

*Exploring Inequality in Europe. Diverging Income and Employment Opportunities in the Crisis.*

edited by Martin Heidenreich

published by Edward Elgar, Cheltenham, UK, Northampton, MA, USA, 2016, pp. 250

ISBN: 978 1 78347 665 7 (cased)

ISBN: 978 1 78347 666 4 (eBook)

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Income and social inequalities constitute a serious problem of the last few years. Although the goal of the welfare state is to decrease poverty and income inequalities, reality is quite different. In EU-15 poverty rates increased slightly from 15.8% in 2005 to 17% in 2014, while severe material deprivation rates increased from 5.3% in 2005 to 7.2% in 2015. The income quintile share ratio (S80/S20) reached the level of 5.2 in 2014 as opposed to 4.5. in 2000. All indices show a slight deterioration of living conditions of the citizens in EU-15. The fight against poverty and the reduction of income inequalities constitute the main priorities of European social policy. The book points out the new structure of income inequalities and how this structure has been affected by the recent economic crisis. One of the main findings of the book is that we are witnessing an Europeanization of social inequalities. During the last economic crisis two processes have taken place. The first one is the horizontal Europeanization and the second the sovereign debt crisis. It is considered that the Europeanization of social inequalities reflects the increasing transnational perception of social inequalities. According to Heidenreich, editor of the book and author of three of its chapters) a major result of the analysis is the so-called “double dualization thesis”, according to which the living conditions of Europeans are divided along territorial and social or socio-demographic lines. The book concludes that there is a rearrangement of social inequalities in the EU and this is shown by five distinct trends, namely: a) polarisation of European labour markets; b) restructuring of the European centre – peripheral relations due to the relative decline of Southern Europe and the continuing convergence of Eastern and Western Europe; c) increasing

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national employment, income and health inequalities; d) subjective Europeanization of inequalities, and e) the impact of the EU on social inequalities.

Chapter two discusses three different Europeanization concepts (inter-supra and transnational) with regard to income inequality. The main assumption made in this chapter is that social relations and industrial structures challenged by the Europeanization of markets can be analysed within the boundaries of a nation-state. Empirical results based on the use of micro data show an increase in intra-national inequality and a decline in income inequality among EU member states. The cause of increased inequalities, particularly in the Mediterranean countries, is deteriorating economic and living conditions in these countries. Explanatory factors of the structure of regional and national patterns of income inequality are European economic integration and individual (race, sex, education) and national (industry, unemployment and welfare state) characteristics.

Chapter three analyses the factors which affect poverty rates at individual and national levels. The main question raised in this chapter is whether the influence of institutional and personal factors on persistent poverty has changed during the years of the recent crisis. Personal factors (socio-demographic characteristics) are considered as the influential factors at the national level. Welfare state regulations determine the risk of becoming and remaining poor. The findings of this chapter show that individual factors have a similar effect on both the temporarily and the permanently poor. Non-poor people are affected more by the level of income inequality, while divisions between poverty rates are not influenced. Public policies aiming at curtailing social expenditure hit harder the persistently poor.

Chapter four examines the extent to which the risk of becoming and remaining unemployed is the result of an existing dualization between labour market insiders and outsiders, high and low-skilled employees and occupations, and marginalisation of specific social groups defined on the basis of their personal characteristics. The main conclusions of this chapter are the following: a) European labour markets are strongly and durably segmented; b) social distribution of the short- and long-term unemployed differs for many groups, and c) the crisis has affected certain social groups more than others. What has been noted during the last few years is that the crisis is responsible for the increasing short-term unemployment risk and has caused the return of prior forms of labour market segmentation.

Chapter five analyses the role and the circumstances of women in the labour market during the financial, sovereign debt and economic crisis. Three different hypotheses are analysed. The first one (H1), which wonders if the austerity policies that followed the Great recession and the Eurozone crisis have stabilised the conventional breadwinner model and caused the return of women to their traditional roles, has been refuted by empirical findings. The second hypothesis (H2), which has been confirmed by empirical results, investigates whether the trend towards inclusive employment

regimes will be reflected in high female employment and low unemployment rates. It is also found that women in Southern Europe are forced to take up a job because of increased male unemployment rates and, thus, they have contributed to the erosion of traditional gender relations. The third hypothesis (H3) refers to the expected dualization of employment opportunities for women, due to their increasing inclusion in the labour market. Empirical findings indicate a strong dualization between high and low skilled women with regard to their vocations. Highly-skilled women have flexible employment conditions and are employed in educational, administrative and social services receiving high wages, while younger and less-skilled women are employed in the trade, hotel or food processing sectors and accept lower pay.

Chapter six answers the question of whether the probability of being temporarily employed in Europe is becoming more and more dependent on individual characteristics and individual labour market chances rather than on national welfare and labour market regimes. Personal characteristics reinforce the dualization between labour market insiders and outsiders and can explain the probability of being temporarily employed. Another question answered in this chapter is whether and to what extent Europeanization processes affect labour market segmentation and social inequalities. An index of this impact is de-territorialization, i.e., the dependence of an individual's welfare on their socio-economic characteristics and their successful market participation. Empirical results show that an individual's risk of being temporarily employed has become more dependent on an employee's age. The level of educational attainment also explains the individual risk of being employed on a fixed-term contract. Another important finding presented in this chapter is that the impact of national institutional factors on the risk of being dependent on individual characteristics decreased in the years prior to the crisis. This relation has reversed since the onset of the crisis, which could be explained by the particularities of national labour markets.

Chapter seven seeks to investigate the extent to which the health status of poor persons has worsened during the crisis in the European periphery. Furthermore, the purpose of this chapter is to analyse the development of physical, psycho-social and medical health determinants responsible for poor health among people with a low income. Health outcomes are worse for both poor and non-poor people. Austerity policies aiming at reducing health expenditure mainly affect the non-poor. The explanation is that the government supports only poor people, while other social groups lose their income due to the economic crisis and, therefore, lose their medical insurance, yet remain without any state support. European countries (Spain, Greece, Cyprus, Ireland and Portugal) subject to Economic Adjustment Programmes are faced with increasing difficulties in providing health services to the entire population and they are experiencing a more dramatic change in the social determinants of health.

Chapter eight investigates the potential impact of Europeanization on the lives

of Europeans citizens. The main question to be answered in this chapter is whether cross-border networks, social relations and transnational patterns of communication in Europe improve life satisfaction among European citizens. Life satisfaction depends on a set of opportunities to work, travel and study beyond national borders. Empirical analysis showed a positive correlation between life satisfaction and horizontal Europeanization. This relation remains stable when the author controls other national characteristics.

Chapter nine analyses and explains whether bailout funds have an economic and social dimension. The two main questions answered in this chapter are whether social problems have been defined as politically relevant issues in the European crisis management and how these challenges have been treated within the framework of bailout funds. Based on different scenarios about the attitude of the EU towards social problems of the countries under Austerity Adjustment Programmes, the author concludes that such social problems have been receiving attention at the European level, but they are still not considered as systematically important. Another important conclusion of the analysis presented in this chapter is that the European Union has succeeded in avoiding a catastrophic breakdown and that it is expected the EU will move towards being a more stable Union in the future.

The importance of the book “Exploring Inequality in Europe” is twofold: firstly, the topic discussed and analysed in the book is among the most debatable topics of social sciences. The goal of the welfare state is to eliminate poverty and income inequality, i.e., unequal income distribution. The process of European countries towards a common market area was accompanied by structural economic and social changes in these countries. In-depth analysis of income inequalities allows the readers to better understand current income distribution in the EU and the profile of those more likely to be poor and ranking lowest at this income distribution. The second benefit from reading this book is learning what has been happening with income distribution among EU countries. The recent economic crisis and the application of austerity economic policies by countries subject to Economic Adjustment Programmes has affected the distribution of income and shown significant trends of economic convergence in EU countries.