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Social Dimension and Inequality Problems in the European Union

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Abstract

The purpose of this paper is to introduce evaluation of social development convergence between EU–28 member states in the context of the EU cohesion policy. The main tasks of this study is to assess social dimension and inequalities problems in the European states by applying theory of convergence for real estimations social situations in EU countries. Additionally the development challenges are discussed for improvement of the socio–economic well–being of EU states and to avoid social disparities.

The research methodology is based on the convergence theory, on the EU strategies, European Commission legitimate documents application, on the calculations and socio–economic forecasts analysis of the welfare level in the EU states. This research present information about various different socio–economic indicators, indexes and scheme of information flows for social situation estimation in the EU states.

This study contain changes of key concepts related to the cohesion policy of the European Union and compares objectives and general outlines of period 2014–2020 in the framework of Europe as a whole, as well as its impact on EU member states economics and living conditions. The speed of convergence depends on the initial discrepancy of the development level in the EU states. The efficiency of European convergence policy can also be improved by significant economic growth and by clever choice of the country–specific social activities. This research investigate major information for social situations estimation in EU states as well as GDP growth, population's income level, unemployment and welfare condition indicators.

The key results reflect the overall social situation analysis in the EU countries and present current and future's European convergence policy's impact on social development in the European states. The conclusions consist of national social development inequality problems estimations in the EU states and of new challenges of EU convergence and social policy goals.

KEYWORDS: Social dimension, EU strategy, inequality, cohesion, convergence.

Introduction

The passing years has emphasised the activities against poverty and exclusion, particularly within the Lisbon Strategy and its economic, social and environmental pillars. It set the challenge of making Europe "the most competitive and dynamic knowledge–based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion" and included modernization of the European Social Model, investing in people, and the Social Agenda formed part of the integrated EU approach combating social exclusion (European Commission, 2013). The Social Policy Agenda continued in the "Europe 2020" Strategy. This Strategy includes the Agenda for New Skills and Jobs, the Platform against Poverty and Social Exclusion. Through its Social Investment Package, the Commission provides reference to member states to modernise their welfare systems towards social invest-

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ment throughout life. The package complements: the Employment Package, which sets out the way forward for a job rich recovery; Youth Employment Package, which deals specifically with the situation of young people and White Paper on Pensions, presenting a strategy for adequate, sustainable and safe pensions. This means in particular that labour markets and welfare systems need to function well and be sustainable in all euro area member states. Better social performance and labour market , as well as social cohesion should be at the core of the new process of social convergence (European Commission, 2010).

The effectiveness of European convergence policy can also be improved by clever choice of the country–specific social activities and significant economic growth. The inverse relationship between growth and the level of income is considered *β– convergence scenario.* If this interaction is present, poorer countries get closer to the richer one. The process of real economic convergence suggests catching–up in standards of living in EU new member states with those of the old EU member states and describes gradual elimination of disparities in the income level.

Convergence processes for the EU states must be based on the strong socio–economic growth of GDP, investment flows, new technologies and productivity. Trends of the recent years of economy development in the EU–28, which shows moderate GDP growth require social legislation improvement, income`s level, labour market and education system development. For future`s social development investigations and governmental decisions needs to be pragmatic approach into financing in order to create employment and reduce poverty level and social disparities in the national economy.

Social foundation and European convergence policy

The social policy is the composite part of the "Europe2020" Strategy and European Commission also supports EU countries efforts in the actions foreseen in the Platform against Poverty and Social Exclusion and Social Investment Package applying the EU funds, in particular the European Social Fund. The European Commission works together with EU states through the Social Protection Committee using the coordination method in the areas of social inclusion, health care and pensions systems long–term improvement. This is a voluntary process for EU states cooperation based on common objectives and measuring progress towards these goals using common indicators, including social partners and civil society (The Social protection committee, 2011).

The crisis pressured EU member states to pursue social budget consolidation, which often connected with cuts in social welfare systems and increasing of taxes rates on the working population.

In general, EU needs to augment the use of social indicators to better assess economic impact, both in the short– and long–term growth. For future`s social development investigations and governmental decisions needs to be pragmatic approach into financing in order to create employment and reduce poverty level and social disparities in the national economy.

The necessity for the EU to move towards harmonization of social policy and a harmonisation of minimum social standards is becoming more obvious. Convergence policy must bet connected with a judgement of the likely future evolution of the national economy potential.

