



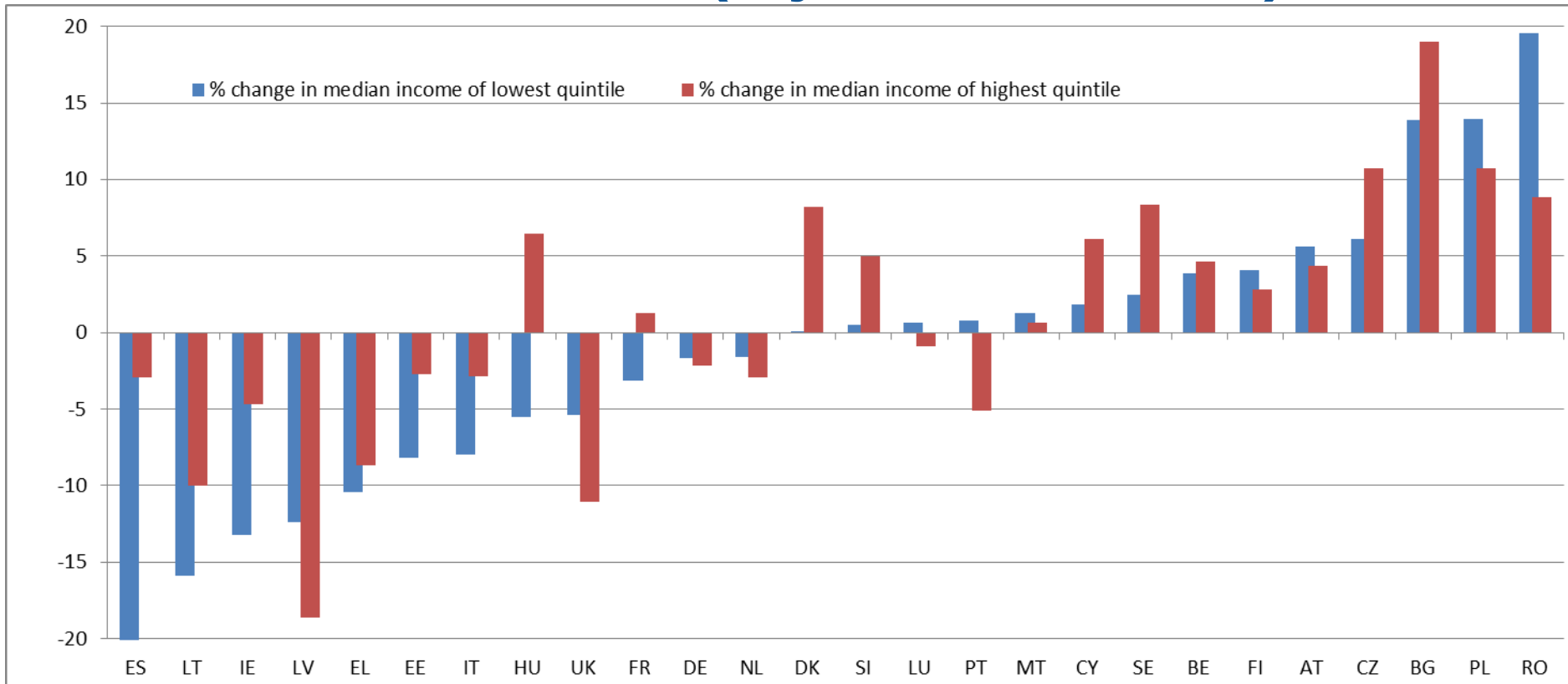
Promoting social cohesion and solidarity at a time of growing inequalities

