

Economic and social inequalities in Europe in the aftermath of the COVID-19 pandemic

Introduction

In the aftermath of the COVID-19 pandemic, policymakers and researchers alike have voiced their concern that inequality among European societies and citizens has increased. This study investigates inequality in income, health, employment and education – especially the shifts evident during the first year of the pandemic – and identifies the social groups most affected. Looking at the relationship between policy measures and inequality in the pre-pandemic period, it examines the main drivers of inequality during the pandemic.

Policy context

In spring 2021, while the pandemic was in the process of undoing a decade-long era of economic progress in the EU, the European Commission launched its action plan for the implementation of the European Pillar of Social Rights (EPSR) – originally unveiled in 2017 – in which it set out targets for 2030. The EPSR aims to reduce social, territorial and economic inequalities in income, health and access to essential services. It also seeks to achieve gender equality in employment and work-life balance, through the availability of high-quality and affordable early childhood education and care. Its revised social scoreboard includes reduced inequalities in education and training.

In 2021, EU policymakers agreed to invest over €800 billion in NextGenerationEU, to make the EU more resilient to crises. Progress is measured through the Recovery and Resilience Scoreboard, which includes measures of both social cohesion and gender equality.

In the same year, the Joint Research Centre developed the EU Multidimensional Inequality Monitoring Framework (MIMF), aimed at measuring and monitoring inequality in 10 different areas of life. The MIMF forms the conceptual framework for this report.

Key findings

- Previous studies found that vertical income inequality (inequality in the distribution of income between households) in the EU increased less than expected in the first year of the pandemic, although inequality between countries rose due to structural factors and existing social protection measures. While the data are preliminary, they do indicate that the decrease in income inequality starting in 2015 seems to have continued into 2020.
- Pre-pandemic country-level data suggest that high government spending on social protection in a given year is associated with low income inequality the following year, when controlling for the country's wealth and education level.
- Before the pandemic, the highest income inequality between social groups was related to education, occupation, employment status and urbanisation. During the pandemic, the unemployed in particular were subject to a fall in income, along with people with low and medium education levels.
- Health inequality is closely related to income inequality. Before the pandemic, the risk of disability for people in the lowest income quintile was already nearly three times that of those in the top 20%. Income inequality contributed to different health outcomes during the pandemic, as accommodation problems, not being able to work from home and pre-existing conditions made lower income groups more likely to contract COVID-19.
- Access to health services was of course reduced for everyone during the pandemic, but even more so for people on a lower income. In 2020, the risk of having an unmet medical need for people in the lowest income quintile was 5.4 times that of those in the highest quintile (up from 4.6 in 2019).

- Education and occupation are also closely related to health inequalities: people without tertiary education and in blue-collar occupations are most likely to have chronic illnesses and lower mental well-being. The gap in access to healthcare in relation to education level has been declining since 2016, but dropped further during the pandemic.
- In both 2019 and 2020, having poor health, living in cities and being in employment were most associated with worsening health. However, during the pandemic, gender differences in worsening health were also found to decrease, explained by the fact that women's health seems to have deteriorated more than men's.
- Those who were young, had a lower education level, worked in the affected sectors and were blue-collar workers were most at risk of job loss during the pandemic. Those who were self-employed or on temporary contracts were also at risk of losing jobs or having their working hours reduced.
- Gender differences in hours worked decreased in 2020, as men's working hours declined. However, single mothers were most likely to have their working hours reduced, due to the closure of schools and childcare facilities.
- The ability to work from home created inequalities between low- and high-income groups, intersecting with gender inequality in childcare and housework.
- The pandemic is expected to have caused learning loss over the long term, resulting in increased inequalities between students based on digital divides and the socioeconomic background of the parents, which affects parents' ability to help their children, particularly students with disabilities.
- Parents and students in better financial situations were more satisfied with online schooling. However, having sufficient equipment to carry it out was the most important factor for satisfaction, regardless of the ability to make ends meet.
- When controlling for other factors, parents and students in rural areas were more satisfied with online schooling (possibly related to not needing to commute), but less likely to have sufficient equipment. Parents' ability to work from home was associated with their higher satisfaction with online schooling.
- Higher government spending on education increased the probability of being satisfied with online schooling. Longer school closures were associated with lower satisfaction for both students and parents.

Policy pointers

- Income inequality may not have increased as a direct result of the pandemic, but needs to be closely monitored, particularly since the emergence of the cost-of-living crisis in 2022.
- Although data are not yet complete in this area, findings suggest that government support overall was able to reach those most in need (although many important country differences exist) – a major consideration for future crises.
- Health and income inequality are closely linked: income is one of the most important predictors of having a chronic illness or disability. Those in lower income groups were affected most by the disruption to healthcare services. Policies focusing on reducing income inequalities can therefore also reduce health inequalities.
- Unmet needs for healthcare seem to have caused physical and mental health inequality during the pandemic, highlighting the importance of providing access to essential services across all income groups.
- While gender differences in hours worked were less in 2020, attention is still needed to reduce gender inequality in certain occupations and to help single mothers, who lost the most working hours during the pandemic.
- The current findings align with previous findings that temporary workers, young people and those in precarious employment are vulnerable to crises. Working from home may become another source of inequality in the long term, affecting these groups differently. It is important for policies to continue to reduce the role of precarious work in the labour market and to further increase the transparency and predictability of working conditions, in a post-pandemic, increasingly flexible world of work.
- Having sufficient equipment to carry out online learning was more important during the pandemic than income, highlighting the importance of tackling inequality in digital skills and access between populations over the long term.
- Given that spending on education was associated with higher satisfaction with online schooling during the pandemic (although other factors may be at play), more government spending in this area could potentially reap rewards and reduce inequalities.
- School closures affected education, highlighting the importance of preserving continued (in-person) education in future crises, such as the fuel and cost-of-living crises.

Further information

The report *Economic and social inequalities in Europe in the aftermath of the COVID-19 pandemic* is available at <https://eurofound.link/ef22002>

Research manager: Eszter Sandor

information@eurofound.europa.eu