to improve the situation of women in general. In consequence, Malta continues to slip down in the Gender Equality Index. To increase gender equality and cohesion, a holistic rather than fragmented approach would be needed. In the same vein, an expert noted that Portugal has laws but lacks the necessary changes in societal and cultural attitudes. A Slovakian expert mentioned that an open discussion in society is needed. In all likelihood, resistance to changes in persistent traditional role models and social attitudes are greatly impairing the effectiveness of policy changes to establish gender equality. According to a UK expert, negative attitudes of society and employers to paternity leave mean that fathers will not engage. Greater education for employers and a shift in societal attitudes are required for success.

4.3 Integration policy

The survey responses on the integration of immigrants (foreign-born population) and refugees are even less frequent compared to those on the first policy objective (115 instead of 170 in the EU-28 as a whole). As a result, responses are unavailable for a number of countries. Across the EU-28, 64 percent of experts perceived a strong or very strong need for improvement in the integration of immigrants, and 34 percent a very strong need. With respect to refugees, experts noted an even larger urgency, with 76 percent of them noting at least a strong need and 48 percent a very strong need. About 19 percent of respondents could not state whether there was any reform activity towards immigrants at all (17.5% regarding refugees). Excluding the ‘don’t know’ answers, 30 percent of the respondents recognised some activity to improve integration of the foreign-born population, meaning that as many as 70 percent were unable to identify any reforms. Experts identified slightly more reform initiatives towards refugees (37% reform; 63% no reform). Substantially fewer answers were provided to rate the effect of reforms, with no ratings available for quite a number of countries. From all 39 responses collected over the entire EU-28, 35 percent anticipated moderately positive effects on the integration of immigrants while only 4 percent expected strong positive effects. With regard to refugees, 47 percent expected some positive impact, but only 3 percent strong positive effects. Despite a substantial perceived need for reform, experts are much more sceptical about whether reform will happen and, indeed, have a positive impact compared to other aspects of cohesion and non-discrimination (see Figure S1).

Experts offered numerous remarks and various country-specific initiatives relating to the integration of migrants and refugees. We organise comments across two themes: controlling inflows of migrants and refugees, and integrating them once they are permitted to stay in the host country. As the European refugee crisis gained momentum and revealed their limitations to absorb large numbers within a short time frame, member states became increasingly concerned about restricting inflows of migrants and refugees. In Austria and Germany, expert ratings on the need for improvement were somewhat above the EU-28 average. After an early phase that saw a lot of volunteers supporting efforts to integrate foreigners and refugees, the government in Austria turned to a restrictive policy of imposing tight upper limits in response to popular anxieties and rising voter support for right-wing political forces. Experts mentioned that policy should be non-nationalistic and European, and that it should address the causes of refugee flows, requiring “not fences but more diplomacy”. The right to asylum is a human right that cannot be limited per year. Asylum-seekers should have full access to rights, while immigrants should be handled according to clear criteria rather than a simple control-oriented integration policy. With the opening of German borders in September 2015, a growing number of refugees had to be registered. Policy efforts in Germany shifted to accelerate the decision-making process, requiring more employees in the immigration agencies and a decline in the number of refugees by imposing stricter rules to act as a deterrent to others. It is difficult to distinguish between legitimate refugees with a right to asylum (e.g. those from Iraq and Syria) and illegitimate economic refugees (e.g. from North Africa and elsewhere). When the country of origin is declared a ‘safe home country’, it becomes nearly impossible for people from that country to get asylum rights.

According to experts, the aim of recent reforms in Denmark to limit the rights of refugees and foreign-born populations has been more about preventing more refugees from coming and less about promoting social cohesion and non-discrimination. A new law was adopted in January 2016 which includes the right to family reunification only after three years as well as confiscation of valuables (above a threshold level) of arriving asylum-seekers. Imposing social assistance ceilings partly serves the same purpose. Finland experienced large numbers of asylum-seekers in 2015. Experts interpreted policy changes concerning asylum procedures as being aimed at a faster rather than a fairer process. They view the asylum problem as a European one requiring cooperation. The current discussion centres on making family reunification more difficult and on reducing social benefits for asylum-seekers. Policies aim at keeping refugees away rather than at integrating those who receive residence permits. As one expert put it, refugee policy in Hungary is to keep borders closed, leaving very few to be integrated. In Slovakia, too, experts pointed to low numbers of refugees and foreign-born people. Asylum policy is very restrictive, and there is consensus on this among almost all political parties and the general public.

