



## Welfare state reforms – mapping citizens' opinion

### An opinion survey in eight European countries

Commissioned by the Vision Europe Summit



## In brief

On behalf of the Vision Europe Summit, TNS Emnid conducted in July and August of 2015 a representative survey in the following eight EU member states: Belgium, Germany, Finland, France, Italy, Poland, Portugal and the United Kingdom<sup>1</sup>.

## Key findings

- In each of the eight countries surveyed, more than half of the population supports the idea that the **EU set minimum standards for social protections in all EU member states**. Support for this is greatest in France.
- In each country surveyed, a majority believes **the EU should put pressure on the member states to implement necessary reforms** of their welfare systems.
- In every country, with the exception of Finland, **a majority advocates financial transfers from rich to poor EU member states**.
- In each of the eight countries surveyed, citizens worry most about the state of **pensions and elderly care** in the future.
- Citizens in each country surveyed consider **education and training** a very important policy area for the future of the welfare state.
- In each country citizens are comparatively **confident with regard to the future of child care** in their county.
- Citizens in **countries with comparatively lower levels of public debt are willing to contribute more in order to maintain the current level of public welfare benefits**. Citizens in financially weak countries prefer cuts in benefits over increases in taxes and contributions.

## Conclusions

- The survey results suggest that **citizens are aware of the challenges and need for reform in social welfare systems**.
- A social investment approach is in line with citizens' view that **education is an important policy area for the future**.
- The survey data points to strong support for the EU taking on a more important role in calling for reforms to ensure the sustainability of individual social protection systems and to guarantee a minimum level of social protection across the EU.

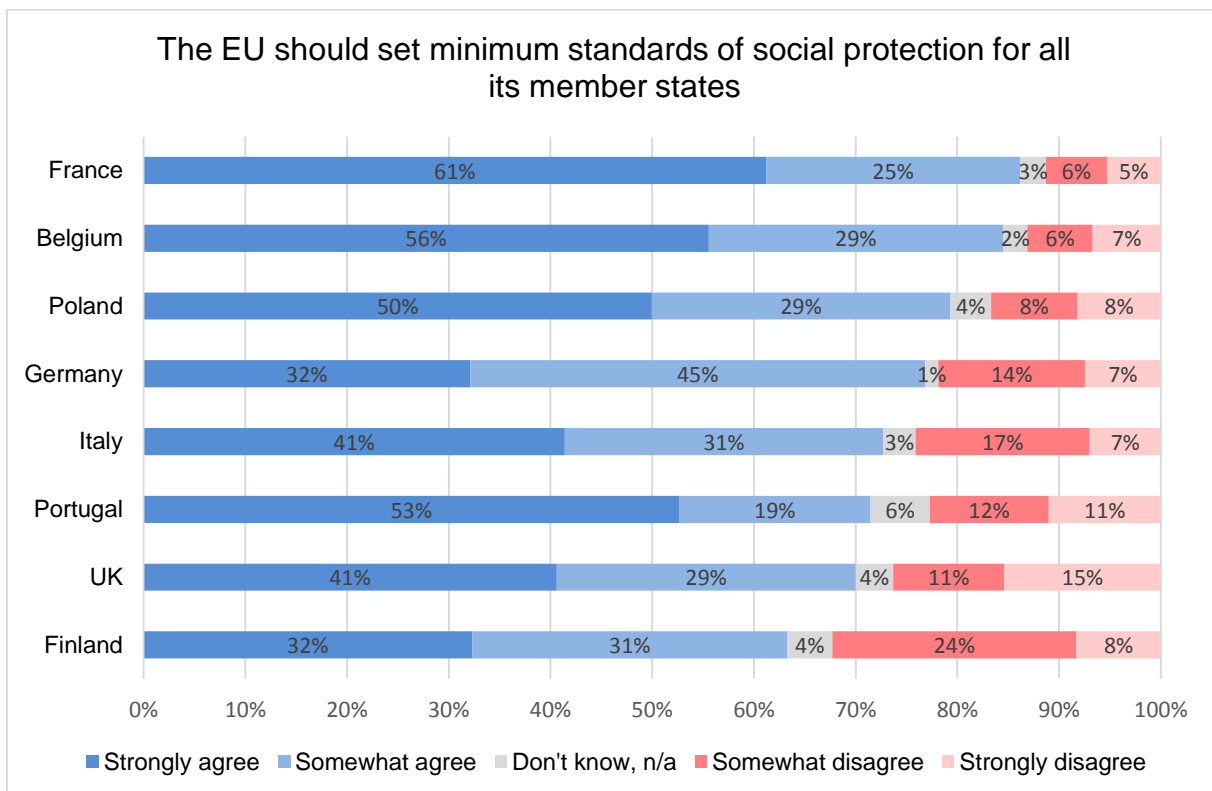
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<sup>1</sup> The survey was conducted via telephone. The sample size in each country was 1.000 respondents (with 1007 in Germany).