GINI Conference, Amsterdam, 4 June 2013

László Andor

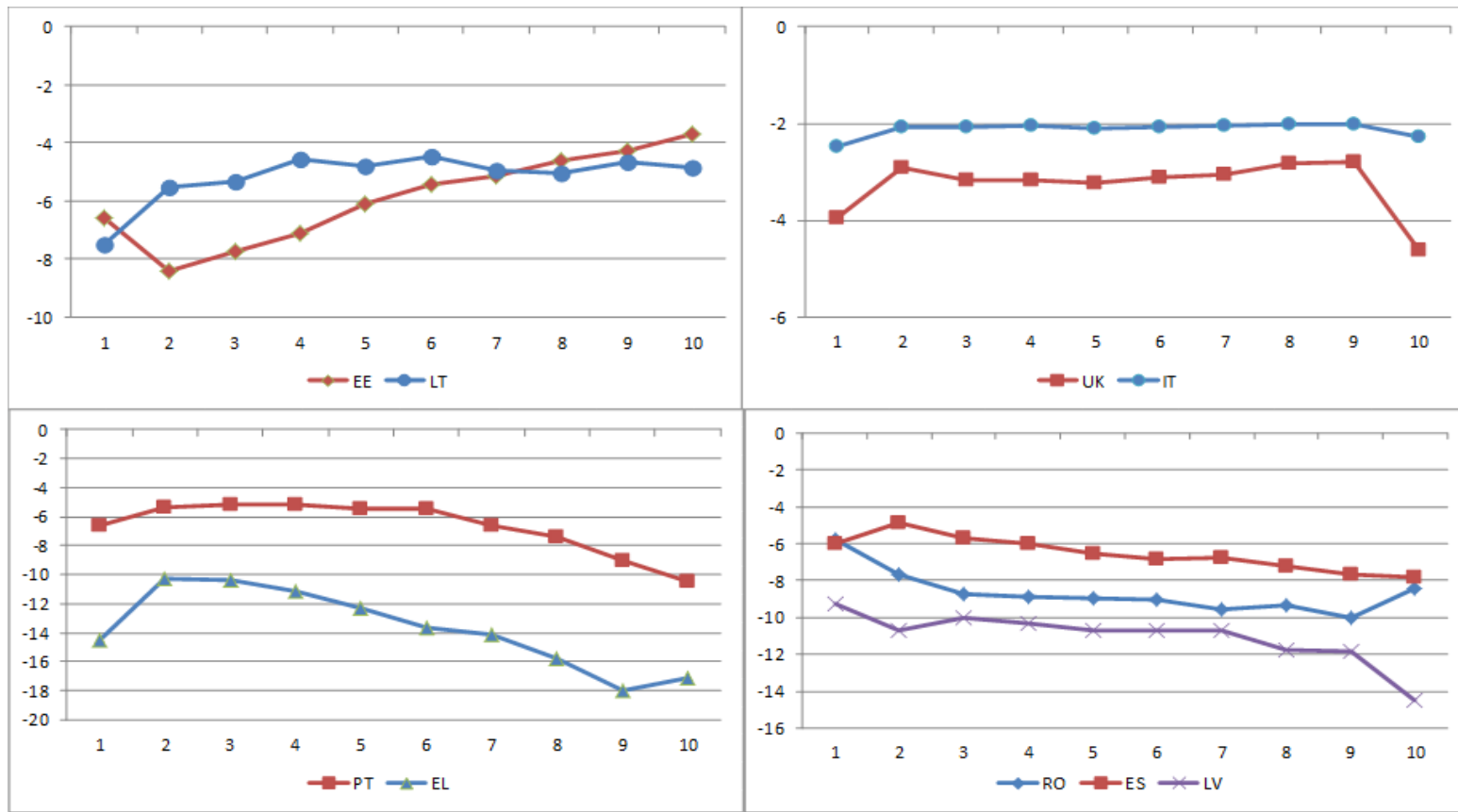
**European Commissioner
for Employment, Social
Affairs and Inclusion**

Change in median income in bottom and top quintiles from 2008 to 2011 (adjusted for inflation)



Source: EU SILC, ESTAT, (IE: latest data only from 2010. SK missing due to currency conversion issues)

