

# Sociologia del Lavoro



Opzione 2: Le cause della disoccupazione strutturale



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## Fonte principale

T. Janoski, D. Luke, C. Oliver, *The causes of structural unemployment*, Cambridge, Polity Press, 2014. Solo il Capitolo N. 1 "Introduction" e tre a scelta fra i capitoli N. 2, 3, 4, 5.

## Three types of unemployment

- **Frictional:** short term. Employers and workers more or less cannot find each others in weeks or months. No other barriers.
  - Vacancy rate / Unemployment (Reyneri: 1%)
  - Solution: better job placement information
- **Cyclical:** jobs not available for cyclical economic downturn (business cycles). Short term (1-2 years)  
Solution:
  - Classical economy: if wages go down, job go up
  - Keynes: Compensation (subsidies to workers and firms)
- **Structural:** if not, economy hit a downward spiral → more and more unemployment, that becomes structural
  - Solution: Compensation (subsidies) do not work enough...

## Lyfe histories:

Choose one by type

Read them and answer these questions:

- Which kind of unemployment? Frictional, Cyclical, Structural?
- Why? Which factors?
- Possible solutions? For one? For many?

## La disoccupazione strutturale...

- Un tema poco trattato, sia in economia che sociologia
- Richiama poca attenzione anche con la sua recente crescita
- Quanto qualcuno la studia punta l'attenzione sul c.d. SKILL MISMATCH. Ma come?
- **Employees** don't have the adequate skills ...
- They do not want / are able to adapt...
- **Employers** want skills but ...
  - cannot find them... or...
  - don't want to teach them
- **Employers** do not want responsibilities and make profits...

Immagine su.

<https://s-media-cache-ak0.pinimg.com/736x/97/ce/1d/97ce1d4816d321a406c2e4c8a39953df.jpg>



**Skill mismatch** can be a structural reason for unemployment, in part fake, in part true, in part exaggerate...

There are other 3 structural forces:

- **offshoring**
- **technology**
- **financialization**

The three forces are reciprocally connected

There are systemic changes ... And the answers?

## First arguments for structural unemployment (USA):

- From cyclical to permanent (long term) and disrupting unemployment
- Middle class: shrunk in size, income and wealth (and health)
- More and more “jobless recoveries: GdP grows, employment stagnates
- Young people cannot get their first job or have to hang on to many

## Four (interrelated) causes:

1. Skill mismatches (due to shift manufacturing → service)
2. Corporate offshoring in search for lower wages and lean production (1 x 2)
3. Technology; containerships, computers, automation (and 1 x 2 x 3)
4. Instability in global finance: pressures for offshoring, recessions more frequent and longer (intensifies 1 x 2 x 3)

➔ **More Jobs in less developed countries and less in more industrialized ones**



## Differences economists / sociologists on unemployment

- Economists: limited to job vacancies, inflation, growth, sometimes investments
- Problem is mismatch → often becomes “blaming the victim”

## Book approach:

- More on conflict between denationalized transnational corporations and employees in advanced economies
- In part class-conflict approach and institutional analysis (Marx, Weber)

## Undelines:

- Divergent upper – middle classes paths
- De-facto new social-contract
- Do not use a wide explanation is myopic

## First part of the book:

- Definition, levels and types of unemployment
- Impact of unemployment and inequality
- Four structural factors (or causes)
- Policy raccomandations

**Table 1.2:** Inequality, unemployment rates, and the declining middle class, US, 1950–2013

<i>Period</i>	<i>Gini index of inequality before taxes and transfers</i>	<i>Range of unemployment rate (%)</i>	<i>Health of middle class</i>
1950–9	.350	2.6–7.8	Growing to strong
1960–9	.340	3.9–7.0	Strong
1970–80	.366	5.9–9.0	Strong but slowing
1981–9	.379	5.0–11.0	Declining
1990–9	.399	5.6–6.8	Strong decline
2000–7	.420	4.0–4.6	Weak
2008–13	.419	9.2–10.1	Very weak

Source: US Census Bureau. <http://www.census.gov/hhes/www/income/data/historical/measures>.

## Definition, levels and types of unemployment (just to remember)

- Who are unemployed
- Methods of research (Reyneri): sample survey, administrative records
- Three kinds of unemployment

## What happens to US Job Machine?

If unemployment is long-term, people → disability, homeless, lower wage job (and prison) something is altering the structure of labor market....

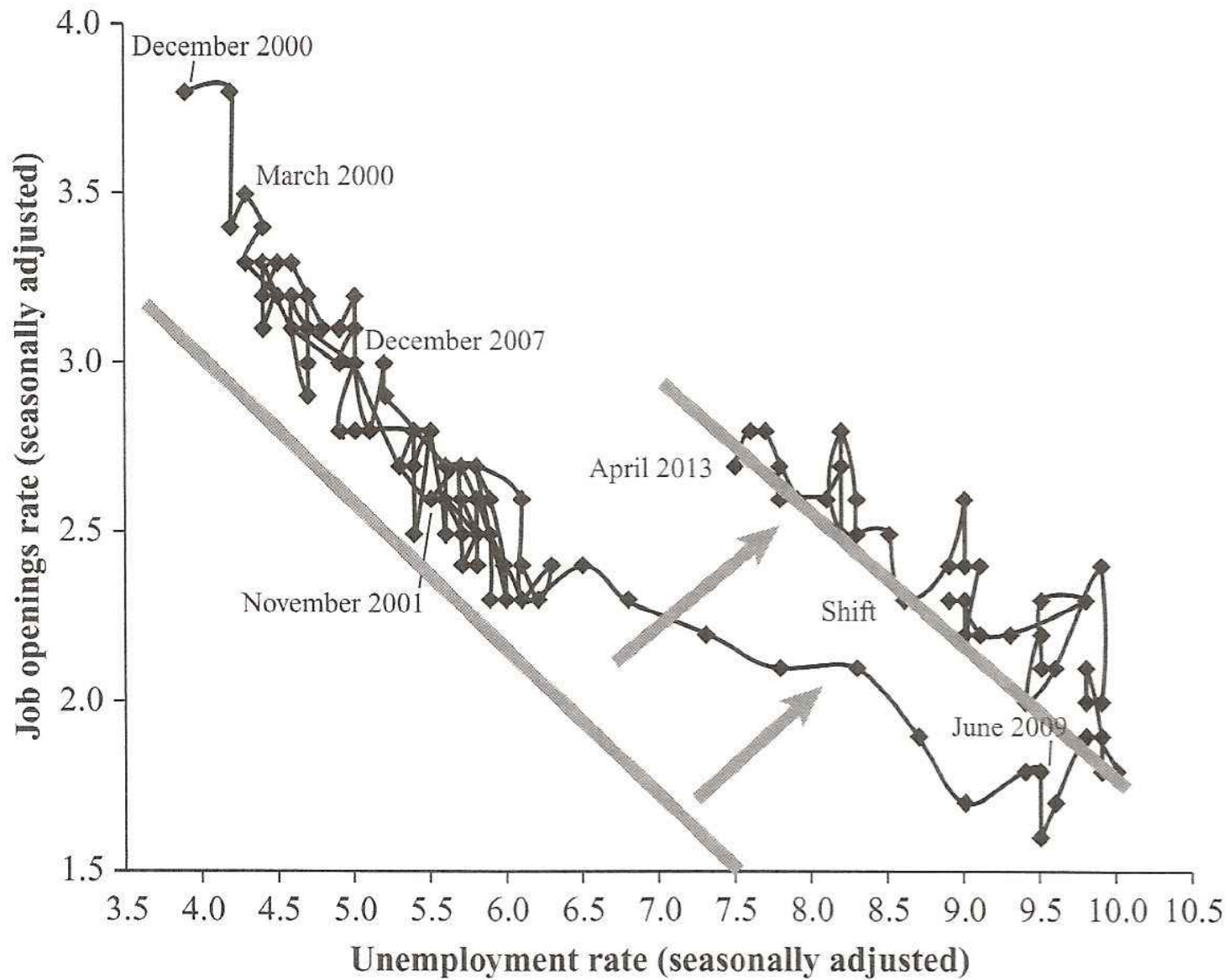
5 evidences:

1. Increasing in u. for more than 10 years
2. Less speed jobs are filled (fig. 1.2)
3. More and more long-term u.
4. Declining participation rate
5. Increasing financial instability

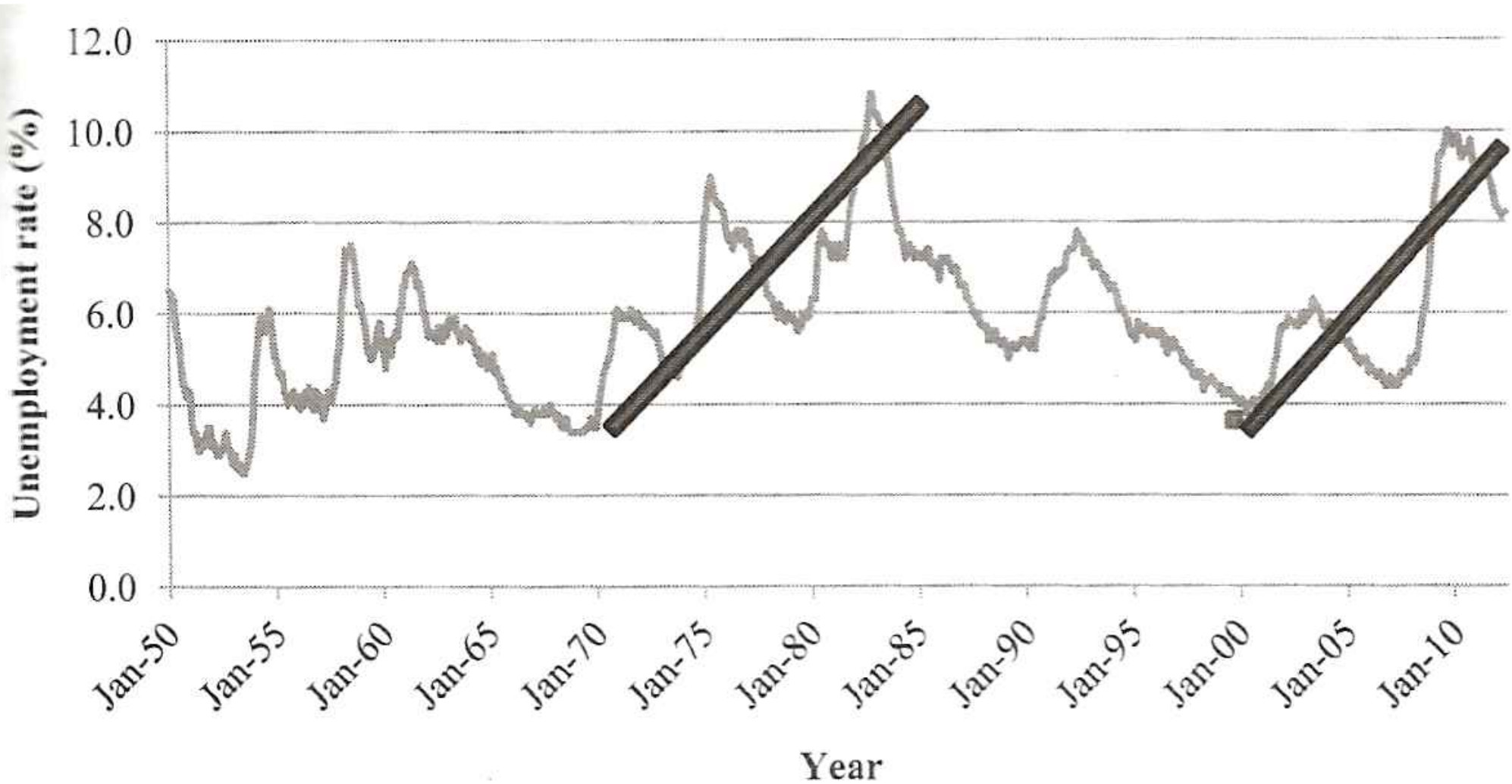
**Table 1.1:** Harmonized unemployment rates and inequality for seven countries, 1991–2013/14

