

EU Today Podcast 7 Transcript

The JMCE 2018-21 EU Today podcast series features interviews with visiting speakers, scholars and Jean Monnet key faculty members. Access the audio file, other podcasts, and general information about the podcast on our Podcast page: <https://jmce.unc.edu/podcast/>

[Intro music in theme of piano playing Ode to Joy]

Katie Lindner: Hello, and welcome to EU Today, a podcast from the Center for European studies, a Jean Monnet Center of Excellence at the University of North Carolina at Chapel Hill.

Thank you to the Erasmus+ program of the European Commission, the EU Delegation to the U.S., and the U.S. Department of Education for supporting our center and its programs. On this podcast, we sit down with scholars and policy leaders to discuss pressing issues facing the EU. We hope you enjoy it.

Brett Harris: Hello, my name is Brett Harris, and I am a Contemporary European Studies major at the University of North Carolina at Chapel Hill. In this episode, I will be interviewing Kaitlin Alper, a PhD candidate in Political Science at UNC. Kaitlin's main research focus is economic inequalities in the EU, and she was a 2019 recipient of the Jean Monnet Center of Excellence EU Summer Research Award. In this episode, Kaitlin discusses income inequality in Europe and the US, and considers how inequality impacts government policy during the current pandemic.

[Ode to Joy fades back in and plays for appx. 4 measures]

Brett Harris: Hello, everyone, and thank you for tuning in to EU Today, and a huge thank you to our guest speaker Kaitlin Alper. Welcome! So, diving right in, one of the facets of your study is income inequality. Could you maybe just give us a bit of a primer about that? Maybe what is income inequality? Are there different types? How do you measure it? Things like that.

Kaitlin Alper: Yeah, definitely. Um, so, sort of, broadly speaking, when we're thinking about inequality, really we're just thinking about the unequal distribution of economic resources. And we could think about inequality between different demographic groups, we could think about inequality and wealth, we could think about inequality and like household income. And so because of that, there are lots of different ways to measure it. We could think about disposable household income. We can line up different households along sort of a distribution of how much money they make as a household. We can think about poverty—here we can think about

who falls at the lowest end of this distribution. If you think specifically about wages, in which case we would be thinking capital income and investments. And so all of these different facets of inequality have different causes and some different consequences as well. And it's important when we're thinking about policy to be sensitive to that, and think about what exactly are we trying to actually influence and how can we best do that.

Brett Harris: So you mentioned how inequalities can manifest differently across different demographics. Could you maybe give us a few examples of that?

Kaitlin Alper: Yeah, definitely. So, for example, across developed democracies in Europe, the US and other Anglo-American countries, we see that, for example, women are more likely to be living in poverty. We can think about children and single-mother households as being something that's a big driver of poverty. Demographically, young people are more likely to make less money than older people. We can think in Europe about migrants, migrant workers and minority groups will often have fewer economic resources than other groups, and this can be exacerbated by the fact that a lot of times when making policy, native-born citizens don't always want to redistribute to these migrant groups. Also, we might see dominant groups in general not wanting to redistribute to minority groups, and so policies, even if they're meant to raise up the economic well-being of people, might still miss these certain different demographics and that can have exacerbating effects overall on economic inequality.

Brett Harris: Definitely. And so you've mentioned how different policies can affect how income inequality manifests across these groups; and so does this happen on a more like domestic or state level, or even in broader multilevel institutions, kind of like the EU? And are there maybe differences in how policies affect this on each level?

Kaitlin Alper: Yeah, absolutely. With respect to the European Union, the majority of social policy, in the way we certainly think about it, is done at the domestic level, but obviously when we're talking about trade and capital markets, those are happening at the EU level. And so what we can see are different levels of inequality inside countries, but also inequality across countries, where some EU countries are going to be poorer than others. And those two things are related, but not necessarily. Imperfectly connected, if that makes sense. So you can think about a country where maybe it's relatively poor compared to the rest of Europe, but if most people in the country are generally poor, then we might see high levels of "equality" inside of that country, you know, "equality," even if it's a product of a greater inequality across an EU-wide level, if that makes sense. And this can have other types of political implications as well, as different political parties might have different opinions about

social policy and redistribution inside of the country than they do about free trade and agreements with the European Union and each policy.

Brett Harris: Thank you. And thinking about these different levels, both of inequality and also policies working to mediate in some cases, how does the EU maybe shape inequalities across Europe, or how do maybe these kind of more domestic inequalities also shape the EU?