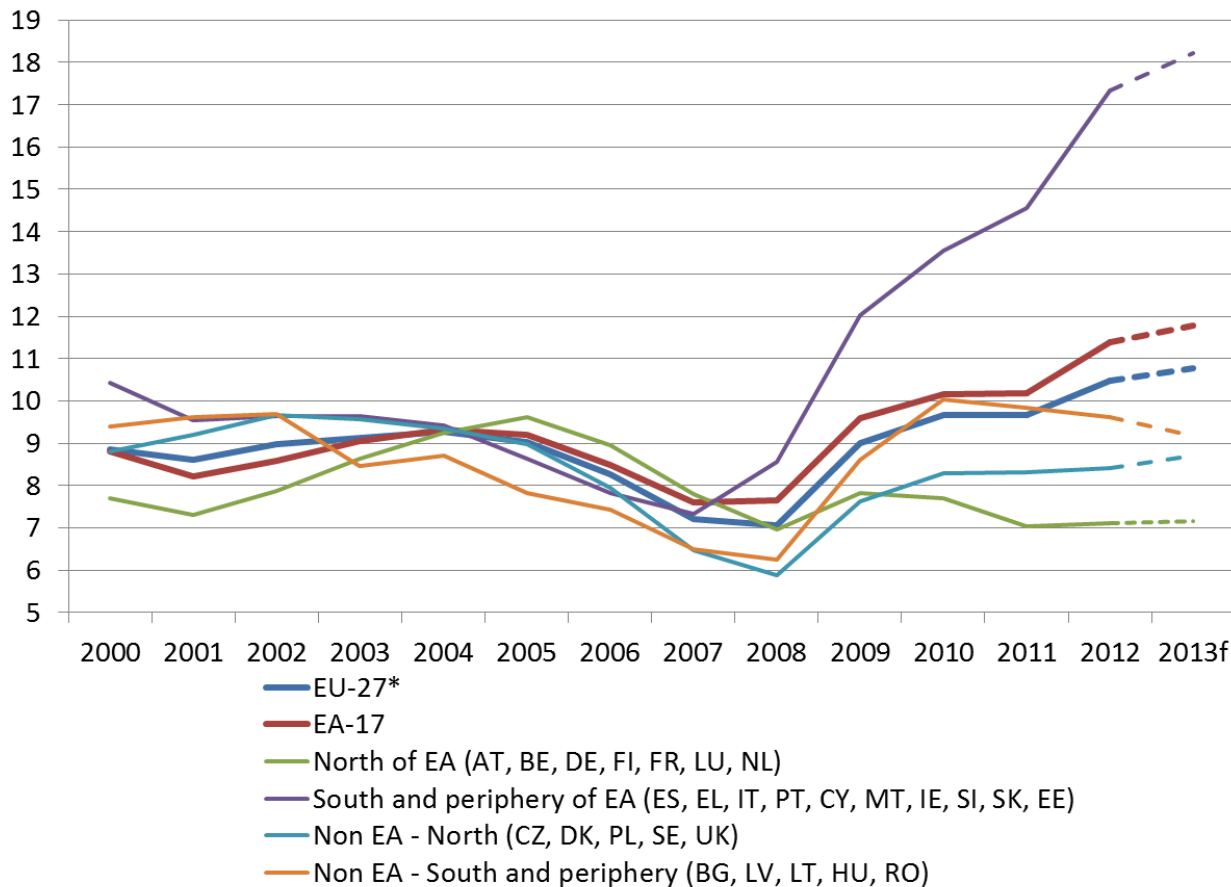
Impact of austerity on change in real gross household disposable income by income deciles (%) from 2008 to 2012



Source: Euromod

Growing polarisation within euro area

Unemployment rates (%)



