

Social Europe can take on globalisation, says new EU study

The European social model is more valid than ever, but needs to get in better shape to take on the challenges posed by globalisation, says a major new study presented by the European Commission today. The results will be discussed at a high-level conference in Brussels on 16 April on the social implications of globalisation and how to turn it into an opportunity for the European Union.

"For many Europeans, globalisation is a source of anxiety," said Vladimír Špidla, EU Commissioner for Employment, Social Affairs and Equal Opportunities. "They're worried about their jobs and pensions. But a strong social model and success in the global economy are not contradictory – in fact they have to go hand-in-hand. If we prepare, invest and adapt, globalisation becomes a win-win situation instead of a zero-sum game."

Recent Eurobarometer opinion surveys (May 2006) show that 47% of Europeans consider globalisation to be a threat to jobs and companies in their country (compared with 37% who see it as a good opportunity for companies). But the new study – 'Is social Europe fit for globalisation?'¹ – argues that these fears are largely unfounded. Some of the most successful economies in northern Europe achieve high employment rates and a much greater degree of income equality than other parts of the world, while also retaining large and efficient public sectors.

Nor, according to the study, is there any empirical evidence that globalisation has led to an erosion of social provision. Social protection spending as a proportion of GDP in the EU has remained remarkably stable over the last two decades, remaining around 27-28% since the early 1990s. Similarly, data show continuing progress towards widely supported social aims such as reducing gender imbalances in pay and employment rates, even though these gaps remain sizeable (the gender pay gap in the EU was still 15% in 2005). This implies that it is not the extent of welfare provision, but how it is used that most affects competitive success.

But the study also recognises the need to modernise social policies and invest in human resources for the EU to make best use of globalisation's opportunities. A range of policy responses will be required for the EU and its Member States to do this, in particular:

Equipping the economy to compete by investing in activities of the future as well as adapting to cope with the demands of climate change, ageing and new sources of competition;

Smoothing adjustment, recognising that globalisation will require economic and social change that will impose costs and require redeployment of resources;

¹ The study was produced by the Centre for European Policy Studies on behalf of the European Commission, led by Professor Iain Begg of the London School of Economics.

Improving socio-economic governance so as to facilitate these changes, with the EU and the Member States acting together.

A high-level conference being held in Brussels on 16 April will discuss the study's policy implications. It will bring together the key players: European and national policy makers, leaders of international organisations, and representatives of civil society, for an open discussion on how to better understand and communicate globalisation and how to turn it into an opportunity for the European Union.

Further information

Study, policy brief and conference programme:

http://ec.europa.eu/employment_social/spsi/simglobe_en.htm