

Wagner, Gert G.; Wittenberg, Erich

Article

"Employment subject to mandatory social security contributions is anything but outdated": Eight questions to Gert G. Wagner

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Prof. Dr. Gert G. Wagner, Member of the Executive Board at DIW Berlin

EIGHT QUESTIONS TO GERT G. WAGNER

»Employment subject to mandatory social security contributions is anything but outdated«

1. Professor Wagner, in the 1980s, sociologist Ulrich Beck posited in his book *Risikogesellschaft* (published in English as "Risk Society" in 1992) that working conditions would become increasingly complex. Employment subject to mandatory social security contributions would decline and precarious employment would increase. Has this happened? No, it hasn't. Although precarious jobs have become more common, particularly since the turn of the millennium, employment subject to mandatory social security contributions has not declined. And in recent years, it has actually risen considerably.
2. How does that work? It's quite simple: more people are in paid work. And many of those who had not previously been in work are now in what is known as precarious employment. However, the expansion of jobs in this area did not occur at the expense of employment subject to mandatory social insurance contributions.
3. Does that apply equally to men and women? If we differentiate by gender, there is a big difference in the drop of economic "inactivity". This is essentially a decline in the number of women who previously ran households. Incidentally, this was also a quite a risky way of life. For example due to increasing divorce rates.
4. How large is the share of workers in employment subject to mandatory social security contributions? Those in employment subject to mandatory social security contributions and civil servants make up about half of all people of working age. In terms of individuals actually in gainful employment, the share is even higher. Temporary employment has been widely discussed but this only accounts for around two percent of total employment. And temporary employment also existed in the 1980s: since 2000, the share of all employees has remained constant at around 13 percent. I think a particularly important fact is that the share of households in which at least one person is of working age and at least one person is in employment subject to mandatory social security contributions or is a civil servant is around two-thirds.
5. What is the trend among solo entrepreneurs and those in marginal employment? After the turn of the millennium, an increase particularly in solo entrepreneurs and those in marginal and/or intermittent employment was observed. Meanwhile we know that this share has remained constant for years. Solo entrepreneurship has even declined in most recent years.
6. How can this be explained? Solo entrepreneurship was, to a certain degree, invented and promoted when we had high unemployment. This is no longer the case and solo entrepreneurs are now using the opportunity to re-enter regular employment subject to mandatory social security contributions.
7. Since the turn of the millennium, labor policies have led to a proliferation of mini-jobs. What do you think of this measure? It was never necessary, in my opinion, to seek to promote this type of employment. In my view, the privileging of mini-jobs in terms of taxes and social security contributions should simply be abolished. Mini-jobs represent a trap for many workers. Experience shows that once you have a mini-job, it is not so easy to move into another type of employment. In addition, a large proportion of mini-jobs are performed by students. Under the given conditions, they are reasonable and necessary for this group. Here, I would propose more educational grants so that students do not have to work on the side and can quickly achieve their study goals.
8. Do you think typical employment will continue to be the norm in the future, or do you see trends that show other developments? Personally, I am convinced that typical employment will continue to be the norm and represent the large majority. Much of what is currently being discussed in relation to "crowd workers" or the "gig economy" is, as I see it, simply a phenomenon of the features section of newspapers (*Feuilleton*). But this does not mean we shouldn't try to improve insurance conditions for the self-employed. I personally think that self-employed who are not already covered by special insurance schemes, like lawyers, could be included in statutory accident and pension insurance schemes.

Interview by Erich Wittenberg



DIW Berlin – Deutsches Institut
für Wirtschaftsforschung e.V.
Mohrenstraße 58, 10117 Berlin
T +49 30 897 89 -0
F +49 30 897 89 -200

Publishers

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Press office

Renate Bogdanovic
Tel. +49-30-89789-249
presse@diw.de

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