

Inequality Beyond Globalization: Economic Changes and the Dynamics of Inequality

Report on the iNEquality08 ISA-RC02 conference, Neuchâtel, Switzerland, June 26-28, 2008

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“Inequality beyond globalization” – the RC02 midterm conference in Neuchâtel, Switzerland (June 26-28, 2008), successfully evaluated the status and prospects of research in the development of social inequalities after the decade of globalization discourse. 7 plenary and 18 workshop sessions connected 130 researchers from more than 30 countries. Due to generous support, especially by travel grants for participants from Africa, Asia, Latin-America and Eastern Europe, provided by the Swiss-based World Society Foundation, the Swiss Sociological Association, the Swiss National Science Foundation and the Swiss Academy of Humanities and Social Sciences, one fourth of the papers originated from societies beyond the Western core (the conference papers are posted on the conference website, see at <http://www2.unine.ch/inequality08>).

The conference opened with plenary lectures by Branko Milanovic (World Bank) and Arthur S. Alderson (Indiana) who presented reminders on the state of the art in global income inequality measurement. Milanovic presented results from the ongoing project on individual income inequality in the world ('inequality among world citizens', as Francois Bourgoignon once took it): we will all remember his description how Brazil almost completely covers the world income distribution, including both (almost) the richest and the poorest world citizens, or his borrowing from literary texts, to describe income distribution in 19th century. These insights were paralleled by those of Anthony Shorrocks (UNU, Helsinki) who, later, opened the second day with a precise description of the changing patterns of global wealth ownership, and corresponded to Milanovic in the stressing of the importance of new incomes and fortunes in emerging societies as China and Russia. An unexpected twist of Shorrocks lay in the hint that, after correcting for GDP growth and exchange rates, the highest rise in fortunes was in the five large conservative welfare states (Germany, Italy, France, Spain, and the Netherlands) and Australia, while Japan and even Taiwan fell behind in that regard.

Alderson presented the state of his research on the income developments in different income strata which recently spread from earlier work on core societies to the analysis of semi-peripheral countries, showing that even income inequality is definitely more than just Gini-coefficients.

A session on new concepts of inequality showed the high level, but equally high complexity and diversity of recent inequality understanding. Sylvia Walby (Lancaster/GB) traced the influence of globalization on the complexity of recent inequalities, while Manuela Boatca (Eichstätt/D) challenged the notion of 'new' inequalities by uncovering traces of old vertical structures in the globalized reality, and Bettina Mählert (Bielefeld/D) discussed the insights which the neo-institutionalist theory of world polity adds to the study of global inequality. Gertraude Mikl-Horke (Vienna) added her understanding of a new dichotomy between actors and subjects in economic change.

In the session on persistence and changes in inequalities, two European and two Latin American papers added to knowledge and understanding the session's topic in rather different ways: Luis Bértola (Uruguay) presented results on the income distribution in Latin America

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from 1870 to 1930 showing the increase in social inequality both within and between nations during the first globalization boom. The other paper from Latin America, presented by Laura Ariovich and Pablo Gutierrez condensed the existing (but to a large extent hidden) literature on individual trajectories following lay-offs during two distinct periods in Argentina, showing how the situation of fired workers became both more insecure and more dependent on individual strategies from the 1980s to the 1990s. This result in a way parallels the one of Johannes Giesecke and Roland Verwiebe (Germany) who found that in individual Mincer-type income regressions from the mid-1980s onwards, over time income depends more on where one works (the EGP class position) than what qualification she has (by education scale), both for Germany and Great Britain. Contrasting to these evidence of dynamics, Pascale Gazareth and Christian Suter (Neuchâtel, Switzerland) was able to show the importance of cultural deprivation, i.e. the existence or non-existence of culturally accepted living standards as dish washers, as a measure of social inequality, while noting a remarkable stability over the five years under study.

The third and fourth plenary lectures combined two known experts of the inequalities in the respective world regions of their study: Evelyne Huber (North Carolina) on Latin America and Nina Bandelj (Irvine) on the East European transformation countries. Based on nearly 200 unbalanced WIID observations of inequality from 21 countries, Huber showed that forces to increase Latin American were FDI inflows, the growth of informal employment, and liberalizations of markets and trade, with clear time trends, but not in all cases significant effects. At the same time, education and social spending in democratic societies, as well as decreasing sector dualism, had clear effects but only a modest time change. For transition countries, Bandelj showed that the transition from socialism to capitalism does not inevitably lead to major upsurges in inequality, since postsocialist states that made political choices to preserve a larger state sector, limit FDI penetration and keep individualist orientations in check with institutional provisions for social protection, experienced less income inequality after the collapse of communism than did their counterparts.

