



| Reducing inequality offers us a win-win: improved quality of life, more chance of achieving sustainable economies, a greater sense of solidarity and shared purpose.

REDUCING INEQUALITY: THE KEY TO A STRONG AND COHESIVE SOCIAL EUROPE

by Kate Pickett

In the face of pressures and tensions affecting the European project, there is a vital need to strengthen the vision and mission of a Social Europe. Focusing on reducing inequality could allow the EU to reconnect with its citizens and offer them a higher quality of life.

As economic difficulties, migration stresses, populist and far-right politics, among other factors, have brought the European project under increasing pressure, it has become essential to revitalize the EU's social mission. The development of the European Pillar of Social Rights by the Commission, as well as the Reflection Paper on the social dimensions of Europe which accompanied the White Paper on the Future of Europe, are a recognition that a vision of Social Europe is needed alongside the economic and security aims of the EU. Nevertheless, many have been deeply disappointed by the lack of attention in these documents to the role of socioeconomic inequality in creating the societies that the EU claims to want. Although fairness, equal opportunities and social protection get attention, inequality – which lies at the root of them all – is barely mentioned.

The scientific evidence on the impact of inequality is broad and deep, robust and growing. We know that inequalities in income and wealth cause economic instability, tear the social fabric, undermine social cohesion, damage population health (physical and mental), destroy democracy, and create a roadblock to the adoption of pro-environment strategies and behavior. Social and economic inequalities prevent nations, communities and individuals from flourishing.

Fortunately, the effects of inequality were treated much more

seriously in the development of the United Nations Sustainable Development Goals. Goal 10 (of 17) is to 'Reduce inequality within and among countries.' All European nations have signed up to this goal, and should be trying to 'progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average.' Other institutions are also taking inequality more seriously. This year at Davos, in the World Economic Forum report on global risks, rising income and wealth disparity ranked as the most important trend likely to determine development across the world over the next decade. The International Monetary Fund, the World Bank, and international NGOs, such as Oxfam and Action Aid, also understand the central importance of inequality. At the moment we see more rhetoric than action, but from the EU Commission we don't even see the rhetoric.

Tackling inequality can feel like a tough, intractable problem. But in reality there are vast numbers of economic, political and social solutions that can be implemented at international, national and local levels. And the experience of the past tells us that big changes can happen quickly. There are distributional solutions, such as progressive taxation and higher social security provision. There are pre-distribution solutions, such as higher minimum wages and representation of employees on company boards and remuneration committees. International

action is needed to deal with tax havens and the behavior of multinational businesses. Most fiscal policy sits at national level, but communities can also take action: in the UK, many local authorities have committed to paying the Living Wage. Reducing inequality requires political will and leadership, but also grassroots movements and upwards pressure for change.

On the grounds that 'member states and the EU as a whole will reap political, economic and social benefits from fighting inequality', the Scientific Board* of Progressive Economy (an initiative of The Progressive Alliance of Socialists and Democrats in the EU), has called for Europe to move towards 'a new egalitarian ideal'. Pursuing such an ideal credibly and effectively could re-connect Europe with its citizens. The measures which member states could use to achieve this new egalitarian ideal include taxation (e.g., stiff inheritance tax and taxation of real property and rents; implementing a financial transactions tax), action on wages (e.g., favouring strong trade unions and a high minimum wage), expanding social insurance at the European scale (e.g., a European pension union, and an emergency social solidarity programme) and finally, mobilizing European policies and regulation to reduce inequalities (e.g. enhancing employment and social rights, gender equality and child equal opportunities). As well as trying to meet the UN SDGs, the EU should commit itself to the reduction of inequality and

the convergence of income levels across EU member states.

Neoliberalism has failed to deliver what it promised. We've had growth, but not fairly distributed; we've seen booms but too many busts. And even if the pursuit of economic growth had delivered benefits to all of us, in the face of coping with climate change we can now no longer afford to reify this goal. Reducing inequality offers us a win-win: improved quality of life, more chance of achieving sustainable economies, a greater sense of solidarity and shared purpose – this should be the number one priority of a Social Europe.



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