

Sitzung Ausschuss für Sozialpolitik am Freitag, den 24.09.2021

verkürztes Programm für eine Tagung im Onlineformat wegen Covid-19

Programm

8:45 – 9:00 Begrüßung

9:00 – 9:45 Keynote von Dr. Adrian Hille (BMAS)

Wie Corona die wissenschaftlich fundierte Gesetzgebung vor neue Herausforderungen stellt: Ein Erfahrungsbericht am Beispiel des Sozialdienstleister-Einsatzgesetzes

Bio Break

10:00 – 10:40 Robert Fenge: Do Firms Hire more older Workers? Evidence from Germany

Koreferat: Bernhard Bookmann

10:40 – 11:20 Martin Biewen: Why a Labour Market Boom Does Not Necessarily Bring Down Inequality: Putting Together Germany's Inequality Puzzle

Koreferat: Lutz Bellmann

Bio Break

11:40 -12:20 Friedrich Breyer: Are strictly proportional pensions popular? Evidence from German survey data

Koreferat: Ulrich Walwei

Mittagspause mit Möglichkeit zum virtuellen Treffen auf [Wonder.me](https://wonder.me) (siehe unten).

13:30 – 14:10 Peter Haan: Employment Responses to Income Effect: Evidence from Pension Reform

Koreferat: Martin Halla (angefragt)

14:10 – 14:50 Volker Meier: Political Economy or Redistribution between Traditional and Modern Families

Koreferat: Matthias Wrede

Bio Break

15:10 – 15:50 Kamila Cygan-Rehm: Lifetime consequences of lost instructional time in the classroom: Evidence from shortened school years

Koreferat: Katharina Wrohlich

16:00 – 17:00 Regularien Sitzung

Vortrag ca. 20 Minuten, Korreferat max. 10 Minuten, offene Diskussion ca. 10 Minuten

Hinweis für die Vortragenden: Bitte mailen Sie Ihre Papiere bis spätestens zum 13. September 2021 an die Koreferenten.

Gesammelte Abstracts

Robert Fenge (Fabian Busch, Carsten Ochsen)

Do firms hire more older workers? Evidence from Germany

Abstract: This paper analyses how demographic changes of the labour force affect labour demand. Do firms adjust their hiring behaviour to an ageing society? Combining data at the firm level and the administrative district level, we analyse the hiring behaviour of firms. Our findings suggest that firms with an ageing workforce hire relatively more older workers. Since the willingness to hire older workers also increases with the share of older unemployed, the propensity to employ older people does generally rise with an ageing labour force. Also, part-time employment induces firms to engage more older workers but not many more than in full-time jobs. In contrast, partial retirement regulations have a negative effect on hiring older workers which reveals unintended incentives of the German law on this matter. Finally, firms with a higher share of educated personnel demand more older workers.

Martin Biewen (Miriam Sturm)

Why a Labour Market Boom Does Not Necessarily Bring Down Inequality: Putting Together Germany's Inequality Puzzle

Abstract: After an economically tough start into the new millennium, Germany experienced an unprecedented employment boom after 2005 only stopped by the COVID-19 pandemic. Persistently high levels of inequality despite a booming labour market and drastically falling unemployment rates constituted a puzzle, suggesting either that the German job miracle mainly benefitted individuals in the mid- or high-income range or that other developments offset the effects of the drastically improved labour market conditions. The present paper solves this puzzle by breaking down the observed changes in the distribution of disposable incomes between 2005/06 and 2015/16 into the contributions of eight different factors, one of them being the employment boom. Our results suggest that, while the latter did have an equalising impact, it was partially offset by the disequalising impact of other factors and substantially dampened by the tax and transfer system. Our results point to a strong role of the German tax and transfer system as a distributional stabilizer implying that, if the COVID-19 shock were to persistently reverse all the employment gains that occurred during the boom, this would only have a moderately disequalising effect on the distribution of net incomes.

Peter Haan (Sebastian Becker, Hermann Buslei, Johannes Geyer)

Employment Responses to Income Effect: Evidence from Pension Reform

Abstract: For the design of the pension system, it is crucial to disentangle the employment responses related to the substitution effect and the income effect. In this paper, we provide causal evidence regarding the importance of the income effect, which is generally assumed to be small or non-existent. We exploit a pension reform in Germany that raised pension benefits related to children. For the identification, we exploit the discontinuity induced by the reform: only mothers with children born before 1.1.1992 were affected by the pension reform. Children born after this cut-off date did not change pension income. We use a difference-in-differences estimator based on administrative data from the German pension insurance that includes complete individual employment histories. We find that income effects are significant and economically important. We show that the policy led to a reduction in the employment of affected females. Further, we are able to show effect heterogeneity on different dimensions: by treatment intensity, age of the mother, and pre-reform pension wealth.

