

Foreword

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Issues about social and economic inequality have received increased attention lately. One example of this is that four major international economic policy organizations that historically did not care much about inequality – the Organisation for Economic Co-operation and Development (OECD), the World Economic Forum, the World Bank and the International Monetary Fund (IMF) – now are issuing warnings that the current level of economic inequality in developed countries is not socially sustainable. Since the 1980s, economic inequality has sky-rocketed in most OECD countries. One example is Sweden, which used to be a showcase for the possibility of combining a successful market economy with a low level of poverty. During the last two decades, the country has seen one of the most dramatic increases in economic inequality. In this important book, Lisa Dellmuth shows that Europe has experienced a poverty and economic inequality standstill in both rich and poor subnational regions since the 1990s. The central question asked is if the EU's ambition to support regional social and economic development has served as an instrument against this increased economic inequality by, for example, supporting employment possibilities, quality education and improved population health for disadvantaged citizens.

An important result from this study is that social investments launched by the EU so far have had only weak effects on well-being in rich regions and adverse effects on well-being in poor regions. A key empirical finding is that EU social investments

have exacerbated income inequality in poor regions, as the spending mostly benefits already wealthy groups in these regions. Political promises for a more ‘inclusive growth’ or making the EU a ‘social investment state’ have not been fulfilled. Since the EU faces a declining confidence from its citizens and severe problems concerning political legitimacy, this massive policy failure needs to be addressed. Much of the debate about legitimacy problems for the EU has focused on the issue of a ‘democratic deficit’. Citizens cannot make their voices heard because of the complicated system for political representation in the EU. However, research in political science shows that when citizens make up their mind as to whether they perceive their government to be legitimate, what takes place on the ‘output’ side of the political system is often more important for them than issues about political representation at the ‘input’ side. Both *what* they get in terms of policies that support their life situation and also *how* they are treated by government institutions that implement such policies turn out to be very significant factors for government legitimacy growth.

This book raises a key question relevant for these debates, namely, how the EU ought to complement domestic welfare states through social investments. The author puts forward a convincing argument that the EU can and should use social investments to enhance regional well-being, defined as a condition of distributive justice in a region through which poor and otherwise vulnerable people are provided with the capabilities to achieve a good quality of life. The theory draws from political philosophy and welfare economics, especially the theory of capabilities by Nobel laureate Amartya Sen. This book should be seen as an evidence base for a debate among practitioners, scientists, and perhaps even the broader public on how the EU can use spending to implement policies that can alleviate poverty in poor regions and promote well-being for all Europeans. In short, how the EU can change what has become known as ‘inclusive growth’ from a mere political slogan to a *de facto* implemented policy.