However EU strategies also become more and more aware of world economy possibilities and development trends and using estimations of World Economic Climate Index (see Table 1).

The **Ifo Index for the World Economy Climate** clouded over. The main estimations show that in 2013–2014 the indicator is clearly below its average of 96.1 points and in 2015 this was only **89.6 points.** Assessments of the current economic situation deteriorated, but expectations are far less positive than last years. The most urgent economic problems are the insufficient demand and a lack of confidence in government policies. Now the world economy is seeing only moderate growth. In the main world regions Economic Climate Index in 2015 decreased: in North America to 91.2 points, in Asia to 75.4 points and in Europe to 113.6 points.

Table 1
Economic Climate Index of the main world regions (2005=100)

Quarter/year	IV/13	I/14	II/14	III/14	IV/14	I/15	II/15	III/15	IV/15
World Economic	98.6	103.2	102.3	105.0	95.0	95.9	99.5	95.9	89.6
North America	88.7	102.1	107.1	110.5	101.3	107.1	97.9	96.2	91.2
Europe	109.7	116.5	118.4	117.5	101.0	108.7	120.4	116.5	113.6
Asia	98.2	97.4	89.5	99.1	93.9	90.4	93.0	87.7	75.4

Source: Ifo World Economic Climate Results of the Ifo World Economic Survey (WES) of the 4th quarter 2015.

For the 19 European member countries of the euro area the Ifo Economic Climate Index is the arithmetic mean of assessments of the general economic situation and the economic expectations. As a rule, the trend in the Ifo Economic Climate indicator closely correlates with the actual business cycle trend for the euro area – measured in annual growth rates of real GDP. The last years Ifo Economic Climate Index in the euro area declined, but still remains significantly above the long–term average.

The current economic situation improved in Austria, Belgium, Spain, Estonia and Lithuania. There are nevertheless significant differences in levels between member states. In Slovakia and in Germany the current economic situation is good. Experts in Greece and Finland, as well as in France, Italy, Spain, Austria, Portugal and Cyprus continued to assess the current economic situation negatively. In several member states were significantly scaled back, especially in France, Portugal and Spain. Experts in Ireland, Italy, Lithuania and Slovenia, by contrast, are far more optimistic. The GDP growth outlook for the next three to five years increased slightly to an annual 1.7 percent from 2.0 percent till 2020 and inflation expectations for the euro area at 1.9 percent in this period (Ifo World Economic Survey, 2015).

The employees and social conditions in the EU countries also become more and more aware of the possibilities offered by the global market. It requires not only a change structure of national social models, but also a discussion on the strategic choice of countries social policy. The social structure undergoes not only quantitative changes but also qualitative changes decreasing disproportions between the social indicators of national economy, which generates a range of problems in the national social development programmes. Social processes development in the EU states to a large extent connected with guidelines of strategic documents of national economy trends and social situation in the countries and with goals and tasks defined by EU social programmatic documents for the EU states.

In order to improve the information's support for the research information of the social situation estimation and forecasts for the EU member states prepared Scheme of information flows for social situation assessments (see Figure 1).

The social situation is influenced by the GDP level, economic structure of the national economy, which is determined by products offered by sectors and the total consumer's income and demand levels, labour force skills and education, but also a discussion on the strategic targets of countries socio–economic policy.

Social standards can be compared by measuring the price of a range of goods and services in each country relative to income, using the purchasing power standard (PPS). Comparing GDP per capita in PPS provides an overview of living standards across the EU. The strives of EU countries to improve living standards by protecting the encouraging job creation, infrastructure, environment and reducing regional disparities require more structural reforms, which is essential in order to raise living standards.

The real situation in the EU states by main convergence indicator as the GDP per capita for last years we can illustrate in table 2.

The convergence in the EU states during the past decades showed a relatively steady pace. The social situation is influenced by the GDP level, economic structure of the national economy, the total consumer`s income and demand levels, education and labour force skills. At the same time future projection shall be based on the GDP potential growth rate, but now forecasts of social development based of GDP per capita at purchasing power standard.