## The EU as guarantor of social protection floors

The EU was established with the goal of fostering economic prosperity in all member states through increased economic integration. Its success as an economic project is a testament to such integration. Over the years, as this economic project has prospered, the EU has also developed itself as a social project, though with less vigor. The EU may intervene with regulations or by setting minimum standards (e.g., maximum weekly working hours, occupational safety) only when doing so has relevance for the internal market. Decisions regarding social protections, however, are a matter of national sovereignty.

**Figure 1: The EU as a guarantor of minimum standards in social protections**



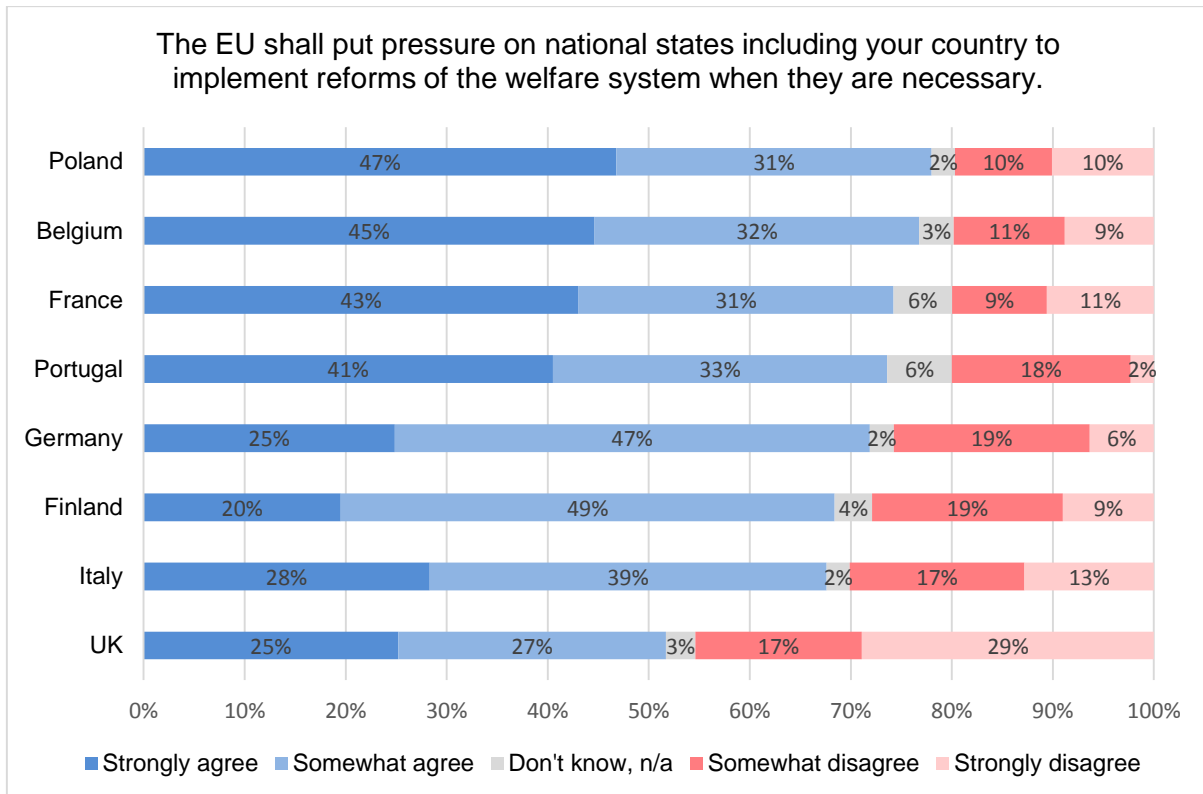
Currently, EU member states with comparatively lower social standards can try to gain a competitive advantage over other member states. Setting (relative) social standards for all member states would ensure that a certain level of social protection is guaranteed in all member states and a race to the bottom thus prevented.

