

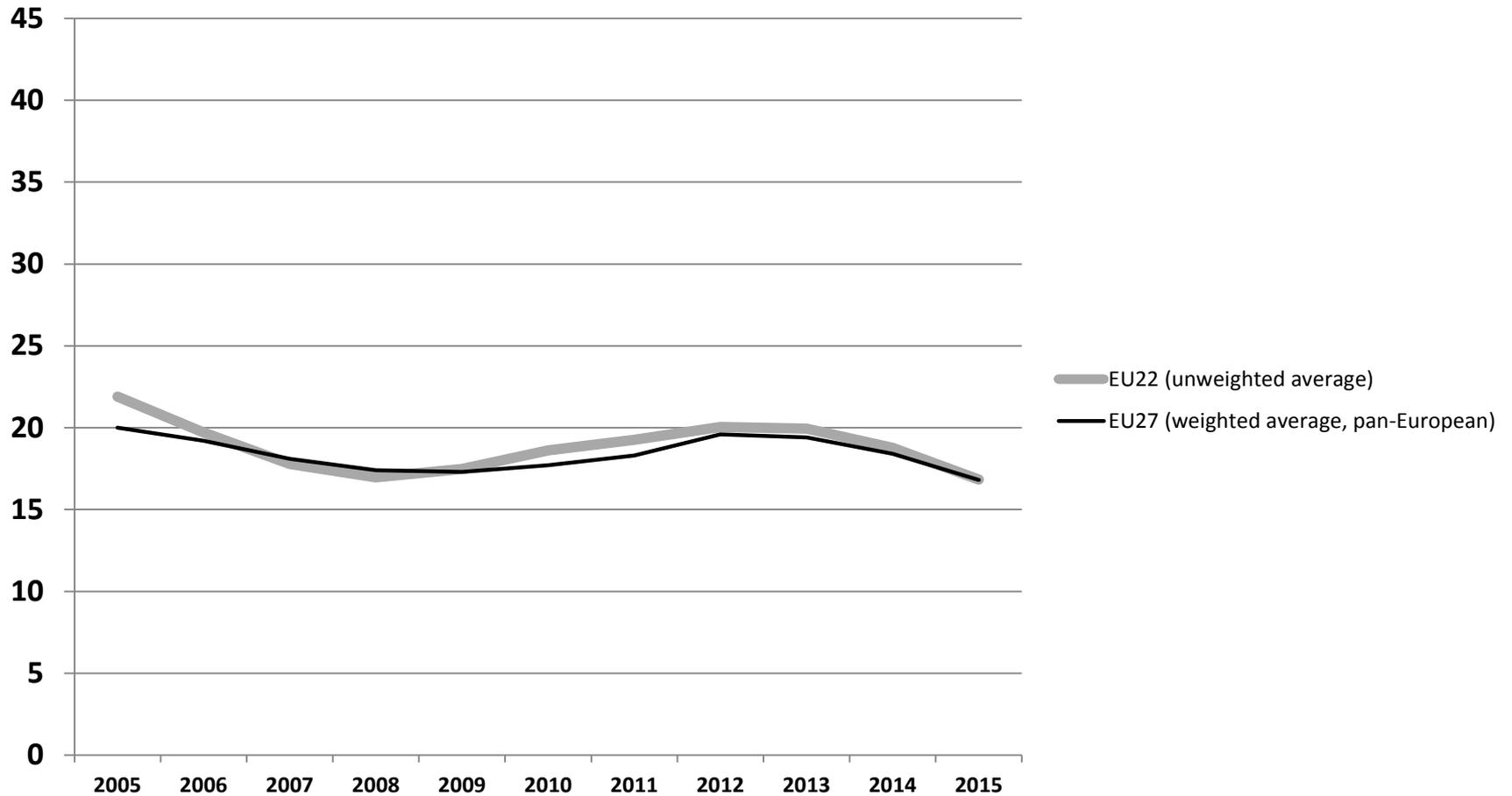
Inequality and poverty in Europe.

