

European Labour Market

University of Castellanza

Spring 2008

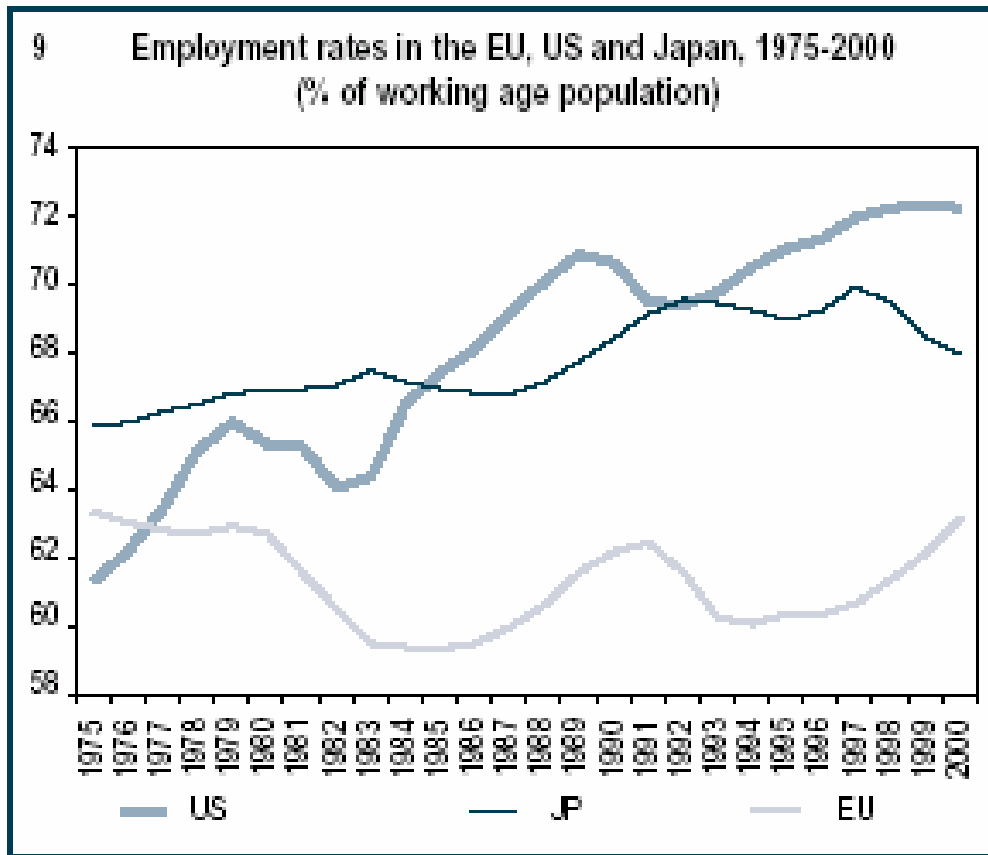
Session 1

One European Union, many European labour
markets

Overview

- Background to course
 - The policy issue – European employment
 - The theoretical issue – institutions and the labour market
- Gender and the labour market
- Financial systems and employment

'Euroscelerosis': Fewer Europeans than Americans at work



Source: Commission Services

Employment rate

Percentage of potentially active population who have **some** job.

Activity rate:

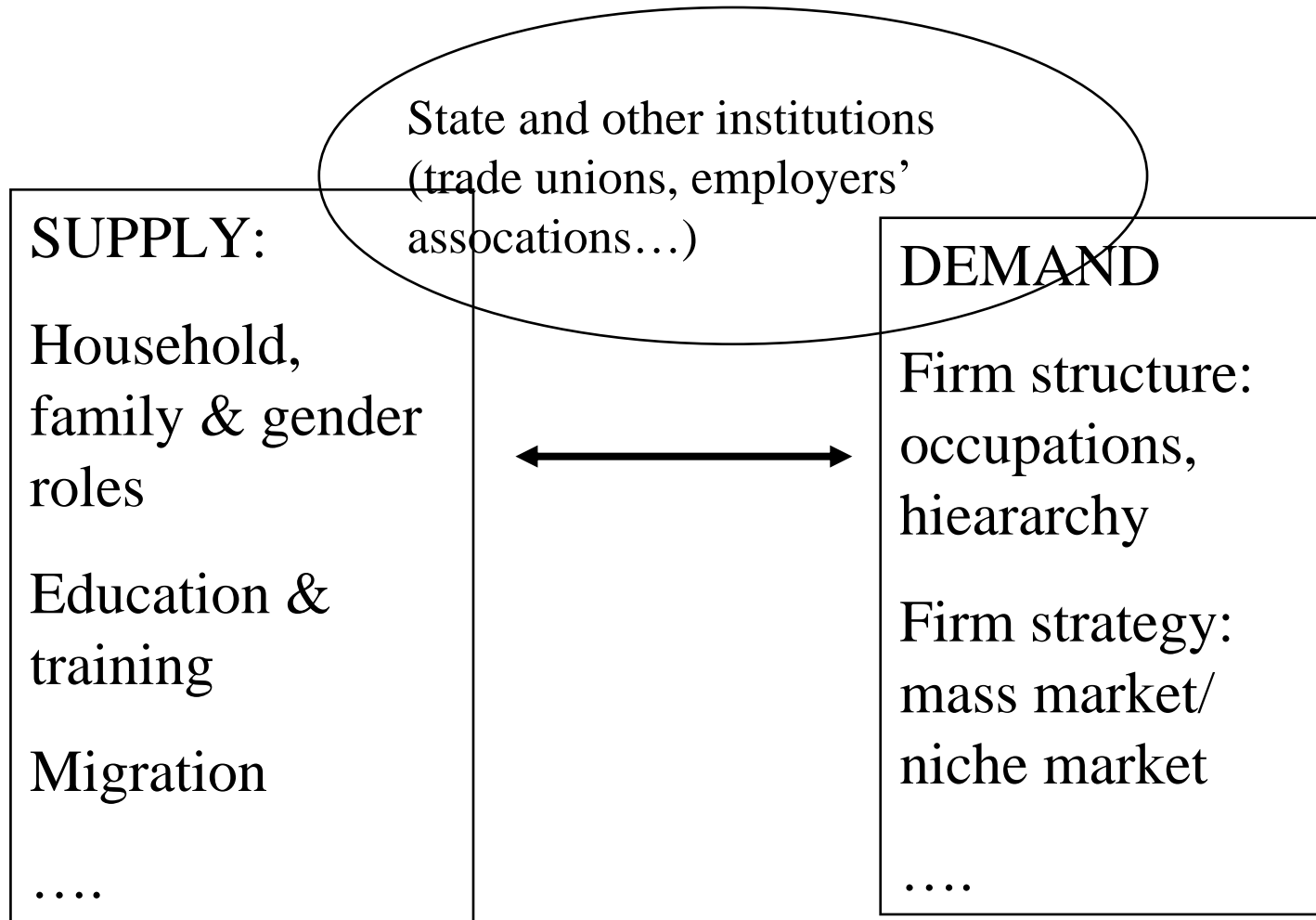
Percentage of potentially active population who are at work or looking for work.

Unemployment rate:

Percentage of actually active population who are without a job.

NB Definitions!

Understanding the labour market



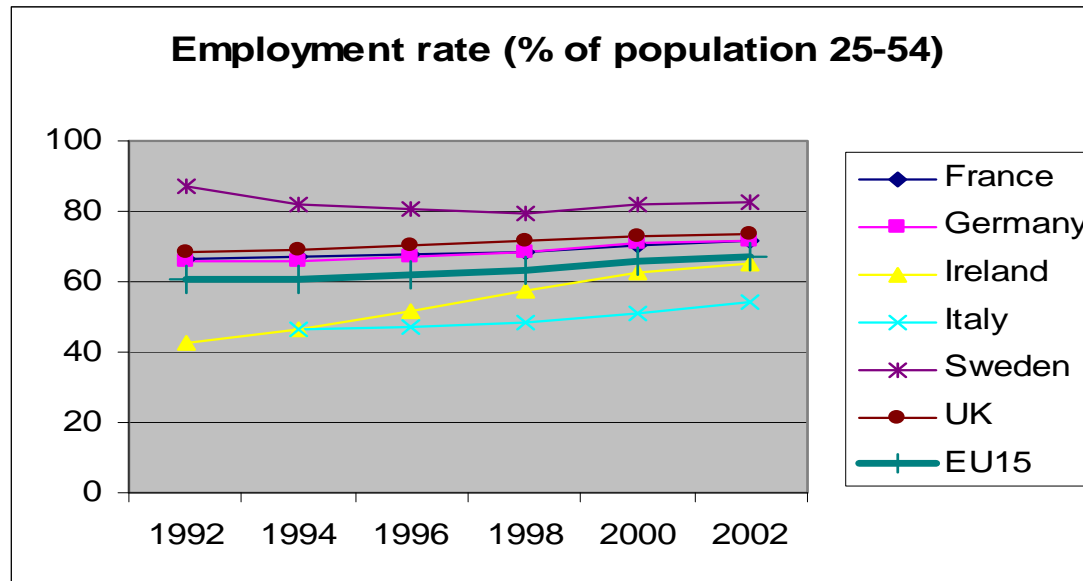
European Social Model

- Welfare state: social citizenship
 - » Social rights to education, health, housing, and employment
- Economic citizenship
 - » Employment regulation
(dismissal, working time, equal rights)
 - » Participation
(works councils, financial participation...)
 - » Trade union representation
- Key question: are these compatible with globalisation and economic competitiveness?

Lisbon Declaration

- Lisbon targets
 - » 70% overall employment
 - » 60% women
 - » 50% older workers
- ‘Arbeit macht frei?’
 - » But many societies and groups have ‘chosen’ low employment rates, sometimes with high productivity
- Economic citizenship
 - » justifies employment
 - » ensures work compatible with social reproduction

Women's participation in the labour market



- Women's participation in work has been rising EXCEPT where already high
- Convergence: the end of the housewife?

Increasing participation

- Changing attitudes
 - » Feminism, independence, sexual autonomy
- Changing legislation
 - » Especially EU directives of 1970s
 - Equal pay
 - Equal promotion & recruitment
 - Equality in social welfare systems
 - » Enforcement and promotion agencies
- Education
 - » ‘Qualification lever’
 - » Higher participation for more qualified
 - » Women now outnumber men in most countries
 - » BUT still clustering in “women’s jobs”

Breadwinner models

- Male breadwinner
 - » Father responsible for household
 - » Wife works at most for 'pin money'
- Modified male breadwinner
 - » Man's income decisive
 - » Woman's income important
- Universal breadwinner
 - » Everyone works
 - » One person- one living income

Gender regimes

- Definition of male & female
 - » INCLUDING who works & how
- Tax and social welfare system
- Education system
- Economic organisations
- Church
-

Overall participation

	Activity rate: % of population 15-64	Activity rate % of population aged 25-54
France	62.7	78.7
Germany	64.2	78.0
Italy	47.9	60.3
Sweden	75.8	85.5
UK	68.3	76.4
EU15	60.9	73.2

- Divergence greatest in core age group
- Two extremes:
 - » High Scandinavia, low Mediterranean

Forms of women's participation

	Part time as % all employment	Hours worked: difference- households with and without children	Marginal part-time as % all dependent employees
France	29.4	-1	9
Germany	36.4*	-3.3	18
Italy	16.9	+2	8
Sweden	33.1	+0.1	6
UK	43.9	-6	21
EU15	33.5	-3.4**	14**

- Countries with high overall participation have very different **forms** of participation
- Deregulated labour markets = 'bad' jobs?

Three worlds of welfare – and 'defamiliasation'

- Liberal regime
 - » Market solutions
 - » Deregulated labour market-
 - » Immigrant caring labour
 - » Part-time and temporary work for women
- Social democratic
 - » Extensive care services:
 - » Good low skill employment
 - » Enable women to leave home
- Conservative/ corporatist
 - » Subsidiarity so family important
 - » Insurance based benefits
 - » Priority of full-time work
- Mediterranean (?)
 - » As conservative *but* incomplete coverage

Which countries?

UK and Ireland

Scandinavia

France and
Germany

Italy, Spain,
Greece...

New member
states?

Changes?

Firms, financial systems and inequality

- Oppositions:
 - » Rhineland versus Atlanticist
 - » European versus Anglo-Saxon
 - » Stakeholder versus Shareholder value
- Theoretical arguments for diversity
 - » Path dependency
 - » Comparative institutional advantage
- Globalisation
 - » Markets
 - » Technology
 - » End of space/distance

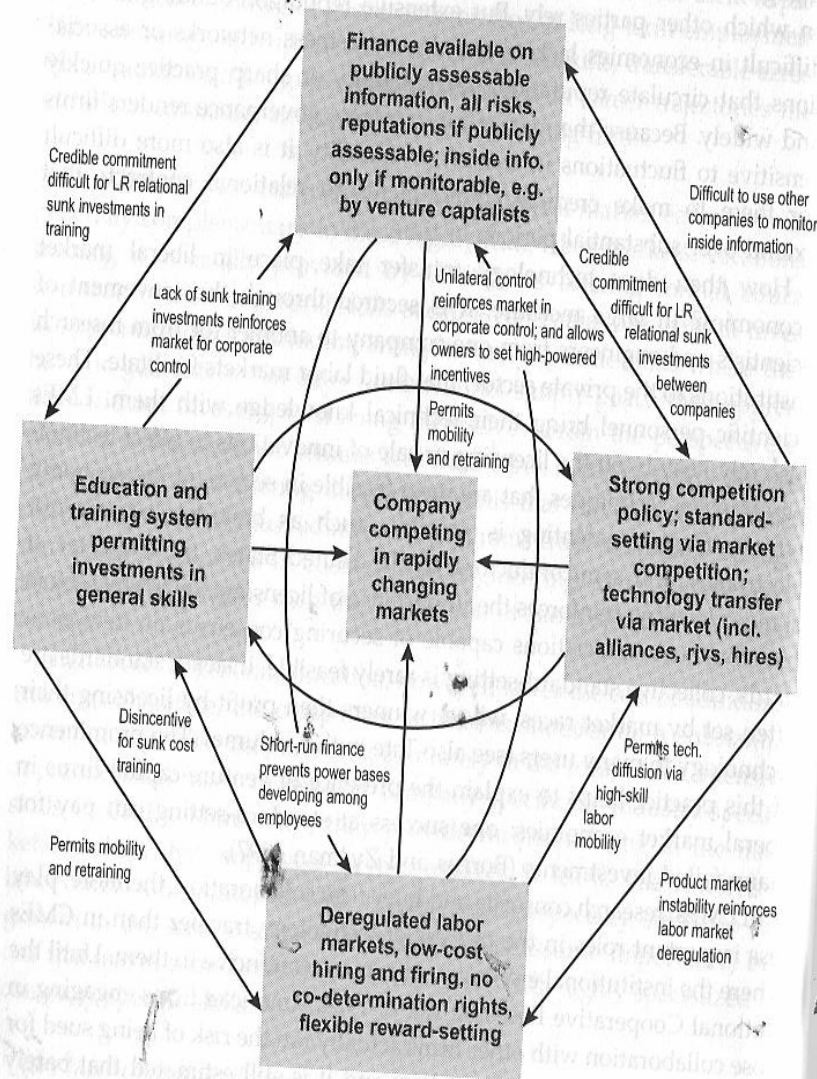


Fig. 1.4 Complementarities across subsystems in the American liberal market economy