The late morning session on the second day attempted to answer the question, why exactly income inequality had risen. Three answers were presented. Hanno Scholtz (Zurich, Switzerland), studying skewness trends of income distributions, compared the expected evolutions of skewness resulting from globalization-driven income inequality with that of a second model based on the assumption of some diffusion process occurring. He could show that the LIS data strongly support the diffusion model, which gives some hope with regard to the further prospect. Daniela Rohrbach (Cologne, Germany) studied the effects of sector bias and sector dualism and could show that the often-theorized effect of knowledge society on inequality indeed exists. Christopher Kollmeyer (Aberdeen) substantiated the consequences of global trade, especially with regard to deindustrialization.

The workshop on inequalities in education opened with Raphaela Schlicht and Isabelle Stadelmann-Steffen (Konstanz, Germany), showing in a multi-level analysis of current EU member countries that national contexts have a strong effect on education inequalities. This general insight was further specified by national studies of presented by Andreas Hadjar (Berne) on West Germany, George Waardenburg (Fribourg, Switzerland) on Switzerland and Maocan Guo (Harvard) on China. The discussion, involving amongst others the president of Swiss Sociological Association, Christoph Maeder, brought a lot of institutional detail into the comparative study of educational inequality.

Discussing globalization impacts, Jeffrey Kentor (Utah), based on a panel of less developed countries for 1990-2005, studied the relation between globalization, income inequality, and internal violence. Karen Rasler and William R Thompson (Indiana) found that globalization

in both waves before WWI and up to now was a driver of global divergence, while only the between-wars-contraction fostered global convergence.

Workshop 3B, under the general rubric of „institutions”, addressed a broad range of state policies and their impacts on social inequality. It brought together presenters from an equally broad range of world regions. Having lived in and conducted research on such diverse regions as Northern and Sub-Saharan Africa, India, Western and Central Europe, and the United States, the paper givers drew inspiring comparisons between the case studies discussed in the presentations and the realities in other world regions. Beginning with Gert Verschraegen and Rika Verpoorten’s study of formal and informal social protection, the workshop first focused on Sub-Saharan Africa. Drawing on an insightful discussion of the relative merits of formal (state based) and informal (family and community based) forms of insurance and social protection arrangements, the authors, both affiliated with the University of Leuven, Belgium, argued for a balanced mix of both, formal and informal types of social protection mechanisms. They made it clear, however, that such a balanced mix is difficult to achieve, as formal development plans and social protection programs tend to interfere with, and not necessarily supplement, informal social protection arrangements. With the second presentation, the focus then shifted to two cities in Egypt and India. In a comparative case study of these two cities, Dalia Wahdan from the University of Pune, India, analyzed the spatial dimensions of social inequality and the role of mass transport systems in reproducing these inequalities. Her presentation demonstrated how, in a process of recurrent structuration, existing inequalities both shape and are shaped by the highly selective provision of public transportation and laws regulating private mass transport. Finally, Joshua Dubrow from the Polish Academy of Sciences in Warsaw, Poland, investigated the relationship between economic inequality and measures of political participation and empowerment. In his quantitative cross-national comparison, the author showed that levels of political participation of the socio-economically disadvantaged classes are only moderately correlated with levels of formal democracy as measured by the Freedom House index. What is more, levels of political participation turned out to have a negative effect on economic inequality that works independently of the effect of formal democracy. In sum, the contributions in this inspiring workshop took seriously the suggestion made by Evelyne Huber in the fourth plenary lecture that while studying intra-national, international, and global inequality, one must not forget to have a close look at the still significant role of states. The presentations demonstrated that providing formal democracy is not enough to reduce intra-national economic income inequality; formal democracy needs to be complemented by measures that pro-actively foster the political participation of the disadvantaged. Even in democracies such as India and Egypt, public infrastructure tends to cater to the interests of the socially advantaged, thereby reproducing existing inequalities. In Sub-Saharan Africa, state-based social welfare programs, while distorting community-based forms of social protection, are ill suited to address the needs of the unemployed and those working in the informal economy.

In the session on changes on the labour market, Sebastien Chauvin (Paris, France), based on the results of an ethnographic study led in Chicago day labour agencies, emphasised the inequality of resources available to three specific categories of temporary workers which he labelled ‘casual’, ‘regular’ and ‘perma’ temps, when it comes to face the growing uncertainty on the labour market. Also based on a qualitative study, Felix Bühlmann (Lausanne, Switzerland) identified four types of achievement careers in the new capitalism, which he named the ‘threatened’, the ‘broken’, the ‘surfers’, and the ‘icaruses’. These two qualitative papers certainly contributed to opening interesting avenues for reflection in the “typological” literature. The other two papers mobilised quantitative methodologies. Johannes Giesecke and Michael Gebel (Berlin, Germany) focused on the institutional settings of the labour market (esp. employment protection legislation, regulation for temporary contracts, and collective

bargaining coverage) and their impact on the proportion of temporary work among low-skilled workers. Interestingly, and in contrast to insider-outsider analyses, they evidenced that a stricter regulation on temporary contracts resulted in a decreasing risk for low-educated workers to get temporary contracts (rather than stable ones). Finally, John Western and Jenny Chesters (Brisbane, Australia) focused on the impact of globalisation and neoliberal policies on wealth and income inequality in Australia. They showed the discrepancy between facts (modest increase in inequality) and their perceptions by the Australian people.

Three papers addressed questions referring to the topic of “Informal economy, child labour and social problems”. The contrast between the global images of inequality on a world wide scale presented in plenary sessions and the impressions derived from that workshop session could not be stronger. While the plenary sessions impressed by statistical graphs and models relying on official data sources, the discussion in our workshop was rather open, qualitative and not conclusive. Why? Sociological research is rather structured when it deals with the formal and official sectors of society and economy. The research in informal domains, in shadow economies, is like passing Dante’s hell where soft concepts and theories as well as soft data are prevailing. A further contrast became evident; the global system has two shadow zones, one top on the global stratification system linked to non-transparent, non-official or hidden decisions by powerful elites (for instance in financial affairs), and at the bottom of the global pyramid, in the South, and in peripheries. But there is significant difference; the shadow zones of power on the top are frames for holding the status of power and luxury while those at the bottom are filled by the economies of survival in which the vast majority of people live and fight against poverty. Against this essential difference the question was raised why the sociology of shadow zones is marginal in mainstream sociology and seldom discussed in plenary sessions.

In all three workshop presentations there was a common assumption; the internationalisation and globalisation of national economies impacted the norms and legal rules as well as the practices in the labour markets in the three countries representing an international region, Switzerland (Central Europe), Denmark (Scandinavian part), Nigeria (sub-Saharan Africa). But this common insight did not mask the strong differences between the conditions and contexts, mainly between the kinds of inequality and informal work in the North compared to the South. The presentations and discussions were a mirror of the world wide disparities as well as of cultural variety.

Jérôme Heim (Neuchâtel, Switzerland) showed that in the case of Switzerland, based on a highly developed culture and practice of welfare and labour market regulation, the informal work increased. This trend generated in the last periods contradictory and paradoxical norms and actions; in order to reduce the public expenditures for social problems two norms are opposing each other, the fight against informal work (because of loss of taxes), on the one hand, and the motivation for marginal people to become active poor, that is coping by individual responsibility as alternative to a status of dependency from the welfare state.

The discourse of Olakunle Michael Folami (Ondo, Nigeria) was an impressive example of how African colleagues deal with their research fields; moreover they express them by a style of vitality reflecting the strong concern and existential relevance of the topic “child labour”. Striking was the empirical typology of different child roles in the labour markets between sex-workers, bargainers, merchandisers, dealers, workers. In Nigeria it is evident that the ban of child labour is not accepted or becomes eroded in face of recession and falling incomes of the family. Thereby the attitudes in local milieus support child work which is deeply rooted in traditions. The decay or deficiency of social institutions adjourns the children to the black markets on the streets of Lagos, the metropolis, where the empirical study has been carried out. By discussion it became evident that the African model of survival economy remains as

one of the most relevant cornerstone for the majority but functions also as a barrier to integrate the youth into the labour market outside of the shadow sectors.

