



# EU-ASIA DIALOGUE

*Shaping a Common Future for Europe and Asia –  
Sharing Policy Innovation and Best Practices in Addressing Common Challenges*

## Conference Report

# “Social Cohesion in Europe and Asia – Prospects and Challenges”

**BRUSSELS, BELGIUM, JUNE 11, 2013**





Brussels, 11<sup>th</sup> of June 2013

## Report

### International Workshop

### “Social Cohesion in Europe and Asia – Prospects and Challenges”

The Workshop Social Cohesion in Europe and Asia - Prospects and Challenges on Social Cohesion was held in Brussels; Belgium, at the European Policy Centre on 11 June 2013. The main purpose of this workshop was to tease out some of the key research questions that should be addressed when discussing Social Cohesion in Europe and Asia. In particular, the three dimensions of social cohesion identified by the OECD – social inclusion, social capital and social mobility – were of interest. Thus, the workshop shifted the perspective away from the often purely economic aspects.

One of the most fundamental question that was raised at the workshop was why do we need to be concerned about social cohesion. Is social cohesion a social good and an end goal in itself, or is it a means towards other ends or defined public good? Should social cohesion, for instance, be seen as a building block towards a resilient economy or is it something that is fundamentally good for society?

Social cohesion is also a multi-dimensional concept and definitions are contested. The Council of Europe defines social cohesion as the capacity of society to ensure the welfare of all its members, minimising disparities and avoiding polarisation. This was the definition used by some of the presenters at the workshop. However, questions were raised with regard to the adequacy of this definition as it did not quite capture some dimensions such as the sense of belonging and identity. Questions were also raised if too much attention was placed on the economic dimension. All these lead to the important issue of how to frame the debates surrounding social cohesion.

### Session I: Challenges to Social Cohesion in Europe and Asia

**Prof. Anton Hemerijck, Vrije University, the Netherlands**, in his presentation provided a comprehensive historical and theoretical overview of the development of the welfare states in Europe. His presentation also highlighted the changes in approaches



towards welfare brought about by the different economic crises in the 20<sup>th</sup> and 21<sup>st</sup> centuries. The Great Depression of the 1920/30s resulted in the search for stability, providing the impetus for looking at social protection as economic stabilisation. The Great Stagflation of the 1970/80s highlighted the downside of rigidity and led to a search for more flexibility which concluded in some retrenchment of the welfare state and more institutional liberalisation. The downside of flexibility was volatility as seen in the recent financial crises. The great imperative in responding to the current financial crisis and recession is the need to build resilience.

The accelerated economic internationalisation, the post-industrial labour markets, changes in family structure and gender roles, demographic ageing, intensified European integration, and the rise of national welfare chauvinism were identified as the key challenges to social cohesion in Europe in the 21<sup>st</sup> century. The euro-crisis was a wake up call for European welfare states and economic governance in the EU. To address the various challenges faced by the European welfare states, there is a need for transformative policy learning and for the EU to include a social dimension in its Economic and Monetary Union (EMU). Such policy learning involves several shifts in the mindset of decision-makers: from fighting unemployment to raising employment in ageing societies; compensating income equality towards "capacitating fairness" in reciprocity; active family support to pre-empt precarious life course contingencies; and semi-sovereign welfare states.

The second presentation on "Why Social Cohesion matters in the Asian Century" was delivered by **Prof. Surichai Wun´Gaeo, Chulalongkorn University, Thailand**. He elaborated on polarising issues in mainland Southeast Asia, focusing in particular on Thailand, Laos and Myanmar. Key challenges are the strong political divides in the public spheres, the relationship between globalization and regionalism, imbalances, inequality and violence, and social transformations.

The political polarisation in Thailand, fuelled in part by the urban-rural divide, the growing inequality due to unequal access to resources and ethnic and religious violence, is an example of challenges faced by Southeast Asia. The recent flood crisis in Thailand in 2011 was, however, a window of opportunity for unity as the people and civil-society worked in tandem to solve the situation. Unfortunately, the government remained focussed on mega projects and did not pay enough attention to measures taken by the people to alleviate the flood crisis.

Laos shows the dichotomy between economic development and environmental protection. The construction of the Xayaburi Dam in the Mekong River is a case in point. This example also highlights that some of the challenges have a cross border character. Due to the recent changes in Myanmar, the country exemplifies the challenge of balancing



political transformation with remaining unity.

Prof. Wun´Gaeo also discussed the insecurities, imbalances and risks brought about by globalisation and argued for more regional and transnational solidarity to address these challenges together. In these changing times, social cohesion matters and can secure public safety, inter-generational solidarity, social capital, trust, and networks.

Ms **Claire Dhéret, European Policy Center, Belgium**, focused her presentation on the impact of the economic crisis and the resulting austerity measures on equality, well-being, life satisfaction, and level of optimism in Europe. By doing so, she followed the definition of social cohesion given by the Council of Europe - "Social cohesion is the capacity of a society to ensure the well-being of all its members, minimising disparities and avoiding marginalisation." She elaborated on the indicators pointing towards increasing marginalisation and inequality, signalling that the cushioning effect of the welfare state has weakened over time.