Across the board, citizens in all of the surveyed countries expressed their support for social standards being set (see figure 1). Even in Finland, where approval is lowest, 63 percent are in favor of this proposal. The greatest approval is found in France (86%), followed by Belgium and Poland. Germany lies in the middle, with 75 percent of its citizens expressing approval. There is a geographical divide on this question: citizens in northern and western European countries (Finland and United Kingdom) are most likely to reject minimum standards, followed by the southern European states (Italy and Portugal), whereas the greatest approval is found among citizens in central European states (France, Belgium, Poland and Germany).

## The EU as advocate for reforms

In addition to setting standards, citizens in the surveyed countries are in favor of the EU pressuring member states to implement necessary reforms.

**Figure 2: The EU as a guarantor of necessary reforms**



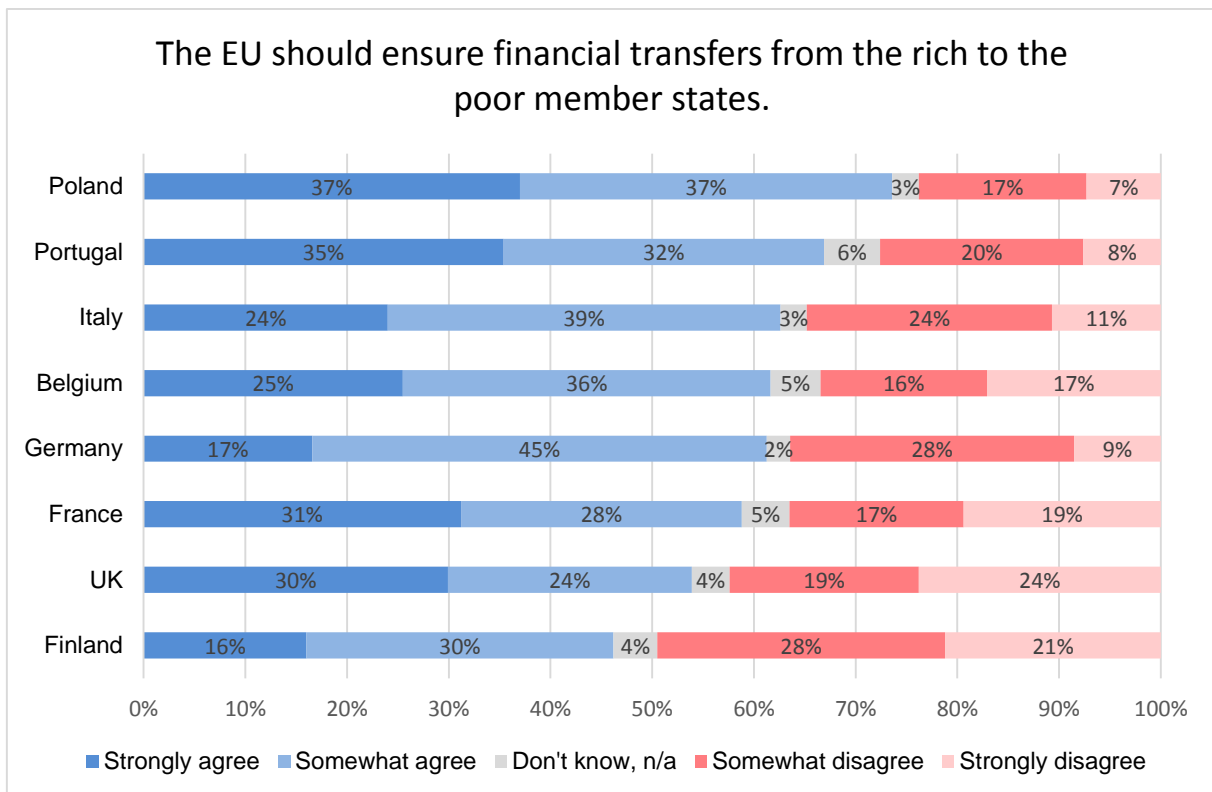
Even in the United Kingdom, where support for this statement is lowest, 52 percent of citizens responded positively to the question as to whether the EU should pressure individual member states to implement social welfare reforms where needed. Despite the overall support to this statement in the United Kingdom, an important part of the surveyed in this country also strongly disagrees with the statement. Poles show the strongest support among the eight states surveyed with more than two-thirds advocating a stronger EU role here. Belgian and French citizens come second and third. In Portugal and Germany support is slightly lower, but these countries are also those with the smallest percentage of citizens who strongly disagree with his statement (only 2 percent in Portugal). The Finnish public, generally more eurosceptic on all other EU-related questions, is close behind the Germans with 69 percent expressing the desire to have the EU act as an advocate of reforms (see figure 2). We can thus say that the **EU is thus seen by many citizens as a support in getting national leaders to implement necessary reforms that ensure the long-term viability of the welfare state but don't win votes.**