Liberal Market Economy (LME):

Finance from stock-market – shareholder value governance

Market based low trust relationships

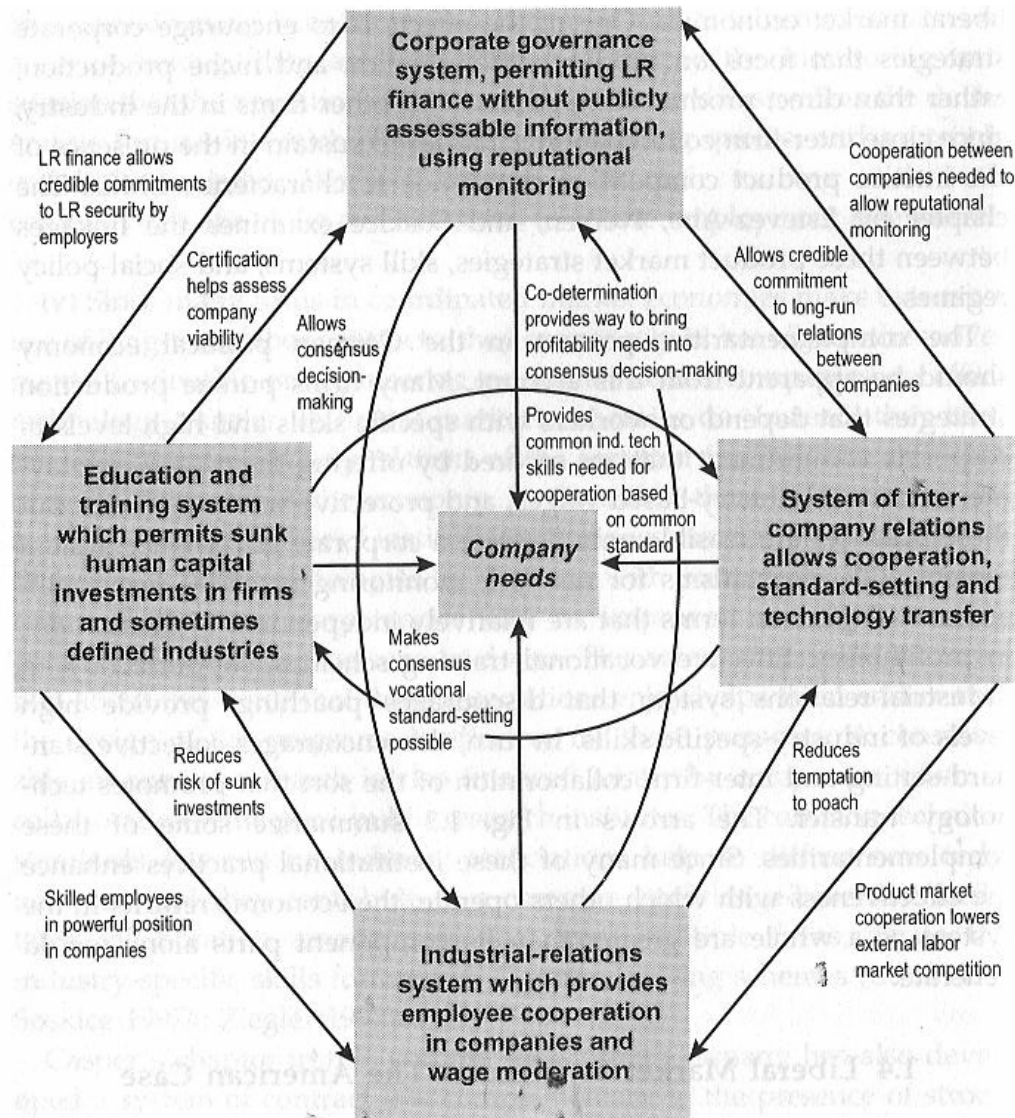


FIG. 1.3 Complementarities across subsystems in the German coordinated market economy

**Co-ordinated
Market Economy
(CME):**

Finance from
banks and key
shareholders:
Stakeholder
governance

Co-operative and
high trust
relationships

Financial system and employment regulation

19

Where stock markets are important for firms, employment protection is low

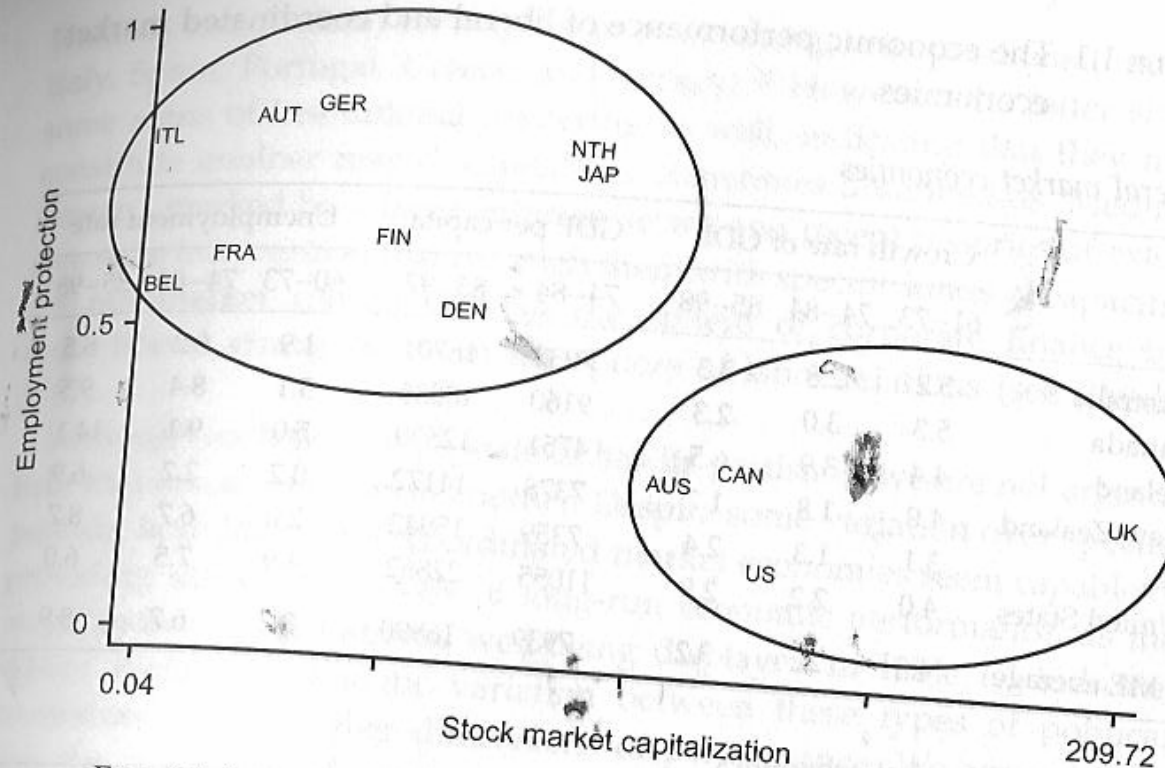
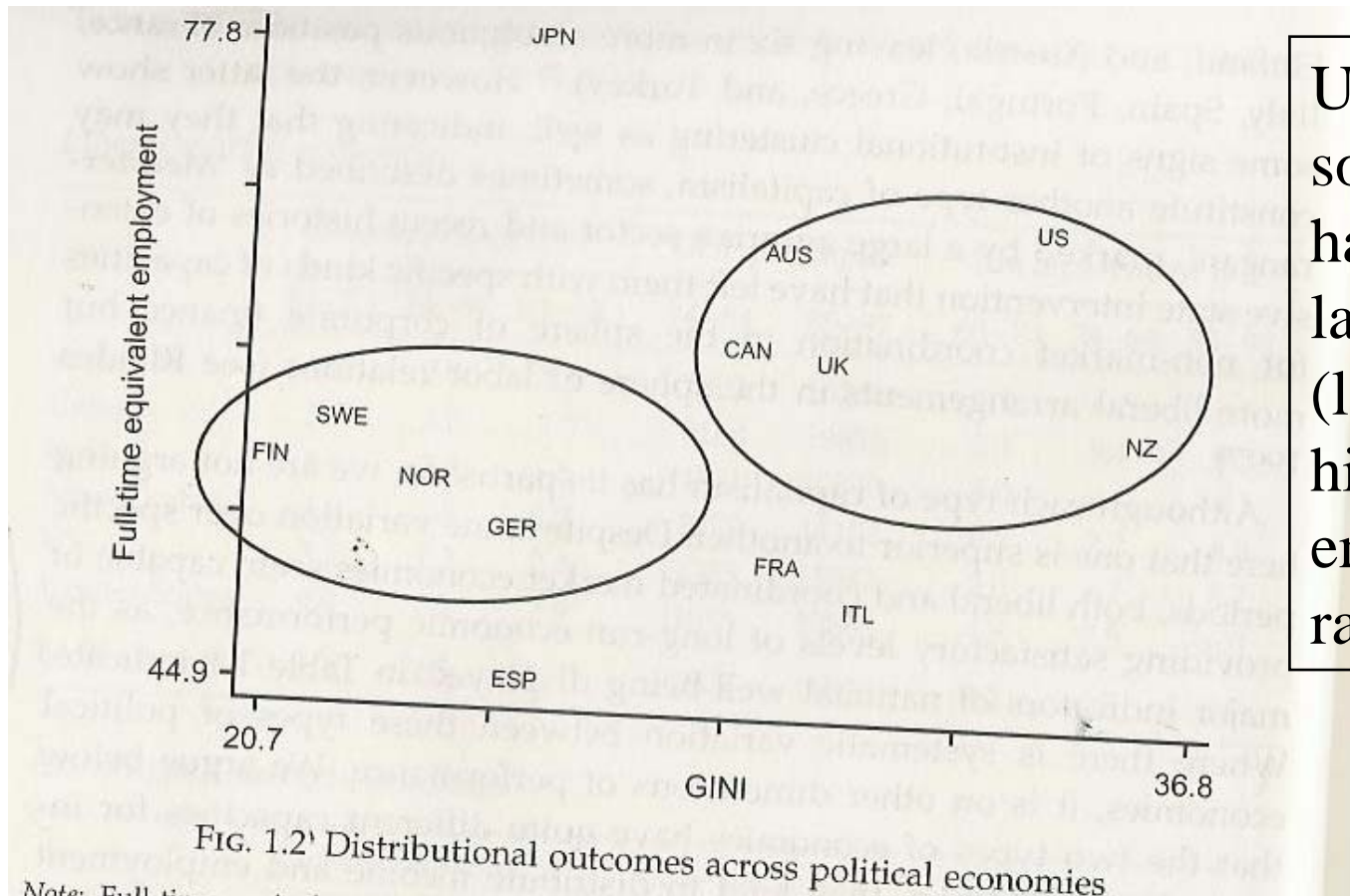


FIG. 1.1 Institutions across sub-spheres of the political economy

Note: Employment protection refers to the index of employment protection. Source: Abe, Iversen, and Soskice (2002).

Inequality and employment



Unequal societies have high labour input (long hours, high employment rate)