

policy network essay



Social pessimism

The new social reality of Europe

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Social pessimism: the new social reality of Europe

For once there is a vision of Europe's future that Britain shares. It is not directly about the future of the European Union, though I believe it is highly relevant to it. Rather it is a striking mood of pessimism about the social trends in our societies: we may be the first generation since the great advance of material progress which began with the industrial revolution that believes life will not be as good for our children and grandchildren as it has been for us.

At the heart of this pessimism there is a profound paradox. Surveys repeatedly show high levels of self-reported individual life satisfaction and happiness. These have been broadly stable in the most prosperous European countries for a generation, with no tendency to rise once a certain level of material prosperity is attained: a fact that is significant for the growing debate about "wellbeing" in affluent societies. But high life satisfaction and happiness goes alongside quite deep pessimism about prospects for the long term. Interestingly, this pessimism about future trends in society is not something distinctively British—most definitely not something for which responsibility can be plonked on the doorstep of Britain's beleaguered Labour government—but a social perception that affects much—but not all—of the European Union. In this the British are more European than many Brits in their own self perception like to think. This essay explores the evidence for these perceptions of pessimism, offers an interpretation of the common social trends that may be bringing them about and concludes with some speculations about the implications for politics in Britain and Europe.

What made me conscious of these issues is the work I undertook as an adviser to the European Commission President, Jose Manuel Barroso. This was part of a "social stocktaking" exercise where I part-authored a paper for a consultation that the

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Commission launched in February 2007 and which resulted in a Commission white paper proposing a new Social Agenda for Europe in the summer of 2008. The Commission undertook this exercise not only as part of a periodic review of its policy agenda, which also included consideration of how to take forward Europe's single market, but specifically in response to the underlying social discontents within member states which were thought to have played a key part in the "no" votes on the draft constitutional treaty in France and the Netherlands in the summer of 2005. At the time in Brussels, it was often remarked that it was the "context", not the "text" of the draft treaty that the Dutch and French people had rejected—a line of argument which understandably some eurosceptics might regard as typically elitist and arrogant. But in my view there is an explanatory link between social pessimism about the future in member states and institutional paralysis at the level of the EU itself, as shall be discussed later.

The questions in the latest Eurobarometer Survey invited respondents to speculate overall about what they thought would be the social situation in their country in 20 years or so time. What is striking about the data is that on six key indicators of social pessimism, the British appear to be as pessimistic as or more pessimistic than the average for the member states overall (see Table 1). The only consolation is that on some issues the French, Germans and Italians appear to be even more pessimistic, though the British are marked out by their relative pessimism about "the prospects for more harmonious relations with people from different cultural and religious backgrounds and nationalities".

Table 1: Social pessimism in the EU and four member states compared

	EU	UK	France	Germany	Italy
	Would you say that people's lives in your country will be better or worse than today?				
Answered "worse"	49%	56%	64%	68%	58%
	People will earn less than today in your country because of competition from rising economies such as China, India or Brazil.				
Answered "agree or strongly agree"	57%	61%	68%	69%	62%
	The gap between rich and poor in your country will be wider.				
Answered "agree or strongly agree"	82%	83%	89%	90%	80%
	In your country family ties will be weaker.				
Answered "agree or strongly agree"	61%	63%	64%	59%	62%
	Many people in your country will not be able to afford the medical treatment that they need.				
Answered "agree or strongly agree"	70%	70%	79%	81%	66%
	There will be more harmonious relations between people from different cultural or religious backgrounds and nationalities.				
Answered "disagree or strongly disagree"	39%	50%	41%	47%	29%

Source: Eurobarometer 69, Public opinion in the European Union, Spring 2008

Within Europe there remains a strong body of optimists about the future—but not in the “core” large member states including the UK. Optimism is, not surprisingly, greatest among the new member states (with the exception of Cyprus), where there is the largest catch-up potential with western European living standards, and where, after the brutal traumas of transition to market economies, that potential is now beginning to be realised. But there also remains a majority of optimists in the Nordic countries and the Netherlands, which is perhaps a mark of confidence in the resilience of their welfare states in the face of new challenges, and in Ireland and Spain (of the so-called Cohesion Four and in marked contrast to Greece and Portugal), where rapid progress towards modernity has been seized as an opportunity and not a threat.

