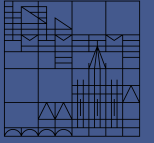


Millennials in equality

magazine

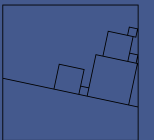
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Working Inequality

Cluster of Excellence
The Politics of Inequality



In_equality magazine

Working Inequality

*Research Magazine of the
Cluster of Excellence
“The Politics of Inequality”
at the University of Konstanz*

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Claudia Diehl is Professor of Microsociology at the University of Konstanz and Co-Speaker of the Cluster.



Marius R. Busemeyer is Professor of Political Science at the University of Konstanz and Speaker of the Cluster of Excellence "The Politics of Inequality."



Gabriele Spilker is Professor of International Politics—Global Inequality and Co-Speaker of the Cluster.

Editorial

DEAR READERS

The labor market is a focal point for many different dimensions of inequality. In this issue, we highlight two of them: gender differences in pay, job safety and social security, and the impact of digitalization and automation on labor markets and the welfare state.

As the coronavirus pandemic has amply shown, both aspects are closely related. Precarious workers—including an above-average number of women—have been hit harder by the pandemic's economic effects than so-called labor market "insiders" in secure jobs. Moreover, high-skilled workers could more often work from home and continue to enjoy the perks of the new digital workplace even as the pandemic subsided.

This has doubtlessly created new inequalities and consolidated some old ones—but of course, it's not all bad either. Young parents, for example, may find it easier to balance family and work life with the help of digital technologies. As always, therefore, the situation calls for nuanced analyses and more than one perspective.

Gender inequality and digitalization are naturally also an issue in our day-to-day research. We address the first issue in a Diversity Policy developed by Susanne Strauß, our Equal Opportunities Officer, which serves as an important guideline in our research and human resources policy. Digitalization initially had positive effects for our researchers, enabling them to switch to remote work with relative ease as the pandemic unfolded—although juggling paid work and care work at home was often difficult enough. Now we must find a good balance between working remotely and at the office to ensure our Cluster remains a lively community. For that, face-to-face exchanges at the coffee machine will be at least as essential as live chats and Zoom meetings.

Finally, there is important news regarding a change in our Speakers team. In October 2022, Gabriele Spilker has succeeded retiring Co-Speaker Nils Weidmann. Gabi is Professor of "International Politics—Global Inequality" at the Cluster, conducting research on the causes and effects of inequality in the context of climate change, conflict, and migration. We look forward to her research findings on this crucial set of topics—and to a wonderful collaboration. /

Yours
**MARIUS R. BUSEMEYER,
 CLAUDIA DIEHL &
 GABRIELE SPILKER**

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Kattalina Berriochoa is a postdoctoral researcher and co-head of the research group "The Politics of Labor Market Inequality and Occupational Mobility."

INSIGHTS FROM OUR RESEARCH

8 When Knowledge Economies Go Local.

Changes in the Labor Market, Mobility Perceptions, and Voting Behavior

(K. Berriochoa)

We are in the midst of yet another industrial revolution. Employees in tech start-ups and mobile workers in coffee shops and co-working spaces represent what has come to be known as the “knowledge economy.” Knowledge economies are characterized by a high reliance on intellectual capital, requiring employees with high levels of investment in education and skill development. *Are there certain political features that characterize this type of knowledge worker?*

Recent research suggests that knowledge economies result in aspirational voters who, due to the current or potential experiences of upward mobility, are more optimistic and less likely to support far-right political parties. But what about those who are not part of the knowledge economy? Are they more prone to right-wing ideas? In our joint research, Marius Busemeyer and I put this notion to the test by investigating the political implications of the rise of the knowledge economy in Germany.

The knowledge economy evokes images of politically progressive, highly educated workers in urban spaces benefiting from the modern, digital economy, leaving behind disgruntled workers in more “traditional” economies of rural areas. On average, urbanized places are the most likely to benefit from the rise of the knowledge economy, suggesting that the political angst and the support for far-right parties in rural areas are a response

to this geographically clustered economic trend. For examples of this geographical resentment, just think of the popularity of Donald Trump in rural America or the anti-metropolitan protests of the yellow-vest movement in rural France. Beyond the urban vs. rural dichotomy, however, we know very little about how the geographical diffusion of knowledge economies affects political perceptions and preferences.

The situation in Germany provides an ideal case to examine this puzzle, as support for far-right parties is not solely concentrated in rural areas. It is also found in areas where the knowledge economy thrives. This geographical dispersion of the local knowledge economy is certainly related to Germany’s well-known tradition of successful Mittelstand companies that are often located in rural parts of the country. This, however, also coincides with geographically dispersed support for far-right

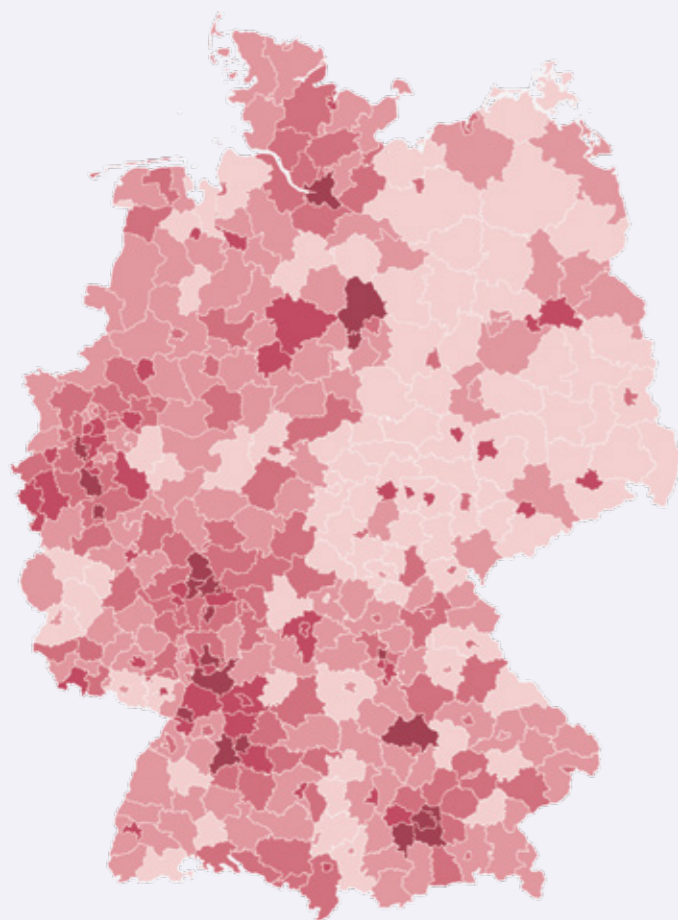
populist parties—not only in the poorer regions in Germany but also in these prosperous rural places.

We use data from the 2020 Inequality Barometer Survey, which collects individual perceptions of inequality and social mobility as well as a range of policy and political preferences. We merge this survey data with socio-economic indicators at the respondents’ local level, the Kreise. Across Germany, there are 334 rural districts (Landkreise) and 67 municipalities (kreisfreie Städte). Using the Kreis level as our spatial unit, we are able to capture the trends in the local labor market that are most immediate to survey respondents. We then examine how the share of the local economy dedicated to employment in the knowledge economy explains variation in perceptions of social mobility and electoral choices. We primarily focus on the far-right party Alternative für Deutschland (AfD). →

Our findings suggest that knowledge economies decrease perceptions of individual mobility. This is surprising in light of the predictions made by some of the recent research literature. How can this phenomenon be explained? In local labor markets with a higher share of the knowledge economy, individuals are increasingly comparing upwards. This results in a perception of not doing as well as others around them, and perhaps in greater status anxiety. We also find that for individuals who perceive no social mobility for themselves, the local knowledge economy increases electoral support for the AfD. This means: people who perceive stagnant social mobility tend to lean more toward right-wing positions when they reside in a local labor market with a higher share of knowledge economy. This could be due to the fact that individuals perceive themselves to be stuck in the local economic elevator while they constantly see others moving upwards.

Taken together, our findings highlight the complex political implications of knowledge economies. While knowledge economies arguably bring about economic benefits, residents in these environments have more negative perceptions of social mobility. Our findings add to a budding research agenda—how to go on from here? In our opinion, we need localized approaches and analyses if we wish to understand the complexities of how this new industrial revolution shapes political attitudes and vote choices. /

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Knowledge economies across German districts (“Landkreise”)

Figure 1: Employment share in knowledge intensive industries 2015-2019 (percentages)

- 2.55 - 5.42
- 5.43 - 7.78
- 7.79 - 11.2
- 11.3 - 17.6
- 17.7 - 29.1

INSIGHTS FROM OUR RESEARCH

Hopes and Fears. *Which Side of the Political Spectrum Profits from Technological Change?* (T. Kurer)

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Whether it's the industrial use of robots or office workers having to cope with the introduction of new, specialized software: *The growing degree of automation and digitalization at the workplace gives rise to fears about wage pressure and job loss* while also raising questions about how these fears play out in the political arena.



Thomas Kurer is Assistant Professor in Politics and Inequality at the University of Zurich, and PI at the Cluster. He heads the Research Group “The Politics of Labor Market Inequality and Occupational Mobility.”

Workers directly threatened by a rapidly changing employment structure contribute disproportionately to the success of so-called anti-establishment parties. Support for such parties seems to serve as an outlet for expressing individual discontent.

What's equally important, however, is the other side of that coin, which so far has received somewhat less attention in the debate. Despite the undisputed reduction or elimination of routine tasks, recent research shows that new technologies enhance productivity and contribute to a growing demand for workers performing tasks that cannot be automated. Productivity growth thus leads to the creation of new jobs—but jobs of a very different kind than those lost to automation. Worlds away from assembly line-type industrial mass production, many of these new jobs tend to be found in highly skilled, cognitively demanding, and interactive occupations that often require a university education.

This shift in labor market structure has important policy implications. According to political sociologists, our everyday work environment serves as an important place for the formation of (political) opinion: we apply thought patterns and problem-solving →

techniques we learn at work to all aspects of our lives. Higher education and a workplace culture characterized by collaboration and interaction tend to strengthen liberal, cosmopolitan, and tolerant values. A certain degree of flexibility and openness to new challenges at work likewise helps facilitate these values. Put somewhat simply, people in these new jobs—in sharp contrast to traditional production workers—tend to support progressive parties.

We thus see opposing trends in electoral behavior. The net effect of these trends is theoretically ambiguous. That is why Niko Schoell (Universitat Pompeu Fabra, Barcelona) and I conducted an empirical study to see which of these opposing political effects dominate regional election outcomes. For several reasons, Germany is well suited for such an investigation. First, as a major market for information and communication technology, it is one of

Europe's New Economy pioneers; for example, the vast majority of industrial robots deployed in Europe are operated in Germany. Second, compared to other advanced economies, Germany still has the largest industrial sector. And third, in recent years the country has witnessed the rapid rise of a radical right-wing party, the so-called Alternative for Germany (AfD), which could serve as a political outlet for the losers of economic modernization, allowing us to find evidence for both possible political effects. To keep the historical development of technological change and the relative importance of each sector consistent, we restrict our analysis to counties in West Germany.

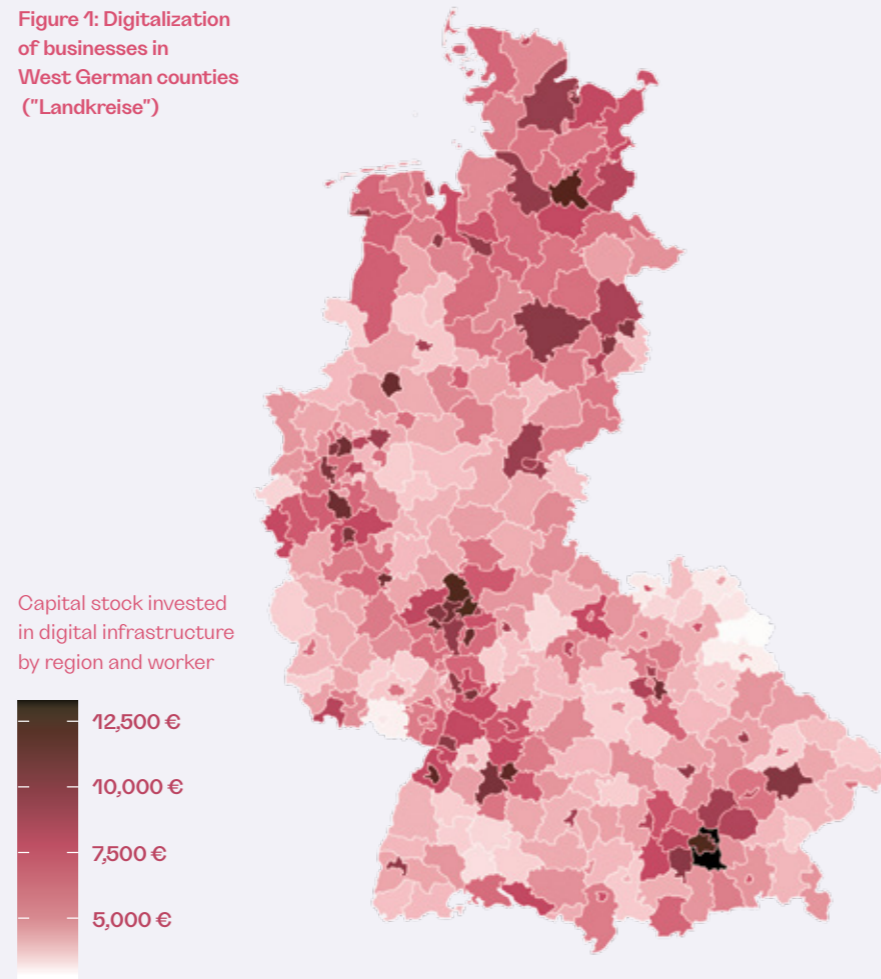
Our study is based on labor market data by the Institute for Employment Research (IAB), which given their high level of accuracy allow for a detailed regional analysis. To determine the scope of technological change, we use two empirical measures: first, we use data from the International Federation of Robotics (IFR) to measure the degree of robotization and its development at the county level. This mainly captures automation in the industrial sector and especially in the automotive industry. Secondly, we capture digitalization at the county level using EU KLEMS data on investments in information and communication technology in different industries. This type of technological change also has a major impact on the service sector.

Our results confirm other recent research findings: technological change is shifting employment from manufacturing and routine jobs to more interpersonal occupations

in the service sector. Robots are primarily displacing manual jobs, whereas investments in information and communication technology (ICT) tend to substitute cognitive routine tasks. Importantly, however, overall employment does not decline in counties more strongly affected by technological change. In fact, we find weakly positive net employment effects. This finding helps correct a common misconception: the alternative to automation and digitalization is not thriving production facilities relying on legions of human workers. On the contrary, the alternative would be economic decline, as companies without modern technology fall behind in global competition. Investment in new technologies is indeed a sign of a healthy, forward-looking local economy.

Accordingly, then, our analysis of policy outcomes at the regional level does not support the narrative that new technology in the workplace leads primarily to right-wing authoritarian success. Instead, we find that regions experiencing greater technological change are, on average, characterized by stronger political support for social-progressive parties. Especially the Greens, but also the Left Party and the Social Democrats benefit at the regional level. By contrast, electoral support for the conservative CDU/CSU and the far-wing AfD declines in response to labor market changes resulting from the introduction of robots and ICT investments.

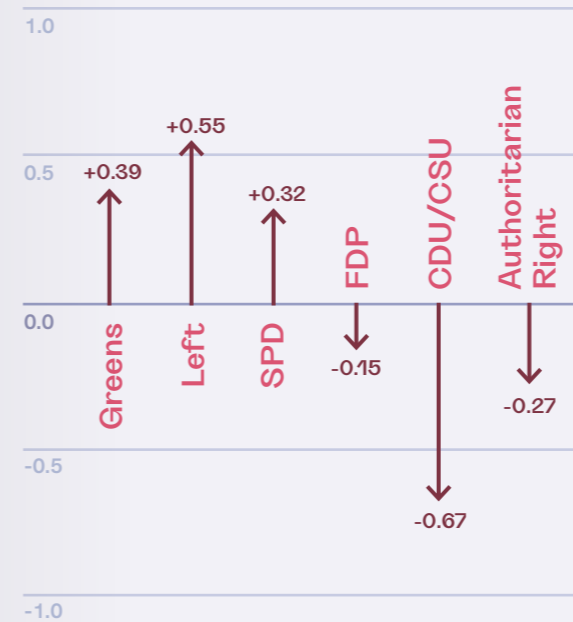
Figure 1: Digitalization of businesses in West German counties ("Landkreise")



Automation and digitalization indeed create “losers” and contribute to the rise of anti-establishment forces. But regions most affected by the introduction of new technologies do not automatically turn into rightwing authoritarian strongholds. Rather, regional electoral outcomes are dominated by the political effects of rising productivity and employment in booming industries. /

Figure 2: Regional effects of digitalization on party preference

The graphic shows by how many percentage points party preferences in a region change when investment in digital infrastructure increases by 1,000 EUR per worker. (Average of all elections on state, federal and EU levels, 1995-2017)



When technological change alters jobs or replaces them, some employees may be able to adapt while others can't. *How can political decision-makers best provide for those affected?* By investing more in education and training, or by providing better social security to safeguard against unemployment?

INSIGHTS FROM OUR RESEARCH

14 More Training? More Social Security? *Political Challenges in the Digital Age* (M. R. Busemeyer)

Rapid technological change has been transforming the workplace for years. “Digitalization” is the catchword often used when discussing the many individual aspects of that transformation. For social scientists, the effects of technological change on the labor market have long been a major research issue: which social classes are affected most when robots or algorithms take over at work? Which jobs will be lost, and where can professional development and skills training help workers keep up? How do the “losers” and the “winners” of digitalization respond to the changes, and how does this affect their political attitudes and actions? According to initial

research findings, the political impact of digitalization is enormous—but also ambivalent.

In the following, I am primarily concerned with the sociopolitical effects of digitalization and automation (see also the article by Paul Marx and myself in this issue). In our research project “Digitalization, Automation and the Future of Work” we evaluated data from an international comparative OECD study on perceptions of labor market risks, in which our project team was involved. The study includes analyses from 25 OECD countries and is based on a survey of 25,000 respondents; the survey took place in fall 2020.

Digitalization from the perspective of employees

The analysis starts with the question of whether employees think of digitalization more as a threat or an opportunity. We provided respondents with two statements to measure their personal attitudes. The first question concerned the extent to which respondents feel threatened, asking them to rate the likelihood of the following statement: “My job will be replaced by a robot, computer software, an algorithm or artificial intelligence [over the next five years].” The answers show that fear of automation is particularly strong in countries such as South Korea, Turkey, Mexico, Chile, Greece, and Italy, but lower in the developed welfare states of Europe (Austria, Finland, Norway) (Figure 1, light red).

The second question concerned respondents’ perceptions of the potential benefits of digitalization, asking them to rate the likelihood of the following statement: “Technology will help my job become less boring, repetitive, stressful or mentally demanding.” (Figure 1, dark red)

The results across all countries clearly show that the positive view is more prevalent than the negative view (55 percent of respondents hold the positive view, 36 percent the negative view). Again, however, we find major differences between the countries. Interestingly, in countries where many people are worried, people holding an optimistic outlook also tend to be more numerous. This might indicate that the issue of digitalization in these contexts is generally more prevalent in people’s minds than in other countries. The positive view of technology is also fairly widespread in countries such as Belgium, Estonia, or the USA. →

Figure 1: Perceptions of the opportunities and risks of technological change, comparing OECD countries. Percentage of respondents in 24 countries who consider the following statements “likely” or “very likely”:

“My job will be replaced by a robot, computer software, algorithm or artificial intelligence (over the next five years).”

“Technology will help my job become less boring, repetitive, stressful, or mentally demanding.”

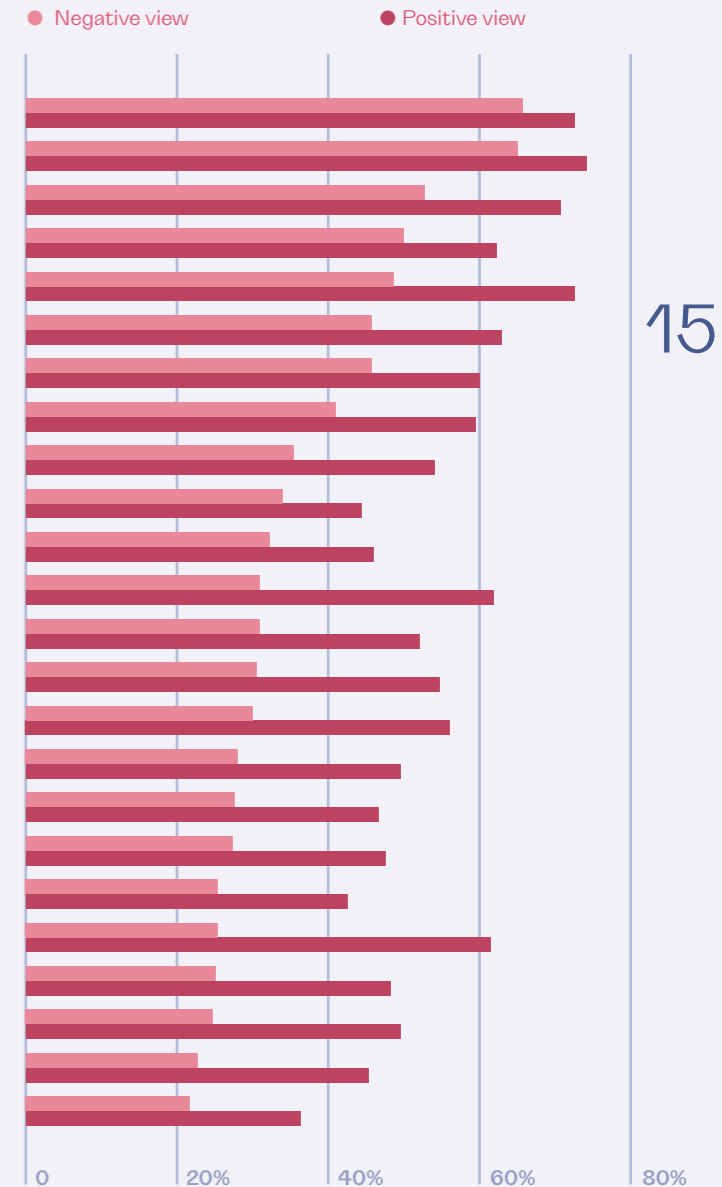


Figure 2: Public support for social and educational policy responses to technological change. Average respondent support (percentages) in 24 countries for greater investment in:



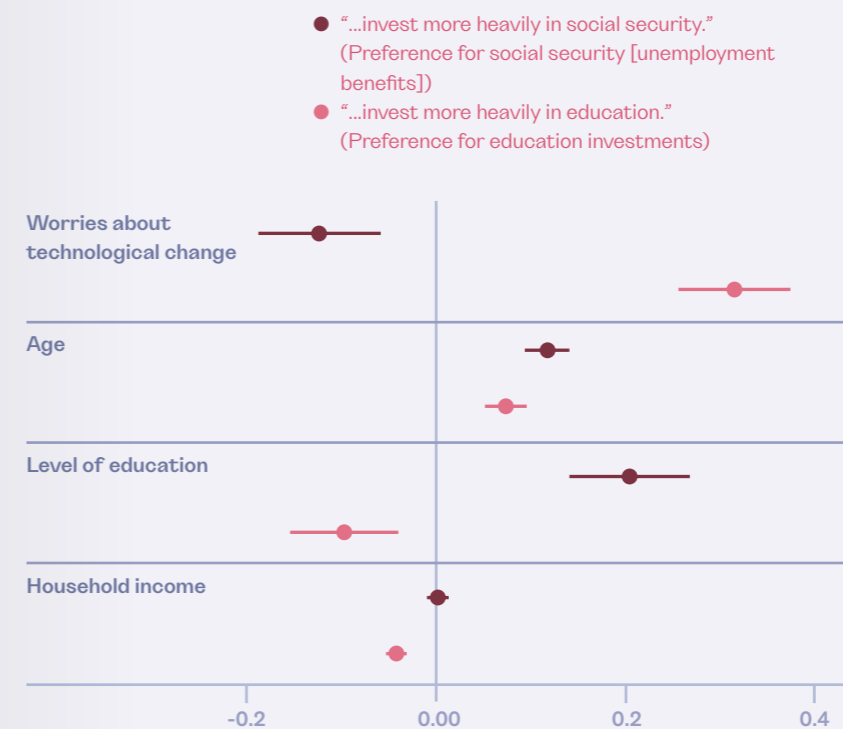
Social policy responses to digitalization from the perspective of those affected

Despite all the positive assessments, one thing is clear: substantial parts of the population (also) think of digitalization as a threat. But what kind of educational and social policy response would people like to see? To answer this question, we suggested a number of possible solutions and asked respondents to indicate their support or opposition in each case (see Figure 2). The bars indicate the percentage of respondents who “support” or “strongly support” each measure.

Support is strongest for investing in education and training—that is, both university education and vocational training—with well over 70 percent of respondents considering these to be important measures. The least popular measure is introducing a tax on robots or companies that replace human labor with machine labor (48.6 percent support). Medium-level support emerges for proposals to reduce weekly working hours (54.3 percent), strengthen social safety nets, especially unemployment benefits (61 percent), or introduce a universal basic income (60 percent).

Using statistical analysis, we may now put the various pieces of the puzzle together. When we ask how individual perceptions of labor market risks associated with digitalization relate to social policy preferences, the following picture emerges: those who fear technology-driven job loss are also more likely to support more generous unemployment benefits (dark red markers) but are not so sure about investing in education (light red markers). Conversely, the higher the respondents’ level of education, the more they support further educational investments, but the less they support more extensive unemployment benefits. Respondents’ age also has a positive effect on their support for policies, whereas the role of individual income is less important.

Figure 3: How different factors influence support for social policies “Policymakers should...”



Conclusion and implications

Now what does all this mean for policymaking? Between the policy preferences of those who feel they are most affected by technological change on the one hand, and the policy recommendations of experts on how to address digitalization on the other, there is a large potential discrepancy. In the knowledge economy, educational qualifications are the key currency. It therefore makes sense to counter the emergence and consolidation of educational inequalities by further expanding opportunities for participation in education, above all in continuing vocational training. Even though such proposals enjoy strong support among the population (as shown in Figure 2), those who feel directly threatened by technological change remain skeptical. Instead, they call for more social security, for example by expanding unemployment insurance coverage. If policymakers are unable or unwilling to fund these social security measures, populist parties might gain more support.

On the other hand, the analyses have shown that many people also see the positive aspects and opportunities of workplace digitalization, including the growing opportunities to work from home and the associated options to better balance work and family responsibilities. There is potential here for shaping technological change in a forward-looking and employee-friendly way—potential that policymakers will want to promote. /

INSIGHTS FROM OUR RESEARCH

Easy Matchmaking. *Urban Labor Markets and How They Increase Wage Inequality*

(W. Dauth, S. Findeisen, E. Moretti, J. Südekum)

Across Germany, there are *major regional wage differences*: In Ingolstadt, a mechanical engineer aged between 30 and 40 earns three and a half times as much as one in Frankfurt (Oder) on average. Bank clerks in Munich make about twice as much as those in Kaiserslautern. Such regional differences are typical of industrialized countries and have increased in Germany in recent decades. *But where do they come from? And why are they going up instead of down?*

Our study provides those answers based on data by the Federal Employment Agency and the Institute for Employment Research (IAB). These data allow us to perform a highly detailed analysis of the German labor market with its roughly 30 million employees paying social insurance contributions and 3.3 million employers, for the timeframe from 1975 to 2020. We split wages and salaries into two causal components:

The so-called person effect is the share of the wage that is due to a worker's personal characteristics such as education, skills, and motivation to work. Individuals with a high person effect will always earn a relatively high wage, no matter where they work.

The so-called firm effect is the share of the wage that is due to an employer's productivity or wage behavior. Individuals working for employers with a high firm effect will always earn a higher wage than similarly qualified individuals in firms with a lower firm effect.

Geographical variation

As shown in Figure 1, both person and firm effects have highly variable regional distributions (average situation 2008–2014): the upper map shows the regional shares of the highest 10-percent person effects among all persons in each region. If this share is below or above 10 percent in a region, its share of employees with a high person effect is below or above the national average, respectively. In the rural Freyung region in eastern Bavaria, for example, the share is 3.1 percent, compared to 24.3 percent in the city of Erlangen. People with the highest person effect—meaning the highest level of education, the best skills, the greatest motivation to work—tend to be concentrated in larger cities. If these person effects were instead randomly distributed across all regions, regional wage inequality in Germany would drop by about half.

The map in Figure 2 shows the regional shares of employers with the 10 percent highest firm effects among all employers in each region. The distribution of the highest firm effects is very similar to that of the person effects. Again, it is clear that high-paying employers tend to be based in larger cities.

How firms and employees find each other

There is more to be gleaned from the data than just growing geographical divides, however. We also observe that the individuals with the highest level of education, skills, and motivation increasingly switch to firms that are among the highest-paying employers in their respective industries. This tendency for individuals with high person effects to be hired by firms that also have high firm effects is called matching effect.

Our analysis clearly illustrates this relationship: the larger the city, the higher the likelihood for employees and employers to be well matched. This fits in with a fundamental economic principle: as the size of the market increases, so does the likelihood of supply and demand finding each other. Here's an example: in the region around the small town of Balingen in Swabia, twelve chemical engineers started a new job between 2008 and 2014. In the labor market region of Munich, which is twelve times as large, the number for the same period was 633. Consequently, a Munich based company looking for a specialized chemical engineer could choose the right candidate from a relatively large pool of job seekers, whereas an employer in or around Balingen faced a much more limited choice. The Balingen firm may have had to compromise and hire a worker with a relatively low person effect. →

Effects of employees and firms on wage inequality

Source: BEH V10.01.00, BKG, own calculations

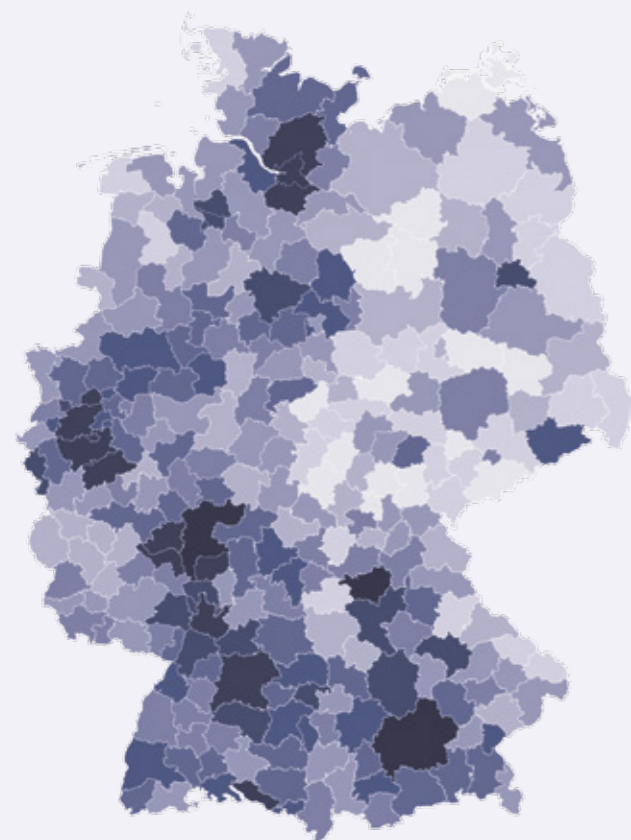


Figure 1: Regional shares of employees with the highest employee effects (percentages, mean values, 2008 - 2014)

● 2.08 - 2.86
●
●
●
● 19.16 - 24.28

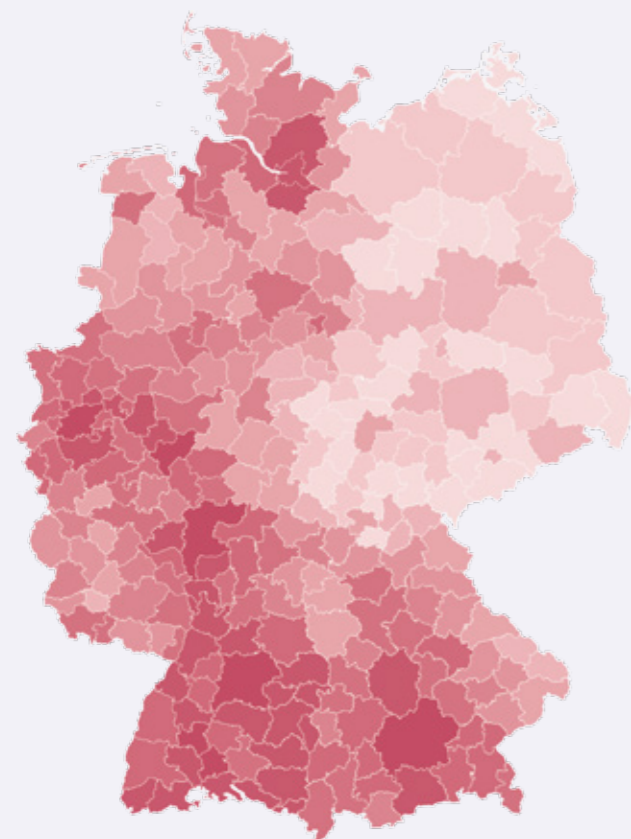


Figure 2: Regional shares of firms with the highest firm effects (percentages, mean values, 2008 - 2014)

● 1.68 - 3.03
●
●
●
● 15.07 - 19.41

Positive and negative effects

Now what are the implications of highly productive individuals being concentrated in well-paying firms, and of employees and firms being better matched in large regional labor markets? On the one hand, regional inequalities increase over the decades, as the most productive and highest-paid workers are drawn to the larger cities. This alone explains about half of the regional wage differentials. These are exacerbated by the matching effect in cities, where highly productive workers are particularly likely to be hired by the highest-paying employers.

The disadvantage of growing inequality is offset by an advantage, however: if there were no matching effects, that is, if employees and firms were less well matched, then overall economic productivity would be lower. Our calculations show that wages in Germany would on the whole be lower by almost two percent.

Reducing regional inequality is an important policy concern. The German federal and state governments jointly provide around one billion euros a year for the “Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur” (“joint task of improving regional economic structures”, GRW). The funds are usually used to create additional jobs in smaller towns. If it were possible to create high-paying jobs there and attract people with high person effects, regional inequality might be reduced. At the same time, this might help relieve the pressure on metropolitan areas. However, it might also diminish the macroeconomic benefits of the matching effect.

Conclusion

Policymakers should therefore make additional efforts to improve the matching process in the labor market. First, they should work to ensure market transparency, giving job seekers and firms sufficient information about the characteristics of their respective counterparts. This is where the Federal Employment Agency can play a key role as an intermediary and advisor. Second, it should be made easier for workers to overcome geographical distance. In the future, the trend toward more remote work could help well-matched workers and employers to find each other more easily, even if they are far apart geographically. /



Sebastian Findeisen is Professor of Economic Policy at the University of Konstanz and PI of the Cluster project “Digitalization, Automation and the Future of Work in Post-Industrial Welfare States.”



Wolfgang Dauth is Professor of Regional Labor Market Economics at Otto Friedrichs University Bamberg.



Jens Südekum is Professor of International Economics at Heinrich Heine University Düsseldorf.



Enrico Moretti is the Michael R. Peevey and Donald Vial Professor of Economics at the University of California, Berkeley.

INSIGHTS FROM OUR RESEARCH

22 Skill Levels, Job Security and Policy Preferences in Latin America

(I. Menéndez González)

Inequality in Latin America remains very high. Innovative welfare state policies to reduce inequality and boost economic productivity remain hard to implement. *Is there opposition from better off workers who benefit from existing conditions?* In a recent project, the author investigated what people think about policies that benefit the working poor.

Labor markets in Latin America have been characterized by significant inequalities for decades. Labor regulations provide extensive benefits, but only cover workers with stable, well-paid formal sector jobs (insiders), at the expense of informally employed workers (outsiders). Informal workers are also excluded from the more generous, contribution-based social insurance programs. The combination of segmented labor markets and “truncated” welfare states is an important source of inequalities.

In response, many countries have implemented tax-funded, non-contributory social policies that provide protection to outsiders. For example, Brazil’s well-known Bolsa Familia provides cash transfers to low-income families in exchange for regular school attendance and medical check-ups. Non-contributory policies have the potential to redistribute resources and thus reduce inequality by severing the link between formal employment and access to social protection.

Cash transfers in Latin America have contributed to poverty reduction in past decades. Such policies may have been a response

to growing inequality—caused by e.g. globalization or deindustrialization—by ideologically driven governments. But what do people think about these policies?

In theory, insiders who earn higher wages and make steady contributions to social security throughout their career should favor social insurance policies that provide generous unemployment benefits in the event of job loss. And they should oppose policies that redistribute to outsiders, such as social assistance, for which they pay without benefitting from it.

Recent research shows, however, that despite being relatively privileged, insiders are increasingly at risk of becoming outsiders and thus more likely to support redistributive benefits. Globalization and deindustrialization have forced many insider workers into unemployment or the informal sector, making it difficult to make steady contributions and, in the event of job loss, decreasing benefits. Low-skilled insiders, who make up the bulk of industrial labor force, and are found in the private (service) sector and in some government positions, may have some level of job security. Yet they are more likely to lose their jobs and then less likely to be re-employed in the formal sector than high-skilled insiders.

So labor market risk is not evenly spread, even among relatively privileged insiders. I therefore differentiate within the group of inside workers. In the context of the “truncated” welfare states of Latin America, job loss means different things to low- and high-skilled insiders. For low-skilled insiders, job loss typically means frequent spells in unemployment and informality, with a resulting inability to make →

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steady contributions to social security. Such a permanent income shock may throw families into poverty. Far from opposing non-contributory redistributive benefits that alleviate poverty, low-skilled insiders should have reasons to support them.

High-skilled insiders, however, should have strong reasons to support policies that target only insiders. Although such workers may also lose their job in e.g. a crisis, they are more likely to be re-employed in the formal sector. Since high-skilled workers are not eligible for non-contributory policies (such as cash transfers), they have strong reasons to support transfers based on contributions.

This difference between low- and high-skilled insiders is not the only reason why some insiders support policies for outsiders, but it is sometimes difficult to distinguish it from other factors. Argentina is a country with a heavily regulated labor market and relatively high levels of poverty and informality. In 2015, a survey experiment was conducted in the country. Respondents were given differing information when surveyed to obtain replies based on that information. One group—the control group—read a statement emphasizing existing divisions between insiders and outsiders. Another—the “risk group”—was primed with information on the possibility of becoming informally employed outsiders. A third group of respondents—the “poverty group”—read about the greater need for transfers among poor informal workers. Respondents were asked whether they preferred the government to increase spending for insiders (who had contributed to benefit programs) or outsiders (who had not).

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Remarkably, the survey experiment finds no general divide between the responses of insiders and outsiders. However, there is a clear difference in how low- and high-skilled insiders react: among members of the “risk group”—those who were primed with information about the risk of job loss and informal work—, low-skilled insiders show stronger support for redistributive policies benefitting outsiders. High-skilled insiders, on the other hand, strongly support benefits limited to those who contribute to the social programs—namely, for other insiders.

Figure 1: How does the information received by respondents influence support for transfer services? Support for transfer services between -1 (full rejection) and +1 (full agreement)

- Low-skill insiders (N=194)
- High-skill insiders (N=94)

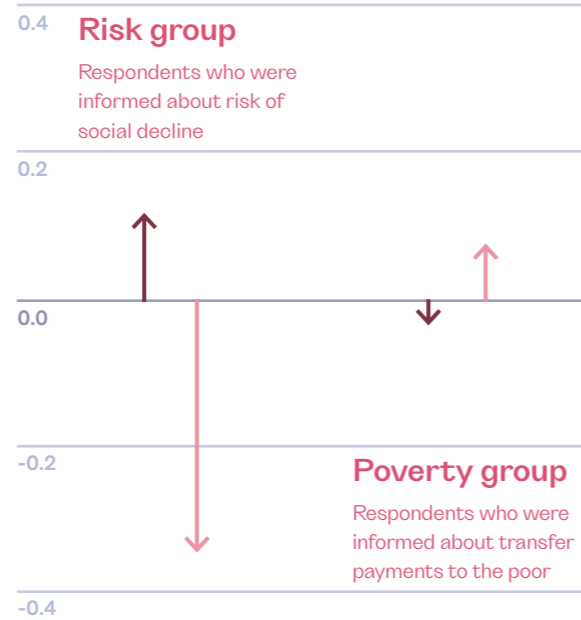


Figure 1 shows that low-skilled insiders are no different from high-skilled insiders when given general information about poverty. Overall, risk plays an important role in shaping support for redistributive benefits, even among those thought to be protected from it. These findings apply to other Latin American countries as well, as an analysis of 2018 data has shown.



Irene Menéndez González, IE University in Madrid, was External Senior Fellow at the Inequality Cluster in summer term 2022.

Cleavages between the low-skilled and high-skilled members of the formal labor market have important consequences for policies aimed at aiding those who cannot contribute to social programs. For instance, left-wing governments are more likely to implement non-contributory social policies when employment protection levels are high: while employment protection makes it difficult to fire insiders, it also makes it more difficult to find re-employment in the event of job loss, particularly for low-skilled insiders. Left-wing

governments are much more dependent on the support of low-skilled insiders than right-wing governments. Therefore they cater to the relatively low-skilled with policies aimed at reducing their risks on the labor market.

Together, these findings allow us to better understand the emergence of new social divisions in Latin American countries, and to grasp the potential for political coalitions in favor of redistribution in some of the most unequal countries in the world. /

INSIGHTS FROM OUR RESEARCH

Labor Unions Can Make *a Difference for Democracy*

(M. Becher)

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At least going back to Aristotle, democracy has been associated with the ideals of freedom and equality. *Do today's democracies actually deliver substantial political equality?*

A growing literature in political science suggests that some of the world's oldest and most prosperous democracies fail to do so. Their policies are biased to the views of affluent voters and business interests. This view resonates with public discontent with the functioning of democracy expressed in recent years through protests such as Occupy Wall Street (United States), Indignados (Spain), or the Yellow Vests (France). Finding evidence for this view requires representative data on the policy preferences of people—broken down by income or class—that can be matched to decisions of legislators on a range of relevant issues. The evidence is most clear-cut in the United States: here, elected politicians are on average indeed more responsive to the rich, and sometimes not at all to low-income groups.

Can organized labor be a factor that makes democracy more equal? In research jointly conducted by Daniel Stegmueller of Duke University and me, we examine whether giving people a voice at work through labor unions reduces the pro-rich bias of legislators in the U.S. Congress.

Research examining the impact of unions on economic inequality and redistributive policy has been extensive across disciplines. Yet there is little direct evidence on whether unions make democracy more equal. Theoretically, there is a long tradition of scholarship sug-

gesting that they might. Unions are one of the few membership organizations that advocate on behalf of the ordinary workers. But scholars have also argued that unions have become too weak or concerned with narrow interests of relatively privileged members to play that role. Moreover, empirically assessing the influence of unions on equality in legislature requires a research strategy that can account for alternative explanations. After all, the strength of unions is at least partly a result of politics and policies. Weaker unions might therefore be more of a symptom rather than a cause of unequal democracy.

We study the U.S. House of Representatives, which has 435 members elected in single-member districts. For each district, we look into public policy preferences and differentiate by income: we distinguish whether people are in the lower third, middle third, or upper third of their district's income distribution. We use data from about 220,000 survey respondents, corrected with census data and a machine learning algorithm to ensure that the survey sample approximates the district population well. These data on people's preferences, sorted by income thirds, are then matched to roll-call votes taken by their legislators on the same issue. In a second step, we measure the strength of unions using detailed administrative data—again at the level of districts. In a prior article Daniel Stegmueller and I published with Konstantin Käppner, we geocoded data on union membership from about 350,000 administrative records for local unions.

How do unions affect political equality in Congress? Our findings mostly agree with previous research: on average, legislators' votes are more in line with the preferences of the more affluent people in their district. The interests of poor people are in general less represented. However,

the district-level strength of unions has a considerable impact on the relationship between preferences and roll-call votes. Where unions are comparatively weak, legislators' choices are biased towards the wealthy. Where unions are comparatively strong, legislators' choices are about equally responsive to different income groups.

Are unions a cause of political equality, or do they merely come with it? In the absence of a randomized experiment, measuring causal effects is exceedingly hard. At minimum, we can rule out a host of alternative explanations. Our statistical models control for differences between states, such as laws regulating private sector unions or collective bargaining in the public sector, and more generally any slow-moving state characteristics. They also control for district-level characteristics, such as average income, racial composition, social capital, or a historic legacy of slavery.

In addition, we draw on history and geography to test our findings more rigorously: in the 1940s, there was a period of rapid union expansion in the mining sector. This happened across the country, and thus across political divides and the relative clout of economically less advantaged groups—at least in areas suitable for mining. Therefore, →

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Michael Becher, IE University in Madrid, was External Senior Fellow at the Inequality Cluster in summer term 2022.



all things considered, we conclude that unions appear to play a causal role. We have previously stated that “unequal legislative responsiveness is not hardwired into the fabric of American democracy.” Even in times of high economic inequality, highly unequal influence of different income groups is not an unavoidable fact of life. The unions have something to say about it, too.

But isn't organized labor in the United States in terminal decline? Historically, the strength of organized labor has ebbed and flowed considerably. While surveys show that support for unions is high among non-unionized workers and young adults entering the workforce express the highest demand for a voice at the workplace, by 2021 the number of workers belonging to a union had fallen to about ten percent. The regulatory environment makes the act of forming a union a long uphill battle. However, just this year organized labor won several striking victories. Workers at a large Amazon warehouse at Staten Island with 8,000 employees voted to form a union despite the company's

anti-union efforts. Before, many had thought that the company was unorganizable. Unionization drives also won victories at several Starbucks coffee shops. These may remain isolated events—but some scholars are striking a more optimistic note, too. It may well come to pass that individual victories and the grass root campaigns that enabled them change workers' beliefs about what is possible, offering a new playbook to be applied elsewhere. Perhaps. One thing, however, is sure: people (re)gaining a voice at their workplace matters beyond how workers are treated in the warehouse, coffee shop or wherever else they work. It affects whether democracy can make good on one of its key promises. /

When I was invited as a Senior Fellow to the Cluster of Excellence “The Politics of Inequality” in September/October 2021 and June/August 2022, I conducted an investigation into the historical origins of gender inequalities in political representation. I am neither a gender scholar nor a historically oriented political scientist. In fact, I specialize in comparative political behavior, and most of my current research focuses on the political implications of digitalization. Yet I have found myself very much drawn to this topic. Here I would like to share what I have learned from my sojourn into historical research.

I became interested in this topic a few years ago after a conversation with my then-colleagues

and now co-authors Dídac Queralt and Ana Tur-Prats (both have since moved, to Yale University and University of California Merced respectively, in a prime example of the inability of the Spanish research system to retain talent). Ana Tur-Prats had written a fascinating paper showing that when male unemployment goes up, intra-family violence against women also increases—but only in regions of Spain with more backward cultural norms. Where do these cultural norms come from? She argued that the way families were organized in the past produced different gender norms. →

TALES FROM THE LAB

It's All in the Family. *Moving into Uncharted Waters in Gender Equality Research* (A. Gallego)

Aina Gallego made use of her Senior Fellowship at the Cluster to take a (for her) altogether new and different perspective on *gender inequality in the labor market*: She reoriented herself—historically.

As in much of Western Europe, Spanish families organized issues such as inheritance and care of the elderly in different ways. In the South and West, we find “nuclear families” where all children leave their parents’ home when they marry and form new nuclear households. Before the era of public schooling and technology that alleviated the burden of housework, nuclear families had a very strong division of labor, with women specializing in domestic, men in non-domestic work. Women didn’t earn money and thus had less bargaining power within the household. Ana Tur-Prats showed that in these regions, female labor force participation continues to be lower long after differences in family structure disappeared in the mid-20th century. The norm that “men should be breadwinners and women should look after the house and the children” still finds greater support there compared to other regions of Spain. In the South-West, intra-partner violence increases when male unemployment increases, presumably because unemployment threatens men’s core identity as breadwinners.



↑ Sharing the work in a traditional multi-generation home in Spain

In the North and East of Spain, we find “stem families” where one of the children (typically the eldest son) stays in the family home after marrying, and the partner moves in with the in-laws. When the newlyweds have children, this often produces cohabitation of three generations within a household. With more than one adult woman present in such households, women would share housework, including childcare. As a result, they were more able to take paid jobs outside the home, increasing their bargaining power within the family and weakening norms about a strictly gendered division of labor.

Political economists have examined how historical factors related to economic modes of production affect gender equality. For instance, some lands are more suitable to methods of cultivation that require more physical strength, promoting gendered division of labor, whereas other lands are suitable to crops that require fine motor skills. However, family structures have been largely overlooked in political science, even though the family is the most widespread institution, present in all societies and with wide variations in organization.

Over the last years, Dídac Queralt, Ana Tur-Prats and I have been collecting historical and contemporary datasets. We looked at 19th century census data to estimate how frequently women lived together under the same roof in different municipalities. This census data showed that women at childbearing age were more likely to work outside the household in regions where cohabitation was common. We collected data on the productivity of land, other proxies of development, child literacy, land inequality, the number of priests, nuns and monks, and the importance of agriculture. We read about migration, land reform, inheritance laws, the destiny of young siblings, and industrialization in the 19th century. We collected data on the gender of all people elected to local councils in Spain, both during the brief democratic period in the 1930s and after the democratic transition in 1975.

With this wealth of data, we are now able to demonstrate that in regions where stem families were more common in the past, the percentage of women elected to politics was higher both during the Second Republic (1931-1936) and after democratization in the 1970s. Even within regions with similar institutional, economic, and geographic characteristics, we observe more gender equality in areas where cohabitation was more common in the past.

We have complemented this data with extensive contemporary outcomes about female labor force participation, gender attitudes as reported in surveys, and struggles within parties to implement voluntary or compulsory gender quotas. We have read the minutes of party meetings to understand who lobbied to increase the representation of women and what reactions such efforts encountered. And we have puzzled about what can explain the disappearance of the regional gender representation gap between stem and nuclear family models in the 1990s, before the introduction of gender quotas.

Our analyses support our core argument that being able to rely on other adult women (typically the mother-in-law) to take care of children allowed many women to engage in paid work—a mechanism to which many readers can relate today. Such family structures have left a legacy of more progressive gender norms, have resulted in more female labor force participation until today, and have produced more qualified women who choose to run for and get elected to political office.

This project has been a fascinating experience as a scholar. While the challenges of doing historical work differ from my usual research, this type of work provides a uniquely comprehensive perspective of how big explanatory factors (culture, economics, institutions) shape each other over long periods of time. I am very grateful for the time I had in Konstanz to collect data, talk with other fellow scholars, and reflect on this work, which by its nature required some time to slow down and work free from distractions. The Inequality Cluster has provided an unsurpassed environment to do so. I hope my work may help advance some of the exciting conversation being conducted here on the origins and remedies of inequalities. /



Aina Gallego, Barcelona University and Institut de Barcelona d'Estudis Internacionals, stayed at the Inequality Cluster as External Senior Fellow in the fall of 2021 and the summer of 2022.

HONORS

Honors, memberships, appointments, and awards for Cluster members (Selection, April—September 2022)

Prof. Dr. Christian Breunig is currently a Fellow at the Center for Advanced Study in the Behavioral Sciences at Stanford University. Here he pursues his studies on political elites and how they handle inequality, which is also the subject of his Cluster project.

Prof. Dr. Marius R. Busemeyer was elected to join the Supervisory Board of the Heinrich Böll Foundation in the fall of 2022. He also received the Best Book Award of the American Political Science Association (APSA), Education Politics and Policy Section, for “A Loud but Noisy Signal” (Cambridge University Press, 2020) together with his two co-authors.

Prof. Dr. Claudia Diehl was awarded a Fellowship at the Wissenschaftskolleg zu Berlin, giving her the opportunity to pursue her interest in the inequality perceptions of high school students, which her Cluster project is also based on. Moreover, she won second place in the Fritz Thyssen Foundation’s best social science papers award 2022, together with her co-authors Elisabeth Liebau (DIW Berlin) and Peter Mühlau (Trinity College Dublin).

Dr. Susanne Garritzmann won “Best Dissertation Award” of the American Political Science Association (APSA), Education Politics and Policy Section. She received the award for her dissertation on “Education Systems and Political Inequality: How Educational Institutions Shape Turnout Gaps” (Konstanz 2021).

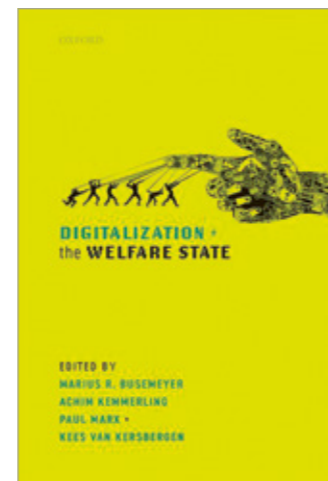
Benjamin Korman, Ph.D. & Prof. Dr. Florian Kunze received the “Best Paper with International Implications” Award of the Academy of Management together with their two co-authors.

Dr. Katrin Schmelz was honored with multiple awards following her high-impact research into the mechanisms of compliance with and refusal of governmental measures to contain the coronavirus pandemic. She received an Omidyar Fellowship at the Santa Fe Institute (Santa Fe, New Mexico) and will take it up in 2023. In 2022, she and Cluster PI colleague **Prof. Dr. Sebastian Findeisen** were also called to a regularly sitting advisory board at the Ministry of Finance of the state of Baden-Württemberg. Moreover, she received the 2022 science award of the Werner and Erika Messmer Foundation for research furthering a sustainable society. Recently she was also awarded the Prize for Courageous Research, a biennial award of the Ministry for Science, Research and Art of the state of Baden-Württemberg.

Sharon Baute, Anniek de Ruijter (2022) EU Health Solidarity in Times of Crisis: Explaining Public Preferences Towards EU Risk Pooling for Medicines. *Journal of European Public Policy* 29(8): 1183–1205. <https://doi.org/10.1080/13501763.2021.1936129>

Ariane Bertogg, Sebastian Koos (2022) Who Received Informal Social Support During the First COVID-19 Lockdown in Germany, and Who Did Not? The Role of Social Networks, Life Course and Pandemic-Specific Risks. *Social Indicators Research* 163(2): 585–607. <https://doi.org/10.1007/s11205-022-02890-0>

Brian Burgoon, Sharon Baute, Sam van Noort (2022) Positional Deprivation and Support for Redistribution and Social Insurance in Europe. *Comparative Political Studies*. <https://doi.org/10.1177/00104140221115168>



↑ **Marius R. Busemeyer, Achim Kemmerling, Paul Marx, Kees van Kersbergen** (eds.) (2022) *Digitalization and the Welfare State*. Oxford University Press. <https://doi.org/10.1093/oso/9780192848369.001.0001>

Valentina S. Consiglio, Denisa M. Sologon (2022) The Myth of Equal Opportunity in Germany? Wage Inequality and the Role of (Non-)Academic Family Background for Differences in Capital Endowments and Returns on the Labour Market. *Social Indicators Research* 159(2): 455–493. <https://doi.org/10.1007/s11205-021-02719-2>



Steffen Eckhard, Laurin Friedrich, Annette Hautli-Janisz, Vanessa Mueden, Ingrid Espinoza (2022) A Taxonomy of Administrative Language in Public Service Encounters. *International Public Management Journal*. <https://doi.org/10.1080/10967494.2022.2075062>

PUBLICATIONS

Selected publications by Cluster researchers (published April—September 2022)

Alice el-Wakil, Michael A. Strebel (2022) Participatory Processes and Their Outcomes: Comparing Assembly and Popular Vote Decisions. *European Political Science Review* 14(3): 441–458. <https://doi.org/10.1017/S1755773922000157>

Aina Gallego, Thomas Kurer, Nikolas B. Scholl (2022) Neither Left-Behind nor Superstar: Ordinary Winners of Digitalization at the Ballot Box. *The Journal of Politics* 84(1): 418–436. <https://doi.org/10.1086/714920>

← **Andreas Haupt, Susanne Strauß** (2022) Long-Term Trends in the Gender Income Gap within Couples: West Germany, 1978–2011. *Social Politics: International Studies in Gender, State & Society* 29(3): 980–1008. <https://doi.org/10.1093/sp/jxac019>

Prisca Jöst, Ellen Lust (2022) Receiving More, Expecting Less? Social Ties, Clientelism and the Poor’s Expectations of Future Service Provision. *World Development* 158. <https://doi.org/10.1016/j.worlddev.2022.106008>

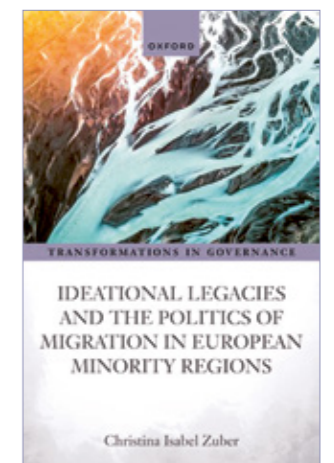
Max Reinwald, Johannes Zaia, Florian Kunze (2022) Shine Bright Like a Diamond: When Signaling Creates Glass Cliffs for Female Executives. *Journal of Management*. <https://doi.org/10.1177/01492063211067518>

Frank Schimmelfennig, Dirk Leuffen, Catherine E. de Vries (2022) Differentiated Integration in the European Union: Institutional Effects, Public Opinion, and Alternative Flexibility Arrangements. *European Union Politics*. <https://doi.org/10.1177/14651165221119083>

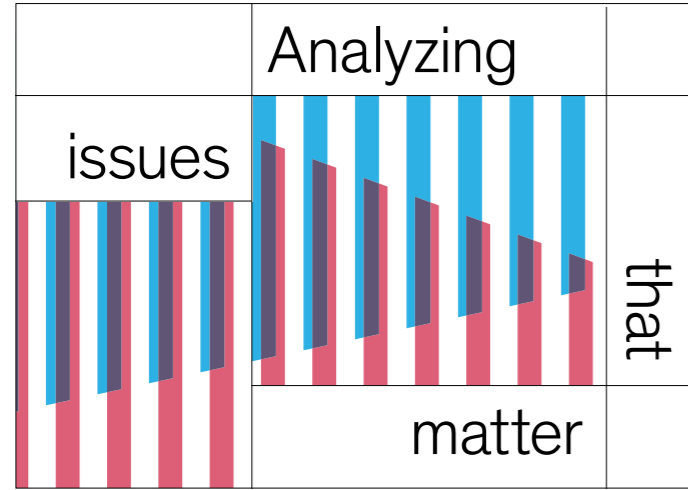
Nathanael G. Sumaktoyo, Christian Breunig, Wolfgang Gaissmaier (2022) Social Sampling Shapes Preferences for Redistribution: Evidence From a National Survey Experiment. *Journal of Experimental Social Psychology* 101. <https://doi.org/10.1016/j.jesp.2022.104341>

Kate Summers, Fabien Accominotti, Tania Burchardt, Katharina Hecht, Elizabeth Mann, Jonathan Mijs (2022) Deliberating Inequality: A Blueprint for Studying the Social Formation of Beliefs about Economic Inequality. *Social Justice Research*. <https://doi.org/10.1007/s11211-022-00389-0>

↓ **Christina I. Zuber** (2022) *Ideational Legacies and the Politics of Migration in European Minority Regions*. Oxford University Press. <https://global.oup.com/academic/product/ideational-legacies-and-the-politics-of-migration-in-european-minority-regions-9780192847201>



News



New Master's Program "Sociology of Inequality"

This English-language Master's program—first starting out now in winter term 2022/23—is characterized by a research-oriented study program dealing with contemporary topics and problems. Small seminar groups under individual supervision and a six-month external internship allow students to study the issues at hand in-depth and expand their opportunities on the labor market. In its subject matter and scientific

connectivity to the Graduate School of the Social and Behavioural Sciences (GSBS) and the Cluster of Excellence "The Politics of Inequality," the program is considered outstanding in Germany and the European Union.

Students will mainly work on topics such as migration and social integration, gender inequalities, education and the labor market, organization and economy, culture and social networks, often in an international, comparative perspective. Students will receive research-oriented train-

ing in theory building, issue-focused application of concepts of social inequality, and analytical and categorizing methods, and will be purposefully involved in ongoing sociological research.

Next call:
15 March—30 April, 2023
Contact person:
Andreas Romer (Study Advisor & Coordinator)

More information:
→ <https://bit.ly/3UcNwW6>

Master's Program "Politics and Public Administration"

The Master's program is flexible, interdisciplinary, internationally oriented and one of the most prestigious Master's programs in Germany. The research-led teaching program offers students the opportunity to concentrate their studies in various fields. Cooperation with the Cluster of Excellence is close, the focus on "Inequality" can be combined with four focus issues: International Politics, Political Economy, Conflict Studies and Management Research, depending on individual interests. The Master's program also offers a variety of international opportunities, including double-degree

options with a Master's program in Konstanz and at the same time at an international partner university, as well as course-related internships, study visits overseas and via Erasmus.

After graduation, career opportunities are excellent: in addition to the path to academia, the broad field of regional, national and international politics and administration is also open.

Next call:
15 March—15 May, 2023.
Contact person:
Werner Palz (Faculty Advisor)

More information:
→ <https://www.polver.uni-konstanz.de/en/studies/master/mapolver/>

DATES

10–12/
04/2024

In_equality Conference 2024
Bodenseeforum Konstanz and online

Save the date

In_equality Colloquium in Winter Term 2022/2023

08/11/
Nathalie Giger
University of Geneva

15/12/
Jonas Pontusson
University of Geneva

15/11/
Luna Bellani & Marius Busemeyer
University of Konstanz

17/01/
Qi Yu
University of Konstanz

29/11/
Carsten Jensen
Aarhus University

24/01/
Alexander Horn
University of Konstanz

06/12/
Dietmar Fehr
Heidelberg University

Tuesdays, 11:45 AM—1:15 PM
(University of Konstanz, Room Y213 and online)

For the full program and information on how to participate in the In_equality Colloquium, see → <https://ungleichheit.uni.kn/colloquium>

11–12/
11/2022

Public Conference
"Klimawandel in der Wissenschaft"
Bodenseeforum & online

More Information:
→ <https://bit.ly/3eOGvdP>

Marius R. Busemeyer
 “Wohlstand und Wachstum ade?”
 (SWR, 29 September 2022)

Claudia Diehl
 “Politikberatung und politisches
 Engagement” (“Wissen—Handeln”
 Podcast, Junge Akademie,
 28 September 2022)

Florian Kunze
 “Faul auf dem Sofa?—Homeoffice
 kann hochproduktiv sein”
 (SWR, 03 September 2022)

Gerald Schneider
 “Jachten, Flugzeuge, Konten:
 Darum steht sich der Westen bei
 der Oligarchen-Jagd selbst im Weg,”
 by Benjamin Hirsch
 (Tagesspiegel,
 26 July 2022)

Katrin Schmelz
 “Did COVID vaccine mandates
 work? What the data say,” by Liam
 Drew (Nature News, 06 July 2022)

Boris Holzer
 “Wen interessiert die schwarze
 Null?” (FAZ, 08 May 2022)

Nils Weidmann
 “Von der ‚Gelenkten Demokratie’
 zur ‚Angstherrschaft,’” by Andreas
 Beckmann (DLF, 28 April 2022)

Valentina Consiglio
 “Minijob-Reform könnte Zehn-
 tausende Frauen in die Teilzeitfälle
 drängen,” by Alexander Preker
 (Spiegel, 21 April 2022)

News

HEADLINES

*Media coverage of the Cluster & its members
 (Selection, April—September 2022)*

ARRIVALS

— Cluster members

Niklas Hänze
 Independent Doctoral Fellow

Summer Isaacson
 Doctoral Researcher

Hanna Klipkova
Kharkiv Karazin National University
 Visiting Fellow, Scholar-at-Risk,
 Zukunftskolleg & Cluster

Roman Krtsch
 Postdoctoral Researcher

Lina Kurchenko
 Managing Office, Diversity and
 Equal Opportunity

Emanuel Souza de Quadros
 Postdoctoral Researcher

Franziska Spanner
 Replacement Teacher

Patrick Wagner
 Postdoctoral Researcher

Kathryn Younger-Khan
 Managing Office, IT Support and
 Project Management

Sukayna Younger-Khan
 Independent Doctoral Fellow

Andrii Zhorniak
*Tavria State Agrotechnological
 University, Melitopol*
 Visiting Fellow, Scholar-at-Risk,
 Zukunftskolleg & Cluster



— Guests and Fellows 2022 (until October)

Franco Bastias
Philipps University Marburg
 Guest Researcher

Michael Becher
*IE School of Global
 Public Affairs, Madrid*
 External Senior Fellow

Brian Burgoon
University of Amsterdam
 Guest Researcher

Matias Engdal Christensen
Aarhus University
 Guest Researcher

Aske Cryer
Aarhus University
 Guest Researcher

Christina Felfe de Ormeño
University of Würzburg
 External Senior Fellow

Julia Friedrichs
 Journalist-in-Residence

Aina Gallego
University of Barcelona
 External Senior Fellow

Nathalie Giger
Université de Genève
 External Senior Fellow

Carlotta Giustozzi
Goethe University Frankfurt
 Guest Researcher

Chris Koski
Reed College, Portland
 Guest Researcher

Stanislav Markus
University of South Carolina
 External Senior Fellow

Paul Marx
University of Duisburg-Essen
 Guest Researcher

Irene Menéndez-González
IE School of Global Public Affairs, Madrid
 External Senior Fellow

Tiziana Nazio
*Turin University, Collegio
 Carlo Alberto, and Berlin
 Social Science Center WZB*
 Guest Researcher

Merlin Schaeffer
University of Copenhagen
 External Senior Fellow

Frederik Solt
University of Iowa
 External Senior Fellow

Emile van Ommeren
University of Antwerp
 Guest Researcher

Mara Yerkes
Utrecht University
 External Senior Fellow

Anna Zamberlan
University of Trento
 Guest Researcher

For some 300,000 years, homo sapiens lived in small communities, exposed to cyclical waves of scarcity and abundance. Depending on season, weather, climate, or latitude, the natural habitat as the common property of group, clan, and tribe provided a more or less sufficient supply of plants, animals, stones, water, and the like for food, clothing, shelter, transport, tools, and celebrations. Prosperity and life chances varied with external circumstances, but not because of structural inequalities within communities. Today, humanity seems to be worlds away from this modest situation. But is it really? A global analysis of the wealth and poverty of nations throughout history offers a more nuanced view at economic development.

There have been many attempts to describe national economies in the distant past by taking recent gross domestic product (GDP) levels and extrapolating backwards.

One example is Angus Maddison, the pioneer of quantitative historical economics, whose data series on GDP goes back to the year one (Maddison Project Database). A rich body of literature exists on the GDP of the Roman Empire (e.g., in the research group headed by Walter Scheidel and Steven J. Friesen). Within certain limits, these backwards extrapolations provide interesting insights, but they are problematic because ultimately, they are projections of today's economic structures into the past.

A five-year research project at the Institute for the History and Future of Work (IGZA) has produced long empirical data

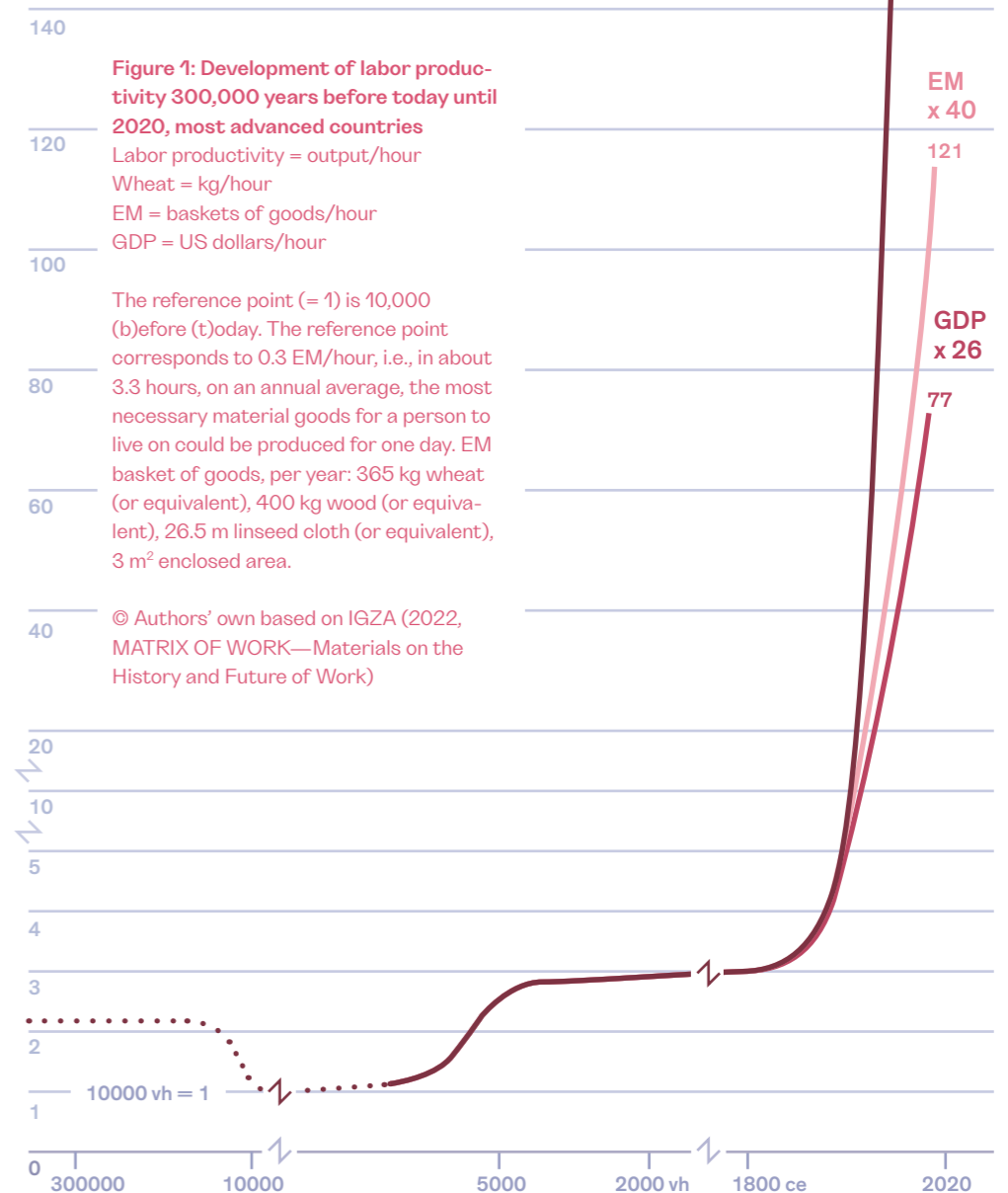
In this guest article, the Institute for the History and Future of Work (IGZA) offers a glimpse far back into the historic development of human productivity—and asks how the fruits of human labor can be more equitably distributed in the future.

WIDE ANGLE

Making Ends Meet. *Redistribution and Scarcity through a Historical Lens*

(H. Neumann, C. Markert, M. Amlinger)

series on productivity, consumption, and income distribution that provide a historical perspective on scarcity and wealth in the history of human civilization. Based on these data, we map a historical trajectory. The basis is the physiological subsistence minimum (EM), calculated based on working hours according to the current state of economic archaeology and taking account of economic, social, and technological history. The EM is defined as the minimum needed to maintain physiological function, primarily food (1 kg wheat equivalent per day), plus a minimum need for clothing, energy, and shelter. →



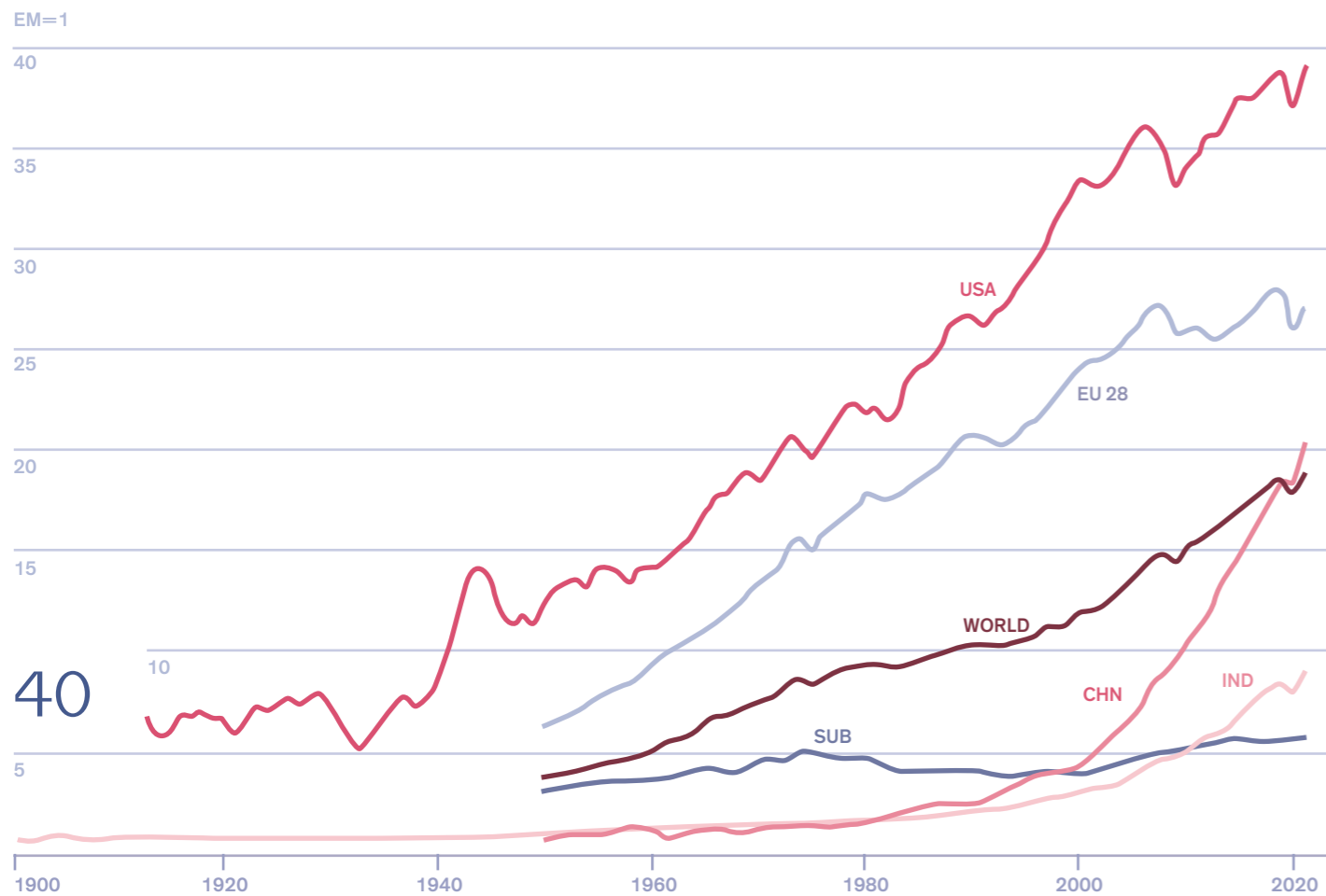


Figure 2: Gross national income per capita, in multiples of the subsistence minimum, 1900–2021

Source: Own calculations based on World Inequality Database; Allen (2017), Gapminder, Income Mountains.

- WORLD
- USA
- EU 28
- China
- India
- Sub-Saharan Africa

After 300,000 years of mostly stagnation, the transition to agriculture about 10,000 years ago initially brought a decline in labor productivity. When people turned to settled farming instead of hunting and gathering, what mattered most was productivity per unit of land, since the new economic system made it possible to feed more people on less land. A first smaller boost in productivity (about factor 3) occurred 5,000 years ago. Plows and draft animals were now used for farming, and the work tools were made of metal. For the first time, forms of large-scale communal work organization emerged, for example through the use of extensive irrigation systems.

The resulting surplus was scarce, and it was distributed unequally. The new hierarchies; noblemen, bureaucrats, military officers, and clergy; appropriated

these surpluses by means of tribute, sorage, and slavery. These five percent of the population had enough for a pleasant, enjoyable, and even luxurious lifestyle. Food, clothing, housing, transportation, entertainment, health, and education meant considerable early prosperity, which for the elite was between 50 and 100 times the subsistence level.

During this hierarchical agrarian period, which lasted nearly 5,000 years, labor productivity increased very slowly, with annual growth rates of less than 0.1 percent. Thus, no improvement in living conditions could be experienced by individual generations. In contrast, the industrial and digital revolutions and the capitalist market economy triggered an enormous increase in productivity from 1800 onward, by a factor of about 30. With annual growth rates between 1.4 and



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1.8 percent, productivity doubled every 40 to 50 years. For the first time, growing prosperity became tangible for parts of the working population. The economic potential for ending scarcity emerged—initially still based on fossil energy.

After 1800, the working time needed to produce the means of life (in a broad sense) fell sharply. In addition to a much greater potential for redistribution in favor of the upper classes, there was now also room for improving the living conditions of workers. After the initial, wretched phase of industrialization, they formed trade unions and workers' parties, successfully fighting for a boost in prosperity, which was accompanied by the development of social insurance. "Prosperity for all" seemed within reach through mass production and mass consumption, initially around 1870 in the United States and somewhat later in Europe.

Today, the wealth of workers in the OECD countries is 20 to 50 times the subsistence minimum. Opportunities for education and advancement have improved enormously. One quarter of the world's population lives at historically unprecedented levels of nutrition,

clothing, health care, education, and leisure opportunities. The core problem is no longer scarcity, but inequality. The poorest 10 percent of Americans are better off than 90 percent of the inhabitants of the Roman Empire, but the gap with the top 50 percent of the population, most of whom have a university degree, is wide, and even enormous compared to the top 10 or the top 1 percent. The difference is greater than that between peasants and senators in ancient Rome.

Inequality is glaring on a global scale as well. In the Global South, the extreme poverty levels of the agricultural era have still not been overcome. Globally, most countries have yet to make the leap in productivity and living standards; existing welfare gains are being siphoned off and fail to reach the people who do the work. 80 percent of the world's population live

on less than 20 US dollars per day, and one-third on less than 5 US dollars. Housing, education, and healthcare are substandard. Colonial legacies, neo-colonial trade structures, and corrupt governments, as well as indifference and selfishness in rich OECD countries, continue to perpetuate these wealth disparities as the 21st century unfolds.

Nearly a century ago, John Maynard Keynes was optimistic. In his essay *Economic Possibilities for our Grandchildren*, he wrote: "I draw the conclusion that, assuming no important wars and no important increase in population, the economic problem may be solved, or be at least within sight of solution, within a hundred years. This means that the economic problem is not; if we look into the future; the permanent problem of the human race." In this prediction, Keynes was right; and also not right.

Wars and population growth have postponed the end of scarcity. Regarding population growth, chances are good it will peak before the end of this century according to current UN figures. But as far as wars are concerned, there is still a long way to go.

What Keynes did not have in mind at the time is a third problem that keeps us from reaching the end of scarcity. The explosion of productivity in the last 200 years has been associated with an extensive externalization of the ecological costs of resource consumption and emissions. Alongside the epochal challenge of prosperity for all, this is the second epochal challenge facing humanity: building a sustainable way of producing and living. Prosperity for all; including future generations; is only possible in combination with sweeping ecological transformation. /



Anna Apostolidou is a doctoral researcher at the Cluster project "Integration at Work."



Benjamin Korman is a postdoctoral researcher at the Cluster project "Integration at Work."



Florian Kunze is Professor of Organisational Studies at the University of Konstanz and PI at the Cluster project "Integration at Work."

VISUAL SOCIAL SCIENCE

Integration@Work.

42 *The Migrant Work Experience*

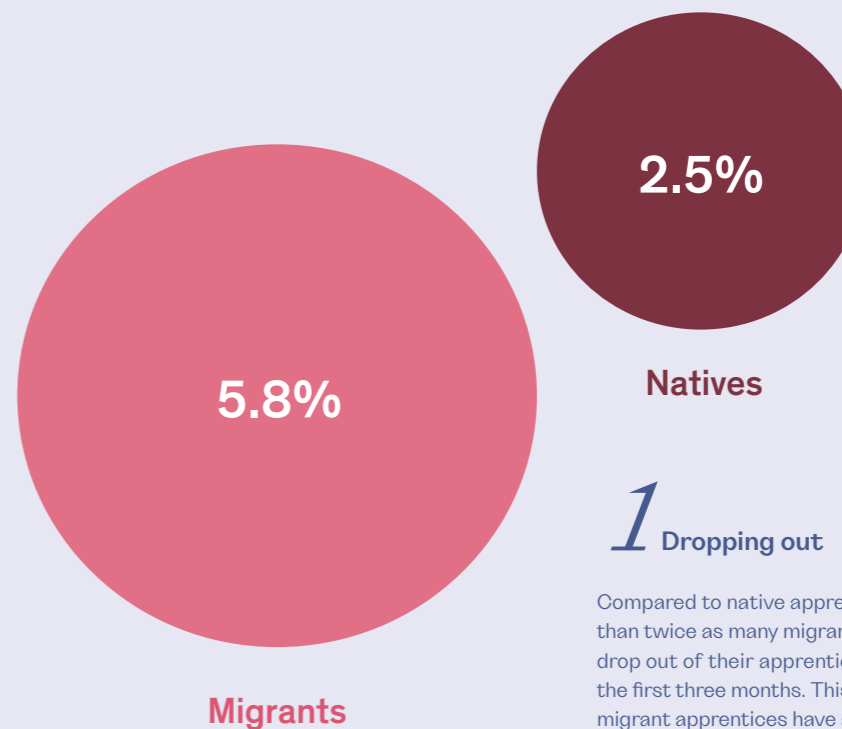
(A. Apostolidou, B. Korman, F. Kunze)

The successful integration of migrants in the workplace is vital for the success and well-being of both migrants and the organizations for whom they work. *What factors play a role in this integration process?* And what hurdles do migrant workers face, especially when entering a new and foreign workplace?

Lessons to be learned

In general, migrant apprentices require greater support efforts from coworkers, supervisors, and the employing organization in order to be successful. Less positive self-perceptions may hinder migrant apprentices' success. Therefore, emotional support and development opportunities for these individuals is of crucial importance.

Fair treatment of apprentices by employing organizations is essential from day one. A lack of consideration can set a poor precedent with long-lasting consequences. /

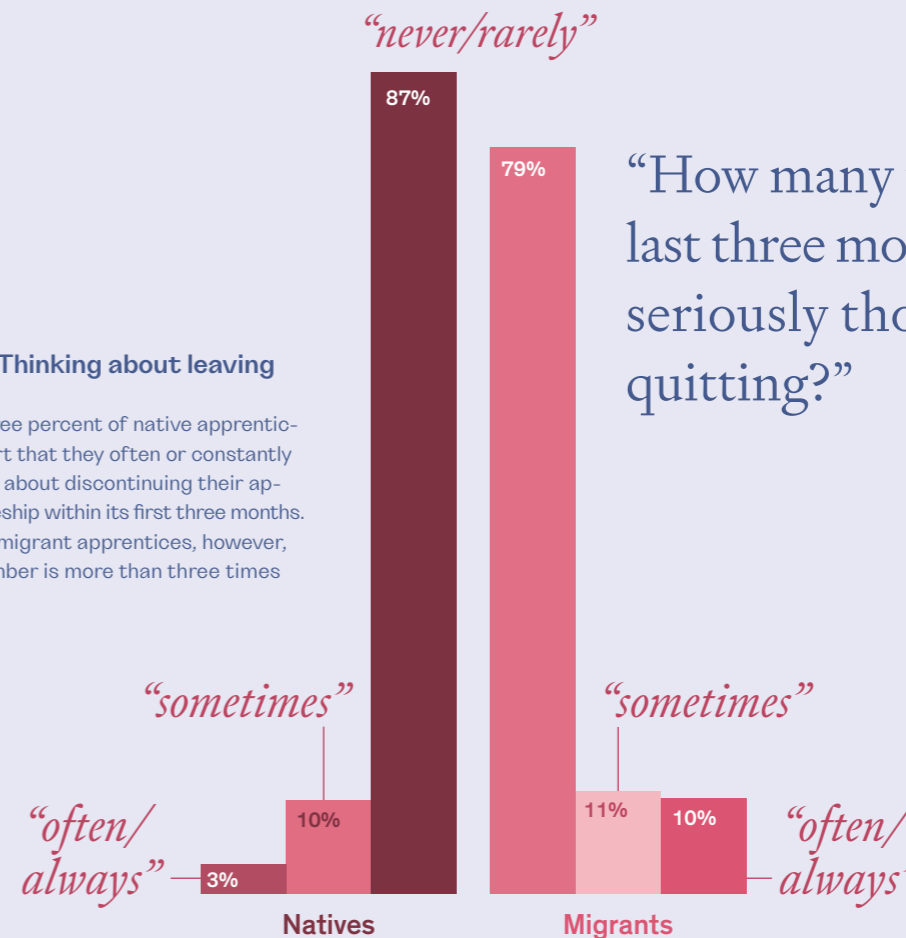


1 Dropping out

Compared to native apprentices, more than twice as many migrant apprentices drop out of their apprenticeship within the first three months. This suggests that migrant apprentices have a uniquely challenging early apprenticeship experience.

2 Thinking about leaving

Only three percent of native apprentices report that they often or constantly thought about discontinuing their apprenticeship within its first three months. Among migrant apprentices, however, this number is more than three times as high.



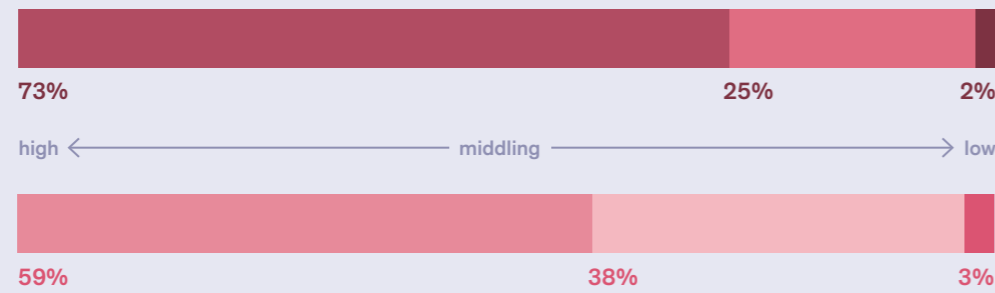
“How many times in the last three months have you seriously thought about quitting?”

**Research project
Integration@Work**

Sample of apprentices in Germany 2021/2022; multi-year, ongoing study.

n = 482,
44% Women,
25% Migrants,
50 Countries,
115 Firms

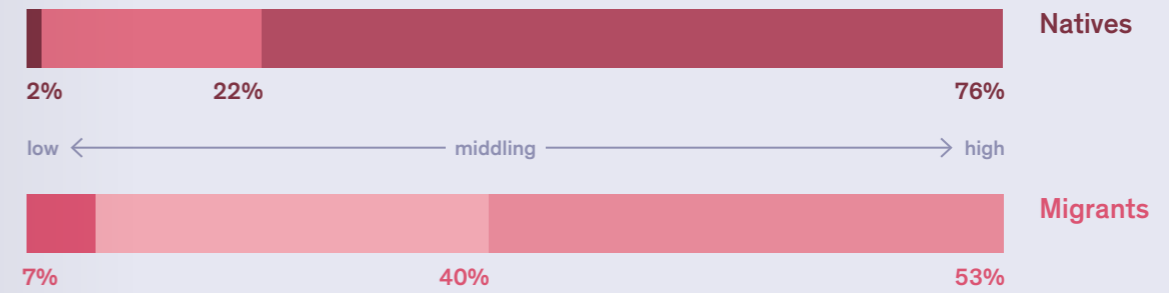
Perception of own work competence



4 Feeling competent

Migrants' perceptions of themselves and their work abilities are an important factor in the integration process. 73 percent of native apprentices report feeling competent when doing work tasks, whereas only 59 percent of migrant apprentices report the same.

Social support through colleagues



5 Getting help

Stereotypes and discrimination may be among the factors responsible for the higher dropout rate and dropout intentions of migrant apprentices. The Integration@Work data lend support to this idea. Migrant apprentices report receiving less social support than their native counterparts.

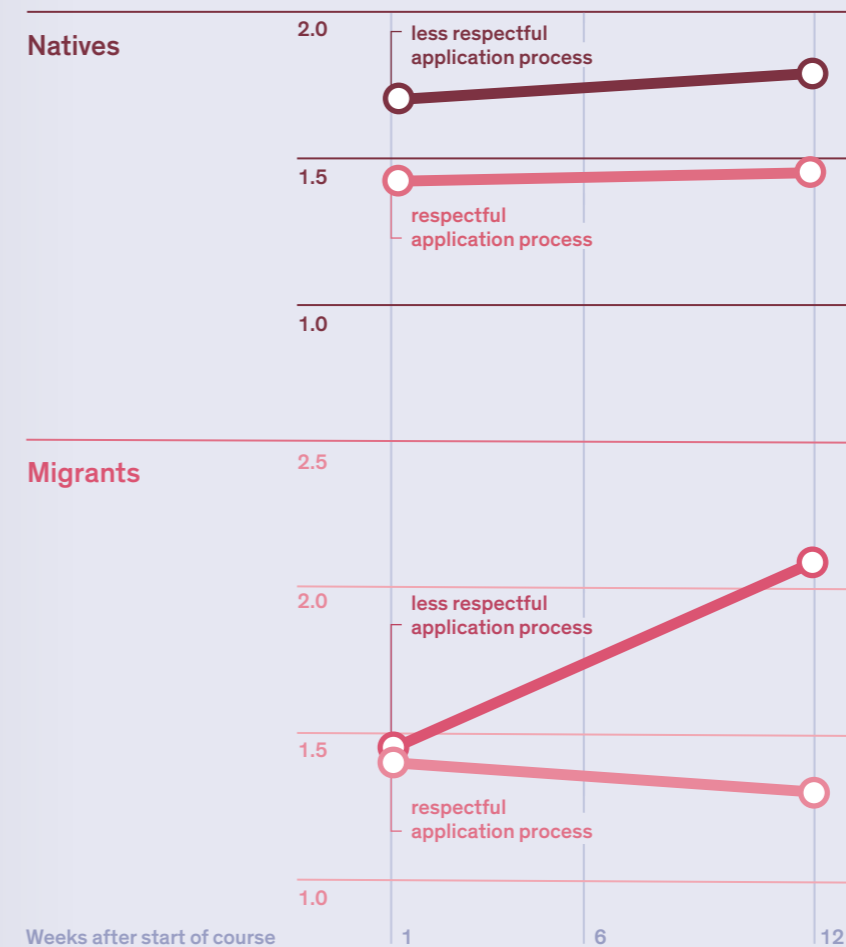
“The colleagues acted unfriendly towards me.”

“On how many days during the last three months did you go to work despite feeling unwell or ill?”

3 Working despite illness

In understaffed organizations, migrant apprentices more frequently report coming to work when ill compared to their native counterparts. They show a high work ethic, which is favorable in the short term from the employer's perspective, but might risk the apprentices' health in the mid and long term.

Attendance at work despite illness



Work experience of migrants

Agreement with the above statement, Development over time after the start of training. Scale from 1 “disagree” to 5 “agree.”

6 Feeling respected

Initial interactions with their employers shape apprentices' work experiences. Migrant apprentices who perceived their initial hiring process as lacking respect also report increasing problems with their coworkers over time. In contrast, apprentices (of both groups!) who had a fair interview process feel they still remain on good terms with coworkers.

INSIGHTS FROM OUR RESEARCH

From Her Perspective. *The Work Context Shapes Women's Views on Pay*

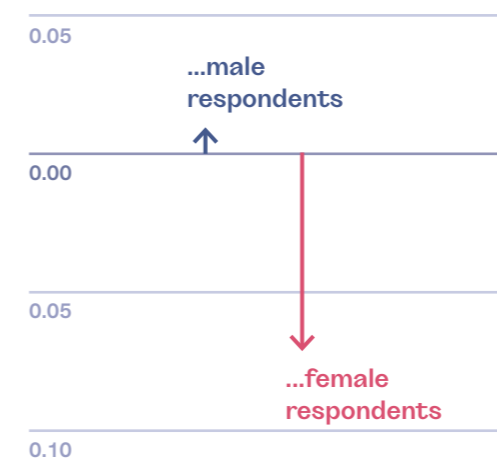
(S. Strauß, O. Brüggemann, J. Lang)

Despite women's increasing success in the educational system, they continue to earn less than men, a phenomenon that has been described as gender pay gap. What is striking, however, is a branch of literature that shows that this gap is perceived *as fair or justified, not only by men but also by women*. This could explain (at least partly) why women engage less in wage negotiations.



In recent years, however, the empirical evidence in this respect is more mixed: A country-comparative study actually finds that in many countries, women report more intensive levels of perceived unfairness. Moreover, there are hints that the phenomenon varies by institutional context. Earlier studies have looked at variation across occupations, regions and social groups (students vs. general population, people with or without children). While these studies suggest that the perception of fairness of the existing pay gap varies, it remains less clear what relevant factors in the specific surroundings shape the effect. In our view, the most important frame of reference that should be addressed is the employees' direct working environment, that is the working group and—as a wider context—the firm.

Figure 1: Fairness evaluation of female vignette persons' income by...



More specifically, we want to assess the influence of three institutional factors: (1) the share of female managers at the firm level as well as the gender of the direct supervisor, (2) whether employees have an open exchange on wages, measured as the individual responses, and (3) whether the firm takes part in a collective bargaining agreement. Why do we look at these contextual characteristics? First, we assume that female supervisors create a more favorable climate for female employees, which makes wage inequalities less acceptable, especially for female employees. Second, we assume that wage transparency decreases acceptance for these inequalities. And third, we expect that more standardized wage setting processes, which often lead to collective bargaining agreements, make unequal pay between genders less acceptable overall. Our own empirical analyses are based on a Germany-wide online survey of the working population.

We drew a random sample of firms that differed in various firm-level characteristics (gender pay gap, share of women in management positions, existing wage inequalities as measured by the firm's Gini coefficient). The respondents were confronted with so-called vignettes: the questionnaire first presented respondents with fictitious persons which were varied randomly in various characteristics, such as the person's age, working hours, qualification, tenure, job performance or gender. Respondents were then asked to rate the wages of five different fictitious employees on a scale from -4 (unfairly too low) to +4 (unfairly too high). →

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The survey was conducted in cooperation with the Institute for Employment Research (IAB) and funded by the German Research Foundation as part of the Cluster of Excellence "The Politics of Inequality."

Fairness evaluation of vignette income

Figure 2: Influence of different contextual factors on fairness perceptions by male (top, blue) and female (bottom, red) respondents.

Negative values
The factor leads respondents to perceive the vignette person's income as more unfair.

Positive values
The factor leads to perception as fairer.



How, then, do men's and women's fairness perceptions of wages differ by the vignette person's gender? And, moreover, how do the three context factors described above (female managers, exchange on wages, collective bargaining agreements) influence fairness evaluations of men's and women's wages?

What we see is that men evaluate the fairness of wages independently of vignette gender. Women, on the other hand, evaluate wages of female vignette persons more often as unfairly too low. While this contradicts earlier findings that men and women alike consider lower wages for women as fair or justified, it coincides with more recent findings that, in many countries, women report more intensive levels of perceived unfairness. Additional analyses show that mainly younger women (below the age of approximately 50) consider other women's wages as unfairly low. For men, no differences across age groups are found. Whether women become more accepting of (or resigned to) unfair wages as they age, or whether younger cohorts of working women will continue to resist being treated unfairly this way, must remain an open question for now. /



Susanne Strauß is Professor of Sociology with a Focus on Gender Studies and PI of the Cluster project "Perceptions of Gender and Seniority Wage Inequality."



Julia Lang is a postdoctoral researcher in the "Promotion of Work and Employment" research area at the Institute for Employment Research (IAB).



Ole Brüggemann is a doctoral researcher at the Cluster project "Perceptions of Gender and Seniority Wage Inequality."

Most top management teams worldwide are still a male domain. Female underrepresentation has remained relatively stable in recent years despite efforts from policymakers and activists. The disappointing status quo: *There are fewer women among CEOs of Fortune 500 companies than men named John*—as the New York Times reported in 2018.

INSIGHTS FROM OUR RESEARCH

50 For the Sake of a Signal. *Why Female Executives Are More Often Appointed in Crisis Firms*

(M. Reinwald, F. Kunze, J. Zaia)

When women are appointed to top leadership positions during a time of crisis, there are often notions that this is a poisoned gift: women who take those positions may then be blamed for leadership failure and be dismissed. This phenomenon, coined “glass cliff,” seems to be supported by high-profile cases. Marissa Mayer became Yahoo’s first female CEO when the web pioneer was already clearly outcompeted by Google, Anne Mulcahy became CEO of Xerox when the workplace technology company faced bankruptcy and was confronted with an expanding SEC investigation, and Christina Riley was appointed as Deutsche Bank’s sole female executive only when the bank was stumbling from crisis to crisis and had already been in the red for five consecutive years.

Yet, beyond anecdotal high-profile cases, we know relatively little about the pervasiveness of the phenomenon and the size of its impact. The glass cliff notion, introduced by social psychologists Michelle Ryan and Alexander Haslam in 2005, has attracted substantial attention among researchers; but still, after 17 years of research, the evidence is thoroughly mixed, and some researchers have questioned the glass cliff’s existence altogether.

To find out, we devised a large-scale study reconsidering why and when glass cliffs may occur and used cutting-edge statistical

analyses to obtain robust insights. Past work suggests that glass cliffs emerge because women are thought to have more emotional sensitivity and a relational leadership style—two leader attributes valued in times of crisis. In other words, women are more associated with caring qualities, so if a company is fatally “ill,” they may be appointed to “cure” it. But this rationale would also mean that investors think that one woman can single-handedly steer a company out of the crisis, not a very plausible assumption.

Another explanation is that investors are looking for signs of willingness to change before deciding whether they should maintain their financial engagement in a company in crisis. Accordingly, the company may use appointing a female leader as a powerful signal that it is willing to break up existing hierarchies and adapt to evolving social norms.

To test this idea, we compiled a unique dataset of 26,156 executive appointments of public companies in the United States between 2000 and 2016 and made use of a natural experiment. As a crisis measure we used the so-called Altman Z-score, an indicator widely used by financial investors which marks companies below a certain threshold as companies in crisis and potentially at risk of default. We took advantage of the fact that companies just below and just above the threshold do not differ in key features such as company size or company culture, but contrast only in the salient “crisis” label, providing us with a quasi-experimental setting.

The result: The probability that a woman will be appointed to a top position is around 50 percent higher in companies in crisis than in companies that are not currently in crisis.

Our findings support not only the existence of the glass cliff, but also our explanation of it as a signaling effort. In a fine-grained analysis of press releases on the executive appointment, we find that firms in crisis use more change-related words like “change,” “transform,” or “innovate” when appointing a female executive. In contrast, for male executive appointments, we did not observe any increase in change-related wording in response to a crisis.

As firms take a strong interest in signaling change when in crisis, it is also not too surprising that they are likeliest to do this when they expect to benefit most from the signal. We find that firms without any women in the top management team, where the signal is particularly novel and is a fundamental deviation from the status quo of male leadership, are especially likely to create glass cliffs. The same is true for firms that are under investor scrutiny and experience above-average Google search queries. →



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Publishers

Prof. Dr. Marius R. Busemeyer (Speaker)
Prof. Dr. Claudia Diehl (Co-Speaker)
Prof. Dr. Gabriele Spilker (Co-Speaker)

Managing Director

Jessica Haase

**University of Konstanz
Cluster of Excellence
“The Politics of Inequality“**

Universitätsstraße 10
D-78464 Konstanz
T +49 7531 88-5772
cluster.inequality@uni-konstanz.de

Editors

Dr. Paul Stoop
Dr. Paul Töbelmann

Proofreading

Susanne Darabas

Translation

Carsten Bösel

Design

yella park, Aachen

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The Cluster of Excellence “The Politics of Inequality. Perceptions, Participation and Policies”

is an interdisciplinary Cluster of Excellence at the University of Konstanz within the framework of the Excellence Strategy of the federal and state governments. The gap separating the poor from the rich, the worldwide rise of populism, the division of burdens in the fight against climate change, unfairly distributed access to education—many current debates are as much about inequality as they are about other issues. These topics pose highly complex questions, yet scientifically grounded answers are still few and far between. This is where we come in to investigate “The Politics of Inequality”: the political causes and consequences of inequality.

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- p. 58 “View ahead”: Ines Janas; “Blick zurück”: Ines Janas (top left/right), Inka Reiter (bottom)

What can we do to address glass cliffs? Here are a few science-backed suggestions.

Be aware of glass cliffs

Companies can actively address glass cliffs by making hiring and staffing processes more transparent and formalized. From decades of research, we know that opaque and nonstandardized recruitment and selection processes are fruitful grounds for discrimination, especially against minority groups and women. Because most staffing decisions for top executive positions happen behind closed doors and after extensive bargaining, signaling decisions may undermine fair staffing practices. Diversity officers and members of executive staffing committees should be aware of glass cliff tendencies and intervene when purely signaling arguments are raised.

Keep asking questions

Women should keep asking questions when being offered a position. Female leaders may have fewer options to reach the top, and thus they may hesitate to say no to an executive position. Female candidates who are unsure whether they are being offered a glass cliff position and whether they should take it should keep asking questions. In doing so they may find out whether they are getting the job because the company truly believes in them and they can expect to work with colleagues who are truly supportive, or whether the company is just looking for a fresh face. /



Max Reinwald is Assistant Professor at the Institute for Leadership and Organisation of the Ludwig Maximilians University Munich.

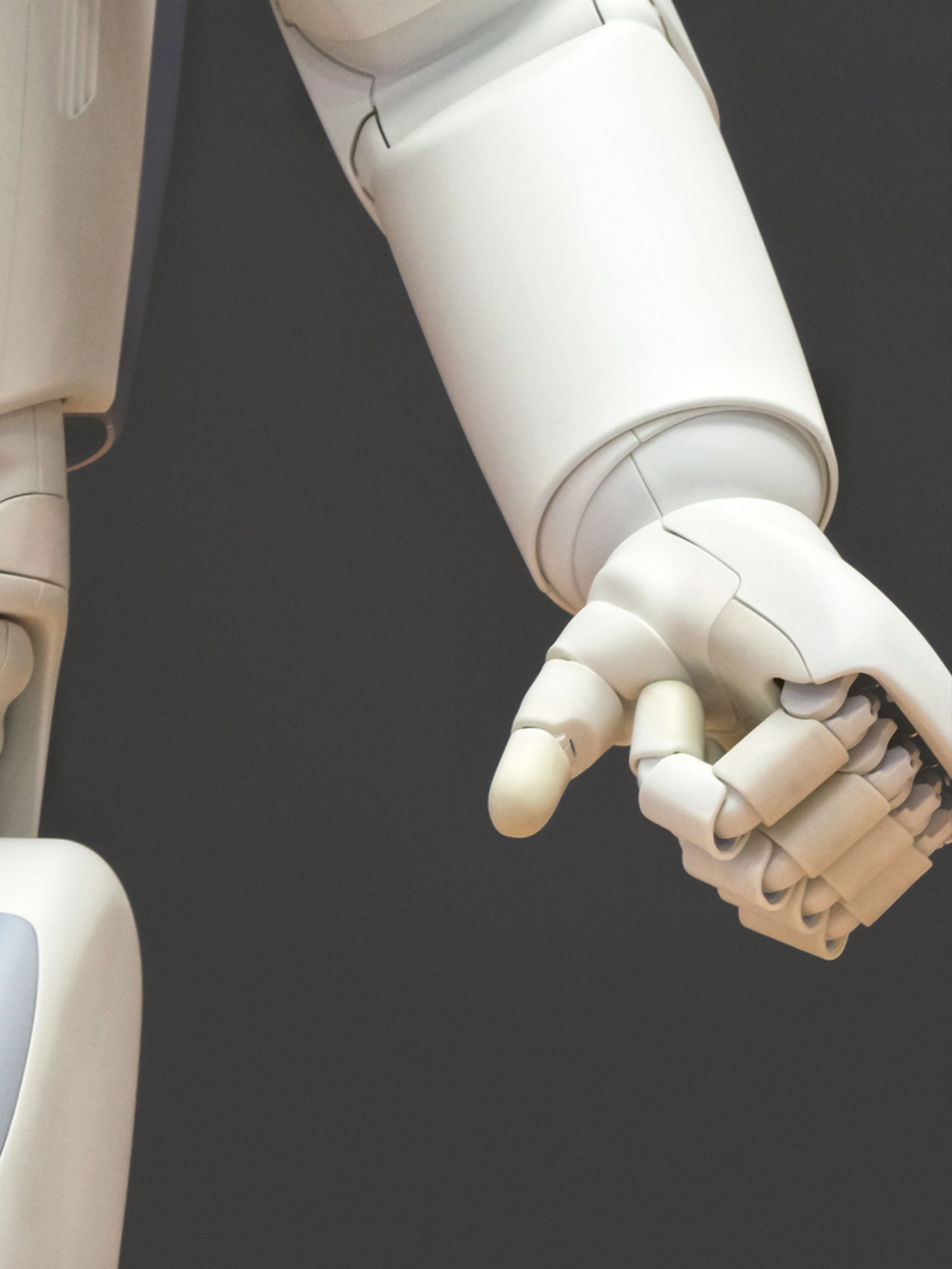
Florian Kunze is Professor of Organisational Studies at the University of Konstanz and PI at the Cluster project “Integration at Work.”



Johannes Zaia is Credit Risk Model Developer at Credit Suisse.

Develop an inclusive company climate

Research on pro-diversity and inclusive company climates suggests that women can unleash their true potential only when the company is organized inclusively. Companies building inclusive climates make sure to avoid implicit discrimination, such as hiring women in precarious situations just to signal change to outside investors. Instead, they try to create organizational environments where minority groups are valued and supported, and to get people into positions where they can succeed. /



Technological change puts jobs at risk—that’s a widely shared assumption. According to this view, the previously well-off middle class will be hit especially hard by digitalization and automation, raising fears of an impending labor market crisis. From there, it is easy to arrive at a pessimistic outlook on social security systems: A slump in employment would have a massive impact on welfare state funding. But is the original assumption really true?

To be sure, the combination of technological progress, labor market change, and social security does pose challenges. But reliable evidence from research is still lacking. Based on current trends, however, we may at least formulate a few plausible expectations and offer some more wide-reaching considerations.

Let’s start with the social security system: even if the pessimistic view with its emphasis on funding problems resulting from dramatic job losses falls short, digitalization is indeed likely to cause major upheavals in labor markets. What matters in this context is not just the number of jobs lost or created but also the quality of the “new” work.

Doubtlessly, many people will face fears of downward mobility and will depend on the welfare state for income support. Likewise, technological change might massively promote the spread of employment outside the social security system, for example through (pseudo-) self-employment or precarious employment in the digital →

THINKING OUT LOUD

Changing Power Relations. *Consequences of Automation and Digitalization for Labor Market and Social Policy*

(P. Marx, M. R. Busemeyer)

“Ultimately, digitalization calls for a broad debate about the value of social services and the human factor.”



Paul Marx is Professor of Political Science and Socio-Economics at the Institute for Socio-Economics of Duisburg-Essen University.



Marius R. Busemeyer is Professor of Political Science at the University of Konstanz and Speaker of the Cluster of Excellence “The Politics of Inequality.”

economy. These changes pose major challenges for the long-term financial sustainability of social security systems, as these are strongly based on the model of standard employment, especially in Germany.

Aside from these effects on social security systems, the question of how digitalization will transform social services will also become important in everyday life. Digital technologies are already having a significant impact on education, healthcare, nursing, and the administration of social services. These possibilities (or: temptations) are bound to proliferate as technology advances.

Many of these developments have both positive and negative secondary effects, and answering the question whether digitalization overall will help escalate or reduce welfare state costs is anything but easy. Much will depend on the extent to which societies are prepared to leave activities that are strongly associated with a “human touch” to robots and algorithms. Should the assessment of children’s learning progress be

taken away from humans in favor of data-driven benchmarking? Should caregiving and interactions with the sick and elderly be performed through animated faces on screens? Should algorithms control access to social and labor market policies? There is more at stake here than budgetary concerns. Ultimately, digitalization calls for a broad debate about the value of social services and the human factor.

Experiences in the coronavirus pandemic may have tempted many societies to engage in a certain technological optimism: during the pandemic, who wouldn’t have wished for schools to provide well-equipped students with motivating, high-quality online instruction? Or for healthcare providers and administrators to be well connected, seamlessly sharing electronic medical records?

But who provides such digital infrastructures? And what does this mean for the distribution of power within a society? Influential tech companies are beginning to show strong interest in gaining a foothold here, particularly in the healthcare and education sectors. In the education sector, for example, large providers are making low-cost or even free hardware and software available to support learning processes. In the healthcare and nursing sector, where the aging society is expected to lead to major cost hikes, new technological possibilities offer the opportunity to save money and relieve workers of heavy physical tasks. However, if governments now start using services at seemingly low cost, this could shift the balance of power between public social policy and private businesses. As a result, new dependencies might emerge. The lure of low-cost infrastructure should therefore not blind policymakers to the goals of private stakeholders, which might be problematic from a societal perspective. By their very nature, companies care more about private profit than social welfare when it comes to the much-discussed handling of data and privacy or other fields.

Speaking of power, how does digitalization affect political participation? It does so in two ways: first, through changing the way policymakers and citizens communicate with each other, and secondly—and this is our focus here—through the shift in power relations in the economy and the labor market. Digitalization threatens the socio-economic status of many people who, given their income and low labor market risks, have previously had no interest in redistributive politics. As digitalization continues to unfold, social structures and political cleavages may be realigned. As we have seen with the effects of globalization, status losses experienced or feared need not lead to a resurgence of left-wing political forces (social democracy and trade unions). They may also serve

as a starting point for (right-wing) populist mobilization (see also Kattalina Berriochoa’s and Thomas Kurer’s articles in this issue).

This last observation is related to a subtle but possibly crucial aspect regarding support for the welfare state. Usually, people receive solidarity primarily when they are in need through no fault of their own. The current wave of digitalization—unlike previous historical transformations in the labor market—is also accompanied by an ideological shift that rewards creativity with special social prestige. It is therefore all too easy to form the impression that digitalization is a process that can be mastered if you have the right individual qualities, such as a fair amount of flexibility and creativity. In this perspective, being among the losers does not appear to be sheer misfortune—it becomes an expression of personal deficiency. Gains and losses through structural change are thus culturally charged and hence legitimized. Considering the current experiences, we believe this poses a major risk: to both social cohesion and the welfare state. /



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VIEW AHEAD

