

Growth

Economic and Fiscal Policy

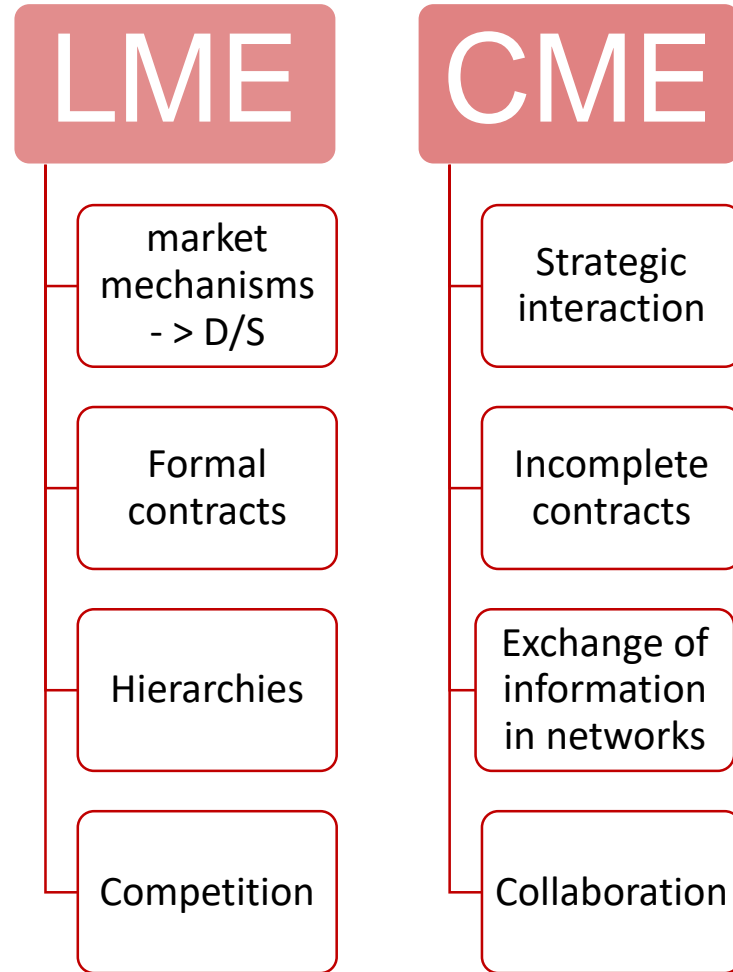
Recap

- What is the idea behind VoC?
- What questions remained open?
- What does VoC mean for economic policy?



- Coordination between different economic actors required along several dimensions – institutions determine how firms do this
 - Industrial relations – reaching an agreement between firms and workers on wage levels and working conditions
 - VET – ensuring that skill supply matches demand, firms reluctant to build transferrable skills and workers hesitant for specific investments
 - Corporate governance – providing firms with access to finance while giving investors confidence about ROI
 - Inter-firm relations – securing demand for products, supply of inputs and access to technology
 - Intra-firm relations – align employee interests/behaviour and objectives of the firm

Coordination



VOC – Skill and production

- Firm specific skills (on the job training, low portability)
- Industry specific skills (apprenticeships and VET school, certified skills recognized within certain trades)
- General skills (valued across industries)

	Less than primary and lower secondary education	general: secondary non- tertiary	vocational: secondary non- tertiary	ratio
Austria	0,1213224	0,062788005	0,444147742	7,07376741
Ireland	0,088073394	0,199432066	0,134906073	0,67645126

