







Social Policy in the EU – Reform Barometer 2016

Social Inclusion Monitor Europe

Table of Content

Executive Summary	5
Preface	10
Editorial Remarks	13
Introduction	16
Methodology	20
Overall Findings	28
Findings by Dimension	40
 Poverty Prevention	40
 Equitable Education	61
 Labour Market Access	83
 Social Cohesion and Non-discrimination	100
 Health	124
Findings by Country	148
Austria	152
Belgium	159
Bulgaria	161
Croatia	168
Czech Republic	172
Denmark	177
Estonia	183
Finland	184
France	190
Germany	195
Greece	201
Hungary	208
Ireland	216
Italy	219
Latvia	224
Lithuania	229
Luxembourg	235
Malta	239
The Netherlands	244
Poland	248
Portugal	253
Romania	258
Slovakia	267
Slovenia	274
Spain	276
Sweden	283
United Kingdom	287
About the Authors	292
Board of Experts	296
Data Appendix	302

Executive Summary

The Social Inclusion Monitor Europe (SIM Europe) project invited social policy experts from across Europe to participate in the Reform Barometer 2016 survey and assess the reform need, activity and quality with respect to 55 policy objectives in the 28 member states of the European Union between July 2014 and January 2016. This report presents the analysis of the replies from over 1,000 survey participants in five dimensions: Poverty Prevention, Equitable Education, Labour Market Access, Social Cohesion and Non-discrimination, and Health.¹ For each member state, the experts' quantitative assessments have been aggregated to different levels of analysis, yielding a reform need score, an activity rate and a quality score at the levels of policy objectives and of dimensions as well as at the overall level. In addition, the reform performance score is a composite measure that captures each member state's reform activity and quality using a single number. In what follows, we present a summary of the key findings.

1 Governments of EU member states are struggling to meet the most pressing future challenges

– *Educational reforms have been largely neglected*

A good education is a vital prerequisite for individual success, specifically in today's knowledge-based society. Likewise, a well-functioning education system providing high-quality education to all independent of their socioeconomic status is a sine qua non for a country to have a prosperous future. Moreover, for the EU's ageing societies, lifelong learning is gaining in importance.

The Reform Barometer expert survey, however, underlines that governments of the EU member states have hardly made any efforts towards educational reforms, and that only one-third of the reform need has been addressed across the EU on average. Reform activity is reported to be at its lowest in Greece, Lithuania and Spain. The level of reform activity addressing lifelong learning in the survey period was particularly low: For 10 countries, participants unanimously reported that governments had not taken any relevant action aimed at improving the financial or human resources committed to it, and for nine countries, that governments had given no thought at all to improving teaching quality.

The survey participants reported a very strong need for governmental action to weaken the link between students' learning success and their socioeconomic background. Nevertheless, participants reported that no relevant activity at all had taken place in six countries (Croatia, Finland, Greece, Hungary, Slovakia, Spain). This is particularly alarming because a lack of upward achievement in learning reinforces the inheritance of socioeconomic status, and almost certainly leads to a growing social divide.

The situation is at its worse in the United Kingdom, where reform activity in the education sector was reported to be above average but with detrimental effects. As an example, survey participants sharply criticised the

¹ Intergenerational Justice, the sixth dimension included in the survey, was not considered in the analysis owing to limited survey responses.

hugely negative impact of recently introduced university tuition fees on fostering social mobility through education.

The best reform performance in the education sector was ascribed to Malta, followed by Romania. Malta's government was assessed to be the most active in the EU. For instance, it introduced an 'Alternative Learning Programme' to reduce the number of early school leavers as well as free child care centres, improved the training of preschool teachers, and supported the provision of evening and online courses to allow people to study flexibly. Malta also ranks first regarding reform performance in addressing lifelong learning as well as promoting social mobility. Reforms in Romania, on the other hand, were expected to have the most positive effects for ensuring equitable education, especially regarding the guaranteeing of equal opportunities.

– *Governments have failed to address the integration of foreigners properly*

When it comes to integration policies for foreigners, participants in the Reform Barometer expert survey assigned poor marks to national governments. In most surveyed countries, reform activity was either rated as very low or expected to have negative effects. Examples of the latter are Denmark, Spain and Austria. Italy was the only country given a positive score for its initiatives to improve integration of the foreign-born population.

