

The competitiveness imperative

What implications for public policy-making?

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Research interests:

- radical left party family
- party competition in Western Europe
- European governance and policy-making
- competitiveness and public policy
- digital social sciences

Selected publications:

- Chiocchetti, Paolo and Frédéric Allemand (eds) (in progress). *Competitiveness and solidarity in the European Union: interdisciplinary perspectives*. Abingdon: Routledge.
- Chiocchetti, Paolo (2017). *The radical left party family in Western Europe, 1989–2015*. Abingdon: Routledge.

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RESuME Project (2014-2017)

Université du Luxembourg / Erasmus +

Aims:

- interdisciplinary research and publication on competitiveness and the European socio-economic model(s)
- development of a digital collaborative platform (open source, duplicable)
- creation of digital scholarly resources

Products (forthcoming):

- edited book with Routledge
- digital collaborative platform
- e-book
- series of working papers (*Cahiers RESuME*)
- e-teaching modules
- scholarly resources (interviews, glossary, biographies, bibliography)
- 2 international conferences
- other products

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Aim of the presentation

- provide a conceptual mapping of competitiveness
- discuss its implications for economic and social policy

Outline

1. Fortune of the term
2. What is competitiveness?
3. Competitiveness and public policy
4. Conclusions

Comments are welcome!

Increasingly popular and influential concept

- first English use in 1916(?), slow growth and spread, boom since the 1980s
- at first merely descriptive, conceptual development since the 1950s (trade) and 1980s (other fields)
- frequency: Google Books: 516,000 / Web of Science: 36,561 / Google Ngram 2000: 0.0007%
- compared to similar concepts: only 1/5 of productivity and innovation, same as profitability and specialization
- popular in most social sciences (economics, psychology, management, geography, political science, governance, public policy, education, sociology, law, etc.)
- enormous popularity in non-scholarly discourses (businessmen, politicians, policy experts, media, etc.)

Figure 1. Frequency of “competitiveness” in the Google Books Ngram English corpus (1900-2000)

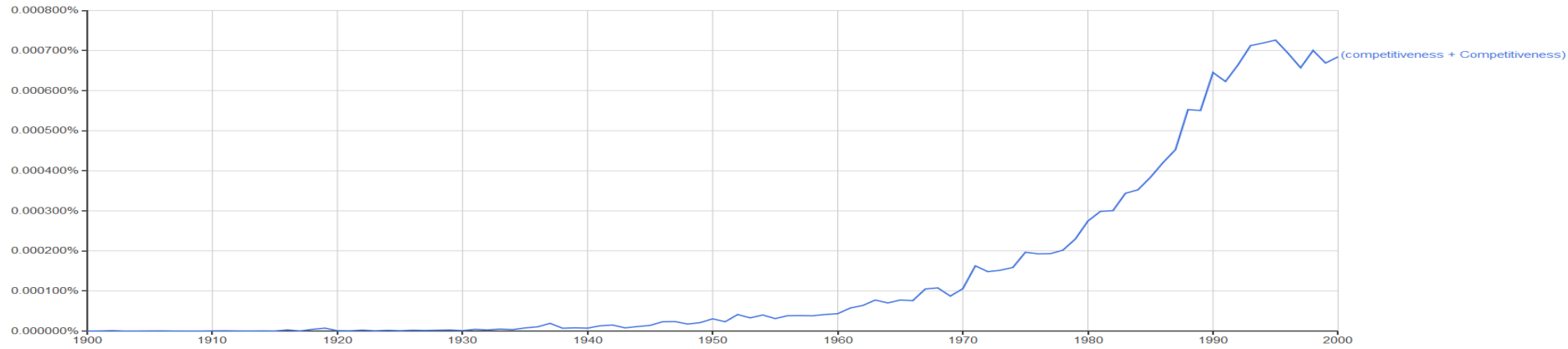
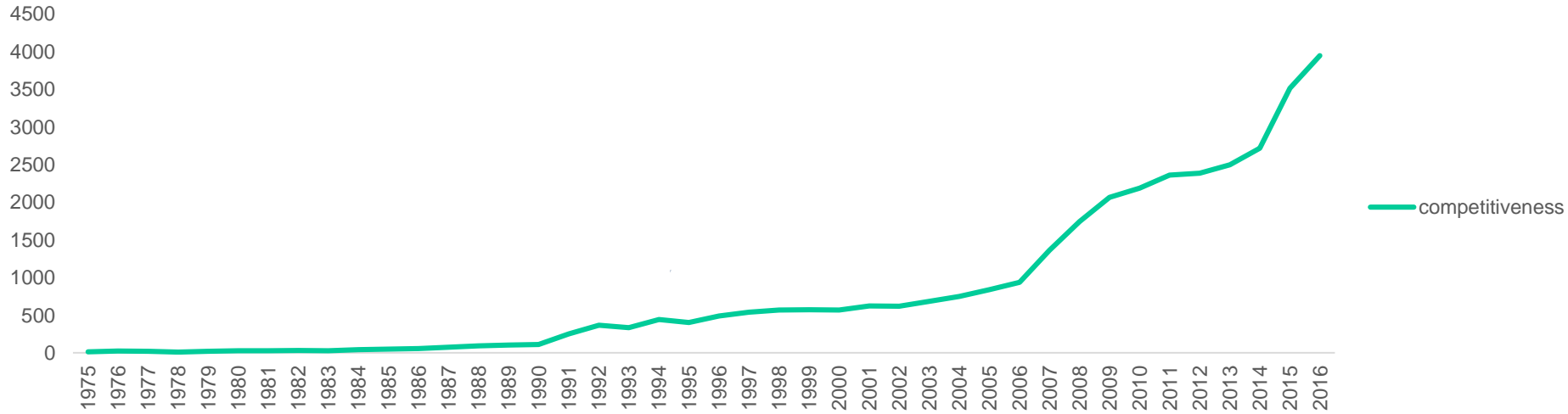


Figure 2. Frequency of “competitiveness” in the Web of Science corpus (1975-2016)



Examples:

- government-sponsored **competitiveness councils**: e.g. US (1983-86, 1991-97, 1986-present), EU (1995-97, 2002-2003, 1995-present, 2015-present)
- **measuring and benchmarking** by private organisations (e.g. WEF, IMD, CoC, QS), international organisations (e.g. OECD, IMF, EU), national governments and researchers
- **EU law**: TEU & TFEU (since 1993), “Lisbon Strategy” (2000), Competitiveness Pact/Euro-Plus Pact (2011)
- **management studies**: Michael Porter (1990) *The competitive advantage of nations*
- **economics and economic policy**: Balassa, Fagerberg, Krugman, Aiginger, Collignon ...
- **regional competitiveness**: DG Regio “European Regional Competitiveness Index”, Bristow (2010), Cooke et al (2011), Huggins-Thompson (2017)
- and so forth

The concept deserves our attention because of its **substantial influence** on scholarship and policy-making

The concept is **ambiguous, polysemic, catch-all** and much **criticised**

- “elusive” (Simon 2001), “vague, fuzzy” (Rubalcalba 2017)
- “our firm conclusion is to abandon the idea of any generalised applicability of ‘competitiveness’ as simply meaningless” (Cellini & Soci 2002)
- “the obsession with competitiveness is not only wrong but dangerous” (Krugman 1994)
- neo-liberal “discourse” (Pedersen 2010), “discipline” (Bruno 2009), “ideology” (Rinehart 1995)
- proliferation of definitions and indicators: e.g. inventory of 140 distinct indicators for “economic competitiveness (Mapcompete, 2014)
- from a narrow economic definition focused on trade, it has expanded to cover virtually the entire field of public policy-making

The criticism is **fair but incomplete**

- yes, **catch-all concept** to discuss economic, public policy, and other issues
- new finding: term covers **three groups of meaning**
- but: for mainstream proponents, competitiveness is the **coherent nexus of all three meanings**

Stage 1: a conceptual mapping of “competitiveness”

Table 1. The concept(s) of competitiveness: an overview

Element	Operationalisation	Example of definitions	Example of indicators
Meaning	three types	competition relative performance absolute performance	effective number of firms share of world exports GDP growth
Field	selection of a field and subject-matter (unlimited number)	sport psychology microeconomics macroeconomics education politics	victory margin Houston's index market share GDP per capita PISA results index of electoral competitiveness
Scope	narrow to broad	trade growth social welfare	value of exports Gross Domestic Product UNDP's human development index
Subject	actor or process	actor process	
Actor	individual to collective	individual organisation collective	wage level of a worker profit level of a firm income level of a region
Temporal scope	static or dynamic	static dynamic	position in a ranking position change over time
Process reference	input to output	input/ex-ante throughput/ex-nunc output/ex-post	comparative advantage, shadow \$ scientific citations per \$ spent competitive advantage, current \$
Scope of comparison	none to general	self-centered limited comparison general comparison	absolute performance perf. vs. selected competitors perf. vs. all competitors
Benchmark of success	low to high	participation/survival average performance best performance	qualification for a game better than half of participants winner of a game
Type of indicator	single to composite	single multiple composite	export growth GDP growth with balanced trade WEF's global competitiveness index

Competitiveness as **degree of competition** (or positive attitude toward competition)

- original use, meaning of “rivalry” or “perfect competition”
- purpose (selective), n competitors (many), nature of interaction (rivalry), barriers to entry (low), distribution of resources (dispersed), likely outcome (open), etc.