The income inequality strongly affects the poor people, but has also severe impacts on the middle class. Against this background, there is a need to reform the welfare state to ensure that it can be resilient to new challenges and to protect the more vulnerable segments of the population, such as the youth, in particular the NEETs, and migrants. Exclusion from the education system and the labour market has a tremendous impact on the society and influences people’s willingness to participate in the public sphere. Thus, one also observes a growing gap between the economic and political elite and the rest of the society. Dhéret concluded by discussing how all these issues could be addressed in the context of social cohesion.

The final presentation of this session "How Social Protection Contributes to Social Cohesion: Recent Development in Asia" was delivered by **Sri Wening Handayani, Asian Development Bank, the Philippines**. Despite the tremendous improvements to the lives of many people after decades of impressive economic growth, Asia remains home to the largest number of people living in poverty. While the absolute number of people living in poverty decreased significantly, the relative number shows little changes due to increasing social inequality. Asia also faces many challenges – rising inequalities, rising expectations, environmental degradation – and the inability of the states to respond to these challenges due to the poor quality of the public institutions and the low level of human and social capital. Ms Handayani continued to show how the promotion of social cohesion can help overcome some of these challenges. Both elements – distributional and relational – of social cohesion have to be considered to achieve this. However, Asia is still strongly underdeveloped on social protection measures which are mostly available for public servants only. Exceptions are Hong Kong, Singapore, Japan



and Taiwan. Social protection does not only help the poorest of the society, but has a transformative character as it includes instituting and enforcing of legal rights; reducing income poverty and addressing life course vulnerabilities; investing in human capital; and promoting inclusive policies and institutional arrangements.

The discussions that followed highlighted that Europe is at a defining junction as there is limited collective action. The biggest threat is social chauvinism as it drives up the expenses. It is often argued that jobs and economic development would give stability, but in reality people compare with others and this is the challenge in the transitional phase. This is true for Asia as well where the economic development actually resulted in instability. A shift away from equality and balancing to enabling capabilities will be more sustainable. Especially rights and education can help to achieve this. But social cohesion is also about the identity of a society, the feeling of belonging and participation. A factor often ignored is the institutional capacity which is crucial for the functioning of social systems.

Social cohesion policies have to include differences, but in a way to avoid fractions and not aiming at eliminating them as this will never be the case. Cohesion in that sense is the absence of conflicts and a feeling of strong social bonding. In addition, policy coherence and an integrated approach are important since social cohesion is influenced by many other policy areas. The problem in Asia is that there are a huge number of programmes, but most of them are short-term and purely reactive.

## **Session II: Social Inclusion: The Perception of Exclusion, Feeling of Belonging and Access to Public Services**

Some of the worrying trends in Europe with regards to growth and unemployment, income poverty and social exclusion were highlighted in **Conny Reuter's** (Solidar, Belgium) presentation. He started by highlighting that personal perceptions are subjective, but analyses have to be objective. Based on those facts, Germany and Spain are the current anti-poles of development in Europe. A much more flexible labour market can be observed today, but there is also a growing number of working poor and precarious employments. While no European social model exists, the EU's growth strategy "Europe 2020" targets many social issues. The central message in Reuter's presentation was that social protection is Europe's strength and needs more investment. The challenge is to reframe what business is about, address the skills mismatch and current de-skilling, a direct result of unemployment, in Europe.



**Dr. Qian Jiwei** from the **East Asian Institute, Singapore**, looked at access to social and public services in China. He started by saying that social policies can be implemented even in a country which lacks inclusive political institutions. The Chinese government started providing basic social services to ensure political stability. However, the Gini coefficient has been increasing over the past years, especially as a result of unequal access to public services. There is a divide in the accessibility between rural and urban areas, across regions and among different groups. Reasons for this are user fees for the services, exclusion of specific groups such as migrant workers and people in the informal sector, and unequal fiscal capacities across the regions. Thus, great efforts have been made in the last decade to extend some of the social services to groups that were excluded. While the Chinese government has also increased its public services expenditure significantly and was able to decrease the differences between the regions, many challenges remained such as the fragmentation of the social programmes, urbanisation and the household registration system that impedes the access to services.

The discussions following the presentations showed that Europe and Asia share many common issues on social inclusion such as equal rights and capable institutions. Mr. Reuter emphasized that the Monetary and Economic Union misses a social pillar and that people have to see the social costs against the costs if nothing is done. Another big problem in China is the difference between state-owned and private enterprises. Private companies provide less social protection and state-owned one are lacking a quality control.

### **Session III: Social Capital: The Importance of Social Networks and Political Participation**

**Dr. Hiroki Takikawa**, Tohoku University, Japan, presented research findings on social capital amongst the elderly in Japan. There is growing concern over social disconnectedness in Japan. Reason for this is the societal changes such as ageing, low birth rate, high number of unmarried people and single households. The elderly who lack social capital are especially exposed to a high risk of social disconnectedness as the traditional family is being eroded. Studies have pointed towards a strong correlation between social background and ability to generate social capital. An inequality in social capital shows signs of being related to persistent intergenerational social inequality. In general, life course actors have no influence on the social capital with the exception of divorces and childlessness.