What these findings *do not* imply should also be noted here. Respondents do not expect the EU to demand specific reforms (e.g., consistent liberalization, austerity plans, etc.). One cannot infer from the question whether or not consistency across the EU should be targeted or

whether stipulating specific requirements is enough. This may vary from state to state and depends on the demographic, economic and social context in each. **The EU is seen as a catalyst for reforms necessary for a particular system, not as a guarantor of specific reforms that should be identical in each state.**

## Financial solidarity

**Figure 3: Financial solidarity among EU member states**



Citizens ascribe an additional role to the European Union: Not only should it put pressure on national governments that resist reform, it should also guarantee financial solidarity between the member states. In answering this question, it is clear that citizens of countries that are net contributors to the EU budget regard this requirement with more scepticism than do citizens from net recipients. Poland was not only the largest net recipient in 2013,<sup>2</sup> it was also the country (of the eight included in the survey) in which the largest share of respondents agreed with the statement that the European Union should guarantee financial transfers from rich to poor member states. Germany, the United Kingdom and France, the three biggest net contributors to the EU (as of 2013), as well as Finland – which contributes only minimally more to the EU budget than it receives in payments – show the greatest share of respondents rejecting financial solidarity (see figure 3). **In Finland, only 46 percent of respondents agree with the above-cited statement. In all other countries, however, agreement ex-**

<sup>2</sup> Last available data



ceeds the 50 percent mark. In Germany, the largest net contributor, 61 percent of respondents declare themselves to be in favor of financial solidarity with poorer member states.

## Confidence in the welfare state of the year 2050

Citizens of the eight countries **take a pessimistic forward-looking view** when asked to assess whether the welfare state will still meet the population's needs by the year 2050. **Fears dominated in all eight countries, particularly in policy areas significant to the elderly, that is, pensions and elderly care.** Germans show themselves to be the most worried in this regard, with 70 percent of respondents fearing that pensions will no longer meet citizens' needs, and 63 percent fearing the same when it comes to care for the elderly in 2050 (see Appendix 1). In contrast only 51 percent in the United Kingdom and 52 percent in Belgium are pessimistic regarding pensions in 2050. The demographic profiles of both the United Kingdom and Belgium are less worrisome than the German one.

Citizens were also asked about their assessment regarding the **future of child care and of education and training.** In both of these policy areas, **expectations for the future are optimistic** across all eight countries. In Belgium, just 18 percent of the population is worried about the future of education and training; with approximately on third of their citizens expressing concern, Germany, France and the United Kingdom fall into the middle ground in this regard. In former PISA top achiever Finland, 39 percent of citizens do not expect the education and training system to cover the needs of future generations. Most people are pessimistic regarding this policy field in Portugal where 44 percent do not believe that it will cover future needs.

Germany, Belgium and Poland – three very different countries – express the least amount of worry regarding **child care in 2050** (31%). While in Belgium, nearly 50 percent of children under three years of age were in child care outside the home in 2013, the comparable figure was barely 30 percent in Germany, and just 10 percent in Poland. It appears that at least in Germany, the considerable financial resources devoted in recent years to the expansion of care for sub-three-year-olds has convinced citizens that the **necessary steps are being taken in this policy area**, even if needs are not yet being sufficiently met today.<sup>3</sup>

Only in **Germany and the United Kingdom** are fewer than 50 percent of citizens worried about **support for the unemployed** in the year 2050. In fact, both countries today show low unemployment rates in cross-European comparison. The situation is quite different in Italy and Belgium, in each of which nearly 60 percent of respondents regard the future pessimistically. It appears as through the two countries that rebuilt and liberalized their labor markets

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<sup>3</sup> Since it must be assumed for this question that respondents are taking both the quantity and the quality of currently available care places into consideration, we refrain from explaining this positive view solely through the expected decline in births in Germany and the associated decline in demand for child care places. Of course, the low rate of child care placement in Poland can also be explained by a low level of demand. However, this issue cannot be further pursued here.



before the crisis are reaping the benefits of these reforms in 2015, in the form of a low unemployment rate and comparatively strong citizen confidence in the future of unemployment insurance.

## Expectations of the welfare state

In addition to citizens' concerns, the survey also addressed evaluations of how important various welfare state goals should be in the future.

One of the policy fields regarded as the **source of comparatively little worry** by citizens in the surveyed countries was also placed near the **top of the list in terms of future importance** (see Appendix 2): **the attainment of education**.<sup>4</sup> This result must be seen in the context of the paradigm shift towards *Social Investment* policies in most European countries. Social Investment can be summarized as social policy that (not only) offers support in times of need, but instead uses targeted investments to place citizens in a position where they will not fall into a state of need. Investments in (early childhood) education and training are one of the pillars of social investment. The *preventative welfare state* is a quite promising approach, even if in the future goals such as solidarity and equality of opportunity should be aligned with issues such as competitiveness and the fight against poverty.

The fact that the citizens surveyed see education as the welfare state's most important goal should be an incentive for politicians to invest in this political area so as to obtain votes not only through short-term social spending programs, but instead by securing the long-term viability of our social system.

The selection of countries does not afford a comparison between the old and new EU member states; however, it is striking that Poland, a country of the former Eastern Bloc, is the only country in which citizens identify child care as the most important goal of the future welfare state. Germans, Italians, Belgians and Britons see 'enabling all citizens to acquire education' as the most important goal while in France, Portugal and Finland it should be the guarantee of health care.

## Reform options: Increase contributions or reduce benefits?

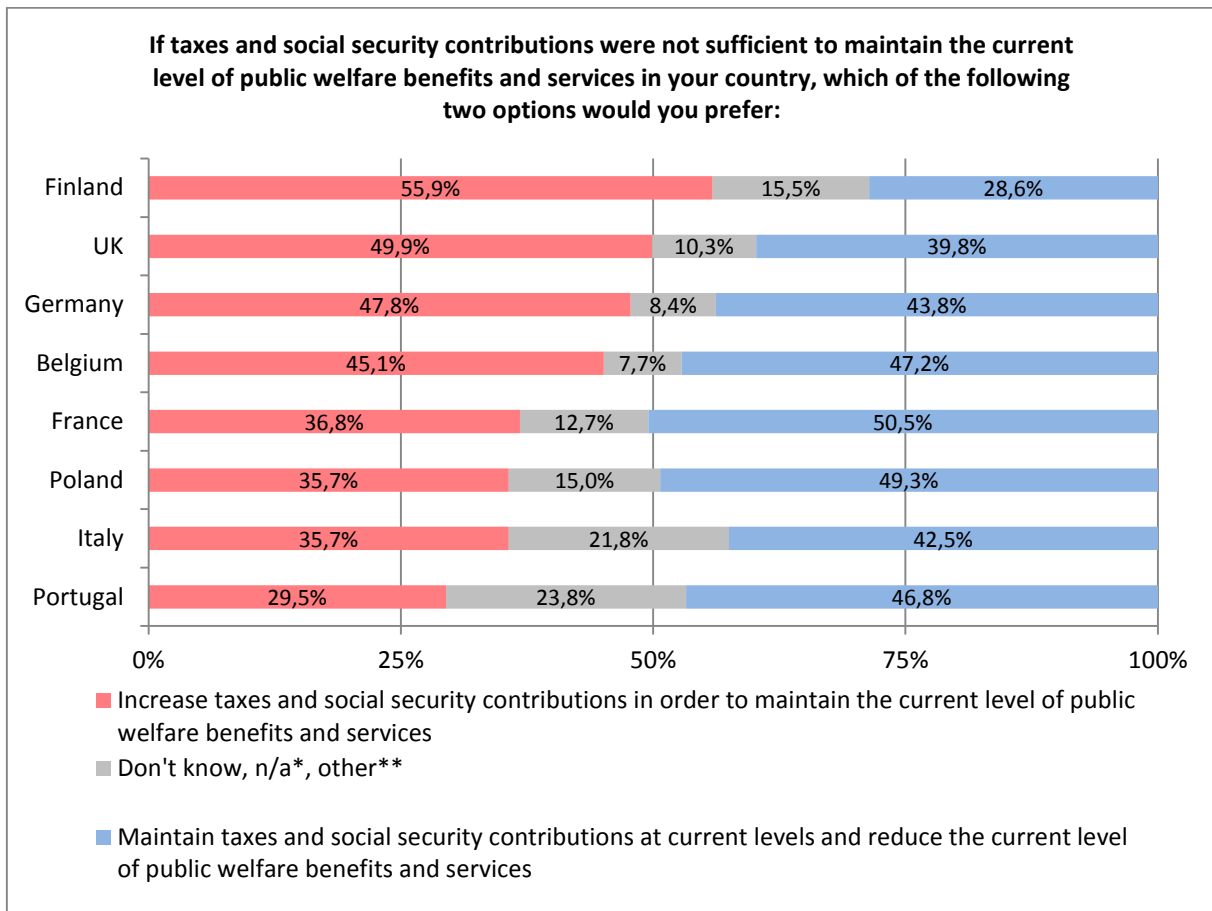
In all eight countries, welfare states are faced with the challenge of continuing to fulfil citizens' expectations in the future without consistently allowing expenditures to exceed the available resources. This problem has hit painfully home in some countries during the course of the financial and economic crisis. Portugal was able to avoid national default in 2011 only thanks to an EU bailout, which was conditional upon hard-driving reforms. When Italy was on the verge of a credit downgrade, necessary reforms were systematically implemented under the technocratic government of Mario Monti, for instance in the pension system. Reforms that

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<sup>4</sup> Respondents were asked about "enabling all citizens to acquire education, knowledge and skills."

reduce (future) benefits enable a country to gain credibility with its creditors. But what about with citizens themselves? To find this out, citizens of the eight countries were asked which of the following options they would prefer if tax revenues and social contributions were no longer sufficient to maintain the current level of benefits: a) increase taxes and social security contributions in order to maintain the level of public welfare benefits Or: b) keep taxes and social security contributions at the current level, but reduce social welfare benefits.

**Figure 4: Future financing**



**The largest share advocating for the preservation of current benefit levels is in Finland, where 56 percent of respondents support an increase in taxes and contributions. In the United Kingdom and Germany as well a majority declared their support for increased taxes and contributions in return for unchanged benefits.** A comparison of these results with those in Italy and Portugal – countries with high budget deficits – suggests a conclusion: that majorities for higher taxes are found in these three countries because they have been able to bring their public finances under control in recent years, and have not had to burden citizens with significantly higher taxes. The contrary is true in Portugal in Italy, countries in which taxes have increased in some cases drastically in the wake of the financial crisis. Only 29 percent of Portuguese and 36 percent of Italians are in favor of increased taxes in order to retain a constant level of services.

