

What is the Relation of Inequality and the Liberal Script?

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The liberal script is associated with a great deal of economic inequalities and legitimates them with a set of narratives, or myths. Most of the legitimising narratives focus on individuals and the belief that individuals can improve their economic situation by bettering themselves, for example by investing more in education or by working harder. This myth of individual empowerment ignores that many of the pervasive and widening inequalities are structural. It loses persuasive power to the extent that intergenerational economic disadvantages persist or the lack of economic opportunities spreads massively through the population. This can then trigger contestations of the liberal script.



First, the liberal script *legitimizes inequality of outcomes through equality of opportunity* and the meritocracy myth. This view focuses on individuals and their life chances and ignores opportunity structures. For example, in many contemporary societies there is a mismatch between the number of positions that afford economic rewards and the individuals seeking these positions. Even if equality of opportunity existed, and numerous studies support the opposite, in a stratification system that only offers 10 positions for 100 individuals, 90 percent of the people in this stratification system would have a problem that cannot be solved by equality of opportunity in accessing positions alone. The ratio of individuals to positions depends on economic systems and demographic change, as highlighted in the notion of *vacancy chains*, (Sørensen 1977). No matter how qualified a new labour market entrant is, a position first has to be vacated by an older worker retiring to enable a placement. In many low- and middle-income countries in the Global South, for instance in Sub-Saharan Africa, more than 90 percent of the economy is informal and does not provide positions that secure a

living for growing cohorts of young adults, despite massive educational expansion in the past decades. A mismatch in the number of formal decent jobs to the job-seeking population cannot be solved by adjusting allocation mechanisms, such as equality of opportunity in accessing positions. In affluent aging societies of the Global North, we are entering the opposite scenario of shrinking youth cohorts that require a restructuring of the economy, extending work across longer periods of the life course, and a renewed effort to attract immigrants. A more favourable opportunity structure that offers more positions than job seekers might elevate chances for typically marginalised groups, such as women or immigrants, to acquire positions irrespective of allocation mechanisms. At the same time, the lack of skilled labour for vacant positions is a competitive disadvantage that threatens the economic performance of aging affluent liberal democracies.

Second, the liberal script rests on *the promise that employment shields from poverty and grants prosperity*. Rising in-work poverty rates across Europe and the United States, that is, households below the poverty line despite one or two earners, show that this promise is broken for an increasing share of workers. According to most recent Eurostat data, almost 10 percent of workers are living in households that are at risk of poverty in the EU 27 (Eurostat 2022), that is, below the 60 percent medium household income in their country. In-work poverty rates are substantially elevated in Eastern and Southern Europe, but also considerable at about 8 percent in Germany. Working poor households often contain one precarious earner, many dependent children and possibly a second jobless adult. The share of children living in working poor households is therefore considerably higher than the share of workers living in such households. In the case of the working poor, there is no mismatch between available positions and individuals. Instead, the positions do not afford the promised economic rewards and income security. According to the liberal narrative, individuals might obtain better positions by “bettering” themselves, for instance through further training and education. Additional education might indeed improve the situation for some. Yet, the rate of the working poor strongly depends on costs of living and labour market deregulation policies, both of which are structural and completely out of individuals’ control. Rising inflation and fluctuating costs of living due to volatile energy prices or geopolitical conflicts are hard to predict, cannot be controlled by individual actions, and easily push working households below relative and absolute poverty thresholds.

Third, a core legitimising myth of the liberal script is continual *intergenerational upward mobility*. The parental generation endures economic hardship at a given moment, because the next generation will have it better. The engine of upward mobility in the liberal view is equal opportunity and children's investment in education. The empirical reality in contrast points to the pervasive impact of economic restructuring and changing occupational structures for the rate of intergenerational upward mobility. One of the most prominent historical incidents of massive absolute upward mobility was in the period following World War II with an upscaling of the occupational structure through skill-biased technological change in the 1960s and 1970s (Breen 2004). That is, where massive wide-spread upward mobility happens, it often is because of shifts in the occupational structure paired with educational expansion, not because individuals work harder or are better educated alone. Liberal inequality legitimising narratives generally neglect that in a stable occupational and demographic structure, upward mobility always comes with the same amount of downward mobility. The liberal script has not provided wide-spread commonly shared narratives to cushion the pervasive sense of failure and shame associated with intergenerational downward mobility (Lamont 2019).

In all three examples above, liberal narratives for legitimising inequality are strongly focused on individuals investing in themselves and the future, but existing inequalities are structural, often path-dependent on the past, and outside of the immediate control of individuals. Arguably, the most important structural answer to structural inequalities is the welfare state. Strong welfare programs are not a liberal invention but have been remarkably successful in non-liberal societies, prominently in authoritarian state socialist regimes. Arguably strong welfare programmes were key elements of the rise of non-liberal states, such as state socialism during Egypt's initial post-independence period, or the contemporary Arab States of the Persian Gulf.

Welfare states take a key role for mitigating structural inequality in at least three capacities: 1) as a regulator of citizenship and social rights, 2) as a provider to secure against social risks, including poverty and ill health across the life course, and 3) in its often-neglected role as an employer. For example, public sector employment is key for women's integration into society and children's well-being everywhere from Scandinavian countries to Egypt or Sub-Saharan Africa (Mandel/Semyonov 2006; Buyukkececi et

al. 2023). If states leave a void of 1) regulation, 2) provision, and 3) public sector employment, these gaps are often filled by parallel organisations, prominently religious movements, such as the Muslim brotherhoods in Egypt, illegal markets, as the Narco economy in Latin America, or gangs in urban areas of concentrated disadvantage in affluent democracies of the global North. There is very little evidence of states effectively outsourcing these functions to unregulated markets.

The puzzle then is, why has there not been more revolt and violent protest against states that tolerate or reinforce pervasive and deeply structural inequalities? Two possible answers lie in the temporal intergenerational dynamics of inequality, and the diffusion of broken liberal promises across the population, such as the promises of meritocracy, prosperity through employment, and intergenerational upward mobility above. First, concerning the temporal intergenerational dynamics, the legitimising narratives in the liberal script are often based on (unrealistic) promises for the future that will eventually expire if they do not materialise. Possibly their expiration date depends on generational turnover more than chronological time, for instance if promises of upward mobility remain unfulfilled for three or more consecutive generations. Second, structural inequalities are difficult to see in their full extent for individuals, because they require a population perspective. Structural inequalities are also more difficult to change for individuals than simply blaming themselves following the narrative of liberal self-responsibility and autonomy.

Both the intergenerational persistence and population diffusion of economic disadvantages that liberal narratives fail to legitimise likely have thresholds, together with other enabling or constraining conditions, for tipping discontent into collective action and violent protest. When empirical evidence blatantly counters liberal promises on the future for long enough, and when structural disadvantages become so widespread that everyone knows more people affected than not, purely individualistic solutions will appear increasingly inadequate, despite employers and governments continuing to promote them, for example through education (Labaree 2008). More research is needed to disentangle the theoretical mechanisms and empirical conditions of the intergenerational and population diffusion thresholds that trigger contestations of the liberal script in response to deeply structural economic inequalities.

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