What explains these findings? The range of responses on whether people's lives will be better in 20-years time is striking. 78% of Estonians, 67% of the Irish, 62% of Poles, 51% of Swedes, 47% of Spaniards and 43% of Dutch think yes—simple majorities for optimism in all these countries. The comparable figures for the EU's big four are by contrast: UK 36%, France 27%, Germany 20% and Italy 32%. Were it not for the inclusion of the UK among the pessimists, many would offer a straightforward economic explanation based on the fact that the big three member states of the eurozone have for different reasons had poor growth records in the last decade and relatively underperformed in the first years of the euro. In contrast however, Britain enjoyed a “nice” decade, as Mervyn King put it, of non-inflationary continuous expansion in the decade since 1997—the most successful by far in Britain's post-war economic management. But unprecedented economic prosperity in Britain was clearly not enough to induce a more optimistic national mood about the future. Even in the big three member states of the eurozone, the Eurobarometer survey conducted in the spring of 2008 was taken after several years of economic recovery from post-German unification stagnation, which had been accompanied by unusually rapid employment growth.

To explain these survey findings it is clearly necessary to go behind the crude growth statistics. In part this reflects the well known phenomenon of rising public concern for “wellbeing” which affects all social groups and takes many forms: individual obsessions with physical fitness and diet, the public

appetite for new information about healthy living, new debates about work-life balance, and the rising salience of environmental issues in political debate. But the underlying economic and social dynamics are more profound.

First consider the big developments taking place in all European labour markets. One is an occupational shift away from traditional semi-skilled jobs in mass manufacturing towards higher skills, jobs that demand IT literacy and service occupations—a shift that widens opportunities for both better paid and more fulfilling jobs, but at the same time polarises labour market outcomes between the educated and unskilled. The labour market position of the low skilled is deteriorating: if they can find work (and particularly in the older industrial areas, away from resurgent cities, many drop out of the labour market on long-term social benefits in a variety of guises such as early retirement, sickness or invalidity) jobs increasingly tend to be low paid and insecure. In the last decade European labour markets have become more “Anglo Saxon”: labour market flexibility is no longer unique to Britain and Ireland. There has in the last five years been a huge growth on the continent in insecure work with workers on temporary fixed contracts, and for some groups wages have fallen in nominal terms. I believe that this erosion of “good working class jobs” is having profound social effects both in Britain and on the continent. Not only are there material consequences for groups affected. There is a loss of self-esteem as the type of job which was in the previous generation the foundation of secure family life is no longer available. The alienation of white working class males is not just a British phenomenon.

The social consequences of these occupational shifts translate into widespread fears of globalisation. Over 60% of the citizens of the EU’s biggest member states expect people to earn less as a result of competition from newly rising economies, calling into question the complacent view of the British elite that Britons will instinctively embrace economic openness with more enthusiasm than our continental partners. Among the richer European countries it is rather those that have invested heavily in active labour market policies and various forms of flexicurity where fears of globalisation are significantly lower. For example only 41% of Danes expect people to earn less in future as a result of rising global competition.

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As Europe becomes more and more of a knowledge and service economy, education is widely seen as the path to economic opportunity. But the message of “education, education, education” is threatening to families that have never succeeded in formal education. In previous generations people were offered routes, admittedly limited, from the shop floor into foreman and management positions. For young people today, obtaining educational qualifications is a necessary stepping stone for social mobility. We live in a world rich in educational opportunity, but the realisation that this is not one in which they are likely to succeed hits many young teenagers at secondary school—a fifth of whom across Europe leave school with no or very low qualifications.