The survey results show that this picture is not the result of the refugee crisis alone. In fact, comparing integration policies for refugees and for the foreign-born population in general, the failure rate in implementing reforms was assessed to be higher and the reform quality to be lower for the latter group. Migration experts generally assume that a government's willingness and capacity to integrate foreign-born people as a whole is a prerequisite for the successful integration of refugees. If this assumption is true, these results are particularly troubling.

Although the influx of millions of refugees into the EU entails a newly emerging need for huge integration efforts, integrating foreigners has already been a challenge for governments ever since the EU was formed. The sudden refugee crisis thus hit the EU at its weakest point concerning social inclusion, as it was already struggling with the integration of foreigners living in its individual member states.

Regarding the country-specific need to integrate refugees and the foreign-born population more generally, the EU is split into two distinct groups. While the perception of need is very strong among respondents from EU-15 countries, it is rather weak among respondents from countries that joined the EU in or after 2004.

The Reform Barometer survey also asked participants to assess the issues of reducing poverty and unemployment amongst the foreign-born population. For both issues, reform activity was reported to be either very low or of low quality in the vast majority of member states.

– *Reducing economic inequality is among the most pressing challenges, yet poorly addressed*

Several scholars have concluded in recent years that the assumption of a 'trickle-down economy', where growth automatically brings prosperity for all, is flawed. Indeed, despite notable growth effects from globalisation recently analysed in the Bertelsmann Stiftung's Globalization Report 2016, real wages have been stagnating in many industrialised countries and in the EU, in particular. Moreover, recent studies by the IMF, the OECD and other sim-

ilar institutions have shown that social inequality can be a major obstacle to economic growth. Likewise, in its Outlook on the Global Agenda 2015 report, the World Economic Forum stated that “deepening income inequality” will be the trend with “the biggest impact on the world in the coming 12 to 18 months.”

Similarly, Reform Barometer survey participants rate the policy objective of reducing income and wealth inequality to be of very high importance. This particularly concerns the five largest EU member states: Germany, France, the United Kingdom, Italy and Spain. At the same time, responses by governments aimed at addressing this issue were rated to be the second-least effective among all investigated policy objectives (only integration policies rate worse). Participants expected government (in)activity to be most damaging in Greece.

2 **While some have made strong efforts to catch up, others have failed to improve social inclusion**

– *South-eastern member states have invested in quality reforms*

Croatia, Bulgaria and Romania, the latest states to join the EU, take top ranks, with high levels of both reform activity and quality. For these countries, EU membership functions as an effective reform catalyst.

– *The United Kingdom has been failing to improve social inclusion*

The UK comes last in the overall reform performance ranking as well as in the dimension rankings for Poverty Prevention and Equitable Education.

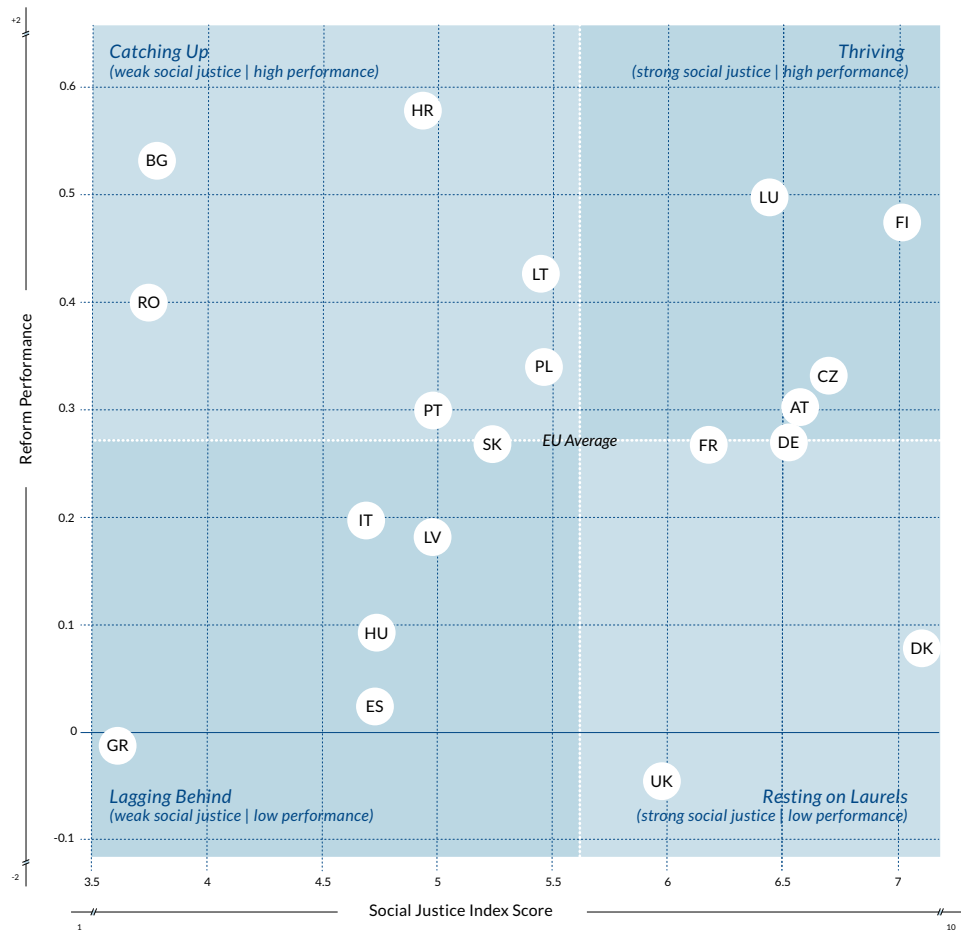
– *The crisis states Greece and Spain continue to lag behind*