VOC and neoclassical econ

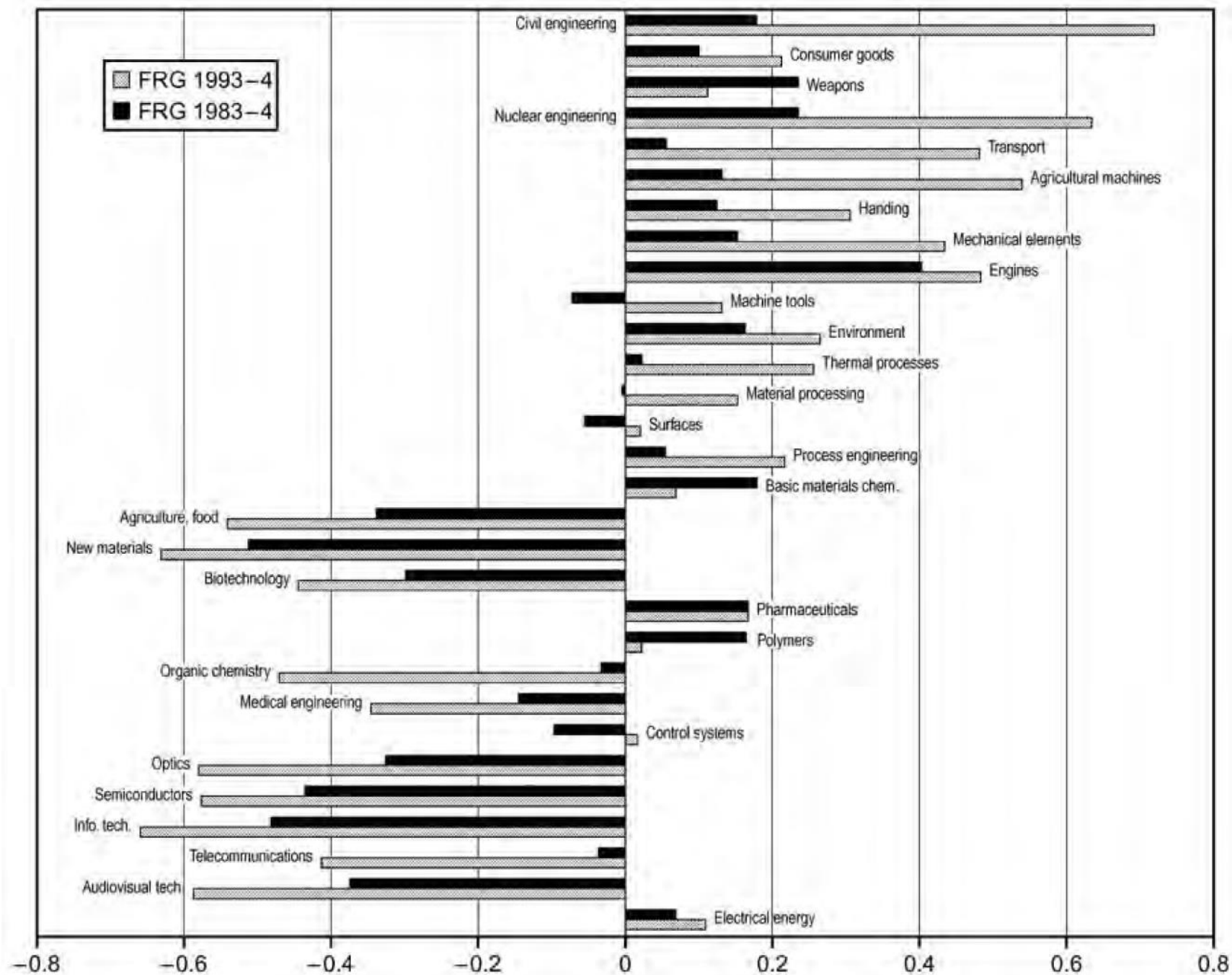
- Stylised modelling of allocative efficiency demonstrating the superiority of laissez-faire markets may fail if other modes of coordination are introduced
- Tends to present market liberalism as institutionally light and stable equilibrium (by leaving market mechanism to itself)
- Parsimonious account of equilibrium also affects LMEs and CMEs – ruling out endogenous conflict

VOC and production

- Fordist mass production
 - Narrow range of standardised tasks
 - Traditional manufacturing: cars, consumer durables
 - Relatively low skill requirements
- Diversified mass production
 - Wide product range in large volumes
 - Frequent product change in the line
 - Workforce flexible/innovative within firm
 - Highly firm specific skill
- High quality product niche market
 - No mass production – no scale merit
 - Industry specific craft skills
- Diversified quality production
 - High quality production taken out of small-scale craft shops
 - Firm specific and crafts skills
- (Professional) service sector

VOC and innovation

- Radical innovation vs. incremental innovation
 - Associated with different types of industries (Silicon valley vs. Baden-Württemberg)
 - Associated with different types of knowledge diffusion (see patents)
- LME
 - Hire and fire flexibly to explore entirely new product lines
 - Management power concentration allows for reorienting business unilaterally
- CME
 - Shop-floor workforce skilled enough to innovate
 - Innovation limited implications for job security
 - Relational contracts may include innovation in job profile



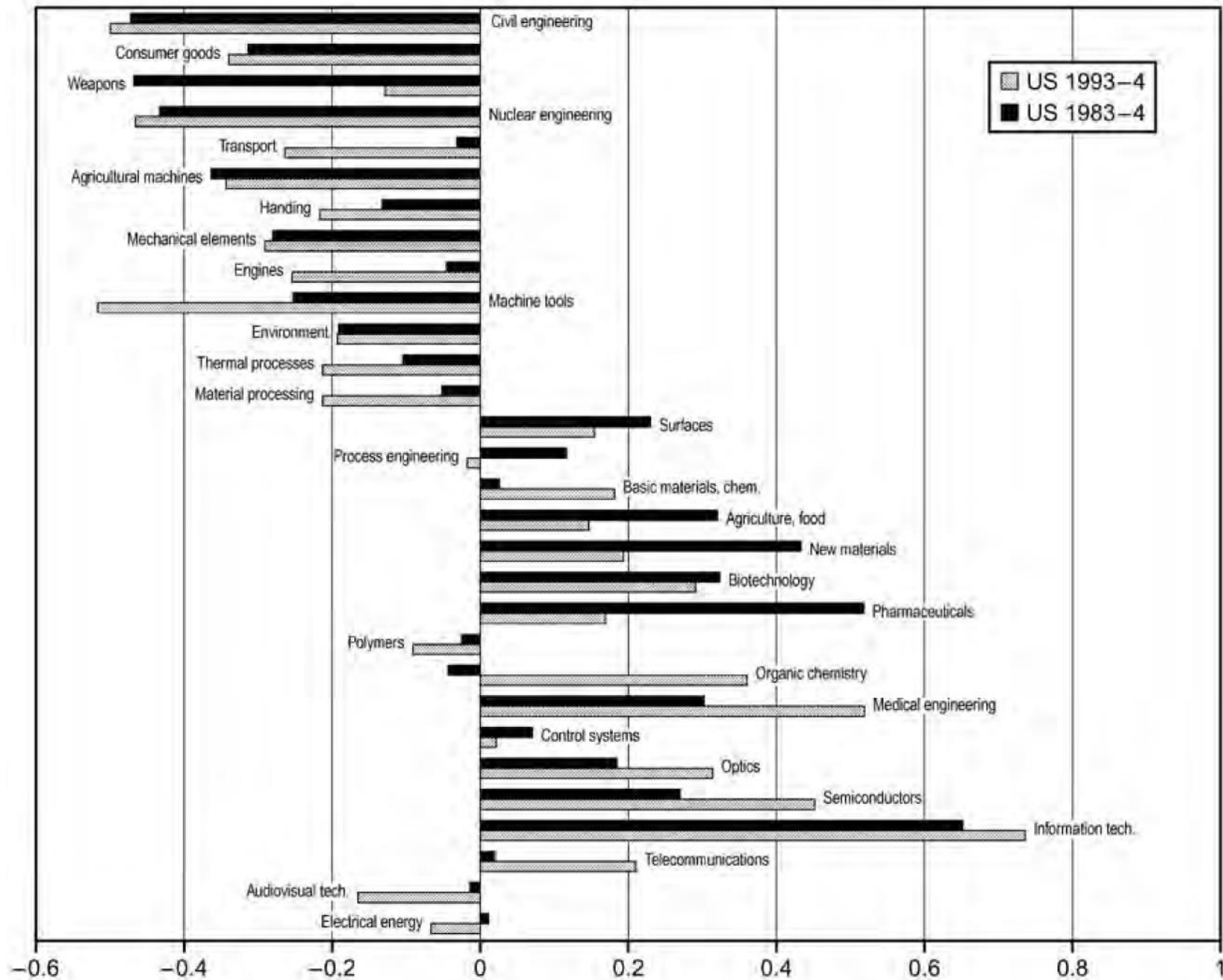


TABLE 4.4 Scientific citation rates and low-wage service employment in eighteen OECD countries