The second presentation by **Dr. Paolo Graziano, Bocconi University, Italy**, complemented these findings by discussing the different components of social capital and the correlation between political participation and social capital.

Social capital has two components – structural (networks and social ties) and cultural (civic norms, reciprocity and trust). Sources of social capital are a society's history, family or group traditions and institutional mechanisms. These sources are very diverse among individuals. When social capital is defined as social ties (formal and informal), they become a collective and not an individual property as the relations are translated into actions. Social capital then has connections to more information about politics and greater political participation, but the correlation is not causation. He argued that social capital and political participation are fundamental features of quality democracies and ensure collective solutions to common problems. In the EU, the Scandinavian model which entails high level of trust, network capital, and civic activity with strong consensus on social norms is the best practice.

Graziano concluded that some questions however remained unanswered where further comparative research can be useful. These include what are the most effective policies aimed at increasing social capital; what is the relationship between social capital, political participation and institutional performance.

The discussion showed that social capital is an ambivalent topic. A strong social capital means that people are less reliant on the state to provide services and thus, the state might decrease its efforts. This results in lower level of connection to the state and people become more reliant on the family. However, in times of disappearing family ties this can have a negative impact. It is therefore important to always contextualize the debate. Social capital has not only an individual and collective character, but also an informal and formal one. Additionally, the perception of being part of the society is in fact as important as the real ties.

#### **Session IV: Social Mobility: Education and Equal Opportunities for All**

**Mr. Andreas Schleicher, OECD, France**, presented a set of data that showed a close relationship between equity at school and equity in higher education, and hence argued for investing in high quality schooling as the best way to enhance educational mobility later in life. Particularly, inequalities in early schooling due to different socio-economic backgrounds are closely linked to inequalities at the tertiary level. He underlined that the stronger the influence of social background on school, the lower is the social mobility. Tuition fees, on the other hand, have little impact on the participation. In the years to come, the global talent pool will change as highly populated countries such as China will



have a higher percentage of people with tertiary education. Asian countries often invest in the foundation skills, but finance tertiary education through tuition fees. This is different from many European countries, where different school expectations are designed for the students, but strongly subsidised.

Educational research carried out by OECD also showed that high performing systems often prioritise the quality of teachers over the size of classes. One policy lesson that can be drawn from the research is the importance of quality universal education for social mobility. Specifically to achieve this, there is a need to set ambitious but clear goals that are shared across the system, invest in teachers, capacity building and in resources where they can make the most differences.

Complementing this overview into the links of education and social mobility, the presentation by **Dr. Teresa Sorde Marti, Autonomous University of Barcelona, Spain**, highlighted some experiments carried out in Spain that are aimed specifically at improving the educational outcomes of minority groups in society. This in turn was based on the assumption that good educational strategies leading to good outcomes can contribute to social cohesion. In the end four successful educational actions were identified: heterogeneous groups with several adults in the classroom; family education to improve not only the situation of the children; dialogic reading; and extending the learning time.

The discussion strongly focussed on the educational differences between Europe and Asia. It was stressed that many European systems are inefficient as they under-invest in foundation education and under-educate the young people, and over-educate and over-invest in the tertiary education. It would be much more sustainable to invest in younger childhood development to balance the disadvantages in socio-economic background and privatize tertiary education. Another problem in this context is that the better a teacher is in Europe, the easier he gets access to good schools. This solidifies the bad reputation of some schools as they keep the bad teachers. In East Asia, on the other hand, good teachers are prioritized over class size and receive a good education themselves.

### **Session V: Policy Learning between Asia and Europe: Opportunities for Addressing Issues of Social Cohesion**

The final session was organised as an open discussion. It was mentioned that a comprehensive approach is needed to ensure social cohesion. The question is how to be mindful of the possible trade-offs and ensure policy coherence in addressing social cohesions challenges? There are a full range of policy areas that can impact or affect





social cohesion ranging from fiscal policy to questions on how to ensure long term sustainability of different social programmes, to issues of labour mobility and labour market regulations, access to different public and social services, and policies promoting social mobility. It is important to move from being reactive to become more anticipatory in policy making to address the various socioeconomic and political challenges.

Focussing on compensatory policies is not sustainable. It is more important to balance rights and responsibilities. Two dimensions have to be considered. Firstly, disparities and inequalities need to be reduced, and marginalization avoided. Secondly, social relations and ties need to be strengthened.

It should not be focussed too much on the economic perspective, but also on the cultural dimension, for instance, feeling of belonging. The sense of belonging and identity are a "doubled edge sword" as they could be used to create social capital and trust but also can be manipulated as a tool of exclusion. While the sense of belonging and need to identify with a group is part of human nature, the sense of difference is also important in humans and cannot be wished away. How does one integrate this need to differentiate and be different into the framework of social cohesion and that it is embedded in a way that allows communities to work out their differences.



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This project is supported by the European Union



A project implemented by the contractor

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