

# The Age of Dualization

## The Changing Face of Inequality in De-industrializing Societies

### Research team

**Romana Careja** (University of Cologne)

**Daniel Clegg** (University of Edinburgh)

**Werner Eichhorst** (IZA Bonn)

**Patrick Emmenegger** (University of Southern Denmark)

**Karin Gottschall** (University of Bremen)

**Silja Häusermann** (University of Zurich)

**Alexandra Kaasch** (University of Bremen)

**Daniela Kroos** (University of Bremen)

**Johannes Lindvall** (Lund University)

**Paul Marx** (IZA Bonn)

**Marek Naczyk** (University of Oxford)

**Herbert Obinger** (University of Bremen)

**Bruno Palier** (CEE Sciences Po, CNRS)

**Ito Peng** (University of Toronto)

**David Rueda** (University of Oxford)

**Adam Saunders** (University of Oxford)

**Hanna Schwander** (University of Zurich)

**Martin Seeleib-Kaiser** (University of Oxford)

**Peter Starke** (University of Bremen)

**Kathleen Thelen** (Massachusetts Institute of Technology)

**Mark Tomlinson** (University of Oxford)

**Robert Walker** (University of Oxford)

### Project description

Poverty, increased inequality, and social exclusion are back on the political agenda in Western Europe, not only as a consequence of the Great Recession that hit the global economy in 2008, but also as a consequence of a seemingly 'secular' trend towards increased inequality that began some time ago.

How can we explain this increase in inequalities? In the forthcoming book that presents the findings of our Recwowe task, we argue that social and labor market policies contribute to shaping the forms and extent of the new inequalities and divides that challenge European societies, and we identify political strategies and institutional dynamics of dualization.

Dualization implies that only the position of outsiders deteriorates (or that we witness the creation of new outsiders), while the position of insiders remains more or less constant. Thus, dualization is conceptualized as a process that is characterized by the differential treatment of insiders and outsiders and that can take the form of newly created institutional dualisms or the amplification of existing institutional dualisms (*policy output*). At the *outcome* level the process of dualization, is very likely to lead to greater divides or divisions, but this is not necessarily the case, as we can witness dualization at the policy output level without increasing divides at the individual outcome level, if, for instance, outsider policies are relatively generous.

### Main thesis

The translation of structural pressures into policies and outcomes has to be understood as a political process, in which politically and economically stronger groups are using their power resources to insulate themselves from the negative effects of these structural pressures, and in which governments make deliberate choices in favor or against outsiders. Thereby,

changes in the labor market are translated into the social policy realm, where new distinctions arise or old institutional distinctions are re-activated. Feedback effects and vicious circles are likely to strengthen this effect because weak labor attachment and social exclusion are associated with weaker political representation.

### Main research findings

#### Politics and political choice matter

Contrary to those who claim that inequalities are primarily the result of economic trends and necessities, we demonstrate that *political choice and policies matter*. Instead of mainly being the result of liberalization processes, achieved through a gradual retrenchment of labor market regulation and social protection across-the-board, we argue that current policies tend to differentiate between different social groups: some portions of the society are insulated from growing risk and inequality through various labor market and social policies, while others are exposed to new or greater risks through policy reforms.

regulation, social protection regulation, migration policies etc.), and 3) across countries and regimes. Our book integrates all three dimensions of comparison. Based on our comparative perspective we are able to grasp the varieties of dualization across rich OECD countries.

#### Labor market policies and social policies can no longer be analyzed in isolation

We stress the complementarities between the different dimensions of outsiderhood and the interconnectedness of different political realms. The individual labor market situation matters for social rights, while social policies influence labor market interactions. Changes in one realm are likely to trigger reforms in the other realm. In a similar vein, labor market policy and social policy reforms are likely to be influenced by political representation.

#### Dualization is a multidimensional phenomenon

There are at least three dimensions along which dualization processes can vary: 1) Across time in their intensity, prevalence, and respective importance, 2) across policy fields (labor market

### Publication output

***The Age of Dualization: The Changing Face of Inequality in De-industrializing Societies.*** Edited by Patrick Emmenegger, Silja Häusermann, Bruno Palier and Martin Seeleib-Kaiser  
Oxford University Press, 2011 (International Policy Exchange Series)

"Why We Grow More Unequal" by Patrick Emmenegger, Silja Häusermann, Bruno Palier, and Martin Seeleib-Kaiser

"Varieties of Dualization? Labor Market Segmentation and Insider-Outsider Divides Across Regimes" by Silja Häusermann and Hanna Schwander

"Labor Market Disadvantage and the Experience of Recurrent Poverty" by Mark Tomlinson and Robert Walker

"Whatever Works: Dualization and the Service Economy in Bismarckian Welfare States" by Werner Eichhorst and Paul Marx

"Dualization and Gender in Social Services: The Role of the State in Germany and France" by Daniela Kroos and Karin Gottschall

"From Dilemma to Dualization: Social and Migration Policies in the 'Reluctant Countries of Immigration'" by Patrick Emmenegger and Romana Careja

"Shifting the Public-Private Mix: A New Dualization of Welfare?" by Martin Seeleib-Kaiser, Adam Saunders, and Marek Naczyk

"Responses to Labor Market Divides in Small States Since the 1990s" by Herbert Obinger, Peter Starke, and Alexandra Kaasch

"Dualization and Institutional Complementarities: Industrial Relations, Labor Market and Welfare State Changes in France and Germany" by Bruno Palier and Kathleen Thelen

"Economic Dualization in Japan and South Korea" by Ito Peng

"Solidarity or Dualization? Social Governance, Union Preferences and Unemployment Benefit Adjustment in Belgium and France" by Daniel Clegg

"Insider-Outsider Politics: Party Strategies and Political Behavior in Sweden" by Johannes Lindvall and David Rueda

"How Rich Countries Cope With Deindustrialization" by Patrick Emmenegger, Silja Häusermann, Bruno Palier, and Martin Seeleib-Kaiser

WP04  
Towards  
employment-friendly  
welfare state



### Research task coordinators

**Patrick Emmenegger**  
(University of Southern Denmark)

**Silja Häusermann**  
(University of Zurich)

**Bruno Palier**  
(CEE Sciences Po, CNRS)

**Martin Seeleib-Kaiser**  
(University of Oxford)

#### Project co-funders:

- Friedrich Ebert Foundation (London Office)
- Green Templeton College
- John Fell OUP Research Fund
- Oxford-Sciences Po Research Group