

# Social Europe - Fit for Globalisation?



## Conclusions from a Study on the Social Impacts of Globalisation in the EU

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# The Study

- Commissioned in 2005
- Main authors:
  - Iain Begg, London School of Economics
  - Juraj Draxler and Jørgen Mortensen, Centre for European Policy Studies
- Research work completed in 2007
- Major conference on 16 April 2008  
(see [http://ec.europa.eu/employment\\_social/spsi/simglobe\\_en.htm](http://ec.europa.eu/employment_social/spsi/simglobe_en.htm))





# Processes and Feedbacks

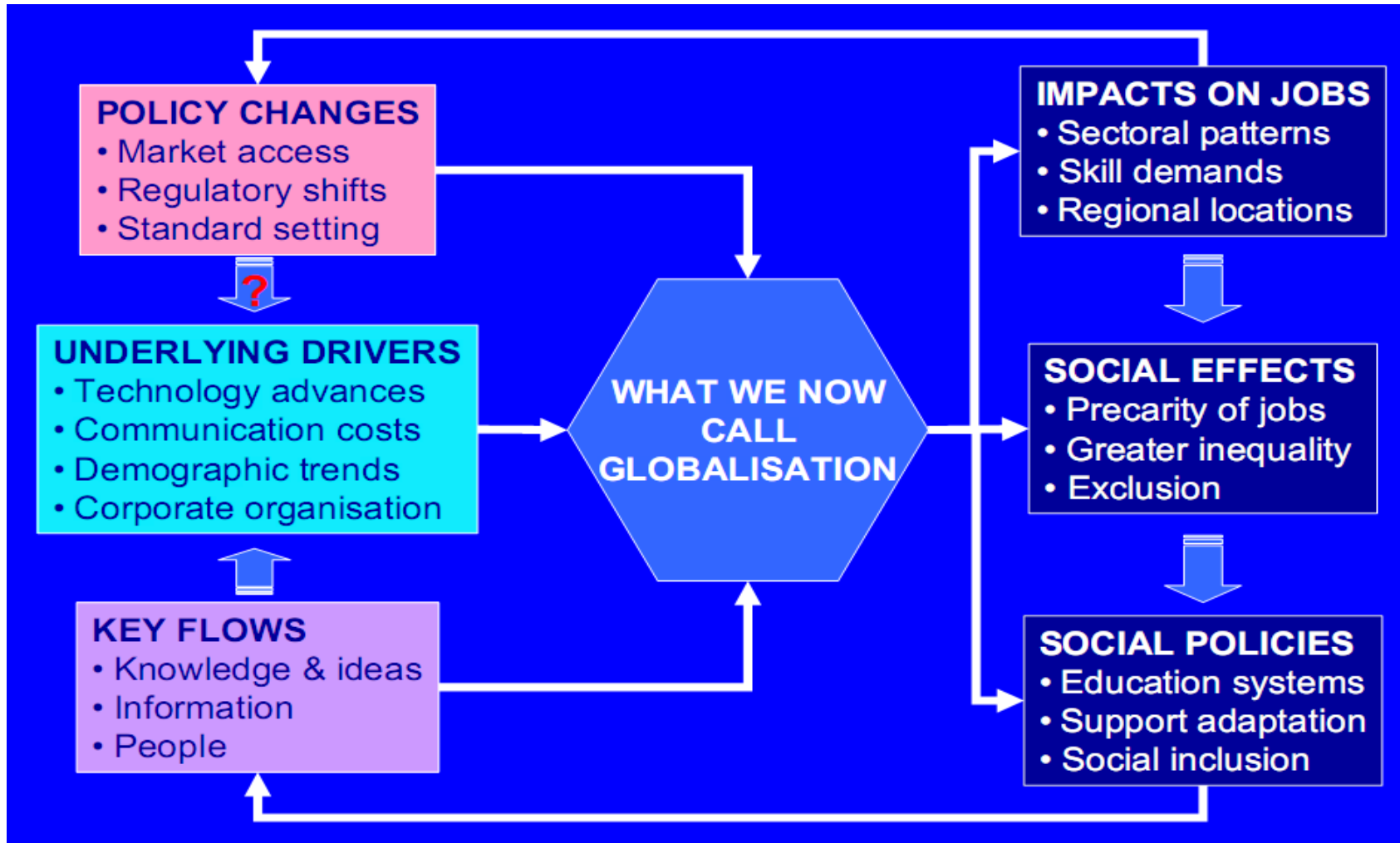


Chart by I. Begg



European Commission



# Benefits of Globalisation

- International division of labour and pro-competitive effects
  - Stimulus to productivity gains
  - Lower prices, higher living standards
- Spread of technologies
- Better investment options
- Emerging consumer markets: China...
- Increase in labour supply - migration



# Risks of Globalisation



- Social dumping, tax and regulatory competition
- Redistribution of bargaining power
- Job losses hitting especially the unskilled
- Aggravation of poverty and inequality
  - Impact of rising food and energy prices
  - Regional disparities
- Social stresses from migration





# The Evidence

- Stability of public spending
  - Notably on social protection
- Inequality increased in a majority of countries since mid-1980s
  - Result of globalisation or knowledge economy?
- No evidence of migration being a burden on welfare systems
- Gender gap diminishing
- Success of the Nordic countries





# Policy Requirements

- European Social Model an asset
- More investment in education and training
- Immigration and integration
- Labour market reforms ('flexicurity')
- International governance ('global public goods')
  - Tackling energy and climate challenges
  - Financial stability
  - Social standards
- Social protection to become 'activating'

