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LABOR MARKET REFORM IN THE OECD  
MANAGING THE TRANSITION FROM POST-INDUSTRIALISM INTO THE 4<sup>TH</sup> INDUSTRIAL REVOLUTION  
Graduate seminar – [Link to moodle course](#)  
University of Greifswald – Winter term 2018/19

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Consultation hour: Wednesdays 1–2 pm (by appointment only)

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## I. Course description

The welfare state can be seen as a set of compensating initiatives mediating between capitalist labour markets and democratic society. Governments within the OECD have pursued different approaches to labour market policy (LMP) implementation that seek to change this dated understanding of welfare policy. Alongside traditionally passive LMPs, policymakers increasingly have implemented active LMPs. This so-called “activation turn”, which is characterized by an increased focus on active measures and reduction of traditional compensating social benefits, ultimately has led to a significant restructuring of the welfare state. The turn towards active measures can be observed across the entire OECD and can be explained by different theoretical approaches, which are in part new to welfare state research and in part build on established knowledge.

The seminar focuses on LMP reform, its objectives, influences and consequences, and institutional constraints. Beyond that, we will look socio-economic, political, institutional, and diffusional explanations for labour market reform. The aim of the seminar is to enable students to comprehend contemporary literature with a quantitative empirical focus on welfare state reform and labour market intervention. Term papers should include a time-series cross-section analysis in the given topic with an appropriate application of an explanatory approach.

## II. Literature

### Basic literature

Castles, F. G., Leibfried, S., Lewis, J., Obinger, H., and Pierson, C. (eds.) (2010). *The Oxford Handbook of the Welfare State*. Oxford University Press.

Clasen, J., and Siegel, N. (eds.) (2007). *Investigating welfare state change: the ‘dependent variable problem’ in comparative analysis*. Edward Elgar Publishing.

### Advanced literature

Beramendi, P., Häusermann, S., Kitschelt, H., and Kriesi, H. (eds.) (2015). *The Politics of Advanced Capitalism*. Cambridge University Press.

Bonoli, G. (2013). *The Origins of Active Social Policy: Labour Market and childcare policies in a comparative perspective*. Oxford University Press.

Bonoli, G. and Natali, D. (eds.) (2012). *The politics of the new welfare state*. Oxford University Press.

Clasen, J., and Clegg, D. (eds.) (2011). *Regulating the risk of unemployment: National adaptations to post-industrial labour markets in Europe*. Oxford University Press.

Hemerijck, A. (2012). *Changing welfare states*. Oxford University Press.

Morel, N., Palier, B., and Palme, J. (eds.) (2012). *Towards a social investment welfare state? Ideas, policies and challenges*. Policy Press.

### III. Course assessment

#### Term paper

- Deadline for papers is March 1<sup>st</sup>.
- The annotated bibliography must consist of at least 12 studies.
- Quantitative-empirical analysis is **mandatory**.
- Submission of paper i) via email (with replication files and dataset) **and** ii) a physical copy.
- Paper must consist of 20–25 pages of continuous text (excluding graphs, tables, and references)
- 12pt font size, with serifs, 1.5 line spacing
- Fully justified text, including hyphenation
- 2.5cm margins on all sides
- Paper can be written either in English or German.

### IV. Course outline

#### 1. Introduction and Planning (October 19<sup>th</sup>)

*Description:* This session serves for introductory purposes.

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#### 2. Fundamentals (November 2<sup>nd</sup>)

*Description:* This session is dedicated to recent developments in labour market policy reform. We will take a look at the general direction of reforms and how institutions like the OECD and the EU directly and indirectly push for certain directions of reform. We will also take a look at general characteristics of the indicators that are central to the empirical assessment of labor market policy reforms and discuss their shortcomings.

*Session tasks:* Read the texts and check out the additional sources to get up-to-date information.

#### Reforming the welfare state and the labour market

Hemerijck, Anton (2013). *Changing welfare states*. Oxford University Press.

Chapter 5: Three Waves of Transformative Welfare State Change, pp. 118–151.

Chapter 7: Welfare Performance at a Glance, pp. 221–289.

#### Crucial specifics of indicators

Clasen, J., Clegg, D., and Goerne, A. (2016). Comparative Social Policy Analysis and Active Labour Market Policy: Putting Quality before Quantity. *Journal of Social Policy* 45(1), 21–38. doi:[10.1017/S0047279415000434](https://doi.org/10.1017/S0047279415000434)

Siegel, N. (2007). When (only) money matters: the pros and cons of expenditure analysis, in: Clasen, Jochen/Siegel, Nico (Hrsg.). *Welfare Reform in Advanced Societies: the Dependent Variable Problem in Comparative Welfare State Analysis*. Edward Elgar. Part II, Chapter 4, S. 43–71.

Vlandas, T. (2013). Mixing apples with oranges? Partisanship and active labour market policies in Europe. *Journal of European Social Policy* 23(1), 3–20. doi:[10.1177/0958928712463161](https://doi.org/10.1177/0958928712463161)

## **Institutional aims and provisions of the OECD and the European Union**

Casey, B. H. (2004). The OECD jobs strategy and the European Employment Strategy: Two views of the labour market and the welfare state. *European Journal of Industrial Relations* 10(3), 329–352.  
doi:[10.1177/0959680104047024](https://doi.org/10.1177/0959680104047024)

de la Porte, C., and Jacobsson, K. (2012). Social investment or recommodification? Assessing the employment policies of the EU member states. In: Morel, N., Palier, B., and Palme, J. (eds.). *Towards a social investment welfare state? Ideas, policies and challenges*. Policy Press. Part II, Chapter Five, 117–149.

### **Sources for additional information**

Official [website](#) of the Europe 2020 strategy of the European Commission with country specific statistics and informations on national reform programmes.

[OECD Employment Outlook 2018](#), reviews recent labour market trends and short-term prospects in OECD countries.

[Taxing Wages 2018](#), OECD publication with special feature on taxation and skills.

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## **3. Labour market policy reform in Europe (November 16<sup>th</sup>)**

*Description:* In this session we will take a look at labor market policy reform in European countries. Therefore, every participant will hold a short keynote on labor market policy reform within the last decades in a single country. We will discuss differences and similarities of reforms and elicit the probable causes of the developments.

*Session tasks:* Prepare a short presentation (max. 5 sheets with text) on an assigned country. The presentation should include the following information on that particular country:

1. Description of the structure of labour market policies (unemployment insurance, active labor market policies, etc.)
2. Discussion of how labour market reforms in that country fit the so-called ‘triple integration’-approach as outlined by Clasen and Clegg (2013)
3. Graphs on recent labour market developments (up to 2017/18, depending on availability). Use the databases provided by the [OECD \(SOCX database\)](#) and the [European Commission \(Eurostat spr and lmp database\)](#).
4. Concise description of the recommendations made by the European Commission within the framework of the European Semester (if available). Information can be accessed on the website of the [European Commission](#).

### **Main literature for this session**

Clasen, J., and Clegg, D. (eds.) (2011). *Regulating the risk of unemployment: National adaptations to post-industrial labour markets in Europe*. Oxford University Press.

### **Introductory and summarizing chapter (obligatory)**

Chapter 1: Clasen, J., and Clegg, D. Unemployment protection and labour market change in Europe: towards ‘triple integration’?, pp. 1–12.

Chapter 14: Eichhorst W., Konle-Seidel R., Kosloski A., and Marx, P. (2011). Quantity over quality? A European comparison of the changing nature of transitions between non-employment and employment, pp. 281–298.

### **Case studies (individually assigned)**

Chapter 2: Clasen, J. The United Kingdom: towards a single working-age benefit system, pp. 15–33.

Chapter 3: Clegg, D. France: integration versus dualization, pp. 34–54.

- Chapter 4: Dingeldey, I. Germany: moving towards integration whilst maintaining segmentation, pp. 55–74.
- Chapter 5: Hoogenboom, M. The Netherlands: two tiers for all, pp. 75–99.
- Chapter 6: De Deken, J. J. Belgium: a precursor muddling through?, pp. 100–120.
- Chapter 7: Champion, C. Switzerland: a latecomer catching up?, pp. 121–141.
- Chapter 8: Jessoula, M., and Vesan, P. Italy: limited adaptation of an atypical system, pp. 142–163.
- Chapter 9: Mato, F. J. Spain: fragmented unemployment protection in a segmented labour market, pp. 164–186.
- Chapter 10: Andersen, J. G. Denmark: ambiguous modernization of an inclusive unemployment protection system, pp. 187–207.
- Chapter 11: Sjöberg, O. Sweden: ambivalent adjustment, pp. 208–231.
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#### **4. Consequences of labor market policy reform (November 30<sup>th</sup>)**

*Description:* This session focuses on the consequences of labor market policy reform. We will look at the multiple causes of unemployment and whether active labor market policies are effective at placing previously unemployed into new jobs. Furthermore, we will assess the societal as well as macro-economic phenomena that are direct results of labor market reforms.

*Session tasks:* Think about a possible research question that you want to answer in your term paper and briefly discuss it in the seminar. You should be clear whether you want to investigate the effects of labor market policy reform (as independent variable) or the causes of it (as dependent variable). Additionally, discuss possible hypotheses that you want to test in your paper. Start making your annotated bibliography and insert empirical studies that directly deal with your research question.

##### **Effectiveness of programs and policy mixes**

- Card, D., Kluge, J., and Weber, A. (2010). Active labour market policy evaluations: A meta-analysis. *The Economic Journal*, 120(548), F452–F477. doi:[10.1111/j.1468-0297.2010.02387.x](https://doi.org/10.1111/j.1468-0297.2010.02387.x)
- Escudero, V. (2014). Are active labour market policies effective in activating and integrating low-skilled individuals? An international comparison. MPRA Paper No. 55319, posted 16. April 2014. Online at <http://mpra.ub.uni-muenchen.de/55319/>
- Kluge, J. (2010). The effectiveness of European active labor market programs. *Labour economics* 17(6), 904–918. doi:[10.1016/j.labeco.2010.02.004](https://doi.org/10.1016/j.labeco.2010.02.004)
- Nickell, S., Nunziata, L., and Ochel, W. (2005). Unemployment in the OECD since the 1960s. What do we know? *The Economic Journal* 115(500), 1–27. doi:[10.1111/j.1468-0297.2004.00958.x](https://doi.org/10.1111/j.1468-0297.2004.00958.x)

##### **The Insider-Outsider divide**

- Rueda, D. (2014). Dualization, crisis and the welfare state. *Socio-Economic Review*, 12(2), 381–407. doi:[10.1093/ser/mwu015](https://doi.org/10.1093/ser/mwu015)
- Schwander, H., and Häusermann, S. (2013). Who is in and who is out? A risk-based conceptualization of insiders and outsiders. *Journal of European Social Policy* 23(3), 248–269. doi:[10.1177/0958928713480064](https://doi.org/10.1177/0958928713480064)

##### **Economic growth and inequality**

- Huber, E., and Stephens, J. D. (2014). Income inequality and redistribution in post-industrial democracies: demographic, economic and political determinants. *Socio-Economic Review* 12(2), 245–267. doi:[10.1093/ser/mwu001](https://doi.org/10.1093/ser/mwu001)
- Nickell, S., and Layard, R. (1999). Labor market institutions and economic performance. *Handbook of labor economics* 3, 3029–3084. doi:[10.1016/S1573-4463\(99\)30037-7](https://doi.org/10.1016/S1573-4463(99)30037-7)
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## 5. Influences on labor market policy reform (December 14<sup>th</sup>)

*Description:* In this session we will look at the deciding factors that influence labor market reforms. We look at how the recommendations of international institutions are implemented, which policy mixes and strategies are preferred by certain parties of the ideological spectrum, and we can observe some cases of policy learning across borders.

*Session tasks:* Continue collecting literature on your research question. Discuss possible variables and their operationalization within the seminar. Explain similarities and differences of existing studies to your research design.

### Implementing institutional recommendations

Armingeon, K. (2007). Active labour market policy, international organizations and domestic politics. *Journal of European Public Policy*, 14(6), 905–932. doi:[10.1080/13501760701497923](https://doi.org/10.1080/13501760701497923)

Paetzold, J., and Van Vliet, O. (2014). EU Co-Ordination and the Convergence of Domestic Unemployment Protection Schemes. *Journal of Common Market Studies* 52(5), 1070–1089. doi:[10.1111/jcms.12139](https://doi.org/10.1111/jcms.12139)

### Political parties and ideologies

Allan, J. P., and Scruggs, L. (2004). Political partisanship and welfare state reform in advanced industrial societies. *American Journal of Political Science* 48(3), 496–512. doi:[10.1111/j.0092-5853.2004.00083.x](https://doi.org/10.1111/j.0092-5853.2004.00083.x)