Year	US	Canada	UK	France	Germany	Sweden	Spain
<i>(a) Unemployment rate (percent):</i>							
1991	6.8	10.3	8.6	8.5	5.5	3.1	14.5
1995	5.6	9.5	8.5	10.5	8.2	8.8	20.1
2000	4.0	6.8	5.4	9.0	8.0	5.6	11.7
2001	4.7	7.2	5.0	8.2	7.9	5.9	10.5
2002	5.8	7.7	5.1	8.3	8.7	6.0	11.4
2003	6.0	7.6	5.0	8.9	9.8	6.6	11.2
2004	5.5	7.2	4.7	9.3	10.5	7.4	10.9
2005	5.1	6.8	4.8	9.3	11.3	7.7	9.2
2006	4.6	6.3	5.4	9.2	10.2	7.1	8.5
2007	4.6	6.0	5.3	8.4	8.7	6.1	8.3
2008	5.8	6.1	5.6	7.8	7.5	6.2	11.4
2009	9.3	8.3	7.6	9.5	7.8	8.3	18.0
2010	9.6	8.0	7.8	9.8	7.1	8.4	20.1
2011	9.0	7.4	8.0	9.7	5.9	7.5	21.7
2012	7.8	7.2	7.7	10.5	5.4	8.1	26.1
2013/14	7.5	7.5	7.7	11.0	5.4	8.2	26.6
<i>(b) Employment rate of population (participation rate, percent), 2012:</i>							
	65.1	72.2	70.9	63.9	72.8	73.8	56.2
<i>(c) Gini coefficient of inequality after tax and transfers, 2008 or 2009:</i>							
	.378	.324	.345	.293	.295	.259	.317

Source: Compiled with data from OECD (2011d, 2012a) and press releases.



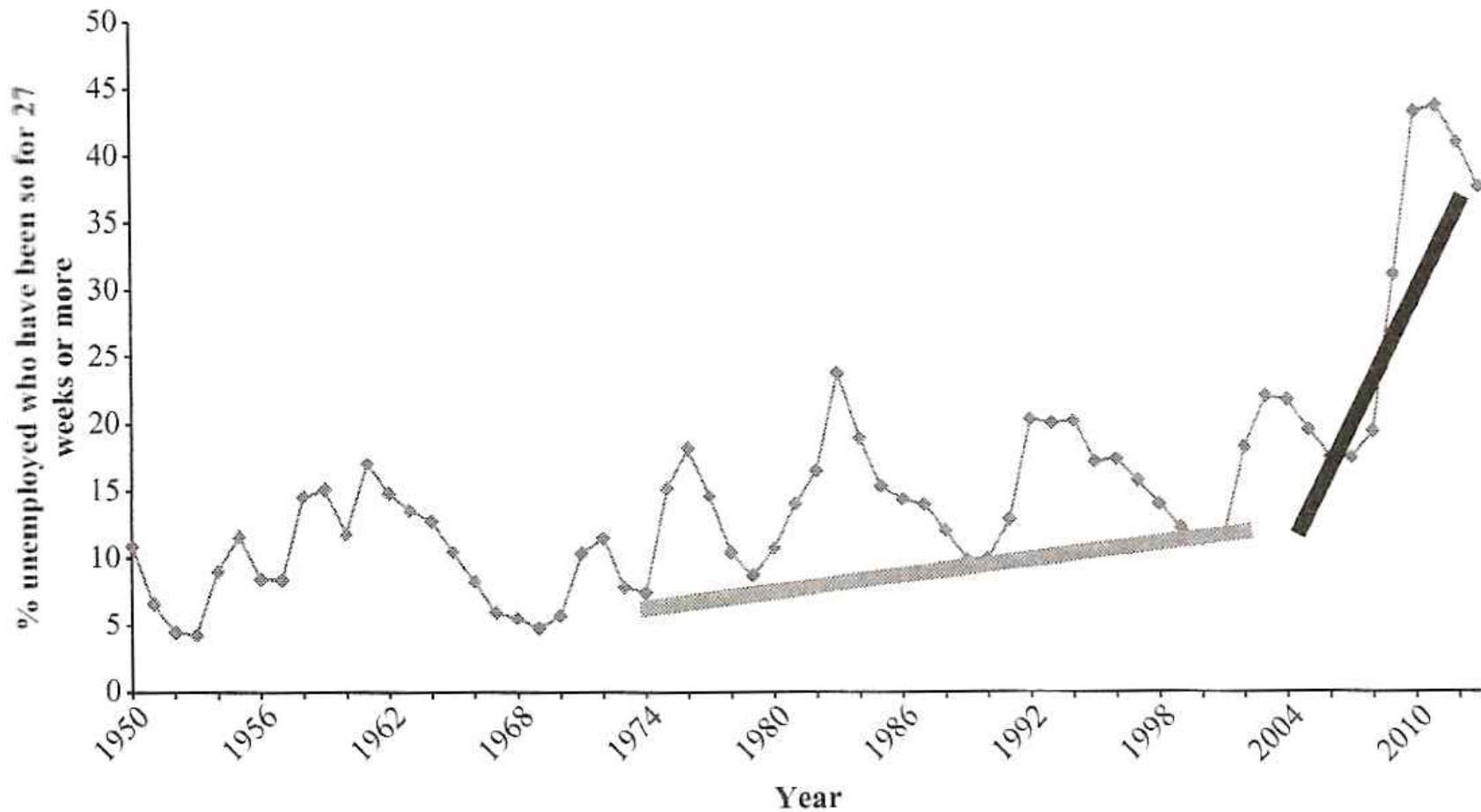
**Figure 1.2** Beveridge curve (job openings and unemployment rates), US, 2001–13



**Figure 1.1** Unemployment rates, US, January 1950–June 2012  
*Source:* BLS/CPS (2013).

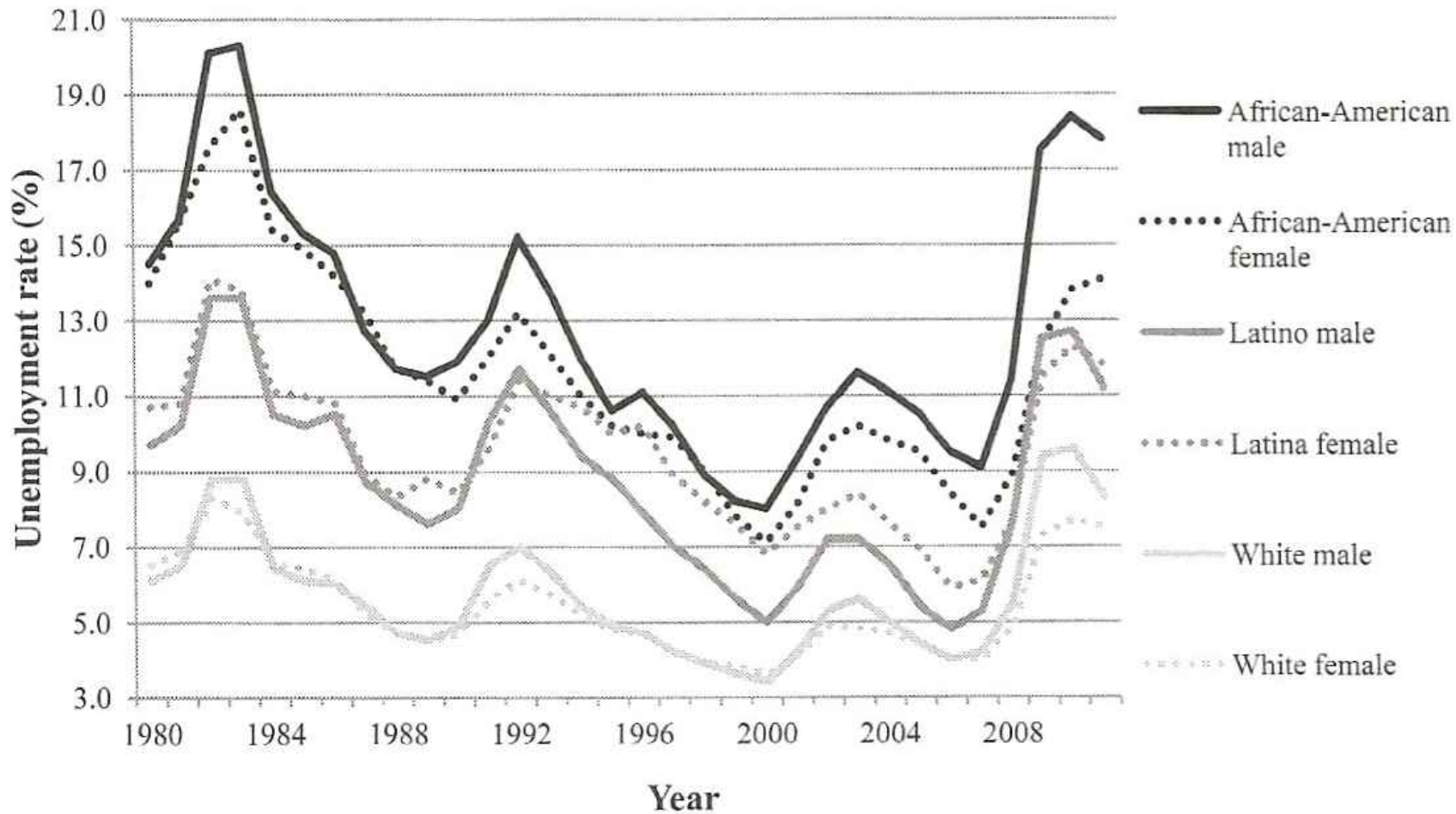
## There is not a Natural rate of unemployment and many arguments of economists do not work

- Inflation, Wages, Unemployment are different in different combinations of situations / places / times in history of western countries
  - E.g.: Sweden: periods with low unemployment and inflation and equality in wages
  - Relationship inflation / unemployment does not necessary follow the Phillips curve in a globalized world
- Long term unemployment does not depend on compensation (subsidies) → **FIG. 1.3**
- There is race–ethnicity discrimination (and global and ethnic division of labor) → **Fig. 1.4**
- Various behaviors and phenomena hide unemployment: certification of disability, stop looking for a job (discouragement), etc. → less participation (**tab. 1.1**).  
In US also high number of detainees
- Furthermore: the risk in the US culture is blaming the victim, the victims blaming themselves.
- Also mechanisms of: losing connection with labor market → failing in self-presentation → **STIGMA** (Goffman)



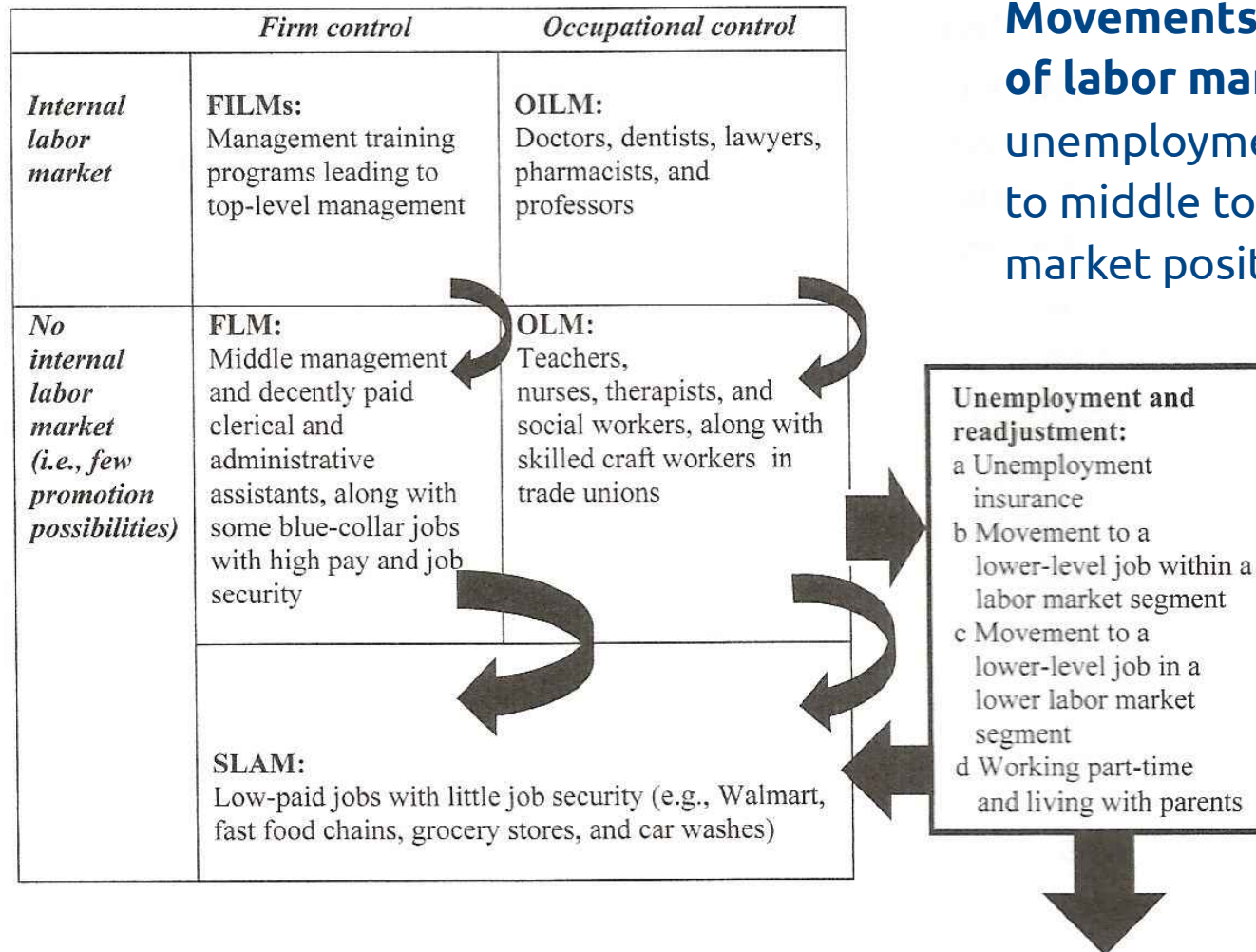
**Figure 1.3** Shift in long-term unemployment, US, yearly averages. 1950–2013