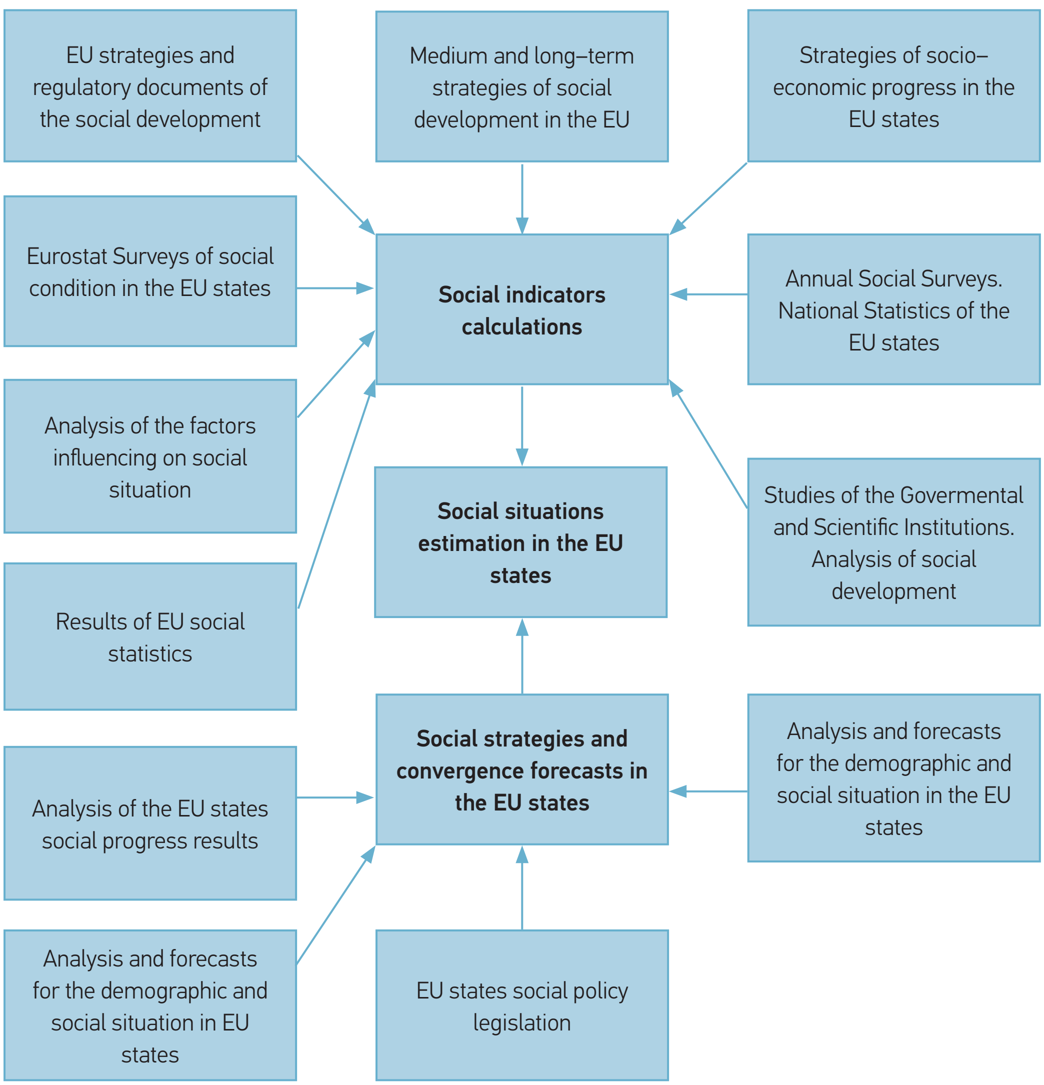

Figure 1

Scheme of information flows for social situation estimations in the EU states (Dubra E., 2016)

National economies strategies have been related to the influence of several internal and external factors and EU convergence process can guarantee political stability and sufficiently consistent implementation of economic and social development.

European cohesion policy should provide more attention for countries with minimum income level and high income`s disparity with target to reduce inequalities between EU states and contribute social situation improvement in the EU countries, taking into account the actual socio–economic problems in the EU new member states.

The neo–classical theories of growth generate real social convergence. The standard growth model incorporate major factors of capital flows and production which influence on economy as long–term strategic scenario. National socio–economic growth model targets are formulated by main priorities attainment for economy and social policy. Trends for the recent years are taken as socio–economic situation development strategy of the EU states which can be used for social estimation as income`s and pension`s policy improvement, education system and labour market organization.