Tove Rasmussen (Arhus, Denmark) led the discussion back to the North of global society, the Scandinavian part of Europe, Denmark. She also observed increasing inequalities in Scandinavian cities, for instance in Aarhus. What are the impacts of increasing inequality and poverty on the norms responding to problems of increasing tensions? Rasmussen linked the actual responses (laws, norms, trials to revise or renew measures) with the study of changes in concepts and societal images rooted in the political cultures. This outlook seems promising since the competition for the best socio-political practice will increase in the next period (see the ongoing discussions about the Scandinavian, German, British, Western or Eastern models). The contribution of Rasmussen encourages the study of societal models and images (including the meanings of inequality) which should respond to the global impacts on national and regional labour markets.

Session 5A on “Knowledge, communication and inequality” brought together in-depth case studies. Deepti Shanker (Guwahati, India) described the spread of ICT in rural India, which allowed for a between-continent comparison with Emmanuel Afolayan (Ibadan, Nigeria), who focused on the digital divide between urban and rural Nigeria. Based on a study mobilising qualitative and quantitative methodologies (a rather successful attempt to combine both), he identified the lack of infrastructure, the high cost, and electricity shortage as the main factors accounting for this divide. Kari Paakkulainen (Helsinki, Finland) attempted to explore the links between what he named the increasing openness of post-national politics and the use of Internet and ICT. His contribution drew on a rather original comparison between Korea, the European Union, and Japan.

A workshop on “Integration into the labor market”, diverse with regard both to regional provenience to the topics addressed, led to remarkably stimulating discussions. Analyzing the situation of socially vulnerable and stigmatized groups, the papers were concerned with, on the one hand, the role of the state in helping these groups become (re)integrated into the labor market and, on the other hand, the growing transnational organization of self-help and pressure groups. Juan Ignacio Martínez-Pastor and Fabrizio Bernardi (Madrid, Spain) investigated the factors affecting the likelihood of young Spaniards occupying unskilled jobs. Drawing on the Spanish Labor Force Survey, the authors found that, over the last three decades, the share of young people occupying unskilled jobs has decreased. This decrease, however, is largely due to a relative decline of jobs in agriculture. Increases in the proportion of youngsters having high levels of educational qualifications have led to a certain devaluation of these qualifications. Though large gaps between the different levels remain, the effect of educational attainment on the likelihood of avoiding unskilled jobs has grown smaller. Parallel to this trend, ascriptive characteristics as nationality have become more significant, whereas gender inequality has decreased. The second paper, focusing on the situation of economically disadvantaged youngsters in Hong Kong, analyzed the effects of public assistance programs and service provision. Steven Sek-yum Ngai (Hong Kong, China) demonstrated that public assistance, when combined with the use of public service centers, has considerable positive effects on socially disadvantaged young people. Consequently, the following plenary discussion raised the question of what distinguishes social assistance and service programs in Hong Kong from less successful programs elsewhere and to what extent these programs could serve as model cases for other countries. Ieva Pranka (Riga, Latvia) addressed problems related to the labor market integration of HIV-infected groups and HIV-infection risk groups. Even though structural conditions in Latvia are surprisingly conducive to HIV-infected persons (shortage of qualified labor, state law forbidding employers to inquire about applicants’ health), unemployment among HIV-infection risk groups is high. As explanation, Pranka pointed not to social stigmatization of HIV-infected persons, but to the

high prevalence of HIV-infections among drug users, unregistered sex workers, and persons with low levels of educational qualifications. Finally, Hao Wang (Taichung, Taiwan) analyzed the development and structure of a global Pan-Chinese network of breast cancer survivors that helps its members cope with the consequences of their illness and overcome processes of social exclusion. While other papers mainly focused on the role of state programs and labor market integration, this last paper discussed the importance of social capital as created by civil society organizations, demonstrating both the opportunities and risks created by transnational network-building.

