

Inequality of globalization and technological turn

ESOn4022: Inequality and Society

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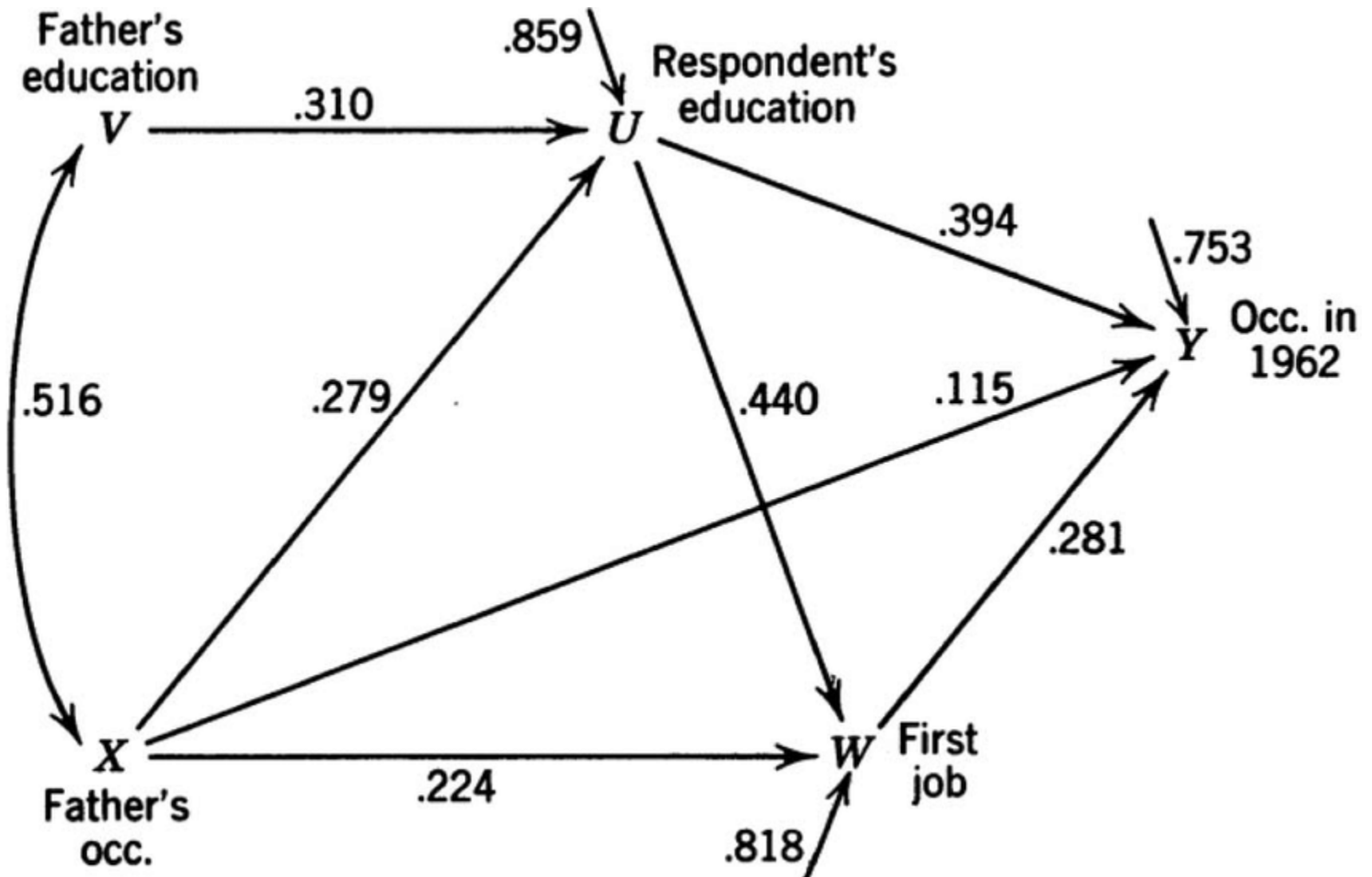
Return to Education

- Both **social-stratification** and **economic** theories prove the importance of education for a (labor market) success
- Higher educated people are able to work with higher efficiency
- Therefore, the employers should prioritize them in the recruitment process

Historical outline

- 1960^s: Blau Duncan model of status attainment
- 1970^s: inflation of credentials
- 1980^s: technological change
- 1990^s: polarization hypotheses
- 2000^s: routine biased technological change
- 2010^s: ???

1960s: Blau Duncan



1970^s: Inflation of Credentials

- In 1970s, (western) universities undergone the first educational expansion
- (cultural and sexual revolution, feminism, hippies, Vietnam war...)
- Traditional scholars worried, whether the inflation of credentials will or will not occur
- Randal Collins: The Credential Society
- Bourdieu, Passeron, Beck

Inflation of Education

If there is a
surplus of some goods
on the market,
its price
decrease

Inflation of Education

If there is a
surplus of university educated
on the labor market,
its price
decrease

Something is rotten in the state of Denmark

- In 1980s, there is still no substantial inflation of university education, despite the share of university educated people more than doubled
- How is it possible?

Technological change

- **Explanation:** new technologies (computers) occurred in the labor market
- Higher qualification is needed to handle the computer (university)
- The labor market is biased by the technological change to reward higher education (**skill-biased technological change, SBTC**)

Technological change

- **skill-biased technological change, SBTC**
- Employees with higher skills are rewarded in the labor market (employment security, higher remuneration), but
- People with low qualification are excluded from the labor market (globalization, outsourcing into developing countries, international transport...)

Something is rotten in the state of Denmark

- In 1990s, people with low qualification are still present on the (European) labor markets
- Literally everyone can handle a computer, there is no need to pay for a university educated employee
- How is it possible?

Polarization hypothesis

- Higher qualified employees are renumarated for their skills
- As the higher classes are getting richer, there is rising need for the service workers (gardneners, masseurs, au-pairs, nurses, messengers...)
- The labor market is **polarizing** – the renumeration rise is visible in the top and in the bottom of the educational hierarchy

Something is rotten in the state of Denmark

- In 2000s, the occupations in the middle of the educational hierarchy are inexplicably disappearing
- (secretaries, bank clerks)
- How is it possible?

Routinization

- **Routine-biased technological change (RBTC)**
- Labor market remunerate the people with non-routine occupations
- Routine work can be easily replaced by machines
- **Task-biased technological change (TBTC)**

Routinization

- Secretary = computer with Word and Outlook
- Bank clerk = internet banking
- Factory operator = robot, cobot
- ...

<https://www.youtube.com/watch?v=sjAZGUcjrP8>

Technological turn

- 2010s: the rise of artificial intelligence
- Even the tasks considered as highly qualified and non-routine can be suddenly performed by computers
- Car driving, legal advisement, journalist work, medicine

Technological turn

- In the first time in the history of mankind the **technological change destroys** the occupation for all educational groups and **do not create** new occupations
- What is the future role of education?