The challenge of convergence and cohesion

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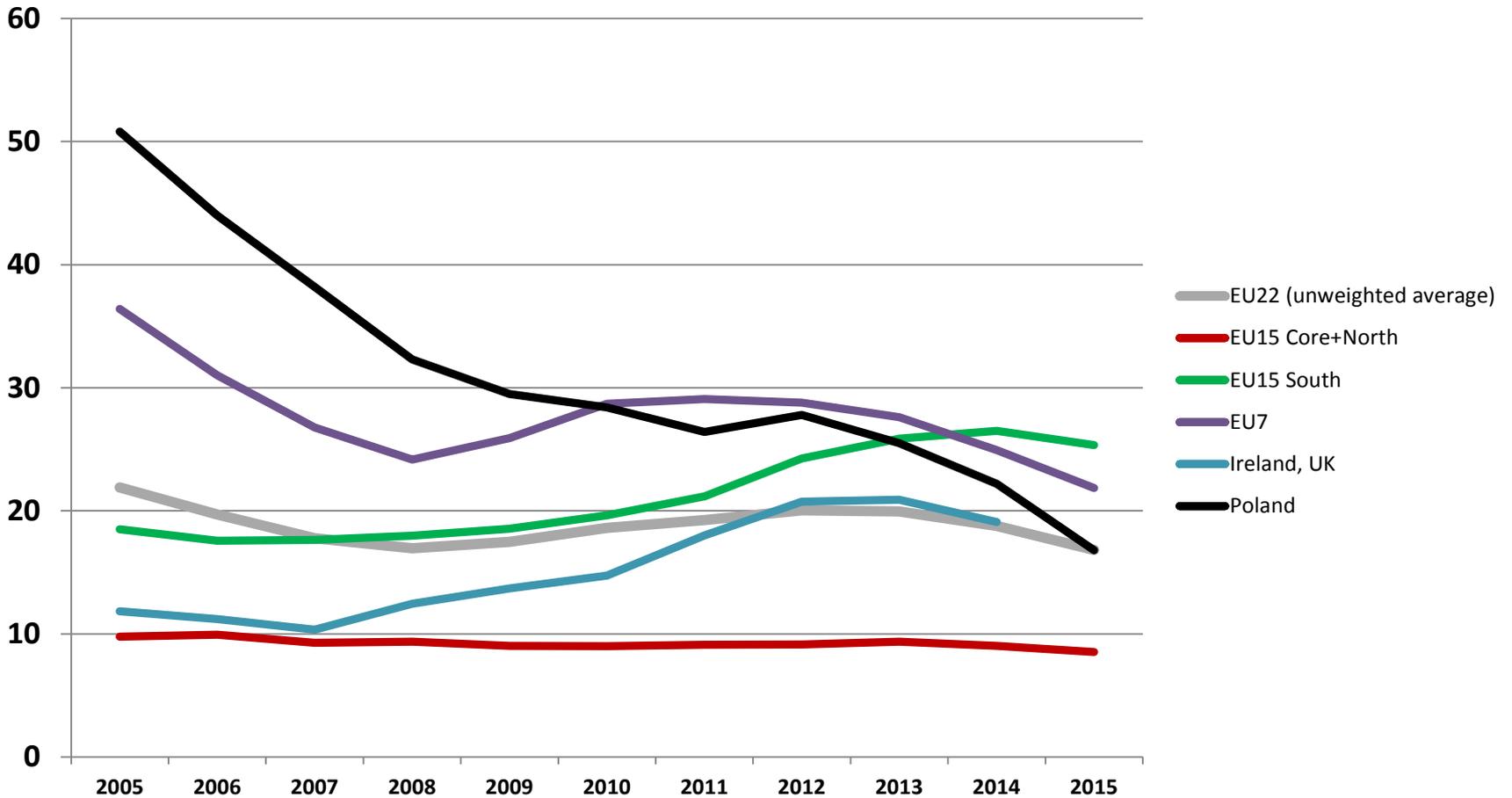
Material deprivation: an absolute notion of poverty

Inability to afford 3 or more items on a list of 9; a true pan-European benchmark

