2
Inequalities

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2.1 Not Only a Macro Perspective

The analysis of (in)equality does not just relate to government activities, in that government can or must provide the necessary resources or legal regulations to guarantee equality, but also concerns people's lives as individuals. Stiglitz's well-known book (2012), together with the works by Sen (e.g., 1997), Piketty (2013), Milanovic (2016) and others, all concur on the relevance of these two dimensions, although with different perspectives. So, in addition to the macro perspective on democracies, a micro perspective that considers individual citizens as units of analysis is also appropriate when speaking about equality. It is worth recalling here that equality is a *relational* concept. While individuals can be (un) free independently from how (un)free the other people are (but see chapter 3), when speaking about people's (in)equality, every individual is assessed in relation to comparators, i.e., other individuals. Considering individuals' positions concerning other citizens' positions is, therefore, a fundamental principle in the analysis of (in)equality and is the focus of this first section (2.1).

Individuals may differ in many respects, having different religious beliefs, political opinions, or sexual orientations. However, it is the question of *economic* (in)equality which has long been dominating the debate about equality in the social sciences (see Chapter 1, section 1.2) and it is even said to have resulted in an essential political cleavage, which also influenced the formation of party systems (see, e.g., Bartolini, 2000). Furthermore, economic (in)equality reflects the individuals' economic possibilities, which provide further opportunities for access to (material and immaterial) goods. What is more, the main crisis considered in this book is an economic one. Thus, if it influenced equality, then the focus has to be on its economic dimension. Consequently, as a first step, we will look at *economic equality*, assessing it at the level of individual citizens.

The second section will then invert the perspective, will change the analytical level of the individual, and will move on to look at state and government activities. After all, it is the democratic state that possesses the necessary resources (and the mission) to reduce or correct patterns of inequality or to moderate its negative effects. Therefore, we will consider state measures (often, but not only

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expressed in terms of shares of expenditures) designed to reduce inequality. This can be regarded as the *social (in)equality*.

The third section will again take an individual-related perspective but will look at another form of equality, namely *ethnic (in)equality*. This kind of (in)equality became an increasingly prominent topic (without a doubt in public opinion and political debates) in European democracies in the immediate aftermath of the economic crisis when the so-called migration crisis of 2015 suddenly reshaped the political agenda. Although the debate became more accentuated during the significant influx of refugees in those years, questions of ethnic (in)equality had already been prominent in public discourse long before then. The economic crisis that began in 2008 might have had a particular effect on ethnic (in)equality though, in the sense that it has intensified, ameliorated or otherwise altered existing patterns of such (in)equality. For example, due to an eventual loss of personal economic well-being, or as a result of high unemployment rates, attitudes towards migrants might already have changed during or shortly after the economic crisis (and before the migration crisis), with a further intensification during and after the migration crisis when migration rates increased or were perceived to be increasing (see also Chapter 5). Therefore, when looking at ethnic (in)equality, we have to analyse both the economic crisis and the overlapping migration crisis.

In attempting to empirically address a complex, multidimensional concept such as (in)equality, we are consciously simplifying it by analysing the three dimensions just mentioned. Despite such simplification, the concept and the related phenomenon maintain their meaningfulness. In this vein, then, our discussion is based on various indicators drawn from different sources (see Table 2.1). However, we should be keenly aware of the limits of all those measures. Not only is the phenomenon we have the ambition of analysing empirically very complicated, but the same measures may appear inadequate to provide a precise picture. For example, if we consider the different sizes and characteristics of informal sectors of economy or the size of tax evasion[1] we can realize how effective reality can be partially different from our picture. On the positive side, not to be forgotten, there is that our effort is mainly a comparative one; that is, the differences can be seen even if compelled to gloss over the hidden, informal aspects of reality we observe.

Let us also add that other forms of equality are also essential and have similarly seen significant changes over the last few decades: just think of the various aspects associated with gender roles. However, we are concentrating on economic, social, and ethnic (in)equality, as we consider these three dimensions to be the most visible ones when discussing the effects of the recent crises. Nonetheless, wherever

[1] To be more precise, official OECD data show how tax evasion is on average similar and relatively low during last three decades in France, Germany, and United Kingdom (around 1.8% of GDP), but higher in Spain (about 2.8%) and even higher in Italy and Poland (about 4.0%).

Table 2.1 Equalities: indicators and sources of data

	Indicators	Sources
Economic (in) equality	Gini Index Income Quintile Share Ratio At-risk-of-poverty rate At-risk-of-poverty rate before social transfers Gender Pay Gap Unemployment Youth Unemployment	Eurostat
Social (in)equality	Share of expenditures on social protection Share of Expenditures on Health Share of Expenditures on Education	Eurostat OECD
Ethnic (in)equality	Immigration General approval of migration Approval of migration from poorer countries Effects of migration on the country in general Effects of migration on the economy Effects of migration on culture	Eurostat European Social Survey

possible, we will extend our discussion to the intersections of equalities, that is, looking at economic inequality from gender and other perspectives.

2.2 Economic Inequality

The Gini Index (Gini, 1912) is probably the most traditionally used index for measuring economic inequality. It looks at the distribution of personal incomes and uses this as a proxy for economic equality. Note that it leaves out aspects such as private property, and so it does not give a complete picture of economic opportunities. Moreover, as stressed by Piketty (2013, chapter 7), it is a synthetic index that does not distinguish between capital income and labour income and ultimately squeezes a complex multidimensional reality into a number. Despite this, the index is still helpful and revealing for our research purposes. The index ranges between 0 and 100 and is normed in a way that low values indicate more income equality (in fact, with a Gini index of 0, income would be distributed completely equally, i.e., every employee would earn the same), and that high values indicate a more unevenly distributed income (and a hypothetical Gini index of 100 would mean that just one person in a society receives the whole income, with everyone else getting nothing). Figure 2.1 shows the trend of the Gini Index during the period of observation in our six countries.

Just a cursory look indicates that lower values (indicating more income equality), which had appeared in the years before the economic crisis, become rarer after the economic crisis, while the maxima, which had been reached before, have

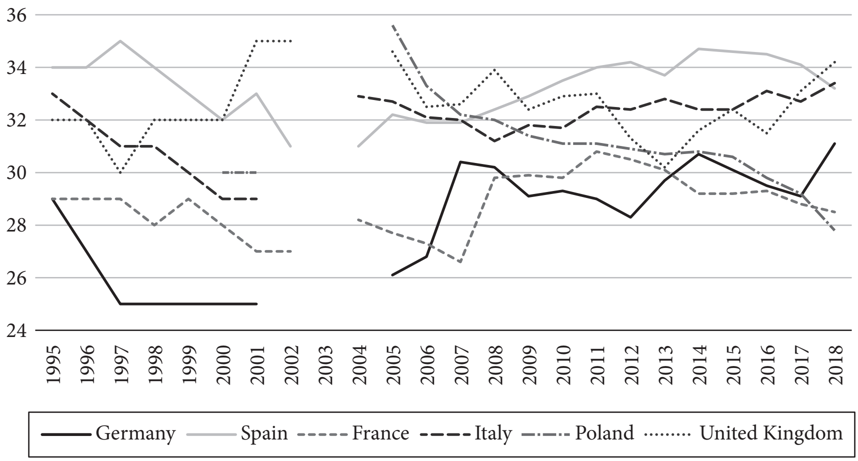

Figure 2.1 Gini Coefficient[2]
Source: Eurostat.

not been matched or exceeded since. In other words, we can see two general trends. First, total inequality has increased. However, this increase is due to formerly more equal countries becoming more unequal, while those that had already been unequal in income, stay unequal. Thus, second, there is an interesting trend towards a cross-country convergence in income inequality. Thus, if 2006, before the crisis, is the starting point, and 2018 the last year we consider, Germany went from 26.8 to 31.1; Spain 31.9 to 33.2; France 27.3 to 28.5; Italy 32.1 to 33.4; United Kingdom 32.5 to 34.2; with Poland, as a deviant case, from 33.2 to 27.8.

As for country trends, Spain, Italy, and the United Kingdom obtain more unequal positions, but these are based on different trajectories: Spain and the United Kingdom display similar peaks of inequality. Looking at the Spanish curve, the economic crisis is the moment when the previous trend towards a lower level of inequality, which had been reached in the early and mid-2000s, was suddenly interrupted and inverted. The British development is similar in peaks to the Spanish one, but it does not change notably or systematically with the economic crisis. The Italian curve—also reaching high levels recently—shows a change, but this appeared a couple of years before the economic crisis sets in.[3]

[2] No data is available for 2003 (for some countries also for 2002). The Polish data starts in 1999. There are several Gini indices around and being used. We have opted to refer to the EU-SILC survey, which is the most standard one. Its only limitation is usually that it only provides data for OECD countries, but this is not an issue for our countries under research (for the *problematique* of the different indices, see Solt, 2016).

[3] This is due to some decisions made by the Berlusconi government already in 2005 following the infringement procedure open by the European Commission. See on this also Chapter 4.

As for the countries that perform more equally, they show different processes. Germany and France are probably most similar in that they have become more unequal over time, but this sets in a bit earlier in Germany (2007) than in France (2008). Poland is a different case, developing into a much more equal situation of income distribution after 2006. Summarizing this and linking to the question of the economic crisis, only Spain and France experienced some changes during that period. At the same time, income inequality also increased in Germany and Italy, but this trend sets in earlier than in 2008. Poland even shows a trend towards more equal incomes.

There is a further perspective on the Gini index since the data is also available *before and after* implementing social transfers (including pensions). This version of the index indicates the gap in income distribution *before* the state intervenes with social policy measures that are what the gap would be if there were no social transfers. Consequently, the ratio indicates the effect of social transfers. Note that, unlike above (see Figure 2.1), Figure 2.2 covers the values from 2005 onwards.