Are strictly proportional pensions popular? Evidence from German survey data

Abstract. The Problem In most OECD countries, there is some link between the contribution that a worker has paid into the public pension system and the monthly pension benefit that he or she receives during retirement, although this link can have different shapes. At one extreme, individual contributions and benefits can be strictly proportional to each other This so called Bismarckian rule pretty much describes the pension system in Germany. The other extreme is the Beveridgean rule according to which every worker receives the same pension no matter how much he or she has contributed to the system, which is typical for many tax-financed basic pension systems as the one in the United Kingdom. In Germany, it is a strongly held conviction among politicians even in leftist parties that the strict proportionality between contributions and benefits should not be tampered with. There are basically two arguments for such a strict tax-benefit linkage. The first one is an efficiency argument and claims that labor supply distortions are minimal when every Euro paid in contributions provides the same pension entitlement in return. In contrast, with the Beveridgean pension system, the contributions have the character of a pure tax because they do not provide any return. The second argument points to the fairness of the system and states that contributions measure the sacrifice of the worker and thus should be rewarded accordingly. However, it is doubtful whether this view is shared by the general public. When recently a “basic pension” (“Grundrente”) was introduced in Germany, which tops up small retirement benefits that are close to the poverty line, this deviation from the proportionality principle met with great popularity. Against this background, the purpose of our survey is to examine whether German voters perceive the public pension system as fair and, if not, what extent of redistribution from the higher to the lower earners in the retirement phase they consider as justified. These questions are relevant, because of at least two different political issues: First, there is a rising longevity gap between income groups. Thus, the regressive impact of a longer pension benefit duration for high income individuals is expected to become more severe over time. Second, given a sharply rising old-age dependency ratio in the next two decades, the ratio between the average retirement benefit and the average earnings (i.e. the average earnings replacement rate) is expected to decline. However, a decreasing trend in the average replacement rate may push the benefit level of the low-earning workers near or even below the poverty line, at which they are entitled to claim social assistance. These dilemmas give rise to proposals to reform the pension benefit formula away from the strict proportionality rule to a somewhat “flatter” relationship. 2. Methods The paper reports results from a survey conducted in late 2020 by Infratest dimap with almost 4,500 respondents. Besides vignettes on the perceptions of fairness of the pension system the survey contained other inequality-relevant questions such as the fairness of tuition fees for university education and a general belief in a just world.2 The pension part of the survey first elicits participants’ prior knowledge about the German pension system and then their distributional preferences. In particular, participants were asked how they would distribute a fixed monthly pension amount (3,000 Euros) between two retirees of whom one has always earned exactly twice the income of the other and has therefore contributed exactly twice as much to the pension system. 3. Results It turns out that almost one-third of all respondents (31.6%) know that the actual division is 2,000:1,000, and slightly more than that (37.6%) guess that the division is somewhere between 1,500:1,500 and 1,900:1,100. When asked for the most preferred division among the two “model pensioners”, a vast majority of responses to this question (86.3 %) lay in the range between purely Bismarckian and purely Beveridgean pensions. In the control group (without any further information) the average response to the desired division is 1,700:1,300, which means a sizeable redistribution, which would reduce the gap between the two model pensioners by 60 percent. Surprisingly, adding the information that the higher earner lives longer has a small negative effect on the desired redistribution. We also analyze how the extent of the desired redistribution correlates with the demographic characteristics or the political preferences of the respondents. 4. Conclusions We conclude that a reform of the benefit formula of the German public pension system away from strict proportionality and towards some extent of redistribution in favor of lower earners could meet with electoral approval – in contrast to what the majority of politicians seem to believe

Volker Meier

Political Economy of Redistribution between Traditional and Modern Families

Abstract: While efficiency issues of subsidizing “modern” double earner households with children are well understood, the changing political support of transfers between double earner and “traditional” single-earner households has not received much attention. To address this issue, we consider a political economy framework with voting on subsidies that may favour either the one or the other group, like market care subsidies vs. cash for care. In our probabilistic voting model, poorer households follow their material interest to a higher extent than richer households due to their higher marginal utility of consumption, resulting in positive net transfers to traditional households. Accordingly, reducing gender wage inequality at given share of modern households is predicted to increase net subsidies to traditional households. By contrast, a higher share of modern households – induced by higher quality of market care, or changes in social norms – has non-monotone effects, with low net subsidies to traditional households when their share is very low or very high, and higher subsidies in some intermediate stage. Low transfers at the boundaries occur because the negative impact of increasing them on the public budget surplus, harming all voters, becomes the dominating force. This may explain the implementation of cash for care policies and their subsequent tightening, when most voters come from modern households. Finally, in an environment in which many traditional households are not entitled to vote (immigrants who have not yet obtained citizenship), redistribution toward them may be abolished or even replaced by net transfers to modern households.

Kamila Cygan Rehm

Lifetime consequences of lost instructional time in the classroom: Evidence from shortened school years

Abstract: This study estimates the long-run effects of a compressed schooling duration on earnings and other labor market outcomes. For identification, I use a German reform that shortened the duration of two school years by one-third each with no adjustments in the core curriculum. The lost instructional time in the classroom was mainly substituted by additional homework and reduced emphasis on non-core subjects. Applying a difference-in-differences design to social security records, which allow me to follow the exposed individuals nearly over their entire occupational careers, I find adverse effects of the policy on lifetime earnings and employment. I also find a lower probability of completing vocational education, which seems a plausible, though not necessarily exclusive, mechanism behind the deteriorated labor market outcomes.