EA: South & P

Δ=10 ppts

Non EA: South & P
Non EA: North

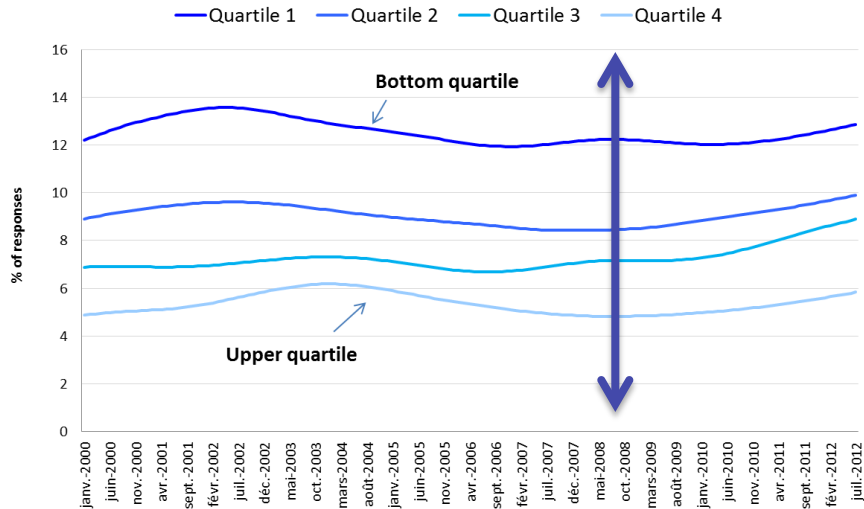
EA: North

Financial distress in Austria and Spain

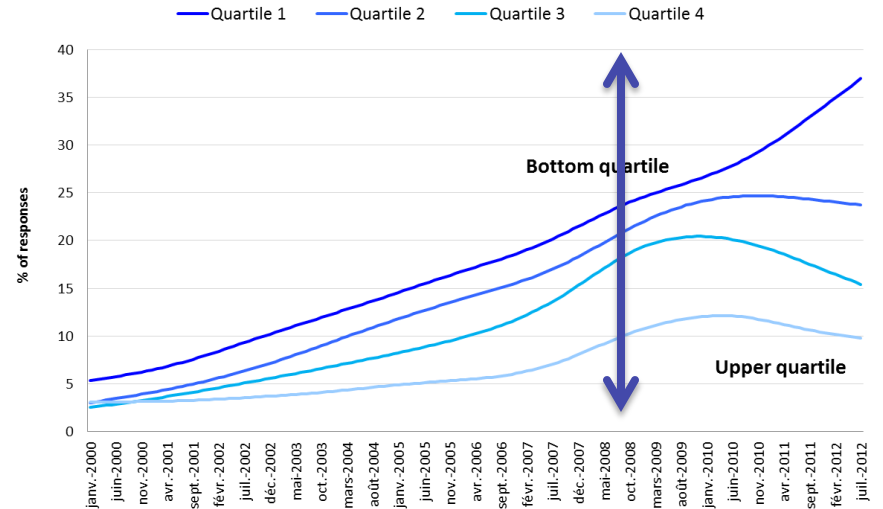
Austria

Spain

Austria: Reported financial distress in households by income quartile of household (2000-2012)



