

For further information refer to:

Fondazione G. Brodolini

Via Solferino, 32 - 00185 Rome

Tel. +39 06/44249625 Fax: +39 06/44249565

economialavoro@fondazionebrodolini.it

Contents

MIDDLE CLASSES AND THE WORLD OF WORK

Daniel Vaughan-Whitehead, *Introduction*

Dominique Anxo, *Upskilling to Avoid Jobs' Polarisation and Growing Income Inequalities: the Swedish Experience*

Gerhard Bosch, Thorsten Kalina, *The German Middle Class from a Labour Market Perspective*

Pierre Courtioux, Christine Erhel, *The French Middle Class and the Labour Market*

Pilar González, António Figueiredo, Hugo Figueiredo, Luis Delfim Santos, *Inequality, Labour Market and Income Distribution in Portugal: What is Happening with Middle Classes?*

Maria Karamessini, Stefanos Giakoumatos, *Public Sector and the Middle Classes in Bad Times: Factor of Erosion or Resilience during the Greek Great Depression?*

Rafael Muñoz de Bustillo Llorente, *United We Stand: the Welfare State and the Middle Class*

Wiemer Salverda, Eelco de Jong, *The Netherlands: Working Ever Harder for a Middle-Class Life 1990-2014*

ESSAYS

Silvio Bologna, *Liberalizing Industrial Relations in Southern-Europe: Towards the End of a Coordinated and Egalitarian Model*

Anna Chiara Olini, *Wage Bargaining and Human Resources in the Tourism Sector*

Michele Faioli, Emanuele Petrilli, Donato Faioli, *Blockchain, Contracts and Labour. The Re-revolution of Digital Technologies in Production and in the Public Administration*

Gabriele Marzano, *Artificial Intelligence and New Labour Markets: The Current American Debate*

BOOK REVIEWS

M. Pianta, M. Franzini, *Disuguaglianze. Quante sono, come combatterle* (by Elena Granaglia)

U. Ascoli, E. Pavolini (eds.), *The Italian Welfare State in a European Perspective. A Comparative Analysis* – C. Gori, J.-L. Fernández, R. Wittenberg (eds.), *Long-Term Care in OECD Countries, Successes and Failures* (by Matteo Luppi)

NOTES ON PUBLICATIONS

by the Editorial Staff

Abstracts

INTRODUCTION

Daniel Vaughan-Whitehead

The aim of this special issue is to address the question of income inequality from two different angles: first, identifying what elements and trends in the world of work may have contributed to income inequality; second, tackling inequalities not only from the two extremes – the top and the bottom – but from the perspective of middle-income groups or what we generally categorise as the ‘middle class’. Are increasing income inequalities and increased polarisation leading also to the erosion of the middle class? What are the main transformations in the world of work over the past 20 years that may have affected the middle class? And how did the financial and economic crisis affect the middle class? On this basis, what are the driving forces in the world of work that we should develop to limit and even reduce income inequalities in the future?

UPSKILLING TO AVOID JOBS’ POLARISATION AND GROWING INCOME INEQUALITIES: THE SWEDISH EXPERIENCE

Dominique Anxo

Taking a broad historical perspective, this article analyses the development of the Swedish class structure. During the last decades, Sweden experienced a relative decrease in its middle class and a stronger polarisation of its class structure. Three potential factors can explain this development: changes in labour market behaviour; a reduction of the extent of de commodification of the Swedish welfare state and large structural changes in employment and occupational structure. We show that the long-term tendency towards an upgrading of occupational structure in Sweden has benefitted the upper middle-income and the top-income groups. Indeed, the large investment in research and development, the expansion of education and the increase in the demand for high-skilled jobs have limited the tendency towards job polarisation found in liberal market-orientated welfare states. Weakly linked to the modifications in the skill structure, the decrease of the middle class appears to be better explained by the postponement of entry into the labour market related to the expansion of education and by social protection reforms that negatively affected the disposable income of vulnerable groups.