This expectation of failure is not made easier to bear by society’s widespread acceptance that whether an individual succeeds in life depends on whether she or he succeeds at school and college. Ask citizens from the majority of European countries about what matters in order to get on in life, and the overwhelming factors mentioned are hard work and doing well in education, not the luck of the family into which an individual is born or perceived social injustice. Educational opportunity is perceived as being pretty universally on offer: but for all its flaws, the meritocratic offer is only a source of optimism for those who succeed. For at least a significant minority, it is deeply alienating.

The workings of educational meritocracy, the erosion of decent working class jobs and the perceived threats from globalisation contribute to a widespread expectation that in future the gap between rich and poor will grow. This perception is overwhelming throughout the EU. However, while 49% of Brits “strongly agree” that this is the likely trend (as against 56% of the French, 54% of Italians and 43% of Germans), the equivalent number in the Netherlands is only 11%, in Denmark 15% and in Sweden 26%. Broadly speaking, societies that are more equal today have less fear of a growth of inequality in future: and again it is the more equal societies that appear to fear the impact of globalisation least. This is the reverse of the neo-liberal presumption that societies characterised by social interventionism to correct market driven inequalities will be the most “protectionist”.

These new sources of polarisation in the labour market and education go alongside equally transformative changes in the family and demography. These are in part due to value shifts that on the whole individuals welcome and are positive for feelings of life satisfaction, but also paradoxically make people feel less optimistic about the future. Take for example the progress that our societies have made to greater gender equality in recent times. Across Europe the gender employment gap is narrowing sharply: first it narrowed in northern Europe, but the same is now happening in Italy and Spain. Alongside this is a narrowing gender pay gap, though the pattern here is more diverse. Gender differentials are likely to narrow further given that there are now more women than men being admitted to European universities. The family model of today—and the future—is the dual earner couple. But social policy has been slow to recognise this explicitly, except in the Nordic countries. As a result childcare provision is patchy—though improving—in most member states and provisions to enable the dual earner couple to balance the responsibilities of work and family are underdeveloped. This is a source of social strain even for families with average incomes. In parts of Europe the extended family still relieves these strains, though its ability to cope in the longer term must be in question given growing social and geographical mobility and the increased likelihood of relationship breakdown. The perception that family ties will in future be weaker is shared by over 50% of the population in every member state except the Baltic States and Denmark.

Progress to gender equality has also been accompanied by a sharp fall in European birth rates. Women are having their first child later—and more women, especially the better educated, are choosing to have no children at all. Whether these

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trends reflect genuine “freedom of choice” is a matter for debate. Some would argue that they reflect an “individualisation” of values that in the long term threatens the social sustainability of European societies. This consciousness of lack of sustainability is heightened by increases in life expectancy and the growing challenge of caring for the very old. 70% of Britons and 70% of EU citizens as a whole think that in future in their country many people will not be able to afford the medical treatment they need. The political class in Britain may well be convinced that the founding principle of the NHS—universal access to free treatment at the point of use for anyone who is ill—is inviolate, but the public appear to have a shrewder and more pessimistic view of what is realistic in future.

The increasing polarisation that characterises trends in the economy and labour market also penetrates family life. Contrast the investment that dual earner couples make in the human development of their children (where increasingly middle class fathers struggle with “time poverty” in order to play the active role that is expected of them in modern relationships) with the blighted life chances of children bought up in poverty. The data suggest child poverty is increasing in many European countries, though in most it is still far below UK levels—despite the progress made since 1997 in reducing child poverty, Britain remains a European record holder when it comes to one parent

families, children brought up in workless households and teenage pregnancy.

The growth in generational inequalities is also striking in many European societies. About a fifth of the elderly still live in poverty, which is concentrated among older single women, but as a result of generous pensions systems, the rest have done relatively well as evidenced by the growth of consumer markets specialising in meeting the needs of older people. (Financial markets have not however been as innovative in allowing the elderly to access capital tied up in their value of their homes in order to meet the costs of long-term care in what is perceived to be an equitable way). Young people by contrast face greater pressures—of relative marginalisation in two tier or highly flexible labour markets, in meeting the costs of extended education, in entering the housing market for the first time and in having the resources to form a family. What is equally striking is the lack of prominence of these generational inequalities in political debate—for the obvious reason that the elderly constitute a growing proportion of the electorate and are the section of it most likely to vote.