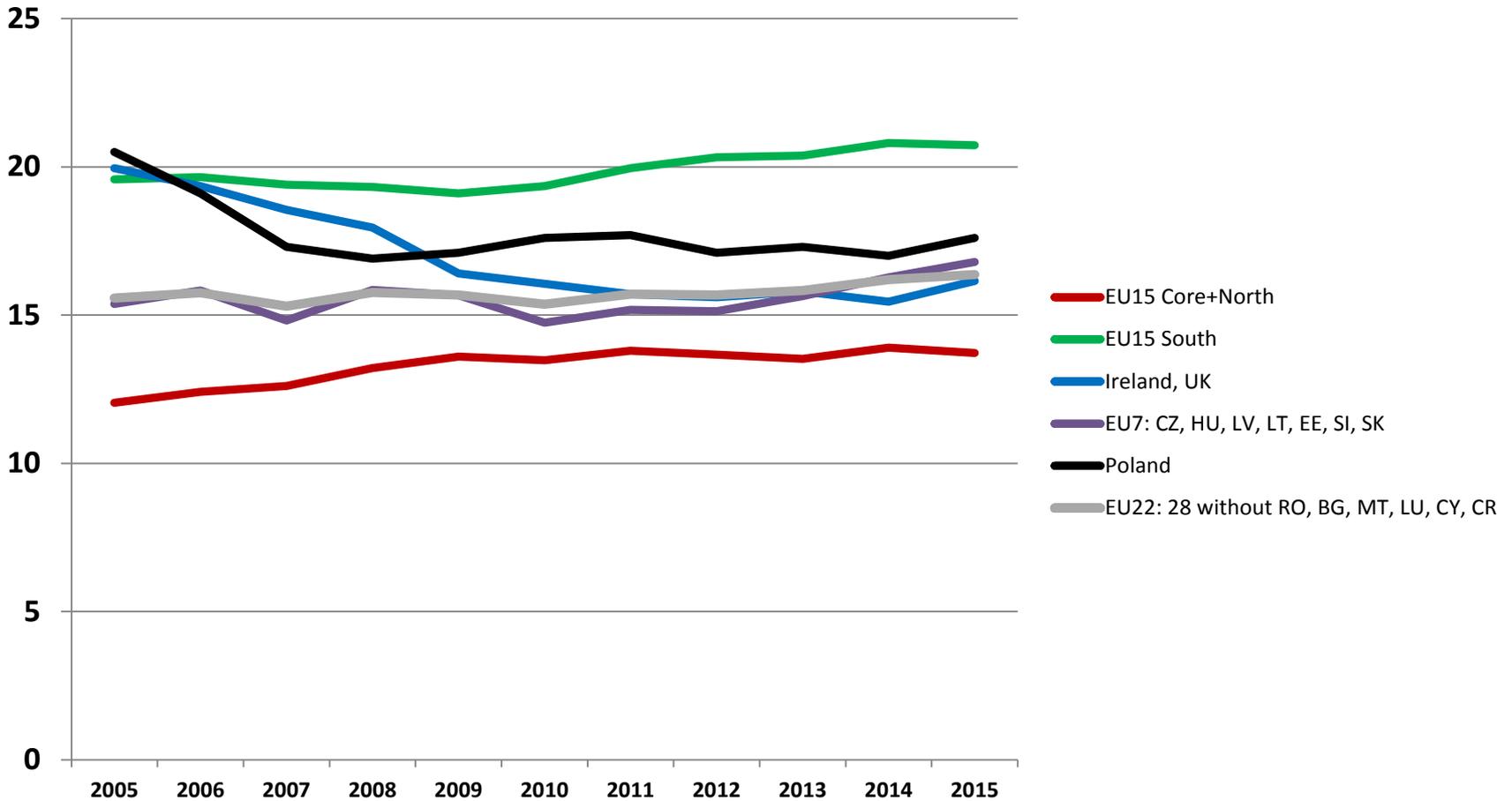


Material deprivation in clusters of EU countries

Unweighted averages for clusters of EU countries

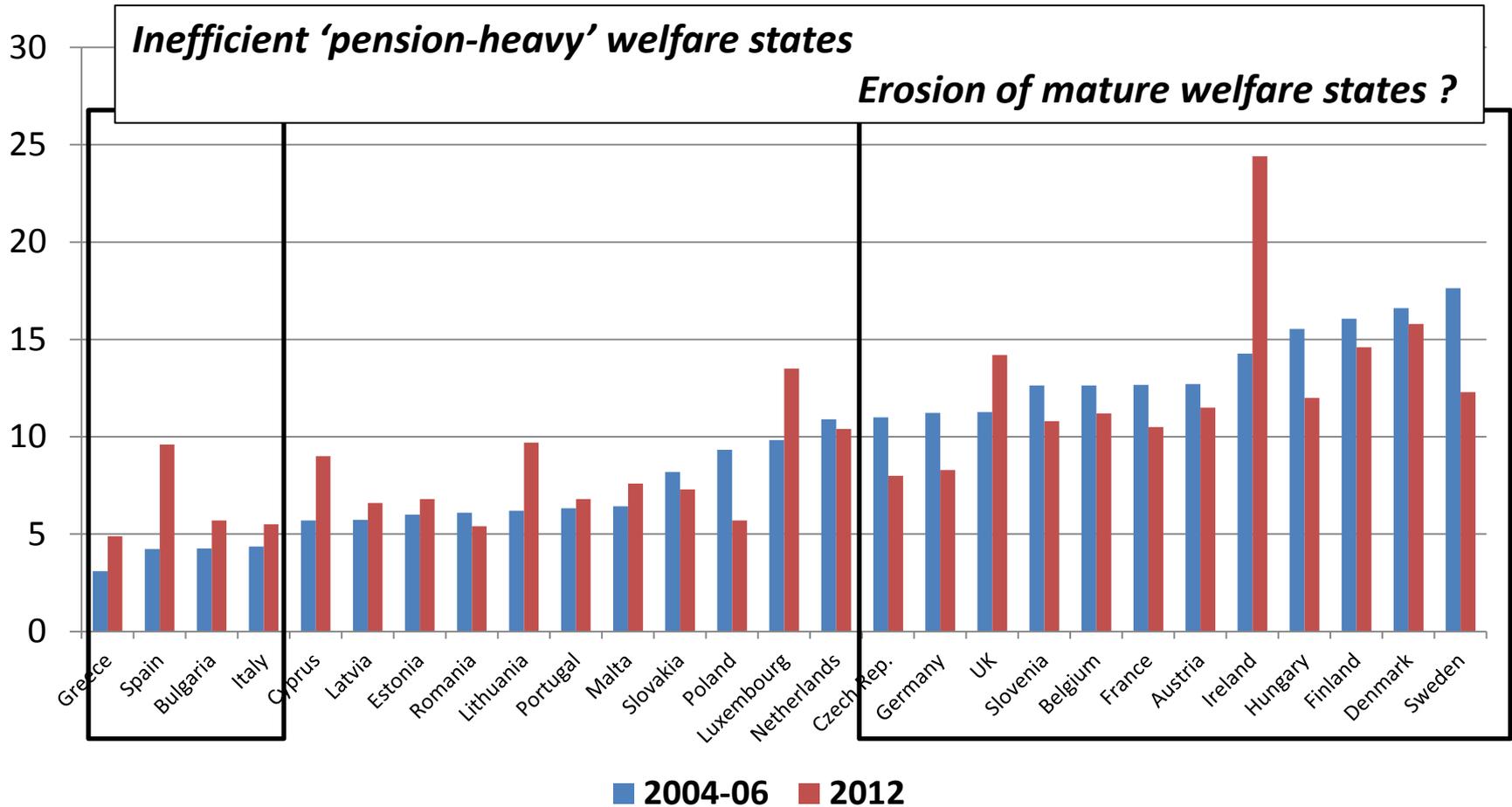


Inequality *within* EU countries: at-risk-of-poverty rates (unweighted averages of country clusters)



! Years are survey-years; incomes refer to t-1

The contribution of transfers (*not* pensions) in the reduction of poverty



Source: Eurostat, own calculation of 'poverty reduction by transfers (excl. pensions)', total population, SILC 2005-2007 en SILC 2013

Diagnosis and policy lessons (1)

- The EU has stopped being a ‘convergence machine’. Europe is becoming more unequal, both *between* and *within* countries
- There is no one-size-fits-all explanation for inequalities *within countries*, hence no silver bullet to tackle increasing inequalities
- We need a set of complementary strategies and instruments that can improve both the social protection and the employment perspectives of households with a weak attachment to the labour market.
- Improving our human capital requires a child-centred social investment strategy that addresses inequalities in opportunities

Diagnosis and policy lessons (2): EU

- The EU should support both convergence in aggregate prosperity *across the member states* and convergence towards more equality *within* the member states.
- The EU should stimulate and support the member states to develop *policy packages* that pursue *both aims simultaneously*.
- *Human capital*: upward convergence in the quality of human capital is a key condition for long-term upward convergence across the EU. Reducing background inequalities between families with children and investing in child care and education contribute both to national cohesion and to EU-wide convergence.