In Italy, a 2015 decree amended current legislation by improving the process of registering asylum-seekers, granting immediate six-month residence permits and the possibility to work after only two months (instead of six) after the submission of an application for protection. The law introduced a monitoring mechanism, including the management of registration centres. According to experts, the reform does not provide effective new tools to deal with the current crisis. The difficulty is that new guidelines in Europe regarding the redistribution of asylum-seekers among other states, the establishment of hotspots, and resettlement programmes for refugees are not yet available. Somewhat by way of contrast, experts report that Greece was completely unprepared to receive huge inflows of refugees and migrants. The open-door policy of the newly elected government in the early phase probably exacerbated an already growing problem of large numbers of incoming refugees. It was not accompanied by measures to help, protect and feed the refugees who gathered at the northern borders of Greece. Experts pointed out that ad hoc reforms taken under a state of emergency, either for settled migrants or asylum-seekers, have very few prospects of being effective. The ongoing economic crisis further hinders efforts for any consistent long-term reform.

Once migrants and refugees are admitted, integration efforts must start to assimilate them and to assure the cohesion of society with new and old members. Member states have designed rules and launched a multitude of programmes to regulate and support access to the labour market, social security and other public services, and to reconcile foreign cultures with national practices and values. Almost everywhere, integration policy must tackle the immediate problems of shelter and medical care; offer language courses and other education services for adults to familiarise them with national values and democratic institutions; provide schooling for children; and guarantee that there is no discrimination against the new residents. Member states are quite heterogeneous with respect to their preparedness in terms of pre-existing rules and procedures, the scale of the problem they must tackle, and national attitudes towards migrants and refugees. Accordingly, the perceived need for reform varies substantially. Expert statements mentioned a variety of approaches and national deficiencies, but they are presumably selective to some extent and unable to give a comprehensive assessment of integration policies.

Since the early 2000s, Austria has offered an integration agreement with rights and duties for immigrants, but there are increasingly strict requirements and longer waiting times for naturalisation. More recently, language courses have been complemented by other efforts to teach national institutions and values ('Wertekurse', or value courses). Labour market integration starts with competence checks by the public employment agency. Current debate centres on whether labour markets should be open to asylum-seekers. Some experts see asylum law, family reunification and integration policies as mostly symbolic, and feel the need for more equitable access to education, labour market and social security systems. Refugees should have a right to family reunification, and integration measures (e.g. language courses) should be fully financed by the state. The perceived need for reform is above the European average. In Germany, integration policies developed and implemented after a great influx of people aim at registration, acquisition of language skills, housing, health care, places in school and employment. Experts suggest a better distribution of refugees among all parts of the country, in rural and urban areas, to avoid segregation. More involvement of the local population, along with more transparent and participatory local decision-making, is necessary to enhance their acceptance and improve the prospects of successful integration. A long-term problem is that the German schooling system contributes little towards the upward social mobility of socioeconomically disadvantaged children and adolescents. In general, according to experts, public debate is consumed with short-term problems. A holistic approach is being put off, and no systemic solution is in sight for coping with the next few years and the longer term.

In Denmark, the survey identified a need for reform which is significantly higher than the European average. Experts pointed to the above-mentioned changes in rules for family reunification and restrictions on social assistance. A very recent tripartite initiative between social partners and the government creates room for refugees to work below the usual wage levels for a two-year period (including some training) so as to raise their employment prospects. Experts perceived a need for more targeted programmes to increase integration, especially in housing and educational policies as well as general social programmes. They criticised the way that many initiatives launched to integrate foreigners and limit the number of refugees do not really address their needs, but rather are intended to satisfy the electorate in response to popular anxieties and national political sentiment. Experts expect that limiting financial resources and infringing upon the rights of target groups will not help integration. Finland adopted a non-discrimination act in 2014 that aims at better protection and easier access to an 'equality board' to prevent ethnic discrimination. According to experts, supervision of the non-discrimination act remains fragmented. Confronted with a large number of asylum-seekers in 2015, planned policies have been aimed at speedier asylum procedures rather than a fairer process. Access to language courses, further education and work is not what it should be, according to expert opinion. Plans for lower levels of social benefits for refugees are perceived negatively. Discussion has lately focused on making family reunification more difficult and on providing a reduced level of social benefits to asylum-seekers. Policies focus on keeping refugees away rather than on integrating those who have received residence rights.

The need for reform was rated above the European average for France and Italy, and substantially more so for France. Integration of migrants and

refugees in France rests upon signature of a ‘reception and integration contract’, but it is perceived as insufficient to provide skills – especially language skills – and access to rights. There is no specific assistance and follow-up for persons who have been residents for more than five years. Migrants and refugees face many obstacles to professional integration, as many jobs are forbidden to foreigners. Italy passed amendments to its citizenship law in 2015, linking citizenship to schooling and allowing foreign children born in Italy to acquire citizenship more easily. It set up a three-stage procedure for accommodating asylum-seekers, starting with emergency and screening centres, moving to regional hubs and, finally, settling in small centres for so-called secondary accommodation. Experts mentioned a need for more integrative activities in schools; more teachers with cross-cultural understanding; better training; facilitating vocational learning for young migrants and refugees for better labour market participation; and language courses for migrants of all ages. Having asylum-seekers work after two months is good in principle, but not feasible in practice due to insufficient language knowledge, the inability of the employment services to find a sufficient number of jobs, and the effects of the economic crisis.

In Lithuania, the Action Plan on Integration of Foreigners for 2015–2017 came into force in 2014 and is rated positively by experts. However, it doesn’t apply to refugees, but only to third-country nationals. Experts criticised the fact that it fails to establish concrete measures to tackle the weakest parts of integration (e.g. education, political participation and health care). They suggested amending the legislation to entitle asylum-seekers to work during the asylum procedure, to expand health care coverage and to guarantee basic facilities for welcoming new refugee pupils. It would be important to eliminate prejudice towards refugees, such as by organising awareness campaigns, educational programmes and mass media projects. Latvia hosts a large share of foreign-born ex-Soviet citizens, which is fast declining due to naturalisation, emigration and natural causes. In 2015, Parliament passed special measures for new migrants and refugees, but Latvia attracts very few of them anyway. The guaranteed minimum income is not connected to a subsistence minimum and is too low for survival, so only few are expected to stay. Labour market access requires a language certificate. The media pay a lot of attention to language skills and other useful experience. Apart from the usual integration measures, a Romanian expert mentioned diploma recognition to address certain labour market shortages, specifically in medicine and engineering.

A Spanish expert emphasised that integration is a two-way process, and that a change of paradigm is needed. It is necessary to pay more attention to the receiving society instead of exclusively focusing on migrants and refugees. In the same vein, a Swedish expert mentioned that integration policy is “about them”, but that it should be “for all of us”.

4.4 Young people not in education, employment or training

Of all 112 experts who answered questions on this fourth policy objective across the entire EU-28 (excluding those who stated ‘don’t know’), 81 per cent perceived a strong and 50 per cent a very strong need for improvement. Not surprisingly, the perceived need for reform is clearly above average in crisis-hit countries (e.g. Greece and Spain), where youth unemployment is very high. It is also above average in richer countries with high unemploy-

ment (e.g. France and Italy), while expert ratings indicated less of a problem – or much below the EU-28 average – in Austria, Germany and the Nordic countries. Perceptions are mixed in Eastern Europe: Whereas the economic prospects of the young seem to be in more urgent need of reform in Bulgaria, Hungary, Latvia and Romania, experts are much less concerned about those in Lithuania and Slovakia. A high perceived need for reform does not necessarily translate into actual reforms, even though governments seem to be more active in addressing the problems of the young generation compared to handling other dimensions of social cohesion and non-discrimination (see Figure S1). In the entire EU-28, only 55 percent of experts indicated some reform activity. After answering questions with regard to need and activity, a significant share of experts declined to evaluate the effects of policy reform. Out of 46 answers, a mere 7 percent reported a strong positive effect and 59 percent a positive effect (including strong positive).