In a workshop on attitudes towards inequality and redistribution, the still-growing interest in how inequalities are perceived and evaluated was addressed by Antonio Jaime Castillo (Granada, Spain). He argued that controlling for subjective expectations of social mobility renders any measures of objective expectations in that regard insignificant – an argument that, while at the moment still inhibited by the use of a too-simple matrix for objective evaluations, was in line with Ursula Dallinger's (Trier, Germany) findings on the missing relation between inequality and demand for redistribution and even with Volker Bornschieer's remarks in the concluding session that norms, expectations and therefore public discourse have almost disentangled social inequality from political action. As this leaves its mark in the behavior both of individual workers and political actors was demonstrated, respectively, by Martina Rebien's (Nuremberg, Germany) evidence that Germany's workers are increasingly disposed to accept worse working conditions, and Anne-Vaïa Fouradoulas' (Fribourg, Switzerland) analysis of the new discord between leftist swiss political organizations in their strategies regarding globalization.

The concluding roundtable "The Future of Global Inequality" started with an input by Volker Bornschieer (Zurich, Switzerland), which connected back to Milanovic and Alderson in the opening plenary, presenting a picture of trends in global inequality, both within and between countries. He pointed towards the importance of politics and policy, later-on supported by Evelyne Huber. Effects of politics and policy have been strong: Colonialism was the base for nowadays inequality in many parts of the world, as well as post-WWII policies in East Asia which reduced inequality. In advanced industrial societies, all welfare states redistribute income downward. With regard to the global inequality situation, Latin America is ahead on the democratic road compared to the rest of the developing world, and the question is whether democracy will stabilize in Latin America and whether it will take hold in large parts of Asia and Africa as well. Current work on democracy suggests that strengthening civil societies are good for democracy, and the spread of industrialization, urbanization, and information is good for civil society. So, as development proceeds, a strengthening of democracy can be expected, and once democracy is achieved, the underprivileged may organize, even though that radical redistributive attempts in Latin America have failed.

But in the recent situation, as Arthur Alderson stated, there is no real tendency toward unconditional convergence in levels of inequality. There are large and persistent level-differences such that, in a context in which inequality is increasing in many countries, countries are not converging on a common level of inequality. In explaining these persistent level-differences, institutional factors obviously play a key role. Alderson centered more on institutions than on politics. Differing from Huber, he was more pessimistic based on the U.S. situation where labor movement and the left have no strategy for the last three decades with regard to deindustrialization, globalization, and the liberal turn.

A third point was an attempt of the philosophical bases of the study of inequality. Most U.S. sociologists are Rawlsians in the sense that they care only for "unjust" inequality which is attributable to discrimination. But, as Alderson stated, if research views "justified disparities" as unproblematic, or requiring no further analysis, this leads to a dead end. However, recent

research in medical sociology and elsewhere has begun to document the ways in which inequality has profound effects, whether meritocratically-generated or not.

The conference was embedded in a cosmos of social events from the welcome reception of the Department of Sociology of the University of Neuchâtel with the common “public viewing” and the betting game of one European football championship semi final (Russia-Spain) over a great conference dinner, housed in a building of one asylum-givers of Jean Jacques Rousseau, to a final boat tour over the lakes around Neuchâtel, which allowed to deepen global discussions beyond inequality, and to tie the participants and RC02 members together in one common experience.

During the conference dinner the World Society Foundation announced the 3 winners of its Award Program 2008 (1st prize: 10000\$, 2nd prizes: 5000\$):

- Daniela Rohrbach (Bonn, Germany) for the paper “Sector Bias and Sector Dualism: The Knowledge Society and Inequality” (1st prize)
- Jason Beckfield (Harvard) for the paper “Remapping Inequality in Europe: The Net Effect of Regional Integration on Total Income Inequality in the European Union (second prize)
- Timothy P. Moran (SUNY-Stony Brooks) and Roberto Korzeniewicz (Maryland) for the paper “Rethinking Inequality: A World-historical Perspective” (second prize)

The UEFA Euro 2008 betting game, finally, clearly demonstrated that sociologists are unlucky gamblers – despite the workshop on “Inequalities in football” (held just before the public viewing) with the contribution of Hanspeter Stamm (Zurich, Switzerland) on “how to know the winner before the game starts” showing that there are two main factors explaining success in international football (size and GDP per capita). None of the participants could predict the correct result (3:0 for Spain) – although an Argentine colleague was very close with his tip of 3:1. The betting game committee, therefore, decided to give the whole prize money to charities (to the WWF).