One of the most profound changes in our societies across Europe is the growth of ethnic and cultural diversity. This is transforming cities across the continent—cities as different as Malmo, Marseilles, Birmingham and Rotterdam—which are all anticipated to have non-white majorities in the coming decade. Strong arguments can be made that this is a positive development, not least as a result of Europe's need for inward migration in order to sustain its ageing welfare states, as well as the benefits of diversity itself. But the evidence is that increased diversity is making some Europeans feel more pessimistic about their future. According to Eurobarometer, Europeans divide 55–39 positively on whether, in future, relations between people from different cultural or religious backgrounds and nationalities will be more harmonious. But exceptionally in the UK, the divide is 50–45 the other way. It is interesting that on this question, public opinion appears more nuanced than on perceptions of the impact of other socio-economic issues such as that of globalisation on living standards, rising inequalities between rich and poor, the strength of family ties and the availability of healthcare people can afford. The growing diversity of our societies may be contributing to social pessimism, but other factors appear more significant.

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What conclusions can we draw from this analysis? First, Britain is more of a European country than many Britons like to think. Indeed our social attitudes have more in common with the pessimism of “core” Europe than with the more dynamic fringe of new member states: Spain, Ireland, the Netherlands and the Nordic countries.

Second, those of us who believe in the benefits of economic openness have a fight on our hands. And the way to win that battle is to modernise the so-called “European social model” not dismantle it, in that the member states least opposed to globalisation are those that are most egalitarian and have the strongest active labour market policies.

Third, there is a striking paradox between high levels of individual life satisfaction and social pessimism about the future. The “broken society” of which David Cameron speaks, or the “social recession” of which the left-wing pressure group Compass complains, appears an exaggeration of what is perceived as present day individual reality. But it does seem that people perceive trends underway in our society which threatens the social sustainability of the good life which most individuals say today they enjoy.

Fourth, the prevalence of social pessimism presents a massive challenge for the politics of equal opportunity. Campaigning for the expansion of educational opportunity appears no panacea. The widespread assumption that equal opportunity is a reality for all who are prepared to work hard at school and college weakens the impact of the traditional core case for state intervention in order to “unlock talent” and widen life chances. Also, the message that individual life chances depend on educational success is very threatening to young people from families that have never succeeded at school.

Fifth, the individual social freedoms that progressives have espoused in order to enable people to live their lives as they choose, may well have strengthened individualist attitudes over a wider field. This weakens the resonance of solidaristic solutions to social problems. While the extent to which the growing diversity of our societies has weakened feelings of solidarity, it clearly has not strengthened them.

Most of all, prevalent social pessimism undermines the appeal of political parties that prioritise state intervention as the means to tackle social problems. The major challenge of our times is to manage the reality of globalisation in

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a socially just way. But unfortunately if people see globalisation as a threat that reinforces the social pessimism that politics can achieve meaningful results, the left’s ambitious claims for the effectiveness of state action are made to appear less credible. Politicians of the centre-right who offer a less ambitious message—“we don’t offer New Jerusalem, but we will do our best for you within the fairly narrow limits of what politics can achieve”—seem more realistic.

Finally for large sections of our societies, the European Union is perceived to be supporting policies that make things worse not better: open markets, liberalised trade, and the free movement of workers from poor to rich labour markets. The EU thereby becomes an agent driving increased polarisation between “winners” and “losers”. It is not surprising in these circumstances that electorates vote against institutional treaties designed to make the EU stronger and more effective. The modernising left needs a new project for the EU which is about shaping markets and globalisation in a more socially just way. That is part of a necessary process of rethinking how a “new politics of optimism” can be developed.

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