

Research note/ policy brief



RT4 - NOTE (by Pr. C. Ban & Pr. L. Seabrooke)

NB: ENLIGHTEN research on issues related to social and economic policies has been conducted in work packages 3 & 4, which deal with, respectively, austerity and health and housing, and unemployment and demographic change. Research on unemployment and labour markets are discussed in this AGORA forum in Roundtable 2. Other social and economic policies that are more policy blindspots are being discussed here.

The ENLIGHTEN project posits that change can be viewed as happening in 'fast-burning' and 'slow-burning' crises (Seabrooke and Tsingou 2016, 2017). Fast-burning crises are easy to identify. They are immediate external shocks that require political attention. They directly change European institutions and their capacity to respond.

In ENLIGHTEN we have been studying financial crises, austerity cuts to health systems, and youth unemployment as fast-burning issues.

Slow-burning crises extend beyond normal political and business cycles within Europe. These crises are more 'everyday' (Seabrooke and Thomsen 2016) in how they are considered by the public, as they are issues on which no immediate action is needed but where expectations about how to live are changing. Such issues are especially important for change in European welfare systems (Crespy 2016).

In the ENLIGHTEN project we have been considering taxation, housing, and demographic change as slow-burning crises. The greater challenge of these crises is that the European Union is unable to deal with them then it potentially empowers parties that makes claim to defend housing and welfare for the elderly and schooling for the young as national rather than European issues. Some of these political interests are also explicitly anti-EU.

We can easily see that headway has been made on taxation issues, as ENLIGHTEN research has made clear (Seabrooke and Wigan 2016). But on health, housing and demographic change issues the picture is murkier. And the role of European institutions in addressing these issues is also unclear, with significant national variation in what countries want of these systems, and what their populations should expect. To assess such variation ENLIGHTEN research

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has provided national comparisons, with a particular focus on examining countries on the eastern periphery (Ban 2016; Bohle 2017a) and also north-western European countries, as well as variation in countries in and outside the Eurozone.

In exploring these issues ENLIGHTEN researchers have asked:

- Which governance arrangements and policies have pertained to health and housing reforms over the past decade across the EU multi-level polity?
- How are issues such as low fertility and older age dependency viewed by national and European policymakers and experts?
- What types of actors (policy communities, networks, citizens, etc.) have been involved?
- What is the policy process for these issues, including citizen inputs, governance procedures, and change in policy outcomes?

These questions have been applied to the health, housing and demographic change cases. We briefly summarize key findings and policy recommendations in turn.

HEALTH

Research in ENLIGHTEN on health has focused on austerity cuts to health in France, Ireland, Hungary and the UK.

The key finding is that an EU-wide consensus around austerity inhibits government spending on public services, but that actual cuts have been less dramatic than initially expected in many cases (and certainly in contrast to extreme cases such as Greece) (Kentikelenis et al. 2014).

What has occurred in all four cases are significant calls for reform to health services to become more economically efficient. This is especially pronounced in the Hungarian and Irish cases. In the French and UK cases the role of service quality plays an enduring role in reform debates. The role of professionals in being involved in governance processes is also much greater than in the Hungarian and Irish cases.

HOUSING

Research on housing in ENLIGHTEN has focused on change in housing systems, both private and social housing, in Denmark, Hungary, and Ireland. These countries vary significantly in the amount of personal debt carried to acquire housing, the

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availability of long-term mortgage credit at fixed or floating interest rates, and how exposed they are to international and European capital markets (Bohle 2017b).

In all countries studied there has been a trend towards the great financialization of housing systems, with the liberalization of housing credit systems in Europe a longer-term goal. There has been a general shift from housing access viewed as a social right to a view of housing as an asset to build personal wealth over the life cycle (Schwartz and Seabrooke 2008). In the Hungarian and Irish systems, social housing has suffered in the post-crisis period, and housing availability to the young has declined seriously in the private sector. In all cases, the role of the family as a means to acquire funds to access housing has increased. We suggest that this greater reliance on family wealth to access housing is a source of intergenerational inequality. We also note that housing access issues and family formation issues are linked (Flynn and Schwartz 2017).

DEMOGRAPHIC CHANGE

European institutions do not have a coordinated policy on how to address low birth rates in Europe and heightened old age dependency ratios for those employed paying into revenue systems for those who have retired. While Europe has significant demographic challenges the coordination of policy ideas and expert networks is weak and fragmented. There is a significant transnational expert community working on these issues, but they have attracted little political attention (Seabrooke and Tsingou 2015). In Europe there is no consensus on whether these demographic challenges constitute a coming 'crisis' or whether they can be resolved with market measures such as extending the age to retirement. There is also significant variation in what different DG think about these issues, with a particular contrast between DG EMPLOY and DG ECFIN, with the former promoting market solutions and the latter suggesting a more interventionist approach.

POLICY RECOMMENDATIONS

We focus on three policy recommendations, one per issue:

1. Health. European economic monitoring should permit greater fiscal space for the maintenance of health care systems, which are under greater pressures in countries under greater oversight and scrutiny.

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2. Housing. Concerns with the decline of social housing in many European countries should be addressed with greater European level monitoring of the relationship between trends in private housing access and the quality of social housing.

3. Demographic Change. The European Commission should re-establish an in-house task force on population issues that also integrates key European stakeholders in the public and civil society sector, but also business. The creation of a genuine policy dialogue between market-led and more policy interventionist views on demographic change is needed in a public setting.