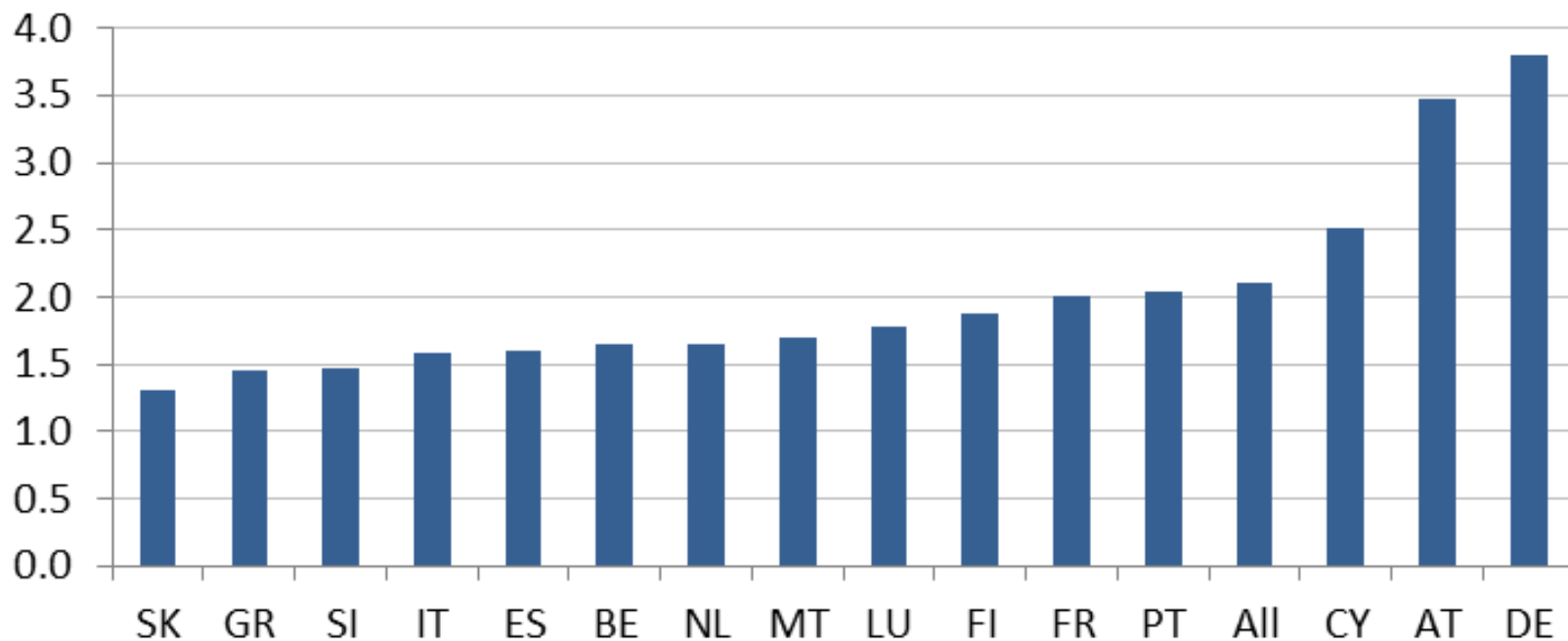
Spain: Reported financial distress in households by income quartile of household (2000-2012)



Source: ECFIN Monthly Consumer Surveys.

The rise is particularly sharp in **Spain** (10 pp or more over a year) and other southern Member States among those most affected by the crisis. The rise in Austria has been moderate.

Ratio mean/median net wealth



Source: European Central Bank, Eurosystem Household Finance and Consumption Survey



EU response to growing inequality

Long-term agenda: Europe 2020 Strategy for smart, sustainable and inclusive growth

- *Employment and social inclusion/poverty reduction targets*

EU governance:

- *European Semester*
- *Annual growth surveys*
- *Country-specific recommendations*