Competitiveness as **relative performance**

- early use but prominent since the 1950s, meaning of “success in the competition”
- better, stronger, faster, bigger, cheaper, more efficient, more qualified, more demanded, more profitable, more attractive, more demanded, etc. than the competing actor/product

Competitiveness as **absolute performance**

- recent use (since the 1980s), meaning of “quality”, “growth” or “development”
- consequence of efforts to allay the shortcoming of the previous meaning (unfair competition, destructive competition, one-sided focus on relative gains, economicism)

These three meanings are **logically independent** and **often antagonistic**

- a country may improve its economic performance without a fully competitive internal structure (e.g. national champions, dirigisme, planning)...
- ... and without a fully competitive external environment (e.g. protectionism, cooperation, development aid)
- a country may pursue absolute economic gains by sacrificing its relative economic power (e.g. US 1945-78)
- a country may pursue relative economic gains by sacrificing its absolute growth (e.g. US 1979-85)

However...

For mainstream proponents of competitiveness, these three meanings form a **coherent package**

- Porter (1990): absolute performance (“high and rising standard of living”) depends on relative performance (“competitive success”), which can only be achieved through intense competition (“domestic rivalry”, “struggles for competitive advantage against foreign rivals”, policy competition between states)
- EC White Paper “Growth, competitiveness, employment” (1993): European economies are performing poorly both in absolute (“sustainable development”) and relative (“competitive position” vs US, Japan and emerging economies); the solution to these problems is a sharp increase in competition: *“for the level of employment in the Community to improve, firms must achieve global competitiveness on open and competitive markets, both inside and outside”*

The **trend** in the literature is toward definitions of competitiveness as absolute performance (competitiveness = development)

- “the set of institutions, policies, and factors that determine the level of productivity of a country” (WEF, 2008)
- “ability to create welfare” (Aiginger, 2006), including cultural, social and environmental goals

This is **theoretically compatible with any kind of developmental model (!!!)**

- from internationally open to closed economic formations
- from liberal to interventionist economic policy
- from private to public ownership and control
- from neoclassical to Keynesian/Kaleckian monetary and fiscal policy
- from minimal to extensive welfare state
- domestic-led, export-led, FDI-led growth
- price adjustment through external devaluation, internal devaluation, productivity growth, tariffs...
- varieties of capitalism, etc.

However, the “**mainstream view**” linking absolute performance with relative performance and competition has an inevitable neo-liberal bias, while retaining some degree of variety

Mainstream tenets

- strong competition within **highly competitive, open markets** is the engine of investment, innovation, and growth
- key role of **market-creating and market-enhancing regulation**
- key role of **competitiveness policies** aimed at improving profitability and attracting investments through structural reforms and regulatory competition (affects all areas of public policy)
- other types of state intervention must be **subsidiary** and **pro-business** (e.g. fiscal and monetary policy; public investment in education R&D; banking bailouts)

Problems

- picking the right specialisation -> “competitive advantage” is dynamic and unforeseeable
- “low road” (price) vs. “high road” (innovation) to competitiveness
- fair vs. unfair competition -> efficiency and quality vs. fiscal and social dumping
- competitiveness vs. competition -> anti-trust, subsidies, trade
- domestic-led (Southern Europe) vs. export-led (Germany) growth
- laissez-faire vs. pro-business intervention
- absolute vs. relative growth

Mainstream tenets

- social policy in the **service of competitiveness**
- from intrinsic to **extrinsic goals** (e.g. from welfare to employability, from culture to marketable skills)
- from protection to **empowerment**
- reduce **unproductive expenditures** (e.g. pension reforms)
- encourage **productive expenditures** (e.g. education)

Problems

- cost containment vs. social investment
- cost containment vs. social stability
- security & welfare vs. incentives to effort

(Padoa-Schioppa 2003: “to weaken the system of protections that during the 20th century has separated the individual from the direct contact with the hardness of life, with the reversal of fortune, with the punishment or the prize to his weaknesses or qualities.”)

1. Under the impact of globalisation and neoliberalism, competitiveness has become the **main concept to discuss social and economic policy**
2. The term encompasses **three distinct meanings** (competition, relative performance, absolute performance), which may be seen as contradictory or as intimately linked
3. The **mainstream view** of competitiveness has a neo-liberal bias but allows some variety (e.g. “low road” vs. “high road” strategies)
4. The **negative implications** of the discourse of competitiveness are increasingly prominent in Western democracies (low growth, inequality, unemployment, insecurity, stress, loss of control...)
5. Backlash: alternative **heterodox views** on competitiveness are still marginal but growing -> e.g. Corbyn, Le Pen, Trump/Brexit...
6. Is a “**cooperative and solidary competitiveness**” possible? Back to a renewed “embedded liberalism”?

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