How much structure is in the changes?
a short journey through some recent books on labour, markets and classes

Markus Promberger

Markus Promberger is Head of Welfare, Labour and Social Inclusion Research at the Institute for Employment Research (IAB) of the German Federal Employment in Nürnberg, Germany and teaches sociology at the University of Erlangen, Germany

Books Reviewed


Labour markets and their social, political and cultural surroundings seem to be a prevailing problem even in the post-industrial countries. Huge challenges are posed for social inclusion by the socioeconomic changes and policy shifts that have resulted from globalisation, together with both old and new. Given that numerous (not to say countless) books and articles have been published addressing these topics, offering both analysis and policy recommendations, the selection examined in this article may seem eccentric or arbitrary, but there is an old saying among empirical researchers: that strong correlations shine through even from most distorted sample selection. The first book is a sample itself, a collection of papers covering three decades:

Since Adam Smith and Jean-Baptiste Say, economists have been busy modifying the concept of the ideal market to give it more power to explain reality. Labour markets, in particular, seldom behave as ideal markets are supposed to. To put it simply, labour is not just labour pure and simple, but has particular characteristics. Although there were
antecedents in the writings of John Stuart Mill, John Cairnes, and Alexander Pigou, segmentation theories really emerged in the late 1960s as a distinctive critical approach, first adopted by left wing US economists and sweeping across to Europe only in the 1970s and 80s. They are still influential today, although under some criticism, mainly from neoclassical perspectives. Their core idea is that there is not a single homogenous labour force, which can be redeployed everywhere to fill any given demand, but that labour forces are divided into at least two separate labour market segments with little exchange between them: a labour market comprised of white male adults, mostly company-based; and an ‘everybody else’ labour market, including women, immigrants, ethnical groups and young people. These segments are rather unequal, with very different characteristics in relation to job stability, earnings and spatial mobility. The most simple way to designate these differences is as ‘good jobs’ and ‘bad jobs’.

Michael Reich has been publishing on labour market segmentation since 1972, sometimes together with Piore, Doeringer and other pioneers of the segmentation approach. He has now edited a comprehensive two-volume book covering three decades of discussions on labour market segmentation, mobility and flexibility, including reprints of selected journal articles, starting from 1971 with Doeringer and Piore and ending with recent critical overviews of Leontaridi and Thomson, touching on subjects like inequality, discrimination and the promises and threats of flexibility. Extensively covering the economic debate, which still seems to be focusing on dual labour markets, the book does not talk much about what could be called a third labour market segment. But recent developments in thinking, as well as actual social changes, seem to be leading towards a conclusion that such a third sector can be identified. This can be designated as a labour markets for professionals in which there are jobs with characteristics that are different from both the first (‘good’) segment and the second (‘bad’) segment identified in 1970s dual labour market theory. This third segment consists not just of academics, but also of other high skilled workers with qualifications that are easily transferrable from company to company. In Germany this segment was first identified by Werner Sengenberger (1975) and Burkart Lutz (Lutz & Sengenberger 1980), but traces of this type of labour can be found throughout the world, albeit in different cultural patterns, with astonishing similarities: workers who are well-qualified, easily transferrable, relatively mobile, flexible (especially in adopting new techniques), not underprivileged and often well-organised. Nevertheless, some of their jobs are under threat by Taylorism and other control-type paradigms of rationalisation and are subject to processes of reshaping and reorganisation, as illustrated by Richard Sennett in The Craftsman (2008). Michael Reich’s collection provides a tremendous source for scholars and teachers in economics and related disciplines, and, moreover, shows what is sometimes forgotten: that economics is an eminently political discipline. It has to be admitted, however, that the study of labour markets is itself considerably segmented. Although many labour sociologists have taken up insights from the segmentation approach, the economics literature has not really responded to this challenge in reverse by learning from sociology. This is a pity, because a recognition that segmentation is not limited to a simple dualistic divide could contribute to an improvement in economic models of labour markets.
Segmentation theory is useful for helping to explain wage inequalities, a topic which is addressed in some depth by Maarten Keune and Béla Galgóczi. Their book gives an overview of recent trends in wages in Europe, both in relation to bargaining and to outcomes. It is a pity that a lot of the interesting figures and findings they present end in 2004 or 2005, which raises the question why it took until 2008 to publish them. But the book does provide a consistent picture from the mid 1990s to the mid 2000s, with the 2000-2001 break of the dot.com crisis. In addition to providing very informative country details, the book illuminates three important problems in labour market developments all over Europe, which make it well worth reading: the minimum wage question, the development of low-wage jobs and the decline of unionisation and collective bargaining coverage. We also learn about the prevailing differences and similarities in the industrial relations of the respective countries. In particular in the post-socialist EU member states, the transformation years saw the development of strong factions in the labour movement and political unionism, but these tensions were quickly moderated and the recent trend has been mostly towards neo-corporatist arrangements. The Slovakian example shows that this does not necessarily lead to higher wages, but in many post-socialist member states, nationwide corporatist setting of minimum wages, whether by law or by collective agreements, can be seen as crucial points of stabilisation of wage developments in general. Contrasting with this, there have also been strong wage moderation trends, mainly in Western Europe. In his editorial, Maarten Keune argues that wage moderation policies have been more or less a common denominator of European wage developments in the 1990s, resulting from declining unionism and wage competition. This argument still leaves a number of unexplained issues requiring further analysis, however. These include some discrepancies in wage moderation, centralisation versus decentralisation and the role of neo-corporatism, tripartism or other state interventions, especially after the 2008-9 world financial crisis. The book is a good starting point for such further enquiry – but, dear editors, why did you leave out Poland?

When wage developments are not only an outcome of collective negotiations but also an indicator of broader developments in labour markets and society, our next task might be to look at other changes on the labour market and related policies. The book edited by Ester, Muffels, Schippers and Wilthagen does this, bringing together socio-economic transitions into and out of the labour market with changes in life courses, both of which are mediated by changing working time arrangements. The editors’ introduction uses the AGIL paradigm developed by Talcott Parsons (Parsons, 1970) (something I haven’t met for a long time), and quickly moves to an analysis of the current EU policy agenda, with digressions into academic perspectives from economics, political science and sociology, against a backdrop of life course theory, transitional labour markets theory and the varieties of capitalism approach, only to jump back into policy analysis. This scintillating intellectual flexibility, operating on the border between science and politics is truly fascinating – though I suspect that the editors would not see much of a border at all.

What the book in fact depicts is flexicurity as a concept of labour market and social innovations which transforms the old model of Rhinelander capitalism with its smoking
chimneys, standard working day, 'normal' working lives and obligatory risk insurances into a completely different smart, slim, flexible model. In this new model, like a ballet, the ins and outs and in betweens of the labour market that accompany different family and biographical stages are to be accompanied by orchestras of flexicurity that will permit even people bringing up children to find proper work, allow women to work extensively, enable older people to remain in the workforce, get young people into jobs, fill company vacancies more quickly, increase labour-force flexibility, lower unemployment risks through life-long learning, keep companies competitive and bring yet further benefits (pp. 3-5), all, of course, without losing social cohesion. What has to be done to reach this goal, in their view, is to develop and nurture flexible institutions on the labour market, in education and in social security. Furthermore, they inform us, we are already in the midst of this process, as many of the empirical contributions show: there has been a growth in flexible working hours in Europe, new employment models, time-accounts that cover a whole working life, flexible career patterns; new opportunities are everywhere, albeit combined with old and new risks.

The authors assess how far we have come and what remains to be done to come closer to a new European social model, in which flexicurity plays a crucial role. They make a convincing argument that, although new risks are arising, this is possibly the only feasible labour market and social policy agenda for 'old Europe' in sight that really has some slight chance of implementation, at a time when high-scale late-Fordist redistribution policies are unable to find political majorities. The book paints a concise picture of a modernised market economy and labour society, combining economic progress with social inclusion under flexible conditions. Their analysis suggests the conclusion that there is probably no realistic way back to old Fordist capitalism, although some old institutions show signs of structural conservatism, and a purely liberal system, where all risk, social infrastructure and risk provision is privatised, surely offers no alternative way out, unless we accept a major increase in social inequality, poverty and anomie. But the road towards a 'flexible Rhinelander capitalism' (or a 'new European social model') will probably be much bumpier and more winding than it sometimes appears, with many deviations, dead ends and accidents along the way. The empirical analyses presented here include many examples of failure, including unsuccessful transitions from education to employment, disadvantages for women and types of non-standard employment that simply do not generate a sustainable income. Lessons from these pitfalls should be used to inform the future agenda of a new social Europe.

The increasingly flexible nature of European labour markets brings up another issue: that of the working poor. Just a decade ago, in most of Europe, this was still mainly seen as a problem of marginal groups or of the 'Manchester' period of capitalism, a problem that had long been overcome by Fordist arrangements of working-class inclusion. But, as we have learned from a number of recent national reports on poverty, the issue is now firmly back on the agenda. But there is a dearth of evidence, in particular of comparative analysis of a kind that goes beyond bare numbers and figures, putting the phenomenon into its social and political context. Hans-Jürgen Andress and Henning Lohmann use Esping-Andersen's (1990) typology of welfare regimes and cross-country datasets and policy analysis to begin addressing this lack. At the core of their book are nine case studies, with Belgium, Germany and the Netherlands representing the 'continental type', Sweden
and Finland the ‘Nordic’ type, Italy the ‘Southern’ type and Britain and Ireland the ‘Anglo-Saxon’ type of welfare state. The introductory and comparative chapters highlight the heterogeneity of factors that needs to be taken into account to explain in-work poverty (as, indeed, for poverty in general). These include: individual characteristics like low education and skill levels; household characteristics, such as lone parent families and high numbers of children; economic factors such as a loss of workforce bargaining power due to globalisation or working in a low wage sector; political factors, like minimum wage policies; and more complex mixed factors such as barriers to sustainable employment.