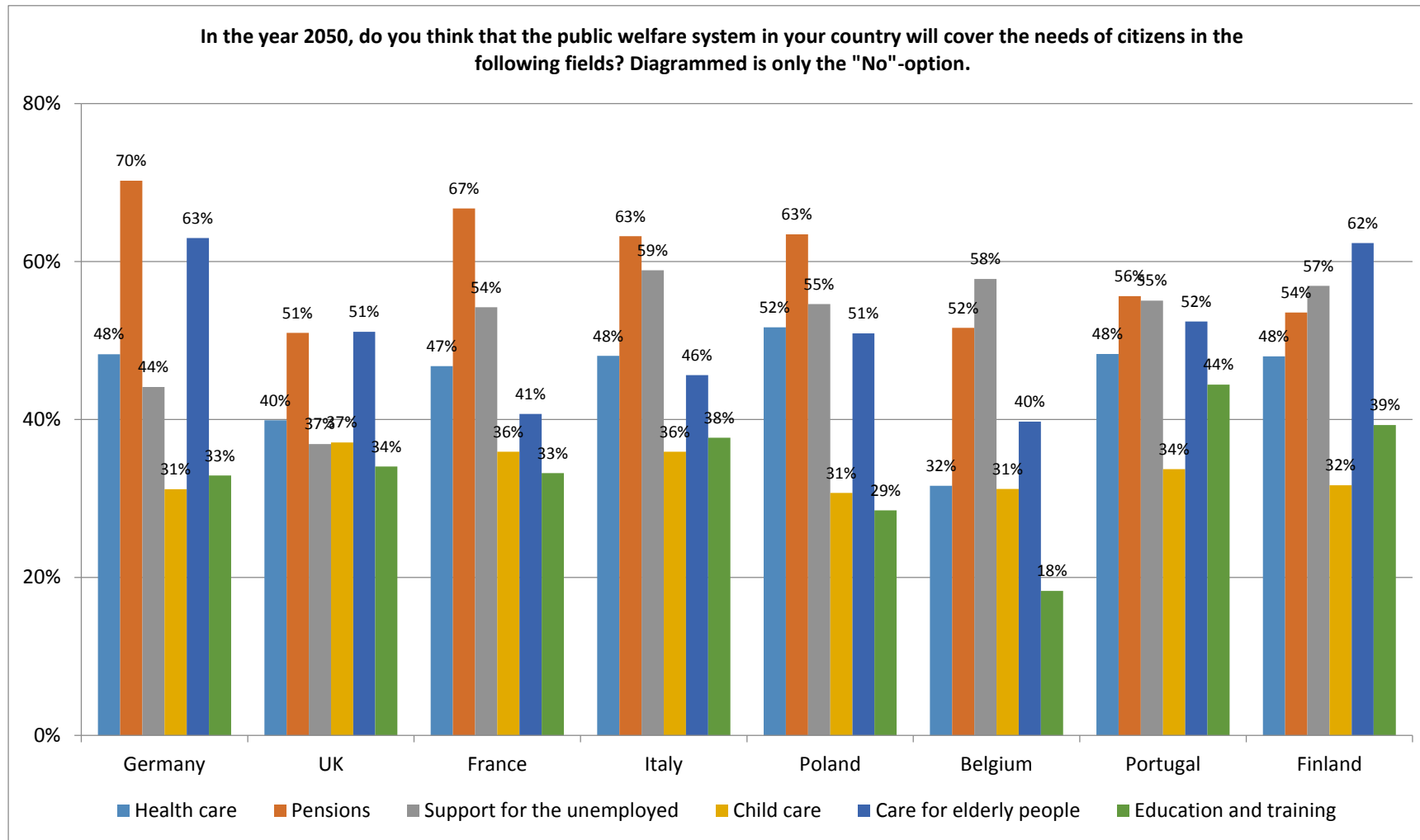




In France, an absolute majority (51%) is even in favor of a reduction in the current level of benefits. This result should shake up French politicians; apparently, citizens support exactly the important changes that politicians are afraid of.