Employment, Youth Employment and Social Investment Packages

Social Investment Package

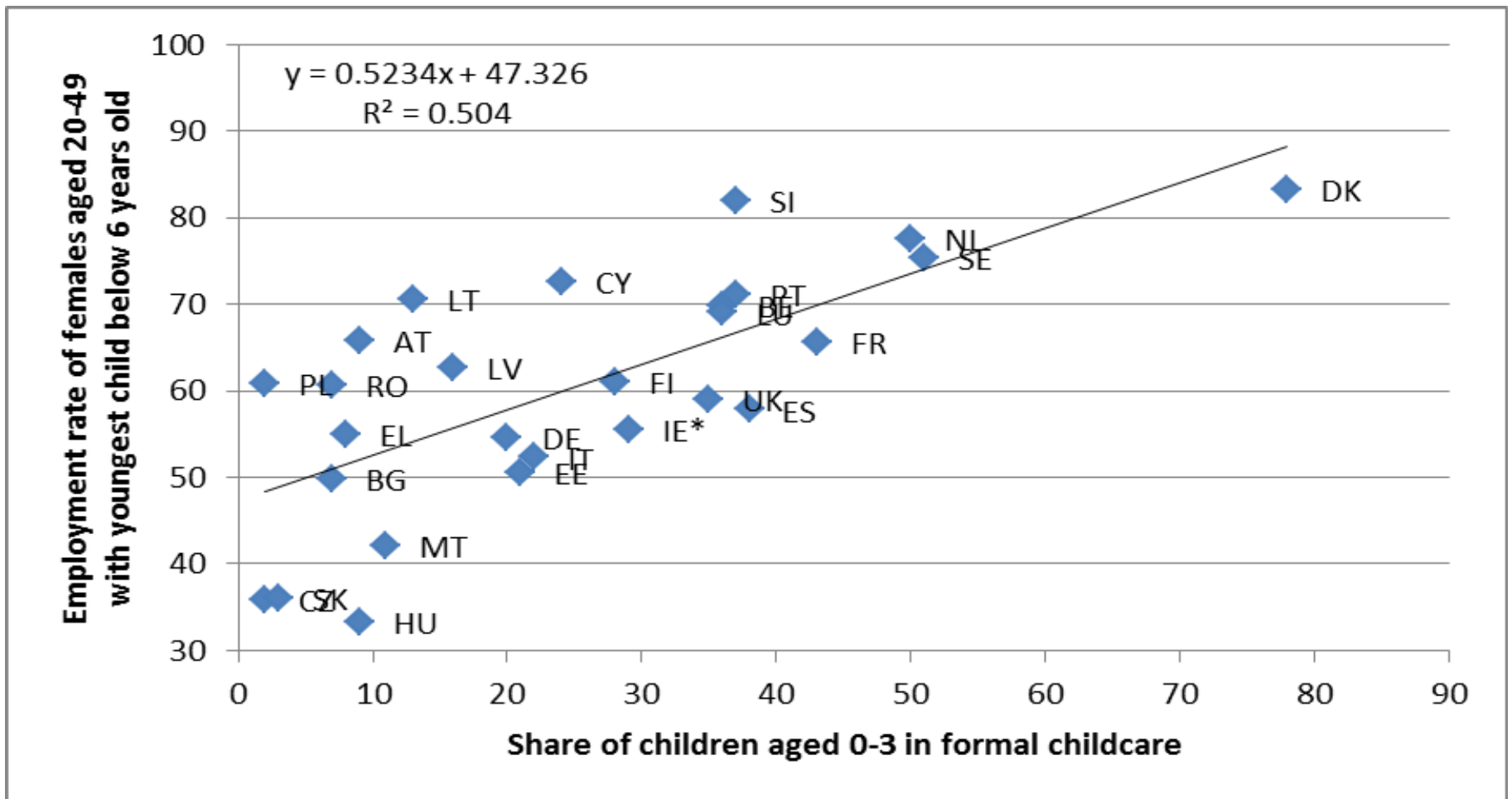
Underlying principles

- *Responding to people's needs at critical times in their lives, with the focus on investing early and preventatively*
- *Developing people's skills and capacities to improve their chances of participating in society and the labour market*
- *Spending more effectively and efficiently to ensure social protection is adequate and sustainable*

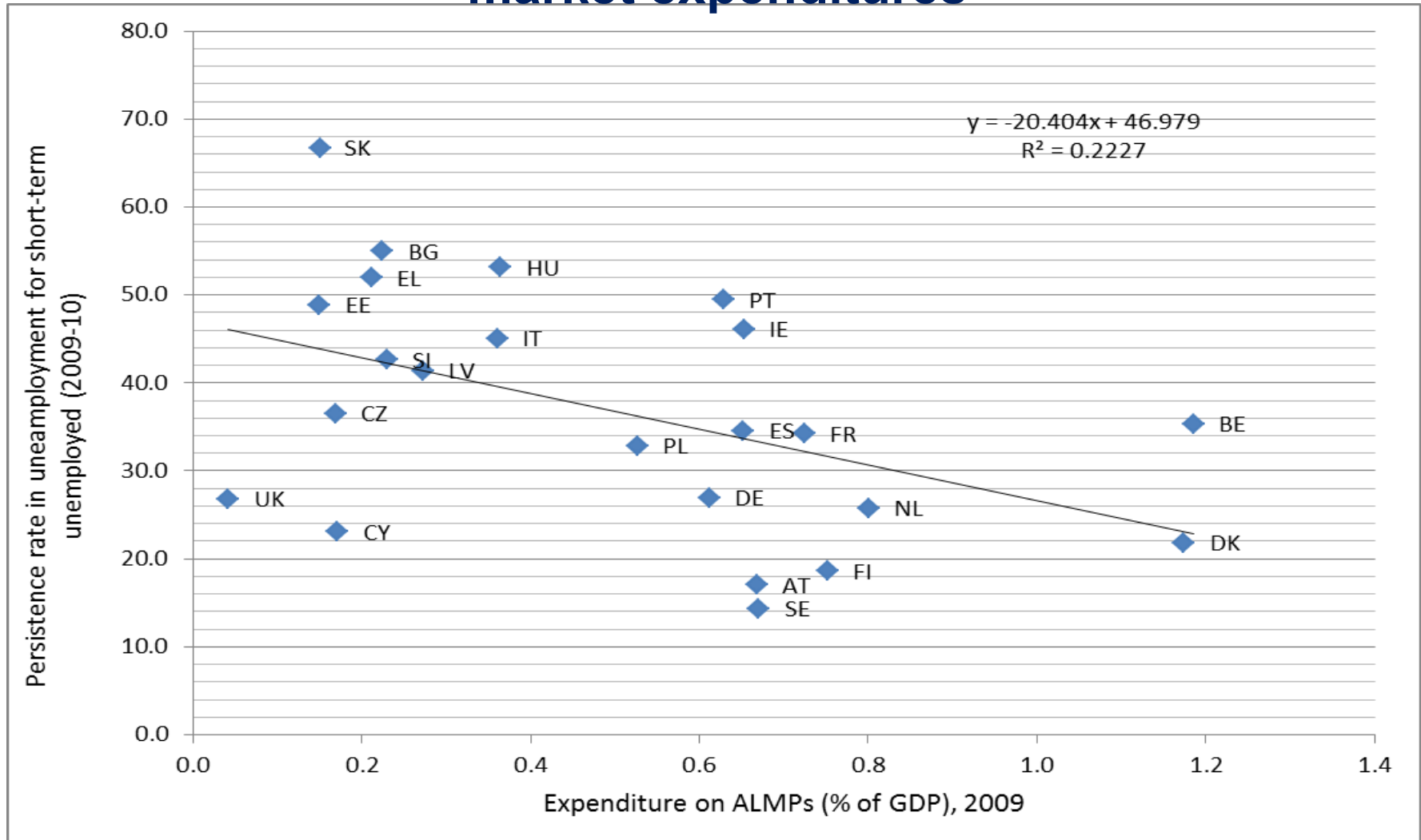


Link between more accessible childcare and higher female employment

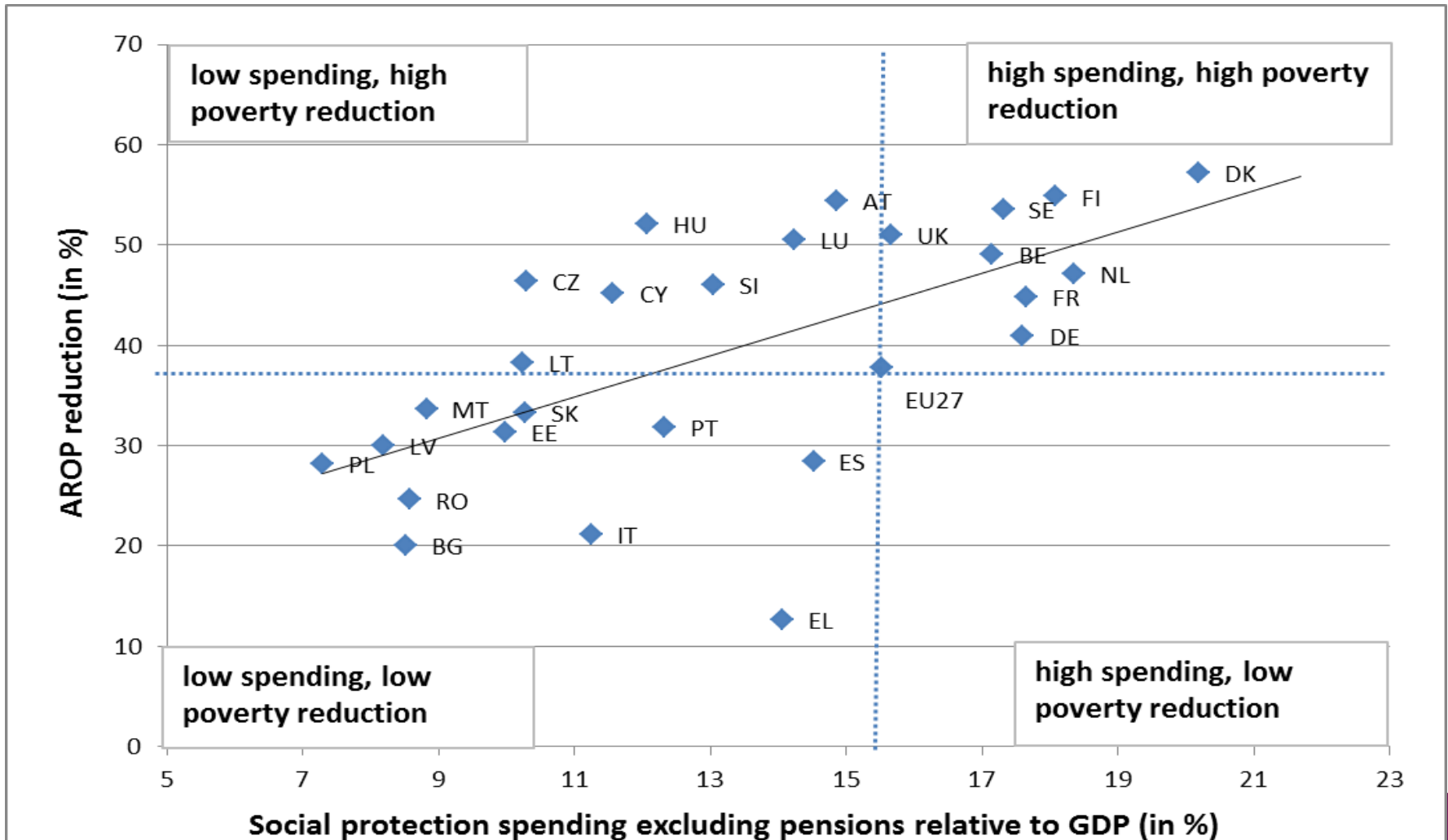
Percentage of children aged 0-3 in formal childcare and employment rates of women aged 20-49 with young children (2010)



Persistence of unemployment and active labour market expenditures



Similar social protection budgets with very different outcomes



A Common EU Methodology for Reference Budgets

- *Reference budgets are a calculation of the cost of a basket of basic goods and services that a family of a specific size and composition needs*
- *The Commission will develop a common methodology for reference budgets, which Member States can use when designing minimum income schemes*



Country-specific recommendations for 2013

- *A larger number of recommendations concern poverty, in particular as it affects children.*
- *The Commission considers that Member States also need to do more to reach disadvantaged people, who have specific needs -- for instance, by stepping up their efforts for the social inclusion of Roma.*
- *Proposals for recommendations that focus on tackling poverty and social exclusion reflects the Commission's responsibility for monitoring the Member States' progress towards meeting a Europe 2020 target.*





A stronger social dimension in closer Economic and Monetary Union

Article 3(3) of the Treaty on European Union:

"The Union ... shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment"