

The Distribution of Well-being Among Europeans

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The Great Recession marks a critical juncture in European history. The economic convergence process stopped, and old gaps in development re-emerged between Northern and Southern European countries. The economic difficulties were soon accompanied by a rise in political tension, within and among European countries. Is this juncture going to be remembered as a fatal turning point or as a painful growth crisis in the long-term convergence process? This paper deals with this issue from the specific perspective of people well-being. It looks at the distribution of income (but also wealth and consumption, conditional on data availability) among persons in the European Union (EU) and the Euro-Area (EA) as if they were single countries. This provides a new way to evaluate the evolution of European inequality – one where attention is paid jointly to both within- and between-countries tendencies. The paper focuses on labour market outcomes, which represent important determinants of the personal income inequality, but also considers the role of taxes and benefits and capital incomes. Within the limits of data availability, the paper considers the period from mid-1990s onwards