The process of real economic convergence suggests catching–up in standards of living in EU new member states with those of the old EU member states. This process is usually accompanied by nominal convergence and is usually related to the Balassa–Samuelson effect. Economic literature suggests that the term convergence in its economic essence describes gradual elimination of disparities in the income level. Economic growth theory provides two types of the convergence: σ–convergence (sigma) and β–convergence (beta) (Barro, Sala–i–Martin, 2004).

Table 2

GDP per capita in the EU countries (GDP in PPS EU–28=100, %, 2015)

GDP per capita in PPS	Country	Country	GDP per capita in PPS
45	Cyprus (CY)	Bulgaria (BG)	85
54	Spain (ES)	Romania (RO)	93
64	Italy (IT)	Latvia (LV)	97
59	United Kingdom (UK)	Croatia (HR)	108
68	France (FR)	Poland (PL)	107
68	Finland (FI)	Hungary (HU)	110
74	Belgium (BE)	Lithuania (LT)	119
73	Germany (GE)	Estonia (EE)	124
76	Sweden (SE)	Slovakia (SK)	124
78	Denmark (DK)	Portugal (PT)	124
72	Ireland (IL)	Greece (EL)	132
84	Netherlands (NL)	Czech Rebublic (CZ)	130
83	Austria (AT)	Slovenia (SI)	128
85	Luxembourg (LU)	Malta (MT)	263

Source: calculation based on Eurostat data, 2015 and European Commission data, 2015.

The σ–convergence serves as an indicator to measure weather the distribution of income across regions or countries has become less uneven over time. In contrast, β–convergence, attempts to describe the mobility of income within the same distribution between countries. The relationship between GDP growth and the level of income is considered β–convergence scenario as measures the distance of convergence. The pace of catching–up usually relates to β–convergence and is expressed as a catching–up rate (R Catch–up). For convergence assessments used new measure how to calculate country`s convergence of compared to average EU–28 level by formula 1 (Halmai P., Vasary V., 2010):

$$R_{Catch-up} = 100 \cdot \frac{\Delta(y_{it} - y_t^*)}{(y_{it-1} - y_{t-1}^*)} \quad (1)$$

y_{it} – reflect the level of GDP per capita as PPS for country i at a time t;
y_t^* – is the average for the y_t of EU–28;
Δ – indicates the difference between t and t–1;
y_t^* – is the weighted average of the EU–28.

The results from convergence analysis are usually used to test the validity of the two economic growth models– neo–classical and endogenous. Convergence reflects the measure of economic progress, while catching –up convergence regardless full, partial or absence of the capital mobility (Marzinotto B., 2012).

The catching–up rate is calculated by means of the historical actual growth rate. It gives a framework for ex–post analysis of the catching–up dynamism. In the case of negative catching–up rates the disparity between the country concerned and the EU average decreases, while the positive catching–up rate shows the increase of this difference. The negative rate indicates that there has been a reduction in the GDP gap between new member states and average GDP per capita of the EU–28.

GDP growth and current economic situation improved in EU at whole and especial in Ireland, Latvia, Estonia, Lithuania, Slovakia, Poland and Romania. Nevertheless significant differences in levels between member countries continued to influence the current economic situation negatively. In several member states were significantly scaled back especially in Italy, France, Portugal and Finland. The GDP growth outlook for the next two years in the EU–28 increased slightly to an annual from 2.0 percent to 2.1 percent in 2017 (European Commission, 2015. Economic Forecast: Moderate recovery despite challenges).

Using β–convergence scenario by formula (1) and European and Latvian statistics forecasts for 2016–2020 author`s calculations show that situation in the social policy in Latvia continues improving. According estimations based on methodological framework of convergence theory, the level of Latvia's GDP per capita compared to EU–28 level in 2015 was 64.2%, but in future will increase up to 69.3% in 2020 and up to 80.2% in 2030.

Catching–up rate calculations of Latvia's convergence to EU–28 medium level and using β– convergence scenario can forecast that Latvia may to reach negative catching–up rate: 2015–2020 –>1.2 percentage points; 2020–2030 –> 1.1 percentage points. The negative catching–up rate shows actual Latvia's convergence growth, because forecasts of the GDP growth rate in Latvia is higher than in tne EU–28 in this period. The GDP growth for the next years in Latvia increased stable to an annual from 2.7 percent in 2015 to 3.1 percent in 2020 (Central Statistical Bureau of Latvia, 2016).

Conversely, the external environment – weaker growth in the developing countries, economic problems and the sluggish euro area economy – creates downside risks.