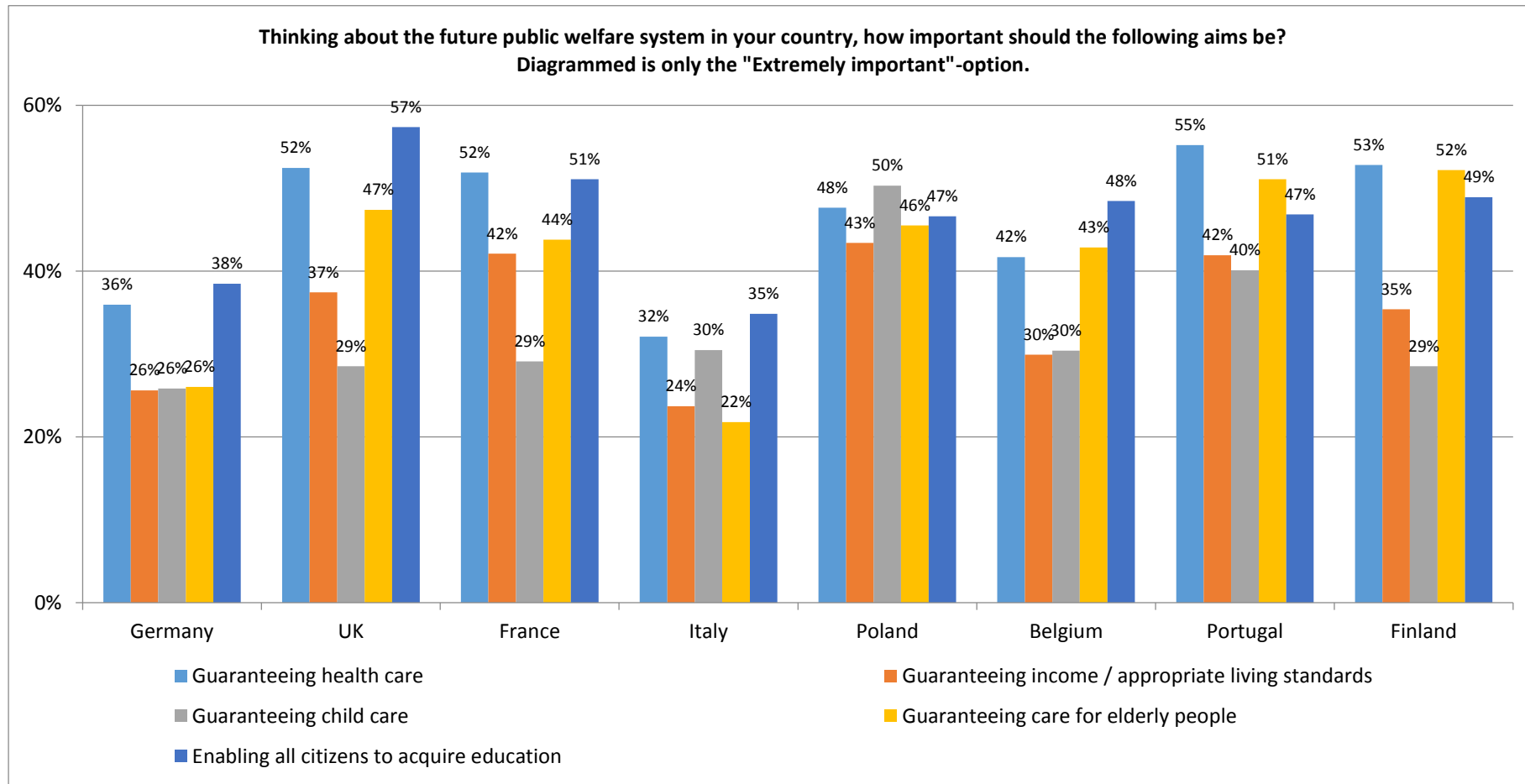


### Annex 1: What citizens expect of the welfare state in 2050





## Annex 2: Importance of specific policy areas in the future





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