Figure 2.2 illustrates that in all the countries where inequality increased during or after the crisis years, social transfers had a significant effect. Thus, if we compare the Gini index before social transfers with the one after social transfers, the effect of social transfers and therefore of state activity, in a relative manner, that is, independently from the level of (in)equality, point to two salient aspects. The first concerns the level of the ratio: the higher it is, the more effective the social transfers are in reducing inequality. Germany is clearly in the lead, with France and the United Kingdom also occupying high or relatively high levels, followed by Poland. Social transfers have the least effect in Italy and Spain. Second, when looking at the trends, it needs to be borne in mind that this ratio is *relative*, which means

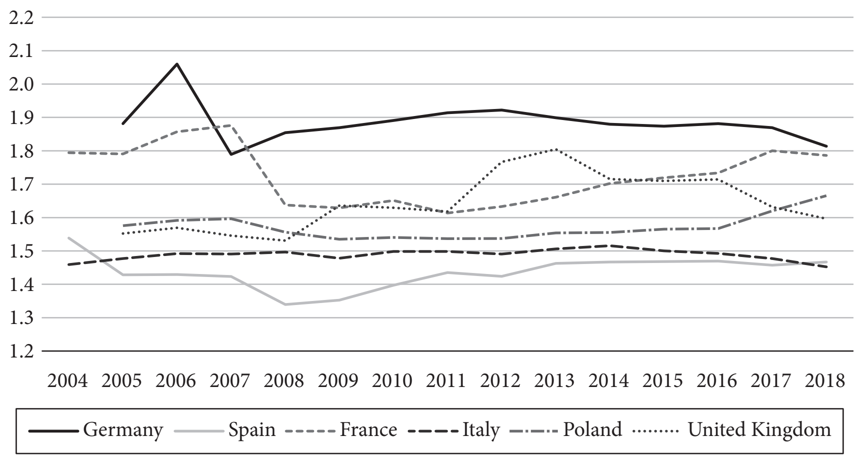

Figure 2.2 Ratio Gini Coefficients before and after social transfer
Source: Eurostat.

that the graph alone does not distinguish between the effectiveness of social transfers at high levels of inequality (where small improvements might already be the result of a significant effort) and at low levels. If we concentrate on Spain, as a country where equality decreased during the crisis years, we find that social transfers became (a bit) more effective in those years. However, as we have seen above, this was still not enough to prevent a rise in inequality even *after* social transfers. Nevertheless, the graph indicates that it could have been worse. If by way of contrast, we look at the British case, we see that the Gini index *after* social transfers has ups and downs during and after the crisis years, without, however, showing notable and durable increases. In the United Kingdom, the Gini index *before* social transfers indicates that during and after the crisis inequality *did* increase. This means that social transfers had a significant impact on offsetting inequality in the UK. Indeed, the ratio between the two values (i.e., our proxy for the importance of social transfers) also increases in precisely those years.

The Income Quintile Share Ratio is another index for income equality and is explicitly supported by Piketty (2013, p. 406), who emphasizes how these kinds of an index can give a more precise idea of inequality. However, it does not consider the whole distribution of incomes, but just the margins. It is calculated as the ratio between the upper quintile of the income distribution (which marks the income above which the highest 20% of all incomes lie, that is, it indicates the starting point for the high earnings) and the lower quintile (which marks the income below which the lowest 20% of the income distribution can be found, that is, it marks the starting point for the low earnings). The ratio indicates how much higher the high income is than the low one. A value of 4, for example, says that the top 20% earner earns four times as much as that person whose income marks the border between the lowest 20% of the income distribution and the highest 80%.

Note that when looking at quintiles (and not at the top or bottom 1%), the index does not consider extreme wages, such as those of top managers or soccer stars, but those of people who are earning well, although not extraordinarily well, and, on the other end of the scale, of people, who are not earning well but who at least reach a reasonable low level.[4] It is thus a further good representation of potential wage gaps, and of how the margins of the income distribution relate to mid-level incomes. It is essential to underline that the ratio does not give any information about how high or low wages are (i.e., it does not tell us whether low levels of income are too low to guarantee a minimum living standard), but is just

[4] However, in the past two decades, inequality about wages and employment has been increasingly 'polarized' in the United States and several other industrialized countries. In short, the wage and employment structure shows more significant benefits for hyper-specialized and low-skilled workers, while it becomes negative for medium-level workers (Autor, 2014). In Piketty's analysis (see above) the structure of wealth (income and capital) takes the unimodal form in favour of the wealthiest 1%.

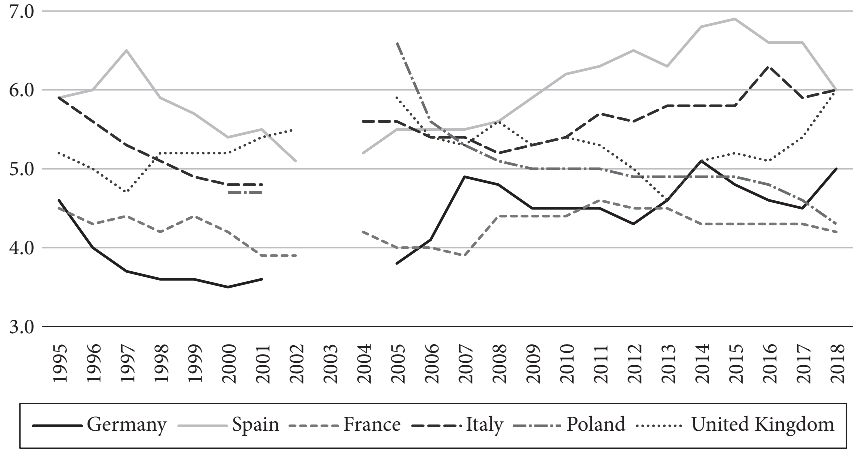

Figure 2.3 Income Quintile Share Ratio[5]
Source: Eurostat.

a relative measure. Figure 2.3 illustrates the trends in the six countries under consideration.[6]

For most of the countries and the general trend, the picture largely confirms the findings from the Gini Index. Initially, more equal data (such as for France and Germany) worsen. While this means more equality *between* the countries, it also means convergence in inequality as a general trend. As mentioned, France and Germany show a trend towards more inequality over time, with Germany changing a bit before the economic crisis (2007) and France in 2008. The Polish case is again the exception. There is a notable trend towards equality during the period of observation. The income quintile share ratio also confirms the trend for Italy and Spain that was found when analyzing the Gini coefficient: both show unusual patterns of inequality, with only the change in Spain setting in during the economic crisis, while income distribution in Italy starts to become more unequal before that.

Only in the case of the United Kingdom, can we see a small difference between the income quintile share ratio and the Gini coefficient. While the Gini index, especially when we look at the most recent period, suggests that the United Kingdom has to be grouped with Italy and Spain as unequal countries, it seems to perform more equally on the income quintile share ratio. Of course, both indices

[5] No data are available for 2003 (and for some countries not for 2002 and 2004 either). The Polish data starts in 2000.

[6] Let us add that Piketty and a group of other economists have been developing a way of measuring economic inequality along with income group, which is consistent with the measure mentioned above in the text. However, in their last report, the data are on France and Germany only when considering European countries and are not updated (last year is 2014). See Alvaredo et al., 2018.

are seeking to represent a very complex phenomenon, namely the distribution of income in a given society. Therefore, any attempt to interpret the differences between the two indices is rather ambitious and would require an in-depth knowledge of the individual data that generated the underlying percentages. That said, one suggestion for a preliminary explanation is that, in the UK, differences in income are not so much between the higher and the lower earnings (therefore the somewhat lower value for the income quintile share ratio), but within the mid-level earnings group. Nonetheless, by and large, the income quintile share ratio confirms the findings from the Gini coefficient.

Continuing this line of argumentation, it is worth having another look at the margins of the income distribution. When looking at the quintiles, we have observed a higher risk of (relative)[7] poverty in countries with high absolute levels of the ratio, because inequality is visible in terms of more significant wage differences between the rich and the poor than in countries with low absolute values of the ratio. However, there are also specific data on the risk of poverty, expressed by the at-risk-of-poverty rate. There are different ways of calculating this. We opted for the version which considers 40% of the median value of the income distribution.[8] The graph (Figure 2.4) visualizes the trend.

If we look at the lowest bands of the income distribution, the picture is a bit clearer than when considering the overall situation. France's and Germany's performance again points towards more equality than in other countries. As for the trend, not much changes in these two countries. This is in marked contrast to Italy and Spain, where levels of poverty risk are generally higher than in the other countries considered, and there is a continuous increase from the crisis year of 2008 onwards and a decline since 2015–16. However, in absolute numbers, the phenomenon is more relevant in Italy with about 5 million individuals as absolute poor during last years.[9] The situation is again different in the UK (but growing

[7] It is important to stress that all values refer to relations. Whether or not the fact that the Spanish low quintile earner receives a seventh of what the Spanish high quintile earner does should make us worry about poverty depends on the general wage level. Only if that seventh did not guarantee an acceptable standard of living, could we speak about poverty in absolute terms?

[8] Alternative methods of calculation foresee higher percentages, and thus more people would be attributed to the group of the poor. We have opted for the lowest level for which data is available (40%) since the income quintile share ratio has already provided us with indications on people who are low earners but do not belong to the lowest group. Considering the 40% value, therefore, gives us the opportunity to look at another (poorer) group and to expand our analysis as a consequence. Moreover, we do not consider 40% of the mean, but of the median, since we expect the distribution to be skewed towards high incomes, and the mean is greatly affected by very high incomes. Although the choice of the median makes the indicator already a bit less relative, it is, of course, clear that not even the 'risk-of-poverty rate' can give us information on absolute levels of poverty (on this see fn 7).

[9] According to the official definition, 'The absolute poverty threshold represents the monetary value, at current prices, of the basket of goods and services considered essential for each family, defined according to the age of the components, the geographical distribution and the typology of the municipality of residence. A family is absolutely poor if it sustains a monthly consumption expenditure equal to or less than this monetary value.' See ISTAT at https://www.istat.it/it/files//2019/06/La-povert%C3%A0-in-Italia-2018.pdf. See also for other details on Spain INE at http://www.ine.es/.

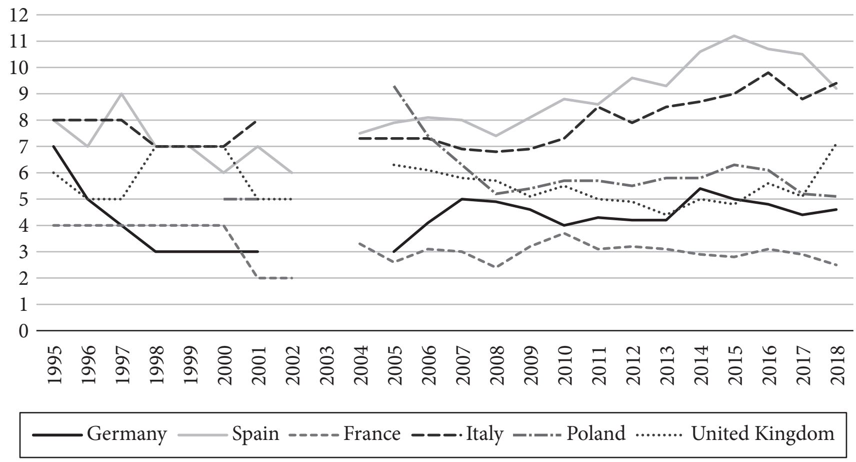

Figure 2.4 At-risk-of-poverty rate[10]
Source: Eurostat.

between 2017 and 2018) and Poland: in both countries, the risk-of-poverty rate is at medium or low levels but seems to have decreased since the early 2000s. The crisis, therefore, did not coincide with more inequality in these two countries.As with the Gini Index, the risk-of-poverty rates can also be assessed in terms of how they would be without social transfers, by using the percentage of the rate *before* social transfers. The percentages are quite high, because they also include pensions (we used this scenario when comparing the Gini indices as well), and a pensioner would be at great and imminent risk of poverty if (s)he did not receive any pension funds. Figure 2.5 shows this rate before social transfers.

