

*Unequal Europe: Regional Integration
and the Rise of European Inequality*

by Jason Besckfield, Oxford University
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Beckfield's¹ book is an empirical study on how European integration has affected the (mainly Western European) welfare state systems. Data analyses reveal a dual effect; household income inequality has increased over the past half century (before the global pandemic period) while the process of economic integration also drew national economies closer together among the Western European countries.

Statistically, the book investigates a period from the first decades of European integration until the mid of 2010s. It was published in 2019, three years after the Brexit referendum in the UK and just before the COVID-19 pandemic broke out. The empirical analyses are implemented with panel data on Western, Scandinavian, and Mediterranean European countries,² mainly, for which longer time series are available. Statistical data used for the quantitative analyses come from two major sources. One is the Eurostat database and other one comprises datasets of the Luxembourg Income Study. The former is mainly used for macro-economic data while the latter provides cross-national micro-economic income data.

The development of European integration has been intertwined

¹The author is Professor of Sociology at Harvard University.

²These are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK. Further (non-European) countries involved in some of the statistical analyses are Australia, Canada, Korea, Israel, and Japan.

[138] with the development of global capitalism and financialization. Therefore, it is often difficult to separate their effects on social inequalities. The applied econometric methodology, presented in the book, allows to do so by using control variables to express global economic tendencies beyond European integration.

The first chapter of the book ('Theorizing Integration and Inequality') presents statistical evidences that the Gini coefficient for household income inequality in EU member countries increased between the 1980s and 2010s. This tendency is in contrast with the first two decades of European integration (from the 1960s to the 1980s) when household inequalities decreased. These trends cannot be separated from the neoliberal turn of economy since the late 1970s. European integration seems to deepen this process by promoting problem solving procedures predominantly with markets, which led to the retrenchment of previous welfare states. Although the EU has no direct competences on national welfare policies, it can affect them indirectly. This fact can be expressed by the number of cases sent to the European Court of Justice (ECJ); according to the author, legal procedures of the ECJ institutionalize political regional integration, based on economic integration, by incorporating EU rules into national law.

In Chapter 2 ('Changing the Rules of the Game'), the author develops multiple regression models to prove the effect of European integration on the convergence between the EU15 economies as well as the living standards experienced by the average citizen of these countries for the 1986–2004 period. It is not evident from simple market and trade integration (i.e. globalization) beyond the EU; as control variable, it has no significant effect on the convergence. The results demonstrate the role of the construction of political institutions.

Chapter 3 ('Breaking the Mold: Reshaping the European Social Model') deals with the question, to what extent European integration influences the European welfare states. Although the European Union has no formal legal authority to make social policy, it has restructured the welfare state over the past decades in an indirect way. This fact is proven with statistical data: the trends of transfers expenditure (as % of GDP), decommodification (i.e. standard of living



independently from the labor market), and unemployment insurance follow an inverted U-shaped curve over the 1960–2010 period. Fixed-effect panel regression models also confirm the significant effect of regional integration on the retrenchment of the welfare state. In this chapter, the author also reports four case studies on Germany, the Netherlands, Sweden, and Denmark that present how the European regional integration resulted in the retrenchment of welfare state in these countries.

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Chapter 4 (“The European Polarization of Income Distributions”) examines how European integration contributed to the polarization of household income distribution in spite of the economic convergence among the aggregated national economies. Multiple panel regressions show that both political and economic integration have had significant effects on income inequality, expressed with Gini coefficient, in 12 Western European countries (for which data are available on the key independent variables) for the 1973–1997 period. Political integration is proxied with the number of cases referred to the ECJ while economic integration is measured as the percentage of a country’s total exports that go to EU countries. Then, the author extrapolates predictions from the regressions and compares those predictions with actual data for the first decade of the new millennium. The results show that the predictions hold up quite well for most of the examined countries individually as well as together.

As one’s household became more important in regard to the socio-economic standing than one’s nation within an integrated Europe, one of the most important questions is how the social inequalities are addressed at EU level. In the ‘Conclusion’ part, the author suggests that EU policymakers should support either the strengthening of the employees’ bargaining position or redistribution via the enhancement of the European Regional Development Fund and the Social and Cohesion Funds. The main suggestion for future European integration is that the development of a social policy dimension is required at the European level.

It is a deficiency of the book that the author interprets the results of the statistical analyses in the discussions as if they were valid for the whole EU economy, which is not necessarily the case for the Central and Eastern European countries. Esping-Andersen’s

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(1990) fundamental book, titled *The Three Worlds of Welfare Capitalism*, distinguishes liberal, social democratic, and conservative welfare state regimes among Western and Northern European countries. Arts and Gelissen (2002) argue that Mediterranean countries represent a separate model in regard to their welfare systems while Aidukaite (2011) highlights that post-communist Central and Eastern European countries, that joined the EU in 2004 or later, must be considered as a further separate cluster. According to the results of Beckfield's empirical research, there is a convergence among welfare state systems of Western, Northern, and Western Mediterranean European countries (the EU15) but the rest of the EU is out the scope of the investigation. Further academic research might integrate these countries into the analyses, as long as data are available, in order to figure out to what extent they modify the discussion.

In spite of the above-mentioned shortcoming, the empirical research itself may be of academic interest on the subject of the European Union and the broader topic of regional integration. Overall, the subject of the book represents an ongoing research topic, therefore, its contribution to the literature is important. The trends of national economic convergence and household inequality increase at European level over the past decades become especially interesting in light of the current economic restrictions related to the global pandemic situation. Does it mean a breakpoint in the trends at the early 2020s? If so, how will this change the development of European integration with special regard to the social policy? These are important questions to be addressed in the upcoming decades once sufficient statistical evidence is available.

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