ENTERPRISE RESTRUCTURING AND THE ‘ENABLING WELFARE STATE’: WHAT WE ASSUME, WHAT WE KNOW AND WHAT WE NEED TO KNOW

Axel van den Berg

McGill University

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One major lesson from TRANSLEARN:

- The successful mobilization by firms of a peculiar set of industrial relations and supporting institutions is a large part of the story of the Danish ‘flexicurity’ miracle

BUT:

One Unexamined fundamental assumption

A Key assumption of Rehn-Meidner, flexicurity, TLM, ‘enabling welfare state:

Social protection can actually *raise* efficiency because collective risk-sharing can facilitate individual risk-taking

The Evidence: Macro-level Comparative Studies

- Different mobility regimes (DiPrete et al.)

- Entrepreneurial risk-taking and social protection studies: conflicting findings

- Long-run Economic Growth largely unrelated to generosity of social protection regimes (Blank, OECD)

What the Macro Evidence Suggests:

- individual social protection policies don’t matter that much, one way or the other (Blank, Buechtemann);
- the reason for this is that, whatever the individual policies and their potentially perverse (‘moral hazard’) effects may be *in theory*, *in practice* economic actors find ways around them; which leads to the third conclusion:
- in practice, most countries at most times are hybrids of cobbled-together institutions, policies and practices which, each in their own way, end up roughly producing the same outcome in terms of overall competitiveness and viability

• Cf. NBS, ‘varieties of capitalism’, etc.

- ✍it is clearly possible to run a fairly viable economy even *with* a generous welfare state and a large public sector

- It is rather less clear that this is (partly) *because because* social protection actually induces behaviour that favours economic growth

Micro-level evidence

- Our Swedish-Canadian comparative study:
  - no evidence of any correlation between sense of employment (in-)security and *attitudes* towards change
  - Factory interviews: no major differences between rank-and-file workers; if anything some indication of an institutional (neocorporatist?) effect

Flaws of our study

- Only survey material on *attitudes* towards change
- No direct observation or information on shopfloor negotiation of major change
- Different kinds of change clearly affect different categories of workers differently (e.g. older workers and computers)
- Nothing on spontaneous innovation, experimentation (Peer’s shtick)

Back to square 1: how to study the nexus between collective risk-sharing and individual risk-taking?

- Differentiate between *kinds* of trade-offs at issue
- Differentiate between different *kinds* of workers
- Differentiate *kinds* of economically beneficial individual risk-taking

3 kinds of supposedly economically beneficial risks:

- Less resistance against restructuring involving layoffs (the original Rehn-Meidner assumption)
- Greater willingness to *move*: between jobs, employers, occupations and industries and localities
- Greater willingness to experiment, innovate (there’s Peer again)

The Ideal Research Design

Catch workers *in the act* of resisting or accepting these different kinds of risk-related events and then interview them about their motives for resisting or accepting/embracing them

But controlling for:

- Significantly different social protection regimes (liberal vs. social democratic?)
- Industry: different industries have different risk 'cultures' (e.g., construction, seasonal work, our telecommunications equipment 'cowboys')
- Local labour market: the ready availability of equivalent jobs
- Other factors?

Suggestions from the Audience?