Kaitlin Alper: Yeah, that's a good question. These are all very highly interrelated and tie in to one another. And so one way that the EU can sort of affect inequality is so we think about sort of a major economic shock that hits the entire EU all at once. When we see an economic shock, it's generally going to be asymmetric. It's going to hit some countries harder than others. Some regions inside countries harder than others. And we saw this with the euro crisis. There traditionally hasn't been the same kind of mechanism to move money across the EU, the same way there is inside of countries. So we have redistributive institutions that exist at a country level. But then we have the euro which exists at sort of the Eurozone level, so we can see economic shock that hit sort of different countries differently. But the redistributive institutions that would allow us to mitigate these shocks exist only at the country level. And so this can exacerbate inequality across and within countries if countries that are hit hardest don't have the resources to redistribute within themselves. So that's how the EU can shape inequality both across and within countries. But also inequalities inside of countries can shape the EU, because ultimately, the EU is largely shaped by domestic politics, because there are a lot of domestic political actors, because the EU is made up of member states, obviously. And so if we see anti-EU parties coming up—there's obviously some debate on the extent to which anti-EU sentiment is a result of economic versus cultural backlash—but if we see—it's been true, that some of the places where we might have seen economic shocks hit those countries the hardest, are also places where we've seen some of the highest levels of populism and anti-EU sentiment. And anti-austerity, for example, movements.

Brett Harris: Great, thank you. And thinking more about the EU role in this. Are there ways that the EU explicitly works to combat these inequalities, or is that more of a state-level type policy?

Kaitlin Alper: Yeah, so, as I said, a lot of traditional welfare state institutions are happening at the domestic level, but what the EU has done and one of its goals is to try and make the ecosystem. So they have huge part in how you budget—I think it's the majority of the budget—I believe is these Structural and Cohesion Funds—maybe not the majority, but the plurality, go to the Structural and Cohesion Funds. Which are meant to provide human capital investment, infrastructure investment, et cetera to regions inside of countries. So it's actually a partnership between the EU

and regions inside of countries—inside Member States. And different amounts of these funds are reserved for regions that are determined to have different levels of development. And so the goal is to equalize resources across regions inside of countries to try and make a more cohesive EU. Again this is often taking the form of human capital investment, so education. Technical training and technology is a big one, and infrastructure. And so this isn't redistribution, quote unquote, per se, when we're thinking about unemployment insurance and stuff like that, but it does have, sort of the goal is certainly to try and equalize resources across space. And I think that it does that, too.

Brett Harris: Thank you. And so a few questions ago, you mentioned how income inequality can also manifest as not just like a Europe thing. It's in different states—in courses or headlines we'll see "the American top 0.1% makes more than the bottom 90%" or things like that. So how do you think inequality manifests in the US context and is, there variation from the European or EU context?

Kaitlin Alper: Yeah, there are really high levels of inequality in the US. This isn't surprising—as you said, we see headlines like this all the time. And that remains true—there's higher levels of inequality, income inequality, there's higher levels of wage inequality; we see higher poverty rates. So yes, this is true in the US. There's also lots of variation inside of Europe, and there are countries that have more similar welfare state institutions to the US, and more similar regulatory institutions to the US, and they are going to look more like the US. For example, the UK. But there's also variation inside the US across states as well. And part of that has to do with the fact that we're a federation. And so you actually see a decent amount of variation in inequality across US states as well. But, yes, it's definitely not something that's unique to Europe, it's true in every country really that we're seeing rising inequality over the last, you know, several decades.

Brett Harris: Definitely. And so, you mentioned similarity like levels of similarity depending on different mechanisms and governments or institutions. And so thinking of this, maybe more broadly and in a transatlantic context — Do you think in any ways that the relationship kind of between the US and Europe is shaped by inequalities, or maybe kind of vice versa?

Kaitlin Alper: So I think definitely yes. I've been trying to think about this question for a couple of days and I think that it's tricky because I think it's indirect. I think that just like I touched upon this earlier, about how we've seen, for example, inequality can lead to nationalist backlash. And so I think that when we see higher levels of inequality, we might see higher levels of people wanting more protectionism. More barriers to trade. Less migration and stuff like that. And so I think that it's sort of this indirect channel where sort of people start to feel more protectionist, more nationalist given higher levels of inequality. And again, to what extent is this a

backlash culturally, versus economic backlash. But either way, I think they're reinforcing and I think that shapes the transatlantic relationship by its effect on domestic politics. But yeah, I do think that inequality is dangerous for transatlantic relations and for international cooperation in general.

Brett Harris: Really thought-provoking answer, thank you. Now moving more to a contemporary context, how might something like a bailout or stimulus checks that went out during COVID-19, how might those impact inequalities in states?

Kaitlin Alper: Yeah, so this pandemic has been interesting — terrible, but from a simple scientific-political-economic standpoint, interesting. Something that I want to make sure that I stress is that obviously we're still in the middle of it. And it's relatively early. It's only been a couple of months. And so we sort of lack a lot of the data that we have when we look back at, for example, 2008. And so the sort of data that we do have is country by country, and different countries have kept trying different things. But we do have some information. And we know there's really high levels of unemployment, across all countries in the EU. As well as the US, Canada, et cetera. And we know a little bit about the demographics of people that have been hardest hit by this current recession. Hopefully not depression. We know that young people have been particularly hard hit. Women have been particularly hard hit. People working in sort of low paid sectors of the economy. Migrant seasonal workers too. Basically, at the beginning of this interview when we talked about "what are the demographics of people that are falling," tend to be on the lower end of the distribution, most affected by inequalities. We're seeing this current crisis, as it's shaping up, exacerbating those pre-existing inequalities and we now are starting to think about "How does this affect women? How does this affect children?" Something that you might have seen in headlines is there's this increase in domestic abuse and that's happened since because of the pandemic, people are stuck inside and stuff like that. And if we know that women are sort of more likely to be concentrated, and lower paid jobs more likely to be concentrated, in service jobs. Service jobs are the ones that are sort of the most hard hit when we're losing restaurant workers and stuff like that. And we're seeing inequalities inside households being exacerbated as well. And there's a whole bunch of research about how inequality inside households can have these negative effects on women, on children and families. And so women, even if they're not working in service industry, even if they're able to work from home, are taking reduced hours at higher rates because they're also doing the majority of housework and childcare, because children are no longer in school. So it's like economic crises and economic shocks in general, refract through existing social structures. And when there's inequity built into those existing social structures, economic crises and economic shocks really exacerbate them and it's bad.

Brett Harris: Very. And kind of continuing this kind of trend of thinking about current events with the pandemic, across the EU, and even in US states, we've seen a lot of variation between types of responses to the pandemic between centralized and decentralized actors. And those can even be kind of contentious in whether or not people are willing to have one or the other. How do you think that's really played into how states and multi-level institutions have responded to the pandemic?

Kaitlin Alper: Yeah, state structure and inter, intra-state structure have a big effect on policy in general. To answer sort of the first part of the question, we've seen different countries delivering packages differently. And a lot of those reflect the types of social policy institutions that already exists in those places. So, for example, we've seen Nordic countries in Europe, focusing more on women and more on children. This is really in line with a gender egalitarian approach that they've had going back to like the '60s. Most countries in Europe and et cetera have done a pretty good job of protecting furloughed workers and stuff like that. And the EU has also done some things mostly involving lending, the Central Bank, and easing some rules about providing state aid. Again, this is the earliest stages and there is still a lot to be seen. So to think about centralization and decentralization—this is the topic of my dissertation and therefore very interesting to me—so just even stepping back from this COVID-19 crisis—decentralization, I think I should sort of start by defining centralization and decentralization. So when we're thinking about essentially the most decentralized governments, we're thinking about federations. So anyone living in the US will be familiar with this, we are a federation here. And really, this means that there's a lot more powers afforded to subnational governments or in the case of the US, US states. The US is not the only federal country—there are many: the EU has—Germany, for example, is a federation. And decentralization means that you have more actors making social policy. And on the one hand, this has different effects based on who's in power, basically. There's long been a debate over the extent to which centralization or decentralization is good for providing social benefits. But I think that's too black and white of an approach. And really, we have to think about, who's in power at different levels of government and what are their political aims.

And so when we see more decentralization, we see more variation in policy. And because of that we've seen different levels of fragmentation in response to the current crisis in different countries. And part of that is a result of how centralize, the state is—to what extent do sub national units have more or less power. But also I think it goes beyond that, because we see the US is a federation, but so is Germany. And Germany's response has been much more centralized than the US. Again, this is still the early stages, there's a lot more research that I think needs to be done on why different states may centralize or decentralize response to economic crises in general. And there's probably variation, depending on the crisis as well. But I think that it's important to think about the political actors themselves at different levels of government and what they're willing to do. And, I think that is a function of

idiosyncratic differences in political leadership, but also the dynamics of party politics between levels of government. So, what extent are different regions inside of the country, different states inside of my federation, aligned with my party, and how does that influence policy. That, combined with like electoral rules—I think there's lots of different things that affect this. And something that I want to caution against is assuming that if we live in a decentralized state we always have to have a decentralized response to things.

Brett Harris: Cool, thank you. And so thank you so much for sharing. And thank you to everyone who's tuned in!

[Ode to Joy plays in the background]

Katie Lindner: Please note that any opinions expressed in the EU today podcast are solely those of our guests and our hosts, and not of the UNC Center for European studies, which takes no institutional positions. Be sure to tune in for more episodes, and subscribe to *EU Today* wherever you listen to podcasts.

[Ode to Joy fades out]

Co-funded by the
Erasmus+ Programme
of the European Union



Disclaimer: The European Commission's support for the production of this publication does not constitute an endorsement of the contents, which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.