Experts offered numerous remarks and various country-specific initiatives related to including young people not in education, employment or training (NEETs). The extent of the problem varies substantially, implying different policy priorities in different countries. Many member states nowadays offer some sort of youth qualification guarantee, often motivated by EU guidelines and recommendations. Other measures address schools, firms and individuals. Austria introduced a qualification and youth guarantee (*Jugendgarantie*) in 2014 to ensure that all young people under age 25 are offered employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education. The focus is on avoiding school dropouts, reintegrating young people into the labour market or the educational system, and providing support. The Austrian public employment service offers a variety of programmes, including intensified support for young people between the ages of 19 and 24, an apprenticeship programme for young people who cannot find an apprenticeship, and various forms of youth coaching. All young people have to attend school or training, or else their parents are sanctioned. These programmes, however, are not yet open to young people among the large number of recently arrived refugees. In general, experts in Austria expected these measures to have a positive effect. Even though Germany has one of the lowest NEET rates, experts pointed to groups with reduced labour market prospects, such as early school leavers or young people with no completed vocational training.

Italy passed a ‘Good School Law’ in 2015, forged an agreement to test a dual system, and offers a youth guarantee scheme. Experts mentioned elements of school reform, such as changes in the teacher-evaluation system, publication of assessment reports on schools, a national plan for a digital school, an operating guide for the design of training courses and professional experiences, and territorial laboratories that combine school and work. Experts recommended providing better support for low-income households with children between the ages of 15 and 18; introducing transfers to help cover the cost of education; collecting more and better data and information; and introducing more scholarships for tertiary education and low-cost housing for university students. France offers a ‘garantie jeunes’ with a minimum income and training for NEETs. Following the 2014 assessment of France’s anti-dropout strategy, there is now a national campaign against early school leaving. Experts recommended further developing apprenticeships and forging more links between vocational and general education as well as encour-

aging businesses to participate more in training. UK experts also mentioned attempts to rely more on apprenticeships as a way of tackling the problem of NEETs. The initiative is to be funded by a levy on businesses. At the same time, funding to institutions providing further education is being squeezed.

In Denmark, experts estimated that about one-fifth of a cohort does not get a labour market-relevant education. The social assistance scheme has been changed for the young (now defined as those up to age 30) and stresses the need to undertake education. The support for the non-educated is never significantly above that for students. Experts further recommended strengthening the incentives to companies to provide apprenticeships since market supply is inadequate. The number of NEETs in Finland was much lower before the recession and has now become a long-term problem. Experts mentioned soft-law measures (e.g. a youth guarantee) by the previous government to provide jobs for young people. Legislative amendments allowed cuts in the basic social benefit by 40 percent for those who do not apply for a job or get education. This amendment is now being used as a possible argument in favour of cutting the benefits given to asylum-seekers. The present government has cut youth guarantee funding. A Swedish expert pointed to the long-lasting effects of early education. The system creates stress for younger people because their choices during high (secondary) school affect their entire life.

In Hungary, young people need to stay in school even after 16. The government offers some support for the poorly educated who come from disadvantaged social backgrounds or minority ethnic groups (e.g. the Roma). Experts think that success will very much depend on whether there is sufficient demand for labour. Since most of these young people have little education, strong individualised training programmes would be more effective. A Romanian expert emphasised the need to reduce the dropout rate, provide vocational education and training, and diminish the existing mismatch between skills acquired in education and the needs of the labour market. Slovakia has adopted numerous initiatives, most of which have been inspired by EU policies and initiatives. One part of the National Employment Strategy consists of a guarantee for young people. Experts mentioned that the education system should be linked more effectively to the skill requirements of business and the labour market. They also pointed to the need to better integrate the young Roma population from marginalised communities into the labour market and education system.

Greece is burdened with enormous youth unemployment. Brain drain is the most alarming indicator. Experts mentioned job creation as the biggest challenge, suggesting solutions such as eliminating tax barriers for business start-ups (especially for people under 30) and creating financial and tax incentives for multinational companies to invest in Greece. This was neither a policy priority of the Greek government nor of the Troika. Consequently, many highly skilled young people have left (brain drain), while the semi- and unskilled stay and rely on family networks to survive. In Malta, NEETs were targeted as a group and given special attention through a youth guarantee and other measures. Experts mentioned that NEETs seem to live comfortably with their parents and are often not very motivated to move out and do something to improve their chances of finding work. Spanish experts recommended abolishing public subsidies to private colleges and, in turn, increasing the budget of the non-discriminatory public education system and ensuring higher quality there, in addition to compensating programmes for young people with learning difficulties. The young in Spain are in a very

bad situation. Youth unemployment is approaching 40 percent, and emigration has risen to unprecedented levels. It is quite common for young people to live in their parents' house until almost the age of 30.