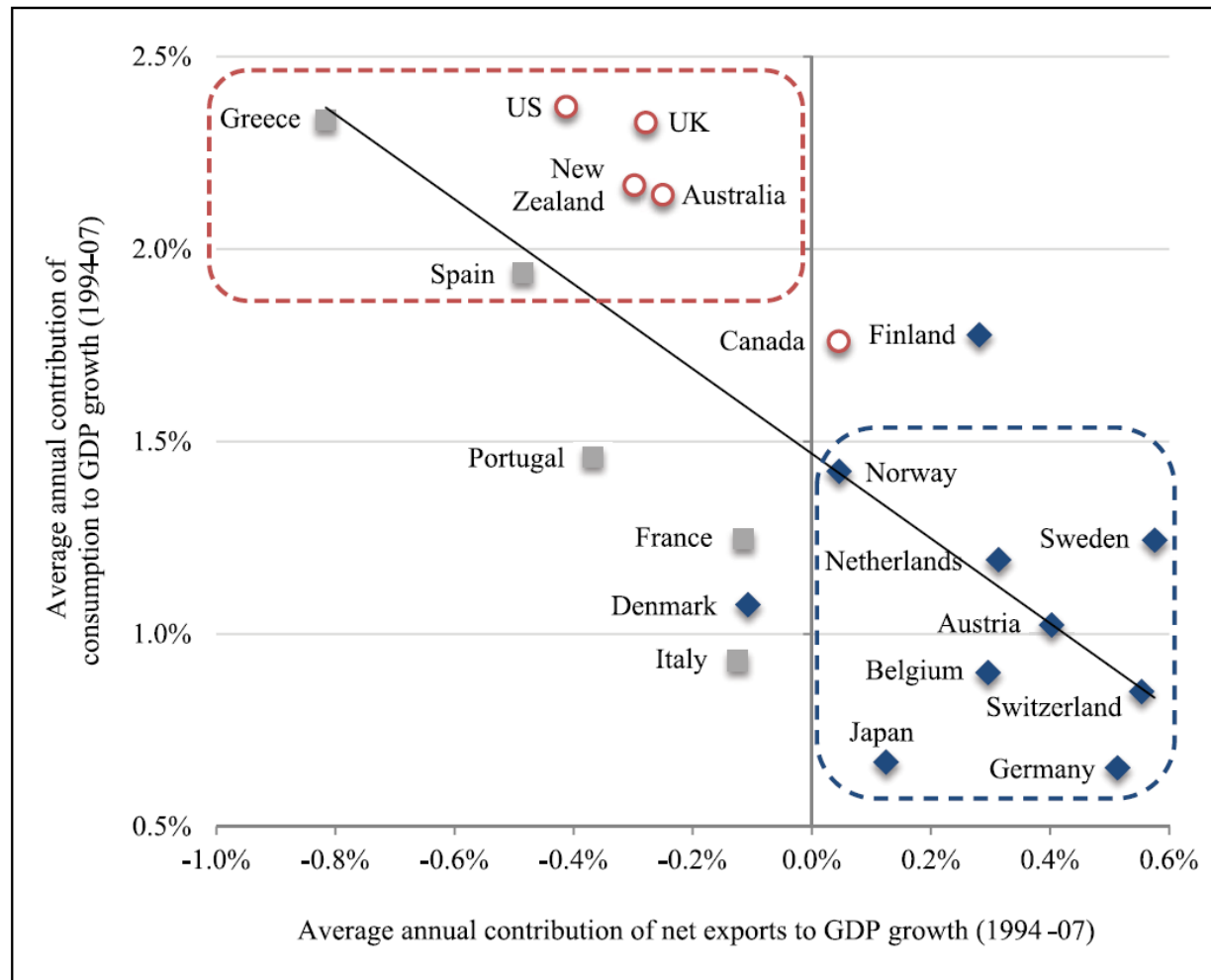
	(1) Scientific citation ratio ^a	(2) Private service employment ^b
Ireland	1.514	—
United States	1.310	23
New Zealand	1.267	—
Canada	1.032	20
United Kingdom	0.837	16
Australia	0.804	26
Sweden	0.757	14
The Netherlands	0.754	14
Norway	0.690	17
Switzerland	0.639	—
France	0.601	11
Belgium	0.598	13
Germany	0.592	14
Japan	0.586	—
Austria	0.575	—
Finland	0.552	11
Denmark	0.536	11
Italy	0.491	9

^a The average number of scientific citations per patent by national firms in each of 30 technology classes as a proportion of the average number of citations in each class for the entire world.