The external factors and any negative economic shock may create risks and negative effects that would further dampen the willingness of businesses to invest and increase households' and socio–economic activity.

Social inequality definitions and measurements in the EU

Term social inequality according to Eurostat definitions refers to disparities in the distribution of monetary resources within or between populations. Socio–economic inequality has been rising in most EU countries over the past ten years. The EU states disparities in the GDP annual growth rates, competition level and living standards is very different. The main principle for living standards growing and welfare increasing can defined as observance real proportions between indicators of productivity, wages and inflation`s annual growth. Social conditions determined by the national economy development level, the number of population and level of urbanization, the geographical location, availability of infrastructure.

In European Union much attention is currently being paid to the consequences of inequality, such as poverty and lack of social cohesion. However, relying solely on taxing more and spending more can only be a temporary measure, which is not a best solution to redress inequality in the long–run. The EU cohesion policy provides new evidence on the evolution of regional and social disparities in Europe and designed to reduce socio–economic inequality of social situation in the EU regions and member states. The EU strives to improve living standards by protecting in the environment, job creation and social disparities support to reduce social policy inequality in fallowing five areas: social inclusion and social protection, employment, working conditions, gender equality and social discrimination.

The inequality can be defined and measured as specific resource is distributed across the whole society, while economic inequality means primarily differences in earnings and incomes, social inequality relates to differences in access to social commodities including education and health care, but also social and institutional networks.

The multidimensional term social exclusion relating many spheres: **in social field** – education, health, personal contacts, respect; **in economic field** – livelihoods, employment, housing, property and poverty level; **in political field** – EU states civic and social policy legislation, citizenship, migration.

While the EU has a clear role, and competences, in reducing EU–wide inequality, still reducing inequality at national level within EU countries is a precondition for reducing European inequality.

Using data from Eurostat, European Commission data and national level indicators, can estimate the national **minimum wages** on **2015** of the EU–28 member states. This indicator was ranged from €194 per month in Bulgaria to €1 923 in Luxembourg (see Table 3).

However, when adjusted for differences in purchasing power, the disparities between EU member states are reduced from a ratio of **1** to **10** in **euro** to a ratio of **1** to **4** in purchasing power standards (PPS).

The next inequality indicator is **Gini coefficient** which captures differences in inequality in household incomes over time or between different regions and countries. The gap between rich and poor, which is usually measured as the ratio of the top 20% of the population to the bottom 20% on the income scale, has been steadily growing: from a ratio of 4.8 in 2008 to 7.2 in 2015 across the EU as a whole (European Commission data, 2015).

Socio–economic inequality refers to disparities in a range of economic and social resources that have an impact on individual's well–being, such as income, education and health. The EU uses an **"at–risk of poverty"** measure, defined as "those living below 60 % national median equalised disposable income", as not all those with low incomes are necessarily poor. The unit of measurement is households adjusted for household size: equalised incomes are defined as the household's total disposable income divided by its "equivalent size". Europe, as part of the "Eu-

Table 3
Monthly minimum wages in the EU countries 2015, euro

Country	Monthly minimum wage, euro	Country	Monthly minimum wage, euro
Bulgaria (BG)	194.2	Greece (EL)	683.7
Romania (RO)	234.7	Malta (MT)	720.4
Lithuania (LT)	325.0	Spain (ES)	756.7
Latvia (LV)	360.0	Slovenia (SI)	790.9
Croatia (HR)	398.9	France (FR)	1457.5
Hungary (HU)	333.4	Ireland (IL)	1461.8
Czech Rebublic (CZ)	337.5	Germany (GE)	1473.0
Slovakia (SK)	380.0	Belgium	1501.8
Estonia (EE)	390.0	Netherlands (NL)	1507.8
Poland (PL)	417.5	United Kingdom (UK)	1509.7
Portugal (PT)	589.1	Luxembourg (LU)	1922.9

Source: calculation based on European Commission data, 2015.

rope 2020" Strategy, has committed itself to lifting 20 million Europeans out of poverty which is interconnected with poverty and social exclusion: the more unequal a society is, the more widespread poverty and social exclusion tend to be.

European statistics show that in 2015 24.5% or 121 952 000 people of all the EU population are at risk of poverty or social exclusion and this includes 27.6% of all children in Europe, 18.3% of those is over 65 age old and 25.3% of adults (European Commission, 2015). Poverty and social exclusion among those of working age (18–64 years) have increased significantly in two thirds of EU member states as a combined result of rising levels of unemployment and in–work poverty (see Table 4).