Among the Southern European countries, Greece and Spain have performed poorly across almost all dimensions. These countries suffer most severely from budget squeezes imposed by the EU during the eurozone crisis. Italy has shown mixed results, while Portugal has performed best in this group.

– *Finland has thrived, while Denmark has rested on its laurels*

Finland is an example of a country that scored high marks with respect to the state of social justice within its borders *and* its reform performance. Specifically, survey participants reported that Finland’s government had initiated the most comprehensive and effective health care reforms. By contrast, Denmark, scoring even higher than Finland in the Social Justice Index, ranks fourth-to-last in overall reform performance and even second-to-last in the Poverty Prevention dimension.

Figure 1
State of social justice versus social policy reform performance in EU member states



Not included due to limited data: BE, CY, EE, IE, MT, NL, SI, SE

Social Justice Index 2015; SIM Europe Reform Barometer expert survey 2016 (reform performance)

BertelsmannStiftung

3 EU member states still have a long way to go before achieving a 'social triple-A rating'

“What I want is for Europe to have a social triple-A rating: that is just as important as an economic and financial triple-A rating.”

Jean-Claude Juncker, President of the European Commission

– The need for social policy reforms remains strong

The Reform Barometer confirms a strong need for social policy reforms in the EU, as suggested by statistical evidence and by the SIM Europe Social Justice Index, in particular. Specifically, the survey answers reveal three things:

- A North-South gap: While the reform need is lower in the Nordic countries, the Netherlands and the Czech Republic, it remains at a very high level in Southern and South-eastern Europe. It is also reported to be high, however, in France and the UK.

- *A strong need to improve the situation for the younger generation:* The reform need is particularly strong for those policy objectives targeting children or youth, i.e. reducing rates of youth unemployment, early school leavers and NEETs; preventing child poverty; and weakening the ties between students' learning success and their socioeconomic background.
- *A strong need for policies to integrate refugees* into the educational system, the labour market and society at large. Survey participants report that the consequences of the refugee crisis have had to be dealt with mainly by the EU-15 countries.

– *Debt level is no excuse for poor reform performance*

There is a slight trend indicating that higher debt ratios correspond with lower reform performance. However, Croatia and the UK, for instance, have roughly the same debt-to-GDP ratio but differ most strongly with respect to reform performance. Consequently, while some countries do suffer from high debts and strict budget limits, the level of a country's debt alone is a poor excuse for poor reform performance.

– *What the EU should do*

If the EU promotes, time and again, an inclusive society, then it can be expected to encourage and exhort countries to follow good social policy practices. It should assist countries by coordinating and supporting their efforts, and by fostering an ongoing dialogue among member states as well as between them and EU institutions.

Three major challenges require special attention by social policy decision-makers in the EU and its member states:

- *Closing the intergenerational gap:* Governments have started to react appropriately to the growing disparities between the older and the younger generations, promoting policy reforms to support disadvantaged young people. However, much more needs to be done at the root of the problem, as governments must invest more in high-quality education which can enable students to succeed independently of their socioeconomic background. The EU should more strongly incentivise member state governments to do so.
- *Increasing efforts to integrate foreign-born people – including, but not only refugees – into society:* At the same time, governments must also make sure that other disadvantaged groups do not feel left behind.
- *Taking measures to reduce unsustainable inequalities:* This applies both between and within countries.