5 Discussion

The survey respondents pointed to problems with social cohesion in all EU countries and across all the considered policy objectives: income and wealth inequality, gender, integration and NEETs. There is a call for policy initiatives, and only in about half of the countries do respondents indicate that policy initiatives are being undertaken, though very few find these to have strong positive effects. From a survey covering a relatively short span of time, it is impossible to assess whether policy initiatives are in the pipeline or whether political economy factors are barriers to such initiatives.

Heterogeneities across countries are displayed in both statistical measures and the responses from the experts. These country differences reflect different levels of economic development and structures, but also the division of labour between markets, civil society and the state (welfare state model).

Despite these differences, a common denominator for the social problems at hand is equality of opportunity – or, rather, inequality of opportunities. This, in turn, shows up in income and wealth inequality, gender differences, integration and disconnected youths (NEETs). These are differences which cannot solely be attributed to different choices, but also to different opportunities across the population. Equality of opportunity is a widely shared value across the political spectrum, but the evidence points to a need for reform and a lack of policy initiatives to reduce differences in opportunities across population groups.

Despite differences, the state plays an important role in all EU countries, raising the question of the role and scope of public intervention to address social problems. Recent developments show that if the welfare state fails to meet expectations (e.g. with unexpected cuts), it has detrimental effects on living standards and social cohesion, and puts pressure on civil society in general and families in particular.

Discussions on public intervention tend to focus on traditional redistribution policies acting via taxes and fiscal transfers as remedies to social problems. While such policies are – and will remain – very important, it should be noted that they are passive in nature in the sense that they repair rather than prevent outcomes which are considered unjust. Moreover, they are under pressure owing to tight fiscal budgets and ageing populations. A more active or preventive approach would be to reduce social barriers and increase social mobility to ensure that individuals can be self-supporting at decent living standards. This is closely linked to equality of opportunity. If social barriers for the young to participate in education can be reduced – thereby lowering dropout rates and the numbers of NEETs – this will make them more self-supporting, which in turn will have impacts on both inequality and public finances (more tax revenue and fewer social expenditures).

The difficulty with a more proactive approach like this is that the time lags are long, which creates the risk that such policies will be under-prioritised. This is especially the case in situations with tight fiscal room for manoeuvre, as preventive policies tend to have up-front costs and benefits that accrue in future.

Moreover, not all sources of inequality are well targeted by traditional redistribution policies. If problems arise in the labour market due to market failures, for example, the regulatory framework is more important. Widen-

ing income disparities, especially at the top (e.g. managerial salaries), due to market power, entry barriers etc. must be addressed with appropriate instruments and not with ex post redistribution. At the bottom of the income distribution, a minimum wage may prevent the phenomenon of the working poor, but it involves a trade-off between the conditions for those finding a job and those who do not. In a dynamic perspective, the qualification structure of the workforce has to match the distributional aims if these are to be consistent with a high employment level. Regulating wages and simultaneously taking steps to improve the qualification structure may thus be problematic. Likewise, legal rules (implementation, monitoring) play an important role in counteracting gender imbalances in the labour market.

6 Conclusions

Concerns that social cohesion is threatened are often voiced in public debates, and the issues are gaining more attention in academic research and at the level of the IMF, OECD and EU. This survey of experts confirms the concern and points to problems for all EU countries, although the specific areas and intensities vary across countries.

Social cohesion is difficult to define, and even more difficult to measure. Hence, indicators such as various statistical measures and surveys like the present one are useful in delineating key aspects associated with social cohesion and discrimination. However, there is a big leap from identifying problems requiring policy initiatives to prescribing effective policies and getting them approved and implemented. And this process is not made easier by the fact that, in many cases, there is a long lag between when such policies are implemented and when their full effects are seen.

This may also be part of the reason why problems of social cohesion are attracting more attention. In the past, such issues were not in the centre of policy discussions – perhaps in some cases because social cohesion has been taken for granted or because the consequences of societal changes (e.g. globalisation) have been underestimated. Irrespective of the causes, recent developments show that these aspects are not only important, but also need to be addressed urgently by policymakers.

While there is commonality in many of the problems across countries, the consequences are different owing to the variation in welfare arrangements and, specifically, the division of labour between civil society, markets and the state. For this reason, it is also difficult, if not impossible to point to universal policies in all countries.

7 References

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