THE GERMAN MIDDLE CLASS FROM A LABOUR MARKET PERSPECTIVE

Gerhard Bosch, Thorsten Kalina

In international comparison, Germany can be characterised as an inclusive Bismarckian welfare state with a broadly based middle class. Since the mid-1990s, however, the economic basis of middle-class prosperity and security has been crumbling. The article investigates the development of the German middle class from a labour market perspective. The explosion of the low-wage sector, as well as an increasingly unequal distribution of working time among households, is weakening the economic basis of the middle class. These developments came along with an erosion of the previously inclusive wage system, which was caused by the deregulation of the labour market and the weakening of unions' bargaining power.

THE FRENCH MIDDLE CLASS AND THE LABOUR MARKET

Pierre Courtioux, Christine Erhel

France is one of the European countries where the middle class defined according to an income-based approach has been relatively numerous and stable since 1990. Our analysis confirms the hypothesis that the French labour market features a significant dualism: compared to lower-income groups, the middle class is relatively protected from unemployment and from the worsening of working conditions. Several reasons may explain this relative stability: occupational dynamics, the labour force participation trend, and social regulations.

INEQUALITY, LABOUR MARKET AND INCOME DISTRIBUTION IN PORTUGAL: WHAT IS HAPPENING WITH MIDDLE CLASSES?

Pilar González, António Figueiredo, Hugo Figueiredo, Luis Delfim Santos

The relative backwardness of the Portuguese economy represents a useful basis to revisit the role of the middle classes in processes of change. Using a predominantly economic representation for the middle classes, our analysis shows that, in recent times, Portuguese middle-income individuals have featured substantial resilience in terms of their capacity to access an increasing share of national income (only slightly interrupted by a more stable trend since the crisis). This appears to contradict the widespread view that the current crisis is undermining the middle classes more than other groups. However, we also show that relative changes are only part of the story of a country that, 30 years after joining the EU, remains in a low-income trajectory and that, as one of the outcomes of the recent crisis, is further impoverishing.

PUBLIC SECTOR AND THE MIDDLE CLASSES IN BAD TIMES: FACTOR OF EROSION OR RESILIENCE DURING THE GREEK GREAT DEPRESSION?

Maria Karamessini, Stefanos Giakoumatos

By employing a highly educated workforce and providing, on average, better employment and working conditions than the private sector, the public sector has been a traditional nurturer of the middle classes in Greece. This role was neutralised by the harsh austerity policies that are being implemented since 2010 and are responsible for the Greek Great Depression. The public sector as an employer is under attack and well-educated young people – especially women – are prevented from entering and joining the middle classes. On the other hand, the public sector has contributed to the resilience of the middle classes under austerity. In spite of the erosion in public-sector wage and pension premiums and the narrowing of public-private differentials, better working conditions for the employees and better pensions for those retiring have been preserved.

UNITED WE STAND: THE WELFARE STATE AND THE MIDDLE CLASS

Rafael Muñoz de Bustillo Llorente

The purpose of the article is to study the strong existing connections between the welfare state and the middle class. It will be argued that, working through two different mechanisms – the provision of key public services and its major role as employer –, the development of the welfare state has contributed in a significant way to the development of the middle class. In order to do so, we will adopt the definition of middle class proposed by the IUS Middle Task Force based on *ambitions*, studying the role played by the welfare state in meeting such ambitions in high-income countries. In parallel, using the case studies of Spain and the United Kingdom, we will explore the role of the welfare state in the creation of “middle-class” jobs.

THE NETHERLANDS: WORKING EVER HARDER FOR A MIDDLE-CLASS LIFE 1990-2014

Wiemer Salverda, Eelco de Jong

This essay demonstrates the importance of the contributions made to the evolution of the middle class by independently acquired market incomes, the redistribution of incomes resulting from transfers and taxation, and the changing patterns of household formation as reflected by the equalisation of incomes. The consequent reallocation of households over the classes (poor, middle, and rich) is measured by the changes in gross incomes of the shifting households. This shows that the direct share of the middle class in market incomes is small and has shrunk significantly – to the advantage of the rich class, which has expanded strongly. This is due to the upward shift of labour earnings, especially of two-earner households. However, taxation and the equalisation of incomes largely neutralize the decline of the middle class. An important implication is that many two-earner households obtain rich earnings in the labour market initially, mostly by combining middle-class jobs, but they can afford only a middle-class lifestyle.

LIBERALIZING INDUSTRIAL RELATIONS IN SOUTHERN-EUROPE: TOWARDS THE END OF A COORDINATED AND EGALITARIAN MODEL

Silvio Bologna

The paper focuses on the changes that occurred to the architecture of industrial relations in Southern-European countries during the last decade. In particular, the bargaining systems of Italy, France, Spain, Greece and Portugal are compared, with particular attention to the legislative measures enacted under the influence of international institutions after the 2008 financial and sovereign debt crisis. The theoretical framework of reference is the literature on comparative politics as recently reviewed by Thelen. At the same time, the work takes into account the labour law dogmatic category of “inderogability”, represented by the couple law-branch agreement, outcome of the Fordist class compromise. Recent trends of industrial relations show that such a binomial has been strongly eroded in front of the strengthening of company and plant agreements prerogatives. Therefore, by using a multidisciplinary approach, the paper concludes by arguing that the countries analysed are shifting from a highly regulated pattern to a common “neo-liberal” trajectory, with the asymmetry of power between labour and capital growing in favour of the latter.

WAGE BARGAINING AND HUMAN RESOURCES IN THE TOURISM SECTOR

Anna Chiara Olini

Tourism is crucial for the economic development of Italy and has great potentials. The sector reacted to the crisis better than other branches. However, it tends to lose market share and international competitiveness. Can decentralized bargaining and innovative management of human resources contribute to countering this trend? Giving an answer to this question is the goal of this essay.

In the first part of this work the analysis follows a more general approach, aimed at examining the objectives of decentralized bargaining in Italy and the debate on the most innovative forms of work organization; the second part focuses on the tourism sector, analysing the evolution of productivity and wages, the composition of human capital with employees' characteristics, employment contracts, and long-life training. All these elements could influence innovations. Effectively, decentralized bargaining could be an instrument to introduce innovations to work organisation. This paper also analyses some regional and company agreement. Finally, a series of recommendations to achieve these goals are presented.

BLOCKCHAIN, CONTRACTS AND LABOUR. THE RE-REVOLUTION OF DIGITAL TECHNOLOGIES IN PRODUCTION AND IN THE PUBLIC ADMINISTRATION

Michele Faioli, Emanuele Petrilli, Donato Faioli

This essay is aimed at describing the main items related to an interdisciplinary research on the blockchain technology. Blockchain tackles an elusive networking problem by allowing for trustless transactions. Values, goods and rights can be transacted without central institutions. Such transactions will be verified, monitored and enforced by means of the blockchain technology. The legal issues, the related workplace disruption, and the impacts of the gig-economy are analyzed in order to better understand the blockchain effects in the near future.

ARTIFICIAL INTELLIGENCE AND NEW LABOUR MARKETS: THE CURRENT AMERICAN DEBATE

Gabriele Marzano

Soon after the end of the *Great Recession*, an extensive debate emerged on what determines the slow economic recovery as well as the weak creation of new jobs. Particularly in the American context, current economic research considers, as part of the problem, the ongoing processes of industrial automation. The latter are disrupting a huge number of jobs by implementing the new advancements in the field of Artificial Intelligence. Machines currently replace human jobs related to professions and tasks until recently considered to be “protected” from automation processes. The essay provides for an introduction on the American research that today aims at evaluating the real impact of these dynamics on future professions as well as at defining general “visions” on best public policies for job creation in the age of the new Artificial Intelligence.