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Breakfast Debate: "Inequality: A Global Problem, a European Challenge"

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- Looking from the international perspective, it is important to point out that in general **European countries have extensive social safety nets in place**. Europe accounts for 7% of the world population, 20 % of global economic output, but more than 50% of international public spending on social protection.
- Interestingly, according to the PEW survey - in Europe inequalities are more widely considered to be a problem than in other developed countries (*84% of Greek people believe inequality is a big problem, 75% in Italy and Spain, 65% in France, compared to 33% in Australia and 47% in the US*).

These PEW findings point to the importance of **increasing the effectiveness of European social systems, including tax and benefits systems and active labour market policies** so that:

- assistance is provided to those most in need,
- people receiving benefits are not discouraged from taking up employment opportunities,
- citizens feel they receive valuable and accessible services for their money.
- However, careful approach is needed when drawing policy conclusions from these PEW findings, as public perceptions may be affected by different factors. In fact, (*as outlined in the PEW introductory presentation*), there **seems to be no correlation between the share of people seeing a rich-poor gap as a very big problem and the actual inequalities**.
- Between 2005 and 2010, **there was no uniform trend in income inequality in Europe**: average Gini coefficient in the EU remained at about 30%. (*OECD estimates in the US it is about 38%*). In roughly half of the Member States income inequality narrowed (e.g. Poland, Portugal, Netherlands).
- The **main policy question for Europe is how to improve competitiveness and restore economic growth**, so that the living standards of Europeans continue to rise and the European social model is sustained. This is also what people in Europe want the policy makers to focus on according to the PEW survey: **creating jobs and reducing public debts are considered a top priority for governments**, rather than reducing economic inequality.
- The PEW survey also raises **the issue of intergenerational inequalities**. Just about 26% of surveyed Europeans believe that kids in their country will grow up to be better off financially than their parents. People are clearly concerned about the prosperity of future generations. High levels of youth unemployment across Europe have surely contributed to this grim picture.



SPEAKING NOTES

- In the past months **BUSINESSEUROPE has been negotiating with the ETUC a framework of actions on youth employment.** To promote youth employment, reforms to education and on labour markets are needed to:
 - Promote work-based learning, including dual learning apprenticeship systems,
 - Encourage more young people to pursue education in the fields of science, technology, engineering and mathematics,
 - Address labour market segmentation including through balanced regulation of diverse employment contracts,
 - Foster youth entrepreneurship.