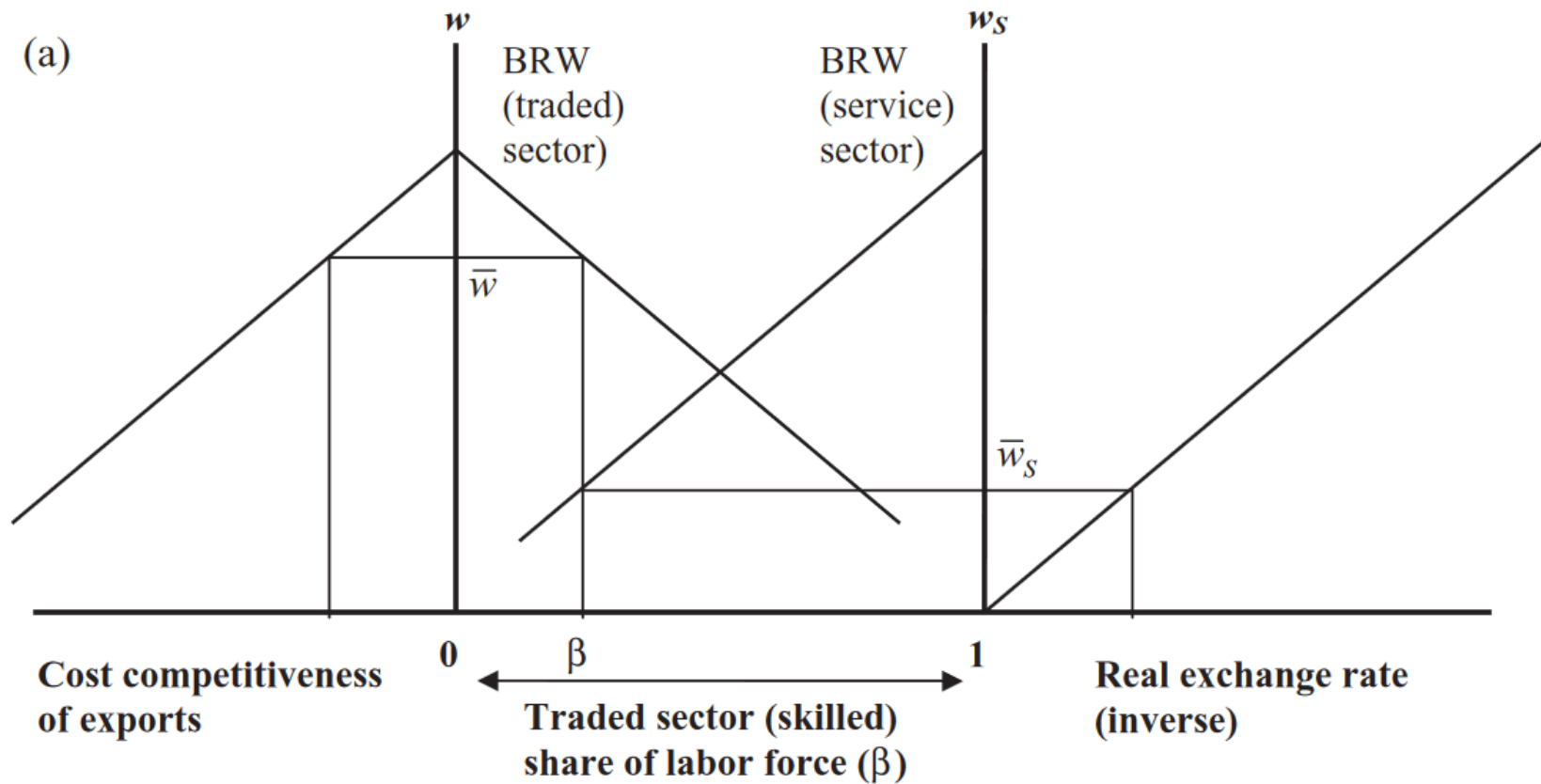
VOC and growth

- VoC tend to derive growth from different sectors
 - Export-led growth
 - Consumption-led growth
- $Y=C+I+G+NX$

VOC and growth