The interesting convergence, which the graph shows above all after the economic crisis, provides us with only limited information. Concerning government interventions in the field of economic (in)equality, the ratio between those who would risk poverty, if there were no social transfers (the 'potentially poor ones'), and those who still risk poverty, despite all social transfers (the 'really poor ones'), is much more telling, because it informs us about the potential and the amplitude of social protection. This ratio has to be read as 'if there were no social transfers, the percentage of people risking poverty would be xy times as high as it really is'. The higher this ratio is, the more effective social transfers have been in reducing the risk of poverty, which, by the way, is the function of social transfers (see Figure 2.6).

This graph identifies the French social protection system as the most effective one when it comes to the reduction of the risk-of-poverty rate through measures

[10] No data are available for 2003 (and for some countries not for 2002 either). The Polish data starts in 1999.

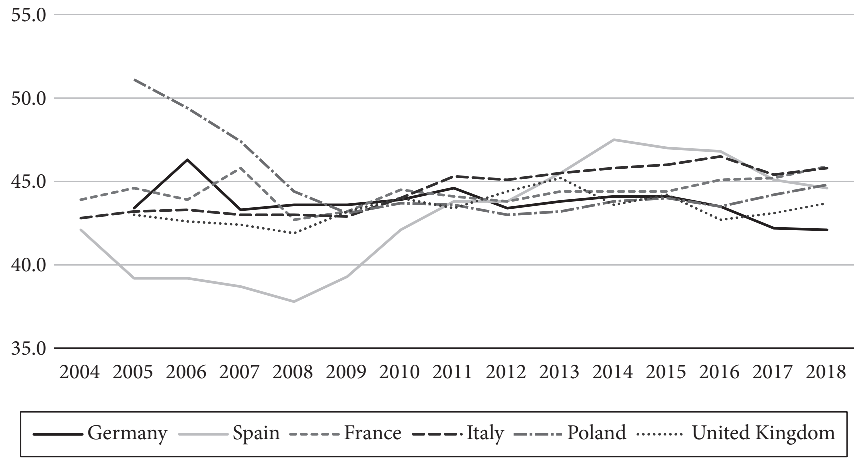

Figure 2.5 At-risk-of-poverty rate before social transfers
Source: Eurostat.

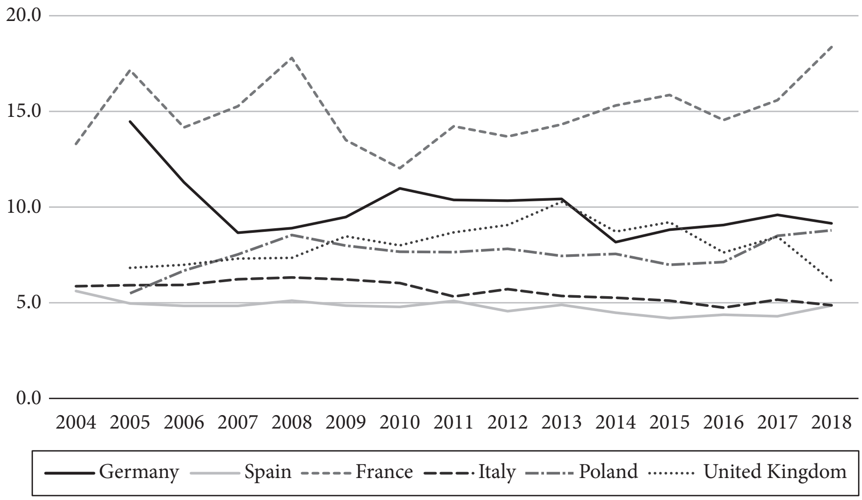

Figure 2.6 Ratio between the at-risk-of-poverty rates before and after social transfers
Source: Eurostat.

of social protection. Without social protection, the risk-of-poverty rate in France would be between 12 and 18 times as high as it is. Two more things are notable: reading the data in this way, Italy and Spain show the lowest ratio (values between 4 and 6), which means that social protection does not have such a great effect on people's risk of poverty. Remember, however, that both countries increased their expenditures on social protection after the economic crisis. Either this increase was so necessary that it did not substantively improve the ratio between the risk rates without and with social protection or increasing social expenditures has not been the right means of addressing the phenomenon. What is more, apart from France, no country shows a meaningful trend regarding the ratio, and, in France, the trend is not tied to the crisis years. Thus, while government expenditures on social protection have been increased in the crisis countries, these expenditures (if they do so at all) just help to keep the situation as it is but do not entail improvements. This is illustrated in Figure 2.6, which shows the ratio between the rates before and after social transfers.

All the indices we have considered so far—the Gini coefficient, the income quintile share ratio, and the risk-at-poverty rate—refer to questions of *income*. Thus, as regards economic equality expressed through income, we can affirm that:

- there has been a general trend towards more inequality over time, even if in our cross-national comparison this growth among countries at high development levels comes out less evidently. '(A)lthough discrepancies between countries have narrowed, emerging evidence suggests that inequality within countries is rising' (Verbeek and Osorio Rodarte, 2015, p. 1) both between social groups, as shown by Milanovic (2016), and between territories, as in the widening gap between North and South in Italy (Svimez, 2019).
- Italy and Spain usually perform worse than the other countries, while France and Germany do better;
- the worsening of the situation in Spain and, at lower levels, in France coincides with the years of the economic crisis;
- this coincidence of the trend with the crisis years can be confirmed for the Italian case only as far as the risk of poverty is concerned; for the other indices, the worsening of the situation began occurring in Italy well before the crisis period (see fn 2);
- Poland, as a deviant case, shows a trend towards more equality over time, above all since the early 2000s onwards; this development might be due to Poland's late transition to democracy and a capitalist economy (see Chapter 5);
- the United Kingdom is characterized by ups and downs, with a slight indication of more inequality over time.

As we mentioned in the introduction to this chapter, other dimensions of equality apart from economic parameters, such as gender, will not be treated in separate sub-chapters but will be presented with regards to selected aspects. One of these aspects refers to the question of whether men and women receive equal pay for the same work. This has been coined the gender pay gap.

Unfortunately, the main data source for this chapter, Eurostat, does not provide us with the same data basis for the whole period of observation. While data until

2006 is available for the 'overall economy', data from 2007 onwards is differentiated by individual economic sectors. However, this should not be a major problem for our discussion here, since our argument regarding the economic crisis mainly needs to consider the time around and after 2008. Admittedly, such limited data availability does *not* make it clear whether a trend, which is observable after 2007/8, is just the continuation of a trend which had already set in before (that is, independently from the economic crisis), or whether it is something new. Nevertheless, the data allows us at least to observe the situation in the period during and after the economic crisis.

As for the choice of the economic sector, any sector could be the right choice. We opted for the sector defined as 'Industry, construction and services, excluding public administration, defence and compulsory social service' which corresponds to NACE Code R2.[11] We chose this sector because we believe that industry and services similarly attract men and women and that there are not necessarily typical 'female' or 'male' jobs in this sector. Regarding the interpretation of the values, they indicate the difference between the average wage of men and women, with the men's wage being the mathematical basis. This means that, if the gender pay gap is given as 20%, then women earn 80% of the men's wage for the same work done.

It is interesting to see that those countries, such as Germany and the United Kingdom, which performed better regarding income equality, show more inequality when we look at gender issues. Indeed, there seems to be income equality in Germany, but the general statistics hide the gender inequality lying behind that equality. Italy is a good contrast case to Germany. While the Gini coefficient, the income quintile share ratio and the risk-at-poverty rate show that income is distributed more unequally in Italy, the gender pay gap indicates that there is hardly any income difference between men and women. The same holds for Poland, where, unlike Italy, general income equality has been rising a lot in recent years. Spain and France occupy a middle position.

When looking at the trend, we do not observe any notable changes. Above all, the year 2008 and its aftermath cannot be identified as an essential critical juncture for income (in)equality between men and women. Thus, while for some countries the crisis years marked an important point regarding general income (in)equality, such a trend cannot be identified for the specific question of the intersection between income and gender. Though the evidence is not conclusive, and there are different positions on this point in the literature. For instance, Karamessini and Rubery (2014) note that although employment gaps between women and men narrowed in the wake of the crisis, this was due to a

[11] NACE Codes represent a system of economic branches, developed by the European Union, elaborating the equivalent ISIC system of the United Nations.

deterioration in male employment rather than improvements for women. Besides, austerity policies are already having an increasingly negative impact on demand for female labour as well as on access to services that support working mothers.

Being employed is a fundamental prerequisite for having an income. Therefore, for the remainder of this subchapter, we look at the question of unemployment. This is strongly linked to economic (in)equality since high unemployment rates deprive the affected individuals of many opportunities to participate in economic transactions, in the production process of an economy, or societal benefits. More precisely, as Dolvik and Martin (2015, p. 387) stated on the ground of a collective research project, 'increasing unemployment tends to reduce income inequality', despite all the alternative ways of increasing growth and employment implemented by the countries we are considering. What is more, the inherent value of work for self-esteem and life satisfaction has frequently been acknowledged.[12] Having a job is, therefore, an essential aspect of equality. There is no need for a particularly sophisticated index to assess this since unemployment rates (for the active population) give a good picture of the situation (see Figure 2.7).

Germany and the United Kingdom show low unemployment rates in general, with just some changes of small intensity, which do not necessarily occur around the crisis period. Poland, as before, shows a general trend towards more equality, and the changes are completely decoupled from the crisis period. The other three countries—France, Italy, and Spain—deserve a closer look. For all three of them,

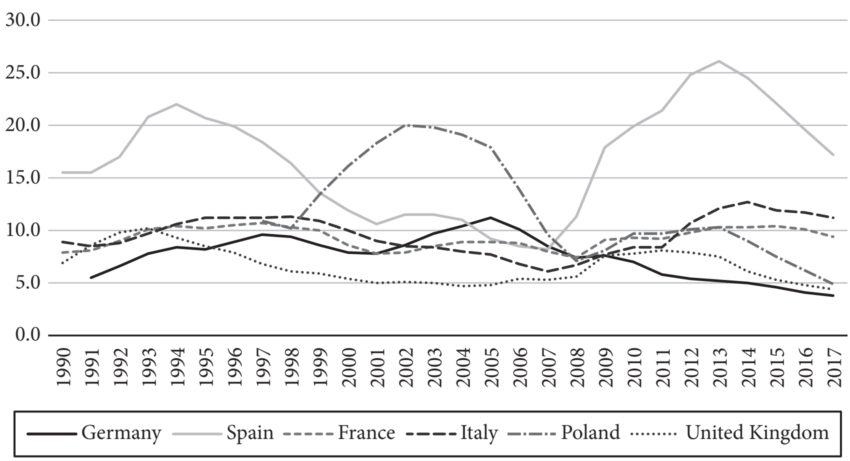

Figure 2.7 Unemployment
Source: Eurostat.