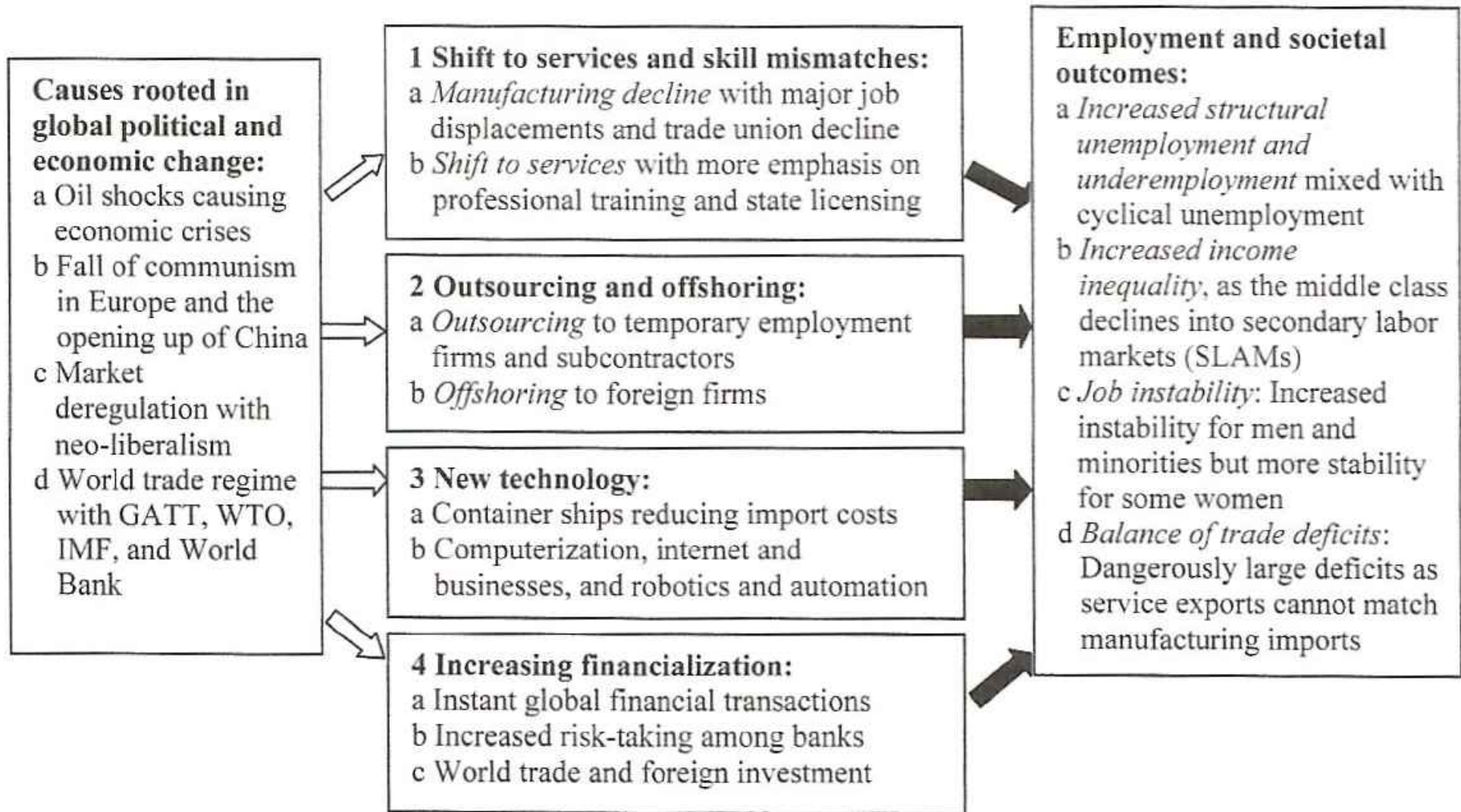
**Figure 1.4** Unemployment rates, US, by race and gender, 1980–2011

Source: Bureau of Labor Statistics.



**Figure 1.5** Five types of segmented labor markets  
 Arrows show workers going from one labor market segment to unemployment and then to a lower labor market segment. Curved arrows assume the path to unemployment to keep the figure readable.

*Off unemployment rate, out of the labor force (discouraged workers and those on disability)*



**Figure 1.6** Four main causes of structural unemployment and inequality → and main outcomes

## Policies to reduce structural unemployment

### Classical solution:

1. Keynesian spending policies to stimulate demands
2. Neoliberal tax cuts to stimulate investments

### May simply increase offshoring:

1. Stimulate buying abroad products sold at Walmart
2. Investments go abroad

**US needs a more active state model** focused on long term structural and institutional solutions. **4 ideas:**

1. Active Labor Market Policies (insertion to work, training, education)
2. Job creation policies (e.g. infrastructure bank)
3. Unemployment should affect decision in international institutions (WTO, IMF, World Bank, UN): connecting Trade to employment, innovation, entrepreneurship, R&D
4. Avoiding financial instability (excessive speculation, arbitrage, etc.) → Tobin Tax