Increasing in the private consumption will depend on changes in personal income. The social and personal income taxes in EU is planned to be gradually decreased and this changes can to increase personal incomes and fostering growth of private consumption. However, the still high unemployment rate does not allow to increase wages and the medium–term changes in wages are unlikely to exceed the increase in productivity.

Unemployment rate in the EU in 2015 reached to 10.3%. The social costs inflicted by the crisis continue to weigh heavily on the euro area's performance and internal cohesion. They also reveal divergence between EU member states and especially in unemployment rates, which vary from 4.7% in Germany to 25.7% in Greece, or the share of low skilled in the workforce, which ranges from 15.1% in Estonia to 56.3% in Portugal. Such divergence is not sustainable in the context of EU targets for social development (Eurostat data, 2015, Income and living conditions). One in five long–term unemployed EU citizens has never worked, three quarters of them being below 35 years of age. This creates a strong risk of marginalisation, exacerbated by the low demographic growth of the continent, which is pushing more and more European societies. Long–term unemployment (i.e. individuals unemployed for 12 months or more) has increased in most member states in recent years, doubling between 2008 and 2015 at EU level.

Table 4
The at–risk–of–poverty rate or social exclusion in the EU states
(% of total population, 2015)

Country		Country	
Bulgaria (BG)	40.1	Cyprus (CY)	27.8
Romania (RO)	40.4	Spain (ES)	27.3
Latvia (LV)	35.1	Italy (IT)	28.4
Croatia (HR)	29.9	United Kingdom	24.8
Poland (PL)	25.8	France (FR)	18.1
Hungary (HU)	33.5	Finland (FI)	16.0
Lithuania (LT)	30.8	Belgium (BE)	20.8
Estonia (EE)	23.5	Germany (GE)	20.3
Slovakia (SK)	19.8	Sweden (SE)	16.4
Portugal (PT)	27.4	Denmark (DK)	18.9
Greece (EL)	35.7	Ireland (IL)	30.0
Czech Rebublic (CZ)	14.6	Netherlands (NL)	15.9
Slovenia (SI)	20.4	Austria (AT)	18.8
Malta (MT)	24.0	Luxembourg (LU)	19.0

Source: calculation based on Eurostat data, 2015 and European Commission data, 2015.

The problem, however, is particularly acute in some countries, notably Spain, Cyprus and Greece. In recent months, very long–term unemployment (for 24 months or more) has continued to increase, while overall unemployment has only modestly declined. Men, youth and low skilled workers are more vulnerable to long–term unemployment, as well as those employed in declining occupations and sectors, whose skills often need upgrading (see Table 5).

Dynamic and inclusive labour markets are key for convergence high–performing, inclusive labour markets need to be at the heart of the social dimension of EU. Modern social policy must be both about enabling people to make the most out of their talent as well as ensuring equity in opportunity. Only effective social policy and labour markets development in European states can successfully master the challenge of overcoming mass unemployment and growing social exclusion.

One of the main step of social policy development in EU shoud be combine competitive economies that are able to innovate and succeed in an increasingly globalised world, with a high level of social cohesion between EU states. The European budget as the financial instrument promote economic, social and regional cohesion at the national and EU levels. Consequently, all policies and allcommunity budget spending will have to be more effective. In particular, as experience has shown, the sustainability and robustness of the convergence process after euro adoption is to a significant extent endogenous and it depends on a member state's domestic policy orientations after it has joined the euro area. Convergence processes for the EU states must be based on the strong economic growth of GDP per capita.

Trends of the recent years of EU states economy shows lowering of GDP development with forecasts about 2.0% till 2017, but the effectiveness of convergence policy can also be improved by intensive factors of economic growth and by clever choice of the country–specific social activities. The inverse relationship between growth and the level of income is considered β–convergence scenario. If this factor is present, poorer countries get closer to the richer ones.

The EU social and countries cohesion has been at risk because states and its regions are affected in different ways and to varied degrees of intensity. The mechanisms in social policy are not sufficient with regard to future progress in the European integration and with regard to the need to reduce inequality.

Table 5
Unemployment rate (%) in the EU states 2007 – 2017

Country	2007–2011	2012	2013	2014	2015	2016 f	2017 f
EU	8.5	10.5	10.9	10.2	10.3	9.2	8.9
Germany	7.3	5.4	5.2	5.0	4.7	4.9	5.2
Estonia	10.5	10.0	8.6	7.4	6.5	6.5	7.6
Latvia	13.4	15.0	11.9	10.8	9.8	9.5	8.8
Lithuania	11.4	13.4	11.8	10.7	9.4	8.6	8.1
Spain	15.7	24.8	26.1	24.5	22.3	20.5	19.0
France	8.6	9.8	10.3	10.3	10.4	10.4	10.2
Italy	7.5	10.7	12.1	12.7	12.2	11.8	11.6
Greece	11.3	24.5	27.5	26.5	25.7	25.8	24.4
Sweden	7.4	8.0	8.0	7.9	7.7	7.7	7.4
United Kingdom	6.9	7.9	7.6	6.1	5.4	5.4	5.5

Source: calculation based on European Commission Forecasts, 2015

Conclusions

- European social policy is shared competence between the EU and its member states and includes new objectives for social matters like full employment, social progress, the fight against social exclusion and social protection of EU citizens.
- The inequality can be defined and measured as specific resource is distributed across the whole society, while economic inequality means primarily differences in earnings and incomes, social inequality relates to differences in access to social commodities including education and health care, but also social and institutional networks, EU states civic and social policy legislation, citizenship, migration.
- Social policy measures also deals with issues related to creation of new jobs and worker rights, improving social and working conditions in the EU, social dialogue, supplementary pension schemes and modernising social protection.
- Quality of life is complex notion and is composed from several measures such as material living standards, health, education, social connections and relationships, including work, personal, political voice and governance activities.
- The external factors and any negative economic shock may create downside risks and negative effects that would further dampen the willingness of businesses to invest and increase households' and socio–economic activity.

- The necessity for the EU to move towards harmonization of social policy and a harmonisation of minimum social standards is becoming more obvious. Convergence policy must bet connected with a judgement of the likely future evolution of the national economy.
- "Europe 2020" strategy goals and proposals of socio–economic convergence for the EU member states has been considered as one of the most important economic development targets in the EU, concentrating national resources and EU funds on the areas and sectors where they can make the most important progress. The strategic goals of EU convergence policy are discussed as well as the development challenges.
- European national economies strategies have been related to the influence of several internal and external factors. EU convergence process can be sufficiently supports for improvement sustainable economic and competitiveness growth, social development, job creation and quality of life.
- European Union New Member States convergence the past years showed a relatively stable pace. The inverse relationship between growth and the level of income is considered *β–convergence.* If this factor is present, poorer countries get closer to the richer ones. It supports job creation, competitiveness, economic growth, improved quality of life and sustainable development.
- The effectiveness of European convergence policy can also be improved by significant economic growth and by clever choice of the country–specific social activities. The socio–economic policy improvement in general connected with investment flows, new technologies and productivity growth.
- The main calculations show that GDP growth and current economic situation improved in EU at whole and especial in Ireland, Latvia, Estonia, Lithuania, Slovakia, Poland and Romania.Nevertheless significant differences in levels between member countries continued to influence the current economic situation negatively. In several member states were significantly scaled back especially in Italy, France, Portugal and Finland.
- The situation of the social policy in Latvia for example continues improving. According to author`s calculation based on methodological framework of convergence theories, the level of Latvia's GDP per capita compared to EU–28 level in 2015 was 64.2% and with future will increase up to 69.3% in 2020 and up to 80.2% in 2030.
- Trends of the recent years of EU–28 states economy shows lowering of GDP development. The GDP growth outlook for the next two years in the EU–28 increased slightly to an annual from 2.0 percent to 2.1 percent in 2017, but the effectiveness of convergence policy can also be improved by intensive factors of economic growth and by clever choice of the country–specific social activities.
- The analysis of the convergence effects is complicated by the fact that there are different measurement and social priorities in the EU states that are used to evaluate the degree and success of the socio–economic progress. Different national models and different baseline indicators produce different results of the socio–economic situations in the EU states.
- For future`s social development investigations and governmental decisions needs to be pragmatic approach into financing in order to create employment and reduce poverty level and social disparities in the national economy. National socio–economic policy must identify main social priorities as the income`s growth, pension`s policy improving, education's systems and labour market development and decide where the money will deliver the best results and high social efficiency.

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