[12] As stressed in research conducted within a relatively new interdisciplinary field, which focused on wellbeing and quality of life. See, for instance, the European Quality of Life Survey, funded by the European Union.

although at very different amplitudes, we can observe higher unemployment rates after the crisis. The most notable change can be seen concerning Spain with unemployment rates rising to more than double previous values. When we change perspective and check the differences in the last twenty years (1997–2017), the notable features are different. Observing the data, we can see a basic improvement of employment in Germany, the UK, and Poland, while in Spain unemployment remains high and in France and Italy, there is no marked difference.

As is well known, however, general unemployment is just one topic in the political and the political science debate. Frequently, youth employment is given special consideration. In terms of the central concept at stake—equality—this is yet another form of intersection: economic (in)equality intersects with generation. The development is, not surprisingly, very similar to the one of unemployment in general. However, it also becomes evident that, in those cases where the economic crisis opened a general trend towards inequality, namely Italy and Spain, the situation is even worse for the younger generation. This pattern is more visible in Italy than in Spain, above all in recent years, where young people suffered much more from unemployment than the general population. The situation in Germany, Poland, France and, to a more limited degree, the UK improved. Generally, it can be held that, in addition to inequality in terms of labour market opportunities, there is a form of inequality which affects the relationship between the young generation and the general population.

There is a different way to express this aspect of generational inequality in particular, namely, to compare general unemployment rates with unemployment rates for the young. This can be achieved by simply dividing the unemployment rates for young people below the age of 25 by the general unemployment rate. All values are above 1, which indicates that youth employment is higher than general unemployment in all six countries, over the whole period of observation.

The general trend of the data indicates a slight development towards a more significant gap between unemployment of the young generation and general unemployment. However, the crisis year does not seem to play a role. The observed trend was there already, and it does not alter much after 2008. Nevertheless, there are some minor changes in the United Kingdom (around 2005, before the economic crisis). So, while cross-case patterns are interesting to follow, the longitudinal trend does not show any notable peculiarities. Above all, the crisis is not visible from the graph.

In general, as regards the economic (in)equality of individuals, we can conclude:

- Over time, there seems to be a general trend towards rising economic inequality.
- Social transfers help to offset the adverse effects of inequality. This is so above all for the crisis countries. However, while beneficial, the effect of social transfers is not high enough to make a significant contribution to solving the problem of inequality.

- Among the countries under consideration, Germany appears to be characterized by a relatively good extent of equality. What is more, the crisis year of 2008 does not seem to have induced any notable changes for Germany.
- France, Italy, and Spain share the characteristics of a tendency towards more inequality. However, this happens to different extents: while the observed picture is most precise for Spain, where the crisis of 2008 also figures prominently, it is weaker for Italy and even weaker for France. Furthermore, as regards income data (but not unemployment), the trend in Italy seems to have been towards inequality, but this was already the case before the crisis of 2008. France belongs to the group of countries with inequality patterns that are only observable for unemployment, while there is a more equal distribution of income.
- Poland has moved towards more equality, but there is no sign that the crisis played any role.
- The United Kingdom is the most difficult to characterize. Unemployment rates are generally rather low, and the indicators for income distribution (a bit less so for the Gini Index) group it at medium to low ranks of inequality. At any rate, the crisis period is not particularly visible in the development of (in)equality in the United Kingdom.
- When intersecting data on economic equality with other characteristics, such as gender (in)equality or generational (in)equality, there are certainly notable differences between countries. However, according to our data the over-time trends do not show significant changes and, above all, the crisis years cannot be identified as especially meaningful for an eventual change in gender or age-group (in)equality concerning economic indicators (see above).

While the partial insights might already be interesting on their own, it is worth mentioning that, regarding economic (in)equality, Spain exhibits the most explicit patterns, as nearly all indices increase during or after the crisis of 2008, sometimes even in essential ways. Without wishing here to venture a causal argument, it can nonetheless be held that the equality dimension of the Quality of Democracy (understood in terms of economic equality) changed to a large extent in Spain after the crisis.

2.3 Social Inequality

It is certainly wrong to see the development of economic inequality as a free-floating process, determined exclusively by market forces. Instead, collective actors, corporate actors, and not least, the governments and political forces do intervene. Governments usually intervene in order to correct the dysfunctional effects of the market. Indeed, a difference between liberal and coordinated market economies[13] has been made, and different political parties opt for different degrees of economic intervention, but, by and large, pure laissez-faire is hardly an option for the countries under research.

The present section, therefore, looks at government activity that provides many welfare provisions and thus can count as an answer to economic inequality. It does not look, however, at the *success* of such activity. It would be hard to differentiate between whether positive effects of state intervention have not become visible, because it has not occurred (i.e., governments do not want to intervene), or because the governments have intervened, but the intervention has not been successful. Therefore, we concentrate on one aspect by which government activity can be assessed, independently of its success. In our view, this is best expressed through the development of expenditures for welfare, implemented by governments. Over the past decades, this has been carried out in our democracies through the building of the welfare state. Consequently, we see the transformations induced by welfare state provisions as a determinant of the resulting (in)equality existing in a country in a given moment or along with a trend. As Hemerijck (2013, p. ix) effectively states, 'to the extent that social policy measures "prepare"... individuals and families to confront new social risks and knowledge economy... the welfare state contributes both to economic efficiency and social equity'.

The substantial literature on the topic (see Ferrera, 2013), supported by extensive empirical research, also displays how, during these years, the welfare system that gave content to social rights has been profoundly transformed. As Ferrera et al. (2000) and Ferrera and Hemerijck (2003) point out, during the last few decades there has been a 'recalibration' of the entire welfare system as result of socio-economic transformations in the different domains, including demography, where social rights were implemented through various kinds of social protection, including pensions, health care, unemployment, and social services and family policies. More specifically, the new needs of the elderly population, changes in the gender division, decline of fertility, deindustrialization, new forms of poverty, immigration (see below), changes in labour markets and the partial fading away of lifetime jobs, together with technological changes, were complemented by the necessity to increase the efficiency of provisions rationalizing them. All these factors lay at the heart of the recalibrations. Namely, ~~that is,~~ they are crucial for the changes in social rights in terms of norms and institutions involved, and consequently of the rebalancing of welfare provisions with distributive changes as well.

Within this evolving context the Great Recession, which started in 2008 and persisted at least until 2014, proved to be a great challenge for the entire welfare system of all the European democracies, in evident connection with the budgetary situation of the countries involved. In these years, and especially from 2010,

[13] See Hall and Soskice (2001) for this terminology, and Chapter 5.

European Union institutions, the Commission, the European Council, the Council of Economic Ministers, and the European Central Bank, also played a key role, particularly concerning Spain, which was also helped by the EU (see Chapter 7 for more on this). This role had an inevitable impact on the welfare system of the affected countries. Among others, two joint research studies (Dolvik and Martin, 2015 and Wulfgramm et al., 2016) provide an initial review of the impact on all the democracies we are analysing, except Poland. This country—and this is worth remembering—remained virtually unaffected by the economic crisis and at the same time in 2015 had the relative lowest share of social expenditures among most of European Western (25.8), but beyond the average of Central and Eastern European countries.

The main question arising from the picture, briefly sketched above, is: how has social inequality evolved within the perspective of welfare provisions? To start replying to this question, we can view the share of government expenditures on social protection (see Figure 2.8).[14] To do that we decided to show those expenditures as a percentage of the effective GDP. For reading better the data, however, we should immediately recall that when there is the economic crisis with the decline of GDP, there is an apparent growth of expenditures. However, such growth is not real, but it only is mathematical of a decrease of the denominator in the percentage. In fact, for example, between 2008 and 2009, we can see that artificial growth in all countries, except Poland. In this last country, slight growth is effective as there is no decline in GDP. In Italy and Spain only, the other crucial years of GDP decrease are 2012 and 2013, and also in these two cases, an artificial growth of social expenditures is recorded.

It is also worth noting that many measures of social protection are prescribed by law. In other words, governments have a limited choice of whether to alter them or not. On this, Krugman (2009) has already pointed out the centrality of the 'automatic stabilizers' in dealing with the economic crisis. They countered the decline of employment and production during the Great Recession since 2008. Although their usefulness is reduced in systemic crises, this author reminds us that if the current crisis is not as terrible as in the 1930s, it is due to the functioning of the automatic stabilizers and the increase in the public deficit, and this was well different from what happened with the Great Depression of the 1930s (see also Kelton, 2016). However, we come back to this issue in Chapter 5. All governments can do is to cut social expenditures and expenditures in other policy areas

[14] Eurostat suggests the following empirical definition of social protection: 'support for sickness and disability; old age; survivors; family and children; unemployment; housing; applied research and experimental development applied to social protection; social protection and social exclusion not elsewhere classified (esp. cash benefits and benefits in kind to victims of fires, floods, earthquakes, and other peacetime disasters; purchase and storage of food, equipment, and other supplies for emergency use in the case of peacetime disasters; other social protection affairs and services that not assigned under the previous entries)'. See https://ec.europa.eu/eurostat/statistics-explained/index.php?title= Glossary: Classification of_the_functions_of_government_(COFOG).

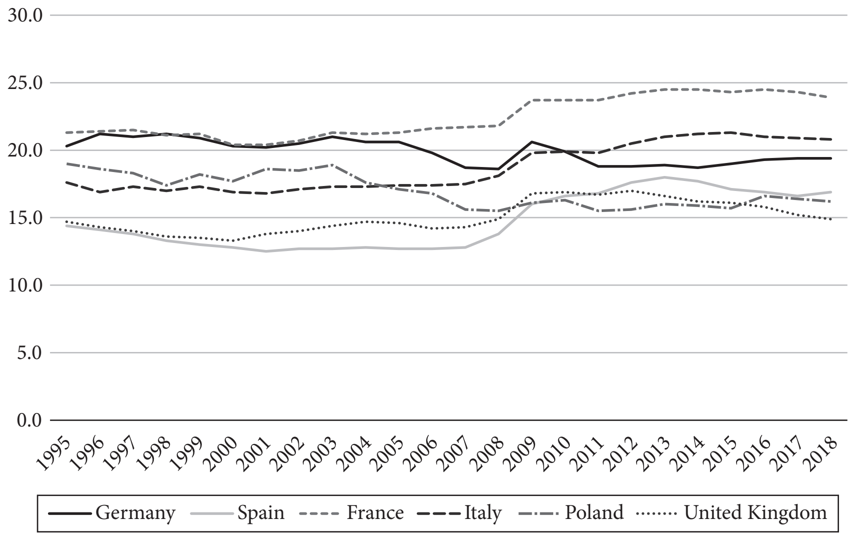

Figure 2.8 Expenditures for social protection in % of the GDP
Source: Eurostat.

where there are no precise or less precise indications. So, paradoxically, if there are many obligatory expenditures in the social protection area, then social expenditures might increase, but in Spain and Italy, their ways to cut was found (see chapters 5 and 7). With this in mind, Figure 2.8 shows the highest social protection in France, a middle level in Italy and Germany that are almost at the same values. Poland, Spain, and the United Kingdom are around the same lower level with the Britons being in decreasing trend.

In the remainder of this section, we will concentrate on two other perspectives, which are more indirectly connected to economic opportunities. More precisely, we focus on health and education. The following graph (see Figure 2.9) illustrates the development of public expenditure on health.[15] This is not only an indicator of the importance of the health system for government spending, but it also gives us valuable information about government measures taken in order to reduce the effects of economic inequality. Indeed, the higher the level of public expenditures on health is, the more likely it is that these higher rates of expenditures help to correct inequality induced through income differences. If the health system is sufficiently financed, then it is more likely that essential medical services are for free,

[15] The empirical definition of health is that suggested by Eurostat and includes: 'Medical products, appliances, and equipment; outpatient services; hospital services; public health services; R&D related to health; health not elsewhere classified.' See https://ec.europa.eu/eurostat/statisticsexplained/index.php?title=Glossary:Classification_of_the_ functions_of_government_(COFOG).

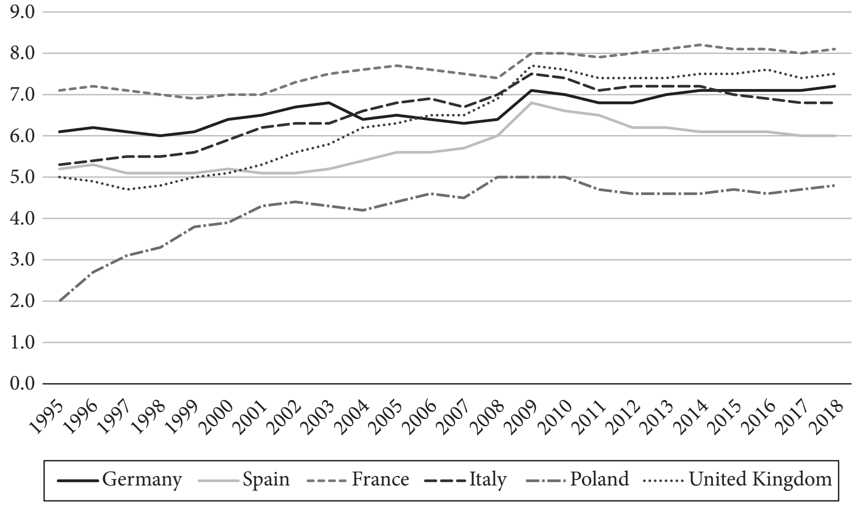

Figure 2.9 Expenditures on health
Source: Eurostat.

or available at low prices, and that also more complicated treatments are subsidized mainly with public money.

This graph (Figure 2.9) shows that health expenditures are always the highest in France. The United Kingdom comes lower at the same level than Germany, but relatively speaking in a much better relative position vis-à-vis all other countries, if we recall the social protection expenditures. Poland shows a fundamental rising change, although still occupying the bottom position among the countries under consideration, which is probably an illustration of late effects of the transition process after 1990. We can also observe some salient details for the countries most hit by the economic crisis, namely Italy and Spain. The curves in these countries become flatter and do even slightly decline after the crisis years, with even a more evident effect in Italy, more in Spain. All other countries do not seem to be affected so much by the crisis, as far as health expenditures are concerned.

In terms of substantial interpretation this means that, after the crisis, the governments of crisis countries did not further increase their efforts to counter economic inequality with the help of more expenditures on health but stopped or even reduced such efforts. In other words, alongside a rise in economic inequality, the citizens of these crisis countries did not enjoy more benefits from public financing of the health system, contrary to the expectations raised by the inevitable trend toward population ageing in these countries. When there is growth, it mainly occurs at the end of the century and early years of the new century, as suggested by Figure 2.9.

A further perspective is to explore expenditures on the educational system[16] which is emerging as a more and more relevant aspect within the entire welfare system (see also Bieber and Wulfgramm, 2016, pp. 296ff). This perspective is akin to looking at health as both forms of expenditure reduce the need for private investments and, therefore, help to moderate the effects of economic inequality. Two additional aspects are, however, important about education. First, education is usually considered a major factor when it comes to creating opportunities for the future. The underlying logic is that the more public money is spent on education, the less important different family backgrounds and parents' economic opportunities will be for children's future careers and economic possibilities. Investments in the education system thus always point to governments' attempts to curb inequalities induced by different opportunities that future generations may or may not enjoy. This also ties in Sen's (1992) notion of looking at (in)equality not only in terms of results but also of opportunities (see Chapter 1). Second, this opportunity is not only provided for the native population but also migrants. Education can, therefore, help to reduce ethnic inequality and increase economic equality, independently on—or at least less connected to—ethnic origins (see Figure 2.10).

Figure 2.10 shows flat trends or dramatic decline, as in the United Kingdom and Poland, although to a lesser extent in the latter country, with Italy and Spain being at the lowest level and even with a further decline at the end of the

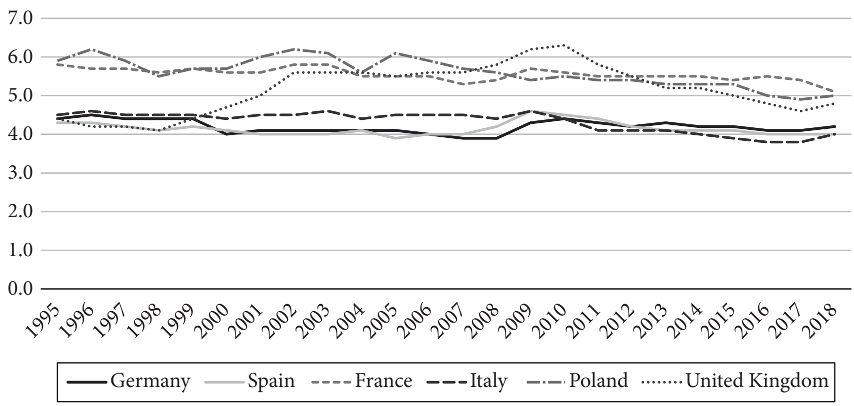

Figure 2.10 Expenditures on education
Source: Eurostat.

[16] Eurostat also suggests the empirical definition of education. It includes: 'pre-primary, primary, secondary and tertiary education, post-secondary non-tertiary education, education non-definable by level, subsidiary services to education, research and development education, education not elsewhere classified.' See https://ec.europa.eu/ eurostat/statisticsexplained/index.php?title=Glossary:Classificat ion_of_the_ functions_of_government_(COFOG).

second decade of the twenty-first century, and France in the lead. Looking more closely, the decline in Italy takes place independently on the economic crisis. We can see that governments in crisis countries like Italy and Spain have not only started to disregard expenditures on health as a potential means to reduce the adverse effects of economic inequality, but they also reacted like this regarding education. Investments into future generations were not intensified and, consequently, existing inequalities have not been addressed through expenditures on education.

The bottom line of these considerations on government intervention is that in countries which were most hit by the economic crisis, namely Spain and Italy, next to the maintenance of obligatory social protection, expenditures on health and education have been reduced. Both these sectors, however, can be identified as further possibilities for the governments to create more equality and, in the case of education, also to create opportunities for future generations and to reduce the effects of ethnic inequality. Thus, while guaranteeing more social protection, other aspects of the social state are reduced in these countries during or immediately after the crisis years. This is not the Polish case where especially after 2015 other provisions are carried out.

So far, we have not analysed in detail the policies to fight poverty, decided and implemented by all our countries. In the first section above, we have analysed the Eurostat data on poverty, including the effects of social transfers. In this section, the data on expenditures for social protection that included the provisions to fight poverty. Here, we add some further reflections about those policies, paying attention to the main one, namely the basic or minimum income. This analysis is relevant as the protracted Great Recession aggravated poverty and social exclusion in the countries under consideration, especially in Italy, Spain and, to a smaller extent, in the UK and Germany (see the data above). All the countries intervened on this thorny issue.[17]

When considering the minimum income, we should bear a few key points in mind: it is a complex and multifaceted measure; it is difficult to implement; its actual effectiveness in each country also depends on other measures of social protection; and, finally, though important, for a number of reasons it is usually not enough to lift all citizens out of poverty (see Fondazione Astrid and Rosselli, 2018).

We are not going to describe the different minimum incomes in the six countries here (see Crepaldi et al., 2017; Natili, 2019). We will just mention the modes of financing and governance and assess the adequacy and coverage, that is to say, the most relevant features in our perspective. Financing is from the central state in the UK, Italy, and Poland, from central and local authorities in Germany and also France, where however the state contribution is higher, and from local

[17] We are going to come onto this when developing our explanatory hypotheses (see Chapter 5).

authorities only (*Communidades Autonomas*) in Spain. Governance is usually mixed in all countries with a dominant role of central authorities in the UK and of Autonomous Communities, complemented by local councils, in Spain. In Poland, the mixed formula is integrated by associations, the Catholic Church, and other organizations.

Based on the report by Crepaldi et al. (2017), Table 2.2 provides an assessment of the adequacy and coverage of minimum income policies in our six countries. Looking at the first column, the main reasons for the limited impact of the provision and the need to analyse it in connection with other social protection policies becomes immediately evident: not even in Germany is there a high level of generosity. Moreover, in the years 2010–15, Spain and Germany remained stable in terms of impact on poverty reduction; the UK, France, and Poland even saw a reduction in that impact; and the only country that improved in a tough situation was Italy.

Regarding coverage, the minimum income is usually applied to every resident. In Spain, this has to be for at least six months in some region and up to five years in others. No citizenship is required, with the very partial exception in Germany (where only foreigners and their families not working in that country are excluded). As shown by Table 2.2, the coverage can be characterized by universal assistance. In other words' the schemes provide cash benefits for all eligible claimants whose resources are below a specified income standard (France, Poland, the UK) or by categorical assistance, that is to say, the benefits are aimed at guaranteeing minimum resources to particular groups within the populations, such as the unemployed, the elderly, and the disabled (Germany, Spain, and Italy). Different benefits also characterize coverage and, except for Spain, are usually implemented at the national level.

As regards the minimum income and other welfare provisions, Italy and Poland deserve a short addendum. In fact, in Italy, a Support to Active Inclusion (SIA) has been in place since September 2016, to help families with specific needs in very deprived economic conditions. The amount varies according to family composition (from €80 for the one-member family to €400 for a family of five or more members). It has meagre coverage because of strict eligibility criteria, regarding families with multiple needs (young children, single parent, dependent people, or people with severe disability). In September 2017 Inclusion Income Support (REI) was approved to be implemented as from January 2018. Originally conceived as an alternative to the SIA, later it coexisted with it, and was designed to help families in deprived economic conditions (like the SIA) for a limited amount of time (18 months) with a monthly allowance ranging between €185 to about €539. From March 2019 the REI was replaced by Citizenship Income (RC) with a maximum sum of €625, and an average of €493, with a similar duration (18 months), again to help families in needs. In 2020 the actual impact of this new

Table 2.2 Assessment of minimum income policies: adequacy and coverage

dimensions country	**Adequacy(a)**	**coverage**
Germany	Medium-low level of generosity (30–40 %)	categorical, network of benefits, subjective right, national.
Spain	Medium-low level of generosity (30–40 %)	categorical, network of different benefits, subjective right, national and local level. Regional minimum income benefits are in majority qualified as individual or subjective right (i.e., Extremadura, Murcia)
France	Medium-low level of generosity (30–40 %)	universal, network of different benefits, subjective right, national level.
Italy	Very low level of generosity (under 20 %)	categorical, network of different benefits, subjective right, national level
Poland	Very low level of generosity (under 20 %)	universal comprehensive subjective right in case of permanent benefit, discretionary in case of temporary benefit, national level.
United Kingdom	Medium-low level of generosity (30–40 %)	universal, network of different benefits, subjective right, national level.

Note: Countries can be divided into five groups based on the average generosity of their MI schemes, that is, how much this benefit allows households to reach the poverty line (set generally at 40%) (see also section 2.1, this chapter).

Source: Our elaboration on data and evaluation by Crepaldi et al. (2017, esp. chapter 5).

provision cannot be adequately assessed yet. However, according to the official data of the Italian National Institute for Social Security (INPS) by January 2020, such an income has been awarded to 1,041,462 families, involving 2.513,925 people (see INPS official data January 2020). It covers about 72% of people in a condition of absolute poverty (on this see also Chapter 4).

Poland is also the country where a meaningful change of government (2015) came about and was reconfirmed in 2019 as a result of a party program and electoral campaigns by the Law and Justice Party (PiS), focused on building a 'Polish welfare state' with additional and better social rights and income redistribution. The most well-known provision was a scheme, known as *Rodzina* 500Plus (Family 500Plus) and approved in April 2016, which was a monthly subsidy (about 130US$/120EUR) for each child to the family with more than one child. But the lower-income families received this help even if they had one child only. The budget for this measure reached 3.11% of GDP in 2017 with an increase of 75% of the budget previously (2015) devoted to family support. In May 2019 it was expanded to families with one child only without considering the income. The two goals of the measure were to achieve a higher fertility rate and reduce child poverty.

As for Italy, the new and attractive decision provided a direct transfer in cash rather than public services. And, tellingly, Eurostat recorded an improvement of extreme child poverty (from 24.2% to 17.9% already between 2015 and 2016) and the family economic situation in 2018 (see Ciobanu, 2019). The other goal, increasing the fertility rate, failed.[18] A second significant reform was the reduction of the retirement age since October 2017 from 67 for all (a decision of the former government) to 65 for men and 60 years for women voluntarily (in case of earlier retirement the amount of pension was lower). Many Poles use their right to retire earlier (only in October 2017, there were 100,000 applications) (Skrzypczak, 2017). A third relevant provision was the increase in the minimum hourly wage for employees on precarious contracts. This provision first adopted in May 2016 was subsequently improved and expanded (see also below).

Other measures included: the fiscal exemption for young people below 26 with an income lower than about €20,200 since August 2019 to retain young in Poland (Meredith, 2019); the pension Plus, that mainly consisted in the recognition of the 13th pension and a reduction of personal income tax and affected about 9.8 million pensioners; a program to build cheaper houses/apartments; and the creation of a solidarity fund for supporting people with disabilities (2018).[19] Although the actual impact of the provisions was smaller than expected and declared by PiS leaders, the perceptions of citizens were very positive and laid the basis for the resounding electoral victories of 2019. Moreover, in the same vein, PiS set the doubling of the minimum wage (about €900), increasing public health expenditures, raising pensions and building transport infrastructures at the core of the successful 2019 electoral campaign.[20]

The connection between the empirical evidence analysed in this chapter and the political dynamics featured by the participation versus competition within the

[18] In 2019 a Polish think-tank published in an overall negative assessment of Rodzina 500Plus. Evaluating its actual impact until 2018, the authors affirm that: program is very expensive and economically inefficient; has not been included in all family policy activities; a coherent vision of goals is missing; it has a negative impact on the labour market, as professional activity has decreased, in particular women; only some families are supported; in addition, high program costs mean a lack of resources in other more relevant policies (esp. education and health care) and development programs (e.g., public infrastructure, including transport infrastructure, quality air) (see Magda et al., 2019).

[19] Besides, an extension of the rights of the Social Dialogue Council, a legal amendment giving all workers the right to join trade unions, regardless of the type of a work contract (2018), and a decrease of the personal income tax (from 18% to 17%) up to an income of *złoty* 85.528—above this threshold to keep the same tax rate of 32%, since October 2019—were decided (Ministerstwo Finansów, 2020).

[20] Of course, making the basic features of the Polish welfare state goes from the early 1990s up early this century, with the limitations that already emerged in the figures above in the chapter. The situation of the welfare state in 2015 is described by Sawulski (2017) who was wondering if there was adequate welfare at that moment. In this context, the reforms proposed by the PiS found attention and support. Let us also add that education reform was also introduced by the PiS, which proved to be a disaster and created chaos in schools. The expected increase in the minimum wage might only increase their frustration as the teachers' salaries are subject to separate regulation. The sources of most of the provisions described in the text are the websites of the related Ministries.

six countries will be addressed later in the book (see chapters 4 and 5). Here, however, it is worth emphasizing a counter-intuitive aspect that emerges from our analysis. The biggest European democracies at the centre of our research, despite being affected by the economic crisis, do not feature a disruptive pattern in the worsening of inequalities. No doubt, the economic crisis, the stagnation and the growth have been unevenly present across our countries, except for Poland. Overall, the European countries have been better off out the crisis only partially, and in relation with the effectiveness of the social transfer and the capacity of the public or private organizations of playing a vital role in the production chain and in the investments to adapt and keep resilient across the decade 2008–18.

Still, a further point seems to remain underestimated in the scholarship. The narrative endorsed in the public debate about equalities draw the lines of an alarmed society where citizens feel that they are facing deteriorated conditions—and still more deteriorating ones—of daily life. Here, this has to be addressed concerning the objective picture provided by macro-economic data in the six democracies.[21] This is the primary meaning of Table 2.3. It starts providing a more nuanced picture about the aspects of inequalities that seem to erode the capacity of our democracies to project themselves into a better future. Except for the UK, the perspective of social mobility is at the medium if not at the low level. In the same vein, the social mobility connected with the education—one of the most promising social elevators—is again at the medium level in France but low in the other countries. The empirical evidence summarized by Table 2.3, drawing from the OECD analysis of social mobility patterns published in 2018 and highlighted at the 2019 World Economic Forum, unveil stalemated societies where the opportunities eventually created after the crisis appear handy and reachable unevenly and unequally. If we complement this evidence with the digitalization of the societies, we find out a factor which amplifies the gap between citizens experiencing a potential of mobility and citizens experiencing the impossibility of grasping such a possibility, notably in domains such as the new markets of digital services, the technological developments (OECD, 2019).

2.4 Ethnic Inequality and Immigration

In this section, we change our perspective. Ethnic inequality is not a new notion, but it was necessarily brought to our attention by the phenomenon of immigration, the consequent growth of cultural heterogeneity, urban diversity in our societies, and rising tensions within the countries with a different dominant ethnic

[21] In Chapter 4, the issue of the related perceptions and the reactions of political leaders will be addressed.

Table 2.3 Relative mobility across different dimensions

Country	Social mobility across generations				Own income mobility			
	Earnings	**Occupation**	**Education**	**Health**	**Bottom**	**Changes since 1990s**	**Top**	**Changes since 1990s**
Germany	Low	Medium	Low	Medium	Medium	➡	Low	⬇
Spain	High	Low	Low	Medium	Low	⬇	Low	⬇
France	Low	Low	Medium	Medium	Low	⬇	Medium	⬆
Italy	Medium	Low	Low	Medium	Low	⬇	Medium	➡
Poland	-	Low	Low	Low	Medium	-	High	-
United Kingdom	Low	High	Low	Medium	High	⬆	Medium	➡

Source: OECD (2018a).

group. The consequence is cultural discrimination, and it is translated into another kind of inequality. This third inequality may overlap with the other two but maintain his own identity as a form of cultural discrimination against a different ethnic group. Measuring this inequality is complicated and can also be based on perceptions because of his connection with the existence or not of ethnic discrimination. Hence, it can also be analysed through survey data.[22] Let us here limit ourselves to what is usually seen as the other big crisis that hit European and other countries in the early years of the twenty-first century, namely the so-called migration crisis (Parsi, 2018, chapter 4). As is known, the rise in the influx of refugees in escaping from civil war, terrorism, torture, or terrible living conditions, led to a substantial intensification of the debate on immigration, migration in general, and, consequently, ethnic (in)equality.

Migration has been shaping industrialized societies already for some decades. However, the most recent increase in the numbers accentuated the perception of it and the consequent debate, even if the total numbers have decreased. This has led to rising ethnic diversity in the composition of society. What is relevant here is that inequality emerges and increases when there are a dominant ethnic group and poorly integrated other groups. Without wanting to slip into stereotypical language, industrialized societies became more diversified concerning how people look, their habits, religions, lifestyles, and opinions. In addition to this diversification, immigration also has effects on other forms of (in)equality: in terms of economic equality (see above), migration poses the risk of an increase in precarious working situations. From this perspective, the Eurostat data on active immigrants, that is, on the legal immigrants who found a job and at least from this specific point of view are more integrated and consequently also less economically and socially unequal, suggest that in the European Union the average is around 64.9% (2018). However, Italy is the country with the lowest percentage (45.6%) of non-European active immigrants, and Poland the highest (77.9%) with Spain and UK are in an intermediate position, close to the average (respectively 64.0% and 58.8%), but Germany (46.7%) and France (47.5%) are closer to the low Italian percentage.

There is also a constant fear among populations that migrants might benefit too much from social protection and that, in a redistributive social system, a country's native inhabitants would have to pay for social benefits for migrants. Ethnic inequality might have consequences for questions of gender equality too since it is assumed that not all (ideological or religious or other) traditions considered gender equality a virtue. The same holds for the recognition of different sexual orientations.

[22] The issue of the definition and measures of ethnic inequality, in additions to the other ones, is glossed over by the literature. Moreover, here only one facet, the one related to immigration, is considered.

The discussion on migration has mainly become overshadowed by a massive market of opinions and (pseudo)facts. In order to discuss ethnic diversification, it is, therefore, necessary to start from the facts. First, it is impossible to define 'ethnic' (in)equality, because we would need a measure of ethnicity. Since, among other reasons, political correctness does not allow for such an operationalization, we use a proxy here: this very merely is the ratio of arriving immigrants to the overall population. This is *not* the general ratio of people with a migration background, which would also be challenging to assess a person who looks different from the majority population, but holds a national passport, might be considered a 'migrant', although he or she is a native citizen of his or her home country. We simply consider the ratio of those who arrive newly in a given country, weighted by the number of inhabitants in that country. It is a proxy for a dynamic change.

As can be seen (Figure 2.11), overall, there is continuity in the data. While most of the curves are flat, there are two peaks: one in Spain around the year 2006/7, and, most famously, the large number of migrants which Germany accepted during the migrant crisis in 2015 and its immediate aftermath.[23] Note, however, that these statistics can only tell us something on *legal* migration. The quite low Italian figures might also be due to a certain proportion of illegal and clandestine immigration. For an empirically sound appraisal of the migration waves on the state of the equalities, we should recall that migrants have been moving across the European countries—including the associated countries in south-eastern Europe—since early 2000. Moreover, migrations' waves impacted

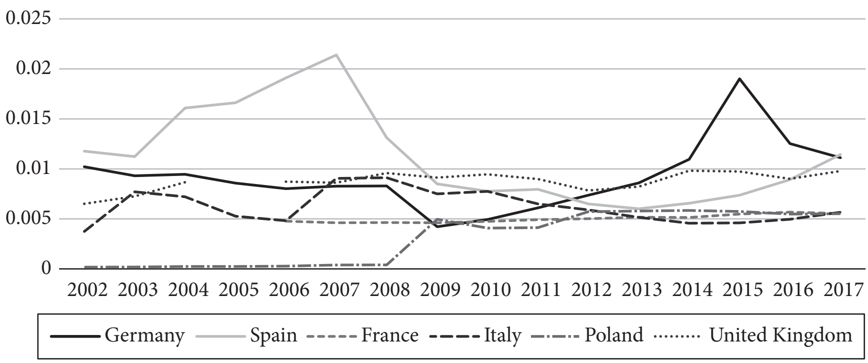

Figure 2.11 Ratio of newly arriving immigrants on the population[24]
Source: Own elaboration based on the Eurostat data.

[23] It is worth remembering that Germany, together with Sweden, hosted half of the total Syrian asylum seekers (GER Statistics, 2018).

[24] We limit our discussion to the years after 2002 in order to be able to use the European Social Survey (ESS) data afterwards. As is well known, ESS data is only available from 2002 onwards.

differently in the different countries since then also concerning the citizenship policy each country carried out.

In brief, pure immigration data tell us that Spain around the year 2006/7 and Germany around the year 2015 saw a specific rise in inequality in that higher than usual numbers of migrants had to be integrated into the societies. Apart from these two peaks, the similarity in the percentage values is striking: the six countries under consideration seem to be characterized by very similar patterns of immigration. It must also be mentioned that the curves usually stay between 0.5% and 1% of the added population through newly arriving migrants. The discussion about migration is thus based on rather low percentages.

In Figure 2.12, we focus on a broader phenomenon (also for the period under consideration), than that of the new immigrants, that is, on the ones labelled in official statistics as 'international migrants', expressed in absolute values.[25] The figure allows us to get two main points of information: (a) the intensity of the phenomenon in the different countries with the variation range that sees Germany at one extreme, with more than 12 million migrants in 2017, and Poland at the other pole, with just 640,000 migrants; United Kingdom still with 8,840,000 and France with 7,900,000, Spain 5,950,00, Italy 5,910,000 always in 2017; (b) the current trend, which in Germany, France, and the United Kingdom is on the rise

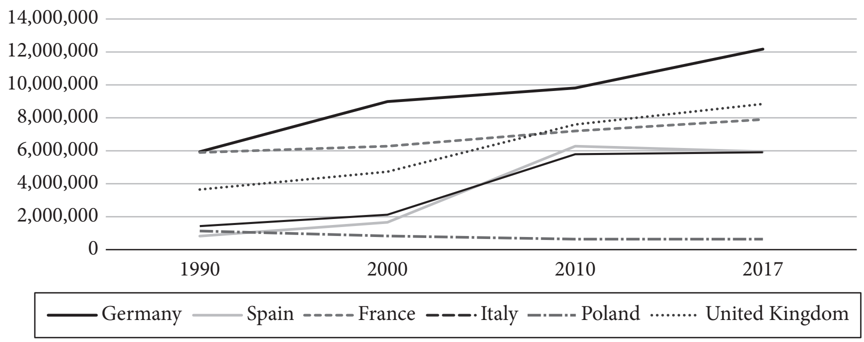

Figure 2.12 International migrants by country (1990–2017)
Source: https://www.pewresearch.org/global/interactives/international-migrants-by-country/

[25] According to the United Nations Population Division, an international migrant is someone who has been living for one year or longer in a country other than the one in which he or she was born. This means that many foreign workers and international students are counted as migrants. Additionally, the United Nations considers refugees and, in some cases, their descendants to be international migrants. For this interactive feature, estimates of the number of unauthorized immigrants living in various countries are also included in the total counts. On the other hand, tourists, foreign-aid workers, temporary workers employed abroad for less than one year and overseas military personnel typically are not counted as migrants.

(albeit with different intensity), while in Italy and Spain it shows a slowdown in recent years if not a slight reversal; in Poland where the negative trend goes on. So, the picture we get sees our countries divided into three groups with a series of consequences we will return to in this chapter and later (see Chapter 5).

Beyond the reference to the general trends affecting our six countries, a short reference has to be made to the humanitarian crisis that has characterized the Mediterranean in recent years. That crisis had a profound impact on the perception of public opinions and on the programs of political parties (especially the populist ones).[26] According to data provided by the UNHCR, in recent years migration flows toward the EU Member States with coastal borders on the Mediterranean have progressively reduced, from around 363,000 in 2016 to 172,000 in 2017, to a little more than 139,000 in 2018.[27] In 2019 (1 April) total landings in the EU amounted to around 11,200, of which 524 were in Italy, 4,866 in Greece, and over 5,546 in Spain. To these figures over 1,200 arrivals by land in Spain and over 2,500 in Greece have to be added. According to the European Asylum Support Office (EASO), in 2018 about 635,000 applications were registered in the Member States, of which 593,000 in the first instance, registering a decrease of 10 per cent compared to 2017. The European Commission notes that in 2018, for the sixth consecutive year, Germany received the highest number of applications, more than 130,000, followed by France, with more than 116,000 applications. In 2018, Italy received approximately 54,000 applications for asylum. In January 2019, member States recorded about 59,000 asylum applications, of which 52,500 were submitted for the first time.[28]

Migration as such is only one aspect of the (in)equality discussion. For the analysis quality of democracy, how the population reacts to migration is much more salient. Perception data tell us whether the rather low percentages reported above are considered a threat and, thus, how far the population of the individual countries considers the level of ethnic inequality (via migration) to be acceptable, desirable or even a problem. We will, therefore, shift our attention to perception data from the European Social Survey (ESS). Currently, eight waves of the ESS are available, in two-years rhythms between 2002 and 2016.[29] All the survey questions touched upon people's readiness to accept people who look different or who are poor. However, even if this readiness exists, it might still be that the effects of such migration are evaluated negatively. The reason behind this could be that people consider migration to be necessary, but not automatically beneficial for

[26] For the information here see the related Report if the Deputy Chamber, April 2019, at http://www.camera.it/temiap/documentazione/temi/pdf/1105644.pdf?_1555278797350

[27] Of them, 25,000 entered via ground, about 7,000 in Spain and 18,000 in Greece.

[28] According 'UNHCR, in 2019 (1 April) the number of people who died or are considered lost in the Mediterranean Sea is 288.

[29] Note that Italy only participated in 2002, 2004, 2012, and 2016 waves so that data for Italy is limited to those years.

their own countries as well, or at least associated with difficulties in integrating migrants.

A first ESS question asks whether migration made the country 'a worse or better place to live'. This is evaluated on a ranking between 0 (worse place) to 10 (better place). This different scale makes it rather difficult to compare the result with the opinions discussed above. We decided to consider all values between 6 and 10 as positive approval. However, unlike the scales used for the ESS questions illustrated above, this question (and the next ones) contains a middle category (5), which is very popular among the respondents. However, we do not consider the middle category a proxy for a positive opinion about the effects of migration. Therefore, while being indicative, we should not fall into the trap of directly comparing the results to what we have discussed above.

As far as this question is concerned (see Figure 2.13), we also have a general increase of the values, and the trend is also negative in Poland and Italy (2012: 30%; 2016: 22%). As before, the German curve becomes flatter with the migration crisis of 2015. However, there are two differences when it comes to the effects: first, although the general trend of a decline is confirmed for Poland, the values for the most recent years are like the other countries. In a certain sense, while Polish respondents were more enthusiastic about the positive effects of migration in the early 2000s, their opinion on this has become more moderate and thus more like the other countries under consideration. However, a second significant difference is that French respondents (and to an even greater extent Italian

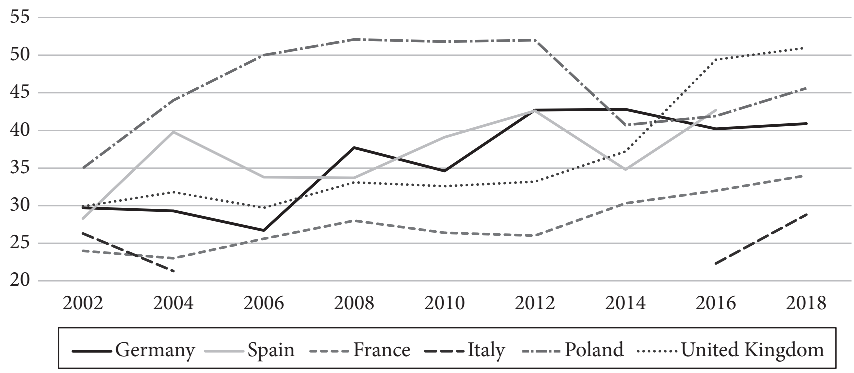

Figure 2.13 Impact of immigration on the country as a place to live

Source: European Social Survey.

Question: Is [country] made a worse or a better place to live by people coming to live here from other countries?

Values and categories: 00 = Worse place to live -> 10 = Better place to live, 77 = Refusal, 88 = Don't know, 99 = No answer

Values chosen here: 6–10

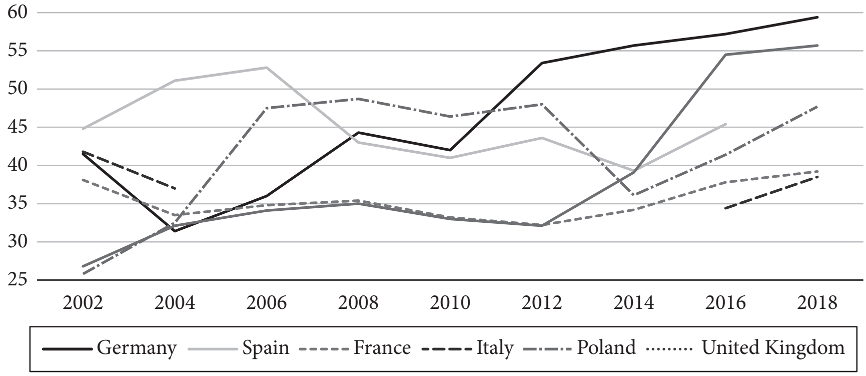

Figure 2.14 Impact of immigration on the country's economy

Source: European Social Survey.

Question: Would you say it is generally bad or good for [country]'s economy that people come to live here from other countries?

Values and categories: 00 = Bad for the economy -> 10 = Good for the economy, 77 = Refusal, 88 = Don't know, 99 = No answer. Values chosen here: 6–10

respondents in the years for which we have data) are much less enthusiastic about the positive effects of immigration than the respondents in the other countries.

The picture becomes more differentiated if the question is asked concerning benefits for the economy (see Figure 2.14). This graph allows for a contextualization with the help of the section above (2.2) where economic (in)equalities were discussed. The United Kingdom and Germany were defined as being not much affected by the economic crisis as far as selected indicators of economic (in)equality were concerned, and, indeed, the curves show an apparent increase, which most recently has been rapid as well. This could mean that more economic equality and a lower level of affectedness by an economic crisis is also a helpful context for a positive evaluation of migrants' effects on the economy.

Regarding some indicators, France is identified as a country which underwent more economic inequality over time, while, for other indicators, it shows a similar trend, but to a much lesser extent. In Italy and Spain, the two countries most affected by the economic crisis, with repercussions in terms of economic (in)equality, the years of the crisis *and* the years of the migration crisis indicate a trend towards a lower approval of positive effects of migration on the country's economy. This demonstrates the interconnectedness between the two crises and thus, the two dimensions of equality. Finally, the Polish trend seems to be less like the findings for economic (in)equality, but more in line with the general trend regarding migration in Poland: it shows an evident decline after 2012. When we

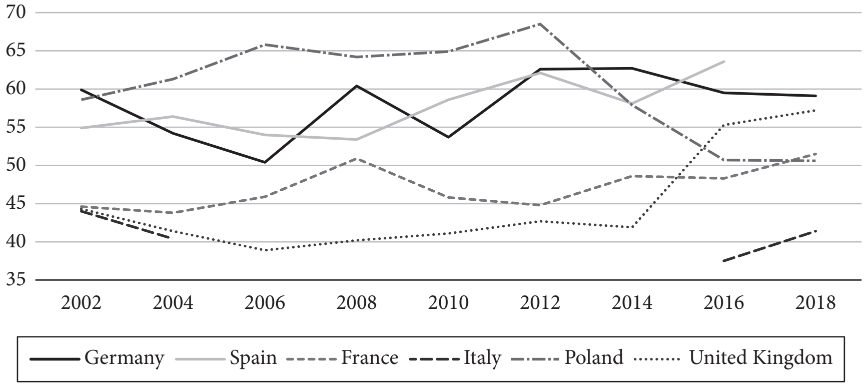

Figure 2.15 Impact of immigration on the country's culture

Source: European Social Survey.

Question: Would you say that [country]'s cultural life is generally undermined or enriched by people coming to live here from other countries?

Values and categories: 00 = Cultural life undermined -> 10 = Cultural life enriched, 77 = Refusal, 88 = Don't know, 99 = No answer

Values chosen here: 6–10

look at the differences in time it also shows how Germany, the UK, and Poland are the cases with a better perception of the impact.

Another frequent interpretation of the effects of migration concerns cultural aspects (see Figure 2.15). This includes all the questions about multi-cultural societies, parallel societies, and shared and different values, which are usually discussed in a very emotional mode. First, approval rates for the enrichment of the effects on culture are generally at higher levels than those of the effects on the economy. People seem to be more positive about cultural enrichment than about positive effects on the economy. Furthermore, the trends are not so dissimilar from the question about effects on the economy, as far as most of the countries are concerned. The Polish trend is again confirmed. Nevertheless, the sudden change in the evaluation of the economic effects in Spain around the crisis years 2006/7 cannot be observed at similar levels when it comes to the effects of culture. From a similar perspective, this also seems to be the case for France to a smaller extent.

The last two survey questions indicate that there is a difference between the perspective on the economic effects of migration and the cultural effects. A straightforward calculation can illustrate this difference. Calculating the ratio of a positive approval of cultural aspects divided by the positive approval of economic aspects shows to what degree cultural aspects are more positively evaluated than economic aspects. In the following, the higher the values are, the greater is the difference in the approval of cultural effects and of economic effects. None of the values is smaller than 1, which means that in all the countries in the years under consideration, the approval rates of cultural enrichment have always been higher than those of economic advantages.

Starting with Germany and the United Kingdom, we can see that the dominance of cultural approval is declining. While this might appear indicative of a less positive evaluation of the cultural effects of migration, it is much more probable that the positive trend in evaluating the economic effects is behind this trend. At least in the German case, this might be a combination of general economic well-being (and thus a positive approval of migrants who contribute above to the low-salary sector) and perceived anxiety about cultural changes induced by the greater numbers of immigrants in the most recent years. Something similar can be observed for Poland as well, where the cultural benefits become less and less visible concerning the positive economic effects. Spain, and to a lesser extent France, demonstrate how there was a fall in the approval for positive economic effects of migration. Indeed, if migration is seen as an advantage for the country, then this happens in terms of cultural enrichment rather than in terms of the economy. The suspicion can reasonably be that this might be due to Spanish respondents worrying about their economic possibilities and therefore being sceptical about potential positive effects of immigration on the economy.

Regarding ethnic (in)equality, we can conclude:

- Apart from very selected peaks, immigration has remained mostly stable over the years under consideration. What is more, if weighted by the population, immigration numbers are also broadly similar between the countries discussed in this book. This means that ethnic equality, as such, has not undergone significant changes over the years.
- People's evaluation of migration has seen a significant change. Generally, the trend is towards higher approval rates of migration. Ethnic differences seem to be more accepted than at the beginning of the century.
- Poland is a clear exception to this, and mainly since 2012, there has been a substantial decline in the acceptance of migration.
- Cultural enrichment is generally more appreciated than positive economic effects. For the countries hit by the economic crisis and for which we observed a negative development of economic equality in section 2.1, namely Spain and Italy and to a lesser extent France, the recognition of positive economic effects of migration suddenly declined with the economic challenges these countries had to face. This suggests the preliminary conclusion that there is a clear intersection of the two questions of economic and ethnic equality, above all in cases and at times when the level of problems is high. When there is a crisis, the two topics of ethnic and economic equality

cannot be considered separately from each other. The question of whether this means that migrants or refugees are blamed for economic problems can certainly not be answered with the data available to us, but there is no question that the general public connects these issues.

2.5 Initial Concluding Remarks

When looking at (in)equality in general, we should consider that this is a particularly multidimensional concept. In all probability, then, a summary cannot refer to all aspects in all countries but can only emphasize patterns important for our subsequent discussions. First, it would be helpful to make some observations about trends independently from the crisis. As regards economic aspects, there is a trend towards more inequality in most countries. Italy and Spain perform worse than the other countries, while France and Germany do better. Poland shows a trend towards more equality since early on in this century. In terms of social (in) equality, expenditures on health and education decrease in Italy and Spain with the onset of the crisis. The United Kingdom shows a sharply declining trend in education, a more moderate but still declining expenditure on social protection and more recent decline in health as well, which once was the pride of that system. Thus, overall it is becoming slightly more unequal over time.

In other words, the economic crisis has been bringing about changes regarding equality in some countries, but less in others. It is essential to add that, although a note of caution is necessary (see above and Karamessini and Rubery, 2014), the economic crisis did not have an evident impact on other characteristics, such as gender (in)equality or generational (in)equality, if these aspects of (in)equality are seen from an economic perspective. As mentioned above, under conditions of economic recession in the advanced economies, social rights are partially protected through 'automated stabilizers'. For example, when firms are compelled to close, unemployment increases and, consequently, tax revenue is also reduced, the expenditure on social protection (subsidies, income support, and other measures) increases. In this sense, the leaders of the crisis countries had no necessity of being reactive. However, this reaction has not been equally successful in all countries, as far as the policy goal of increasing equality is concerned. Moreover, when measures of social protection were intensified, this sometimes also entailed a reduction in expenditures for 'softer' aspects, such as health and education.

As for ethnic aspects, immigration has remained stable over time. Consequently, ethnic equality has not changed seriously. Apart from small exceptions, and in contrast to what public opinion in the late 2010s seemed to suggest, the general public appeared to accept ethnic diversity increasingly. Poland is an exception: especially after 2012 the acceptance of immigration sharply declined.

When looking at both dimensions simultaneously, we can observe that rising ethnic inequality also has effects on opinions about migration, in particular, its economic effects. During the economic crisis, ethnic and economic equality could not be thought of as being separated from each other. The general public connects the two issues: with migrants and refugees being considered responsible for economic problems. Especially in Spain and Italy, but also in France, the recognition of the positive effects of migration was obfuscated by the economic challenges.

Third, it is worth reversing the perspective and differentiating our findings for countries. Germany seems to have survived the crisis in the best possible way. There is also a clear picture for Spain, but on the other end of the scale, since this country seems to have been heavily hit by the economic crisis, at least in terms of (in)equality. As for the other countries, there are a few observable patterns, which we discussed earlier in the chapter, but they are less systematic than in Germany and Spain. The crisis also hit Italy, and this is particularly evident when looking at the data on the risk of poverty. The worsening of the other economic indices came even before the crisis. Poland is a deviant case in many respects since economic equality has increased over time, while the acceptance of migrants has decreased (unlike the other countries). We can assume that Poland, during the period of observation, reached a situation in which the post-communist legacies have lost their importance and that these inverse trends are resulting from a late adaptation.

To conclude briefly, when matching the six countries on the three kinds of inequality the results are mixed and there is some inconsistency between an equality and another one within the same country. High scores or improvements on economic equality[30] are not necessarily matched by corresponding scores or trends on social or ethnic equalities. On economic equality, the best performers are France and Poland, followed by Germany (see Figure 2.1). France is also at a relatively high level on social end ethnic equalities. However, Germany presents the worst results among them, and Poland is among the worst performers on social equality but complemented by evident growing trends. In this country ethnic equality is not relevant, having adopted closure policies on immigration (see, e.g., Figures 2.8–10). For Poland, the worsening of the gender pay gap should also be mentioned. The UK, Italy, and Spain are relatively the worst ones on economic equality, especially if we add unemployment and risk of poverty (see Figures 2.4 –2.7). However, the UK is relatively

[30] We can here recall that in the economic literature, the analysis of inequality and the mobility of incomes and wages are considered complementary. It follows that a society with a high level of income mobility would make inequality more tolerable (Krueger, 2012). Some authors considered growing inequality and stagnation of income as a precondition for the economic crisis (Rajan, 2010).

better on health and education despite a declining trend; Italy is the worst on education but at an adequate standard on social protection and health; Spain is low or very low on all three indicators of social equality, but better on immigration. If despite what affirmed above about the complexities of the equalities and the inconsistency, we make an effort of substantial simplification, the less unequal democracies seem to be France, Germany, and the UK. Poland follows very closely if the positive trends of the last years are considered. Italy and Spain are the worst. Let us now analyse the other crucial dimension in a democracy—freedom(s).