

# Future of Europe

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EIN-A4

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**EIN joint seminar with Instituto Francisco Sá Carneiro and the Konrad Adenauer Foundation on:  
"The Future of Europe"  
Oporto - Portugal**

**Panel 2: Welfare State and Competitiveness**

**Chair: Wilhelm Hofmeister**, Director of the Konrad Adenauer Stiftung (KAS) for Spain and Portugal

**Speakers:**

**Luis Filipe Reis**, CEO SONAE Financial Services

**Luis Aquiar-Conraria**, Associate professor, School of Economics and Management of Minho University

**Matthias Schaefer**, Head of Team Economic Policy, Department Politics and Consulting, KAS, Berlin

**Andrea Giuricin**, Research Fellow at l'Istituto Bruno Leoni, Milan

- The European Union (EU) is facing a context of extreme uncertainty and inequality. In the last ten years, in spite of the crises, the likelihood of facing new economic crisis seems to be overthrown by the likelihood to face geopolitical or environmental risks. When measuring the impact perspective, economic risks again are seen as less important than societal or geopolitical risks.
- The EU has failed to create wealth at the same pace it guaranteed its distribution. This, in a situation of economic volatility, with less predictability to those who invest, who risk. The EU is now, generally, a stagnant economy with more debt and less investment. At the same point all production costs raised. Energy, for instance, costs twice as much as in the United States. The EU does not have a good venture capital infrastructure.
- Overall the EU represents 10% of the world's population, 25% of world's GDP and 50% of welfare expenditure.
- Inequality can be seen as well as a result of globalization and it is leading politics to populism, which represents a threat to redistribution
- There are three Welfare regimes: southern European, central European, and north European. Only the last one is sustainable. One way to better redistribute might be via reforming the tax schemes.
- Companies spend a lot of money on experts only to identify ways to spend less on taxes. Having simpler tax systems would benefit both the governments and the companies.
- An efficient welfare system needs to underline responsibility.
- Centre-right parties lost their appeal. Unlike the socialists, EPP parties add balance and responsibility to politics. In spite of that, their message is not flowing and scandals have greater impact on people's perception than economic results. Therefore, EPP parties need to reinvent themselves.
- The EU regulatory model needs modernisation and the private sector needs to be encouraged to invest in the networks. EU member states should develop an agenda that opens markets, encourages investment and mobilizes entrepreneur-led growth and employment creation.

*The 'EIN-A4' represents a summary of EIN seminar initiatives. The views expressed do not necessarily reflect the EPP Group political line.*