- Governments pursuing such a strategy deserve encouragement and opportunities to learn from other EU governments, but also tangible support from the EU, notably when they are in budgetary dire straits. We need more 'solidarity in reform'.

Diagnosis and policy lessons (3): EMU

- The EU has stopped being a 'convergence machine'. Europe is becoming more unequal, both *between* and *within* countries
- Design flaws in EMU and ill-guided policies are a major explanation for divergence across the Eurozone
- Completing Monetary Union requires risk-sharing across the Eurozone (Banking Union, Re-insurance of national unemployment insurance schemes): this in turns requires convergence in standards for unemployment insurance and activation.

Thank you

1. Vandenbroucke and Rinaldi, Social inequalities in Europe – The challenge of convergence and cohesion. In: Vision Europe Summit Consortium (eds.): *Redesigning European welfare states – Ways forward*, Gütersloh (<http://www.vision-europe-summit.eu/>)
2. Goedemé, Zardo Trindade, and Vandenbroucke, *A pan-European perspective on low-income dynamics in the EU*, CSB Working Paper 17/03, Antwerp: Herman Deleeck Centre for Social Policy (University of Antwerp), 2017.
3. Vandenbroucke, Social policy in a monetary union: puzzles, paradoxes and perspectives, in: Boone, Marc; Deneckere, Gita & Tollebeek, Jo (eds.), *The End of Postwar and the Future of Europe - Essays on the work of Ian Buruma*, Verhandelingen van de KVAB voor Wetenschappen en Kunsten. Nieuwe reeks, 31, Uitgeverij Peeters, Forthcoming.

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