Remarkably, even Sweden, still sometimes held up as a model of social inclusion and low inequality, is currently facing a steady growth both of poverty in general and, particularly of in-work poverty (165). In Sweden it is also evident that women in poor families tend more than men to move out of the labour market during times of economic recession and return later. The Finnish study too shows very clearly that being unemployed creates a major and rising risk of becoming empoverished, if this is measured by income, but this growth disappears when the income indicator is replaced by a deprivation indicator relating to the lack of at least three basic commodities. All over Europe, education is one of the strongest factors in lowering workers’ risks of falling into poverty. Surprisingly, as the editors state in their conclusion, despite applying a range of different analytical methods, they were unable to find any evidence that any one of Esping-Andersen’s types of welfare state performs better than any other in preventing in-work poverty. Belgium and Germany, two examples of the ‘conservative’, ‘continental’ type, perform as well as Sweden and Finland, the two ‘social democratic’, ‘Nordic’ examples, and are little different from Ireland and Great Britain, the ‘liberal’, ‘Anglo-Saxon’ examples. The worst performers in this respect are Italy and, fasten your seat belts please, the Netherlands! This gives us a strong clue as to why Ester and his colleagues place so much emphasis on flexicurity and life course policies: perhaps these are just the most practicable ways out of this particular mess. Reading these two books together leaves a strong impression that there really is a need for an inclusive European social model. The conclusion reached by Andress and Lohmann that, at least as far as in-work poverty rates are concerned, there is no explanatory power in Esping-Andersen’s typology, encourages me to hope that there might be more common ground for a European social model than we previously thought.

But it is not only work and social security in Europe that are changing because of globalisation, and one man’s poison might be another man’s meat. From a global perspective, one of the most interesting current developments is the emergence of new middle classes outside Europe and the USA. Middle classes present a challenge for orthodox class theory; their lifestyles represent a focus of temptation, desire and motivation for the economic struggles of the poor, and they can be seen as a stabilising factor in the development of patterns of individualisation in the economic and political system. Moreover, their lifestyles, economic and cultural practices might become increasingly influential in shaping a substantial part of the whole world’s future, not only by entangling new regions into global cycles of fashion, consumerism and production, but also through the adoption of a Western type of relationship to the environment. Lange and Meier have brought together a broad-ranging collection on the topic, with contributions from authors all around the world. These include studies of expanding consumption in East Asia, of
Chinese golfing as participation in a global lifestyle, of middle classes and environment-related lifestyles in Israel, of the Westernisation of eating behaviour in urban India (and the resulting health problems) and of knowledge workers in Brazil, viewed, somewhat unfortunately, through the lens of Richard Florida’s (2002) questionable concepts of creativity and class. Most of these articles come from the perspectives of cultural geography and sociology, but, although all of them are interesting and reflexive, they cover such a broad range that it is almost impossible to draw out a single sharp message from this book. Much of its content is descriptive and exploratory in the best tradition of theoretically informed ethnography, generating interesting questions relating to sustainability, the environment, socioeconomic change, inequality and diversity. Beyond that some cautious hypotheses can be identified. These relate to homogenisation, diversification and hybridisation, or refer to conceptual frameworks like Weber’s study of Confucianism or Florida’s notion of the ‘creative class. This is probably as much as can be done at this stage of research. So, whilst the book provides a series of vivid and thoughtful empirically based insights into the lifestyles of the middle classes in emerging economies, it does not go significantly beyond this. To this European reader, it does suggest that there is at least some convergence in urban middle class lifestyles around the globe, both economically and in terms of everyday practices. This also, of course, implies a spread of all the problems related to these lifestyles, among which the decline of local cultural and economic patterns and practices, the non-sustainable use of natural resources and the intensified commodification of both culture and the individual seem to be crucial. These, have broader social implications that extend to other classes.

Concluding this reader’s journey, it seems as though it is now becoming a bit clearer, what a post-Fordist or post-industrialist Europe looks like, because there are striking convergences. The growing numbers of working poor, the converging lifestyles of the new middle classes, the need for institutional stabilisation of life courses that are becoming increasingly volatile and struggles against wage decline all seem to be becoming more common in European countries. So perhaps now is the time to think a bit more about what a new European social model might look like, in both a normative sense and an ethical and practical one. There is a lot to be done and thought of, since there is probably no way back to the old 1970s models of redistributive capitalism, and no clear contours of flexicurity institutions have yet emerged which really help to avoiding precarious and maintain or restore a good level of social security that is worth of the name in the age of globalisation.

© Markus Promberger, 2010

REFERENCES: