

Competitiveness and the European social and economic model(s)

Dr Paolo Chiocchetti

Research Associate, University of Luxembourg

paolo.chiocchetti@uni.lu

1. THIS PRESENTATION

Part of an **ongoing research project** -> RESuME project (<http://resume.uni.lu>)

- open access publication platform, eBook, eJournal, Teaching Modules, interviews, resources, edited book with UACES/Routledge in 2018

The book will provide an up-to-date, interdisciplinary mapping of the **implications of competitiveness for the European social and economic model(s)**

This presentation will sketch **the main theme of the book**

2. WHAT IS COMPETITIVENESS

Since the 1980s, a veritable **obsession** among practitioners and academic researchers

- political circles: e.g. 1986 US “Commission on Industrial Competitiveness”, 1993 EU “White paper on Growth, Competitiveness, and Employment”
- EU law: e.g. TEU, TFEU, 2000 EU “Lisbon Strategy”, 2011 France-Germany “Competitiveness Pact” (then Euro-Plus pact)
- business circles: e.g. annual “Global Competitiveness Report” (WEF) and “World Competitiveness Yearbook” (IMD)
- management & business studies: Michael Porter (1990) *The competitive advantage of nations* and a huge stream of literature
- economics: e.g. Collignon & Esposito (2014), Aiginger (2015)
- social sciences: e.g. Streeck (1999), Cerny (2010), Fougner (2008)
- and many others...

Polysemic concept

In general terms, competitiveness is simply the ability of a national economy to

- survive the competition from other economies
- maintain or improve its performance compare to given relative benchmarks (CA balance, market share, relative ULC, productivity growth, innovation, etc.)

As such, it is a **general equilibrium condition** which can coexist with a broad variety of political economic models and policy goals and tools

- a) low-wage (costs) or high-wage (productivity) strategies
- b) external adjustment (prices) or internal adjustment (currency value)
- c) open economy or protectionism
- d) liberal („spontaneous“ market discipline) or activist (neo-mercantilism, industrial policy, planning) public policies
- e) and so on...

2. COMPETITIVENESS IN THE EU

In the European Union, the concept is mobilised for a variety of distinct and contradictory purposes - like Jabko's (2008) „market“

- a) in favour of **neoliberal reforms**: more competition, low inflation, wage and welfare cuts, pro-business taxation and regulation...
- b) in favour of **neo-mercantilist policies**: competitive deflation, regulatory competition (taxes)...
- c) in favour of **developmental public policies**: research & innovation policies, infrastructural investment, education...
- c) in favour of **welfarist policies**: high wages, full and quality employment, developed „safety nets“ -> more productivity and innovation

EXAMPLE 1: EU LAW – competitiveness as precondition of and constraint to social progress

- Art. 3 TEU „The Union... shall work for the sustainable development of Europe based on... a **highly competitive social market economy, aiming at full employment and social progress...**“
- Art. 151 TFEU: The Union and the Member States... shall have as their objectives the promotion of employment, **improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained...** [and] take account of... the **need to maintain the competitiveness of the Union economy**

EXAMPLE 2: EUROPEAN SEMESTER – competitiveness how?

- through public investment (Europe 2020's goals) or through unlocking competition (CSR) and fiscal discipline (SGP)?
- through innovation & social investment or through low wages and costs?

Competitiveness policies may **erode** / **sustain** / **strengthen** the high level of incomes and social protection characterising the post-war „European social model“ - debate remains open

- Karl Aiginger (economist): „high-road“ industrial strategies can reconcile competitiveness and social goals
- Frédéric Allemand (legal scholar): in EU discourse, competitiveness is a tool to achieve growth, employment, and social protection
- Laurent Warlouzet (historian): in EU public policy, since the 1980s neoliberal vision prevail over neo-mercantilist and social ones
- Klaus Dörre (sociologist): Agenda 2020 labour market reforms have improved the competitiveness of German firms but damaged the Euro-periphery and German wage-workers

ACKNOWLEDGEMENTS

Research supported by:



Co-funded by the
Erasmus+ Programme
of the European Union

Recent publications:

Allemand, Frédéric and Chiocchetti, Paolo (eds) (in progress). *Competitiveness and solidarity in the European Union. An interdisciplinary enquiry*. Abingdon: Routledge.

Chiocchetti, Paolo (2017). *The radical left party family in Western Europe, 1989–2015*. Abingdon: Routledge.

Contacts:

Dr Paolo Chiocchetti
Research Associate, University of Luxembourg
paolo.chiocchetti@uni.lu
<https://resume.uni.lu>