Cronert, A. (2017). Unemployment reduction or labor force expansion? How partisanship matters for the design of active labor market policy in Europe. *Socio-Economic Review*, online first April 26<sup>th</sup>, 2017. doi:[10.1093/ser/mwx014](https://doi.org/10.1093/ser/mwx014)

Huo, J., Nelson, M., and Stephens, J. D. (2008). Decommmodification and activation in social democratic policy: Resolving the paradox. *Journal of European Social Policy* 18(1): 5–20. doi:[10.1177/0958928707084449](https://doi.org/10.1177/0958928707084449)

Loftis, M. W., and Mortensen, P. B. (2017). A new approach to the study of partisan effects on social policy. *Journal of European Public Policy* 24(6), 890–911. doi:[10.1080/13501763.2017.1298656](https://doi.org/10.1080/13501763.2017.1298656)

Swank, D. (2011). Activating workers? The political economy of active social policy in postindustrial democracies. In: Brady, David (editor), *Comparing European Workers Part B: Policies and Institutions (Research in the Sociology of Work)* 22, 9–51. Emerald Group Publishing Limited. [Link to publication](#)

### Policy diffusion and policy learning

Casey, B. H., and Gold, M. (2005). Peer review of labour market programmes in the European Union: what can countries really learn from one another? *Journal of European Public Policy* 12(1), 23–43. [Link to publication](#)

Gilardi, F. (2010). Who learns from what in policy diffusion processes? *American Journal of Political Science* 54(3), 650–666. doi:[10.1111/j.1540-5907.2010.00452.x](https://doi.org/10.1111/j.1540-5907.2010.00452.x)

Helmdag, J., and Kuitto, K. (2018). Interdependent Policy Learning: Contextual Diffusion of Active Labour Market Policies. In: Dunlop, Claire; Radaelli, Claudio and Trein, Philipp (eds.). *Learning in Public Policy: Analysis, Modes and Outcomes*. Palgrave MacMillan. [Link to publication](#)

### Supplemental material

[Replication files](#) for Allan and Scruggs (2004).

[Replication files](#) for Gilardi (2010).

Replication material for Helmdag and Kuitto (2018) can be found on Moodle.

## 6. The future of labour markets and Discussion of term paper drafts (December 21<sup>st</sup> or January 11<sup>th</sup>)

*Description:* In the final session, we will discuss how automatization of labor will change future labor markets. We will look at the type of jobs that are going to be replaced by machines and those that will not, due to their special characteristics. Furthermore, we will discuss which role labor market policies should play in such a scenario and whether or not they will be still appropriate.

*Session tasks:* Prepare a short presentation on your research paper and your current progress. Work through all eleven points on the [check list for term papers and theses](#). A subsequent discussion on your presentation should help you in finalizing your term paper. Also try to present ready-made datasets and preliminary analyses. This way the consultation can be more helpful and insightful for you.

### Automation and labor markets

Autor, D. H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. *Journal of Economic Perspectives* 29(3), 3–30. doi:[10.1257/jep.29.3.3](https://doi.org/10.1257/jep.29.3.3)

Bloom, D. E., McKenna, M., and Prettnner, K. (2018). Demography, Unemployment, Automation, and Digitalization: Implications for the Creation of (Decent) Jobs, 2010–2030. NBER Working Paper No. 24835. doi:[10.3386/w24835](https://doi.org/10.3386/w24835)

Frey, C. B., and Osborne, M. A. (2017). The future of employment: How susceptible are jobs to computerisation? *Technological Forecasting and Social Change* 114, 254–280. doi:[10.1016/j.techfore.2016.08.019](https://doi.org/10.1016/j.techfore.2016.08.019)

### Optional reading:

Schwab, K. (2017). *The fourth industrial revolution*. Crown Business.

Steiner, C. (2012). *Automate this: How algorithms took over our markets, our jobs, and the world*. Penguin Press.

Susskind, R., and Susskind, D. (2015). *The future of the professions. How technology will transform the work of human experts*. Oxford University Press.

### Optional YouTube videos:

Autor, D. (2016). [Why Are There Still So Many Jobs? The Past and Future of Workplace Automation](#).

Osborne, M. (2015). [Future of Working: The Future of Employment & Job Automation](#).

Vox (2017). [Shift Change – A 6-part, Vox video series about automation, robotics, and the future of work](#).