

Growing apart: The comparative political economy of income inequality and social policy development in affluent countries

Thewissen, S.H.

#### Citation

Thewissen, S. H. (2015, September 29). *Growing apart: The comparative political economy of income inequality and social policy development in affluent countries. Meijers-reeks.* s.n., S.l. Retrieved from https://hdl.handle.net/1887/35767

Version: Corrected Publisher's Version

License: License agreement concerning inclusion of doctoral thesis in the

Institutional Repository of the University of Leiden

Downloaded from: <a href="https://hdl.handle.net/1887/35767">https://hdl.handle.net/1887/35767</a>

**Note:** To cite this publication please use the final published version (if applicable).

### Cover Page



# Universiteit Leiden



The handle <a href="http://hdl.handle.net/1887/35767">http://hdl.handle.net/1887/35767</a> holds various files of this Leiden University dissertation.

Author: Thewissen, Stefan Hubert

Title: Growing apart: the comparative political economy of income inequality and social

policy development in affluent countries

**Issue Date:** 2015-09-29

Growing apart

The comparative political economy of income inequality and social policy development in affluent countries

## Growing apart

The comparative political economy of income inequality and social policy development in affluent countries

#### **PROEFSCHRIFT**

ter verkrijging van de graad van Doctor aan de Universiteit Leiden, op gezag van Rector Magnificus prof. mr. C.J.J.M. Stolker, volgens besluit van het College voor Promoties te verdedigen op dinsdag 29 september 2015 klokke 15.00 uur

door

Stefan Hubert Thewissen

geboren te Nijmegen

in 1987

#### Promotiecommissie:

Promotores: prof. dr. K.P. Goudswaard

prof. dr. C.L.J. Caminada

Co-promotor:: dr. O.P. van Vliet

Overige leden: prof. mr. B. Barentsen

prof. dr. J.P. van der Leun

prof. dr. W. Salverda (University of Amsterdam) prof. dr. D. Rueda (University of Oxford, UK)

Lay-out: Anne-Marie Krens – Tekstbeeld – Oegstgeest

© 2015 S. Thewissen

Printed by: Gildeprint, Enschede

ISBN 978 94 6233 031 3

No part of this book may be reproduced in any form, by print, photo print, microfilm or any other means without written permission from the author.

### Acknowledgements

I would like to take this opportunity to express my gratitude to a number of people who have been particularly supportive during the writing of this doctoral thesis. I would like to thank my former teachers and supervisors, especially Willem Adema, Michael Förster, and Michael Borowitz. I am very grateful to my PhD supervisors, Kees Goudswaard and Koen Caminada. They provided guidance during the writing of this dissertation and kept me on track, whilst allowing me to follow my own path as well. My co-supervisor, Olaf van Vliet, has been a great and continuous support in my academic endeavours. Vera Troeger and David Rueda have assisted me with arranging a research visit to Oxford, as well as providing valuable academic mentorship. I would also like to express my appreciation to my co-authors and committee members.

I am very grateful to my parents, my sister and her husband for all of their support. I also want to mention my fellow World Healthcare Forum board members here, who took over my responsibilities when I chose to finish my thesis earlier than originally planned. Y-Ling, you have contributed so much to the success of my stays abroad. A special thanks goes to my closest friends from the Netherlands. Dorus, Mart, Felia, Luuk – I enjoy every moment with you.

# Table of contents

1	Introduction				
	1.1	Mind the gap	1		
		Untying a knot	2		
		Aims and research questions	4		
		Conceptual choices	6		
		Empirical and methodological approach	8		
	1.6	A reader's guide	9		
2		TAKING THE SECTOR SERIOUSLY: DATA, DEVELOPMENTS, AND DETERMINANTS OF SECTORAL EARNINGS INEOUALITY AND EMPLOYMENT			
	OF SECTORAL EARNINGS INEQUALITY AND EMPLOYMENT				
	2.1	Introduction	12		
		Current explanations for rising earnings inequality13			
		A sectoral approach to studying inequality	14		
	2.4	Data	17		
		2.4.1 Income definition, sector standardisation, and sa17mple			
		2.4.2 Trends at the country level	18		
		2.4.3 Decomposition of inequality at the country level	20		
		2.4.4 Trends in inequality within industries	21		
	2.5	2.4.5 Trends in sectoral levels of employment	24 28		
	2.3	Regression analyses of sectoral trends 2.5.1 The regression model and data	28		
		2.5.2 Descriptive statistics for the independent variables	29		
		2.5.2 Descriptive statistics for the independent variables 2.5.3 Intrasectoral inequality	31		
		2.5.4 Sectoral employment	32		
		2.5.5 Sensitivity tests	34		
	2.6	Conclusions	36		
3		MPETING WITH THE DRAGON: EMPLOYMENT AND WAGE EFFECTS OF	39		
	CHINESE TRADE COMPETITION IN 17 SECTORS ACROSS 18 OECD COUNTRIES				
		Introduction	39		
		Literature and hypotheses	41		
	3.3	Data, measures and method	44		
		3.3.1 Dependent variable	44		
		3.3.2 Measuring Chinese trade competition	45		
		3.3.3 Other independent variables	48		
		3.3.4 Method	49		

VIII Table of contents

	3.4	Empirical analysis	50
		3.4.1 Employment effects	50
		3.4.2 Wage effects	52
		3.4.3 Sensitivity analysis	56
	3.5	Conclusions	57
	App	pendix 3.1 – Sectoral definitions	59
	App	pendix 3.2 – Sensitivity test	60
4	Is it	THE INCOME DISTRIBUTION OR REDISTRIBUTION THAT AFFECTS GROWTH?	61
	4.1	Introduction	61
	4.1	Theoretical section	63
	4.4		63
		<ul><li>4.2.1 Inequality and growth</li><li>4.2.2 Redistribution and growth</li></ul>	65
		4.2.3 Combining the lines of reasoning	66
	4.3	Methodology	67
	1.5	4.3.1 Estimation methods	67
		4.3.2 Inequality and redistribution indicators	68
		4.3.3 The MRW framework	71
	4.4	Empirical analyses	72
	1.1	4.4.1 Data description and trends	72
		4.4.2 Associations between inequality and growth	75
		4.4.3 Associations between redistribution and growth	80
	4.5	Discussion and conclusion	82
	1.0	Discussion and conclusion	0 <b>2</b>
5	Trc	HNOLOGICAL CHANGE AS A DETERMINANT OF REDISTRIBUTION	
		FERENCES	85
5.1 Introduction			85
			87
	3.2	Our argument 5.2.1 Technological change as an unequally distributed	07
		occupational risk	87
		5.2.2 Routine task intensity as determinant of preferences for	07
		redistribution	88
		5.2.3 Moderating factors	91
	5.3	Data	92
	0.0	5.3.1 Routine task intensity across occupations	92
		5.3.2 Redistribution preferences	95
		5.3.3 Sectoral exposure	97
		5.3.4 Other individual-level controls	97
		5.3.5 Country-level factors	97
	5.4	Empirical estimations	98
	0.1	5.4.1 Model specification	98
		5.4.2 Main results	99

Table of contents IX

		5.4.3 Sensitivity tests	103
		5.4.4 Interpretation of the size of the coefficients	107
	5.5	Conclusions	109
	App	pendix 5.1 – Differences between Kitschelt and Rehm and the	
		RTI index	111
	App	pendix 5.2 – Multilevel ordered probit results	114
	App	pendix 5.3 – A triple interaction	116
6	FAL	LING BACK ON OLD HABITS? A COMPARISON OF THE SOCIAL AND	
_		EMPLOYMENT CRISIS REACTIVE POLICY STRATEGIES IN GERMANY, THE	
		AND SWEDEN	119
	6.1	Introduction	119
	6.2	Theoretical framework	121
	0.2	6.2.1 Reactive policy strategies of welfare states and the impact of	121
		crises	121
		6.2.2 Path dependence theory and reactive policy strategies	121
		6.2.3 Convergence theory and crisis response policies	123
	6.3	Methods and data sources	123
	6.4	The crisis and reactive policies	124
		6.4.1 Conservative considerations – the case of Germany	126
		6.4.2 Liberal legislation – the case of the UK	127
		6.4.3 Social democratic strategies – the case of Sweden	129
	6.5	Comparison of the reactive policy strategies	130
	6.6	Conclusions and discussion	132
7	Con	NCLUSIONS	135
		Putting things together	135
		Societal and scientific relevance	137
		Future directions	139
	7.0	Tatale anections	10)
SA	AMEN	ivatting (Dutch summary)	141
Rı	EFERE	ENCES	145
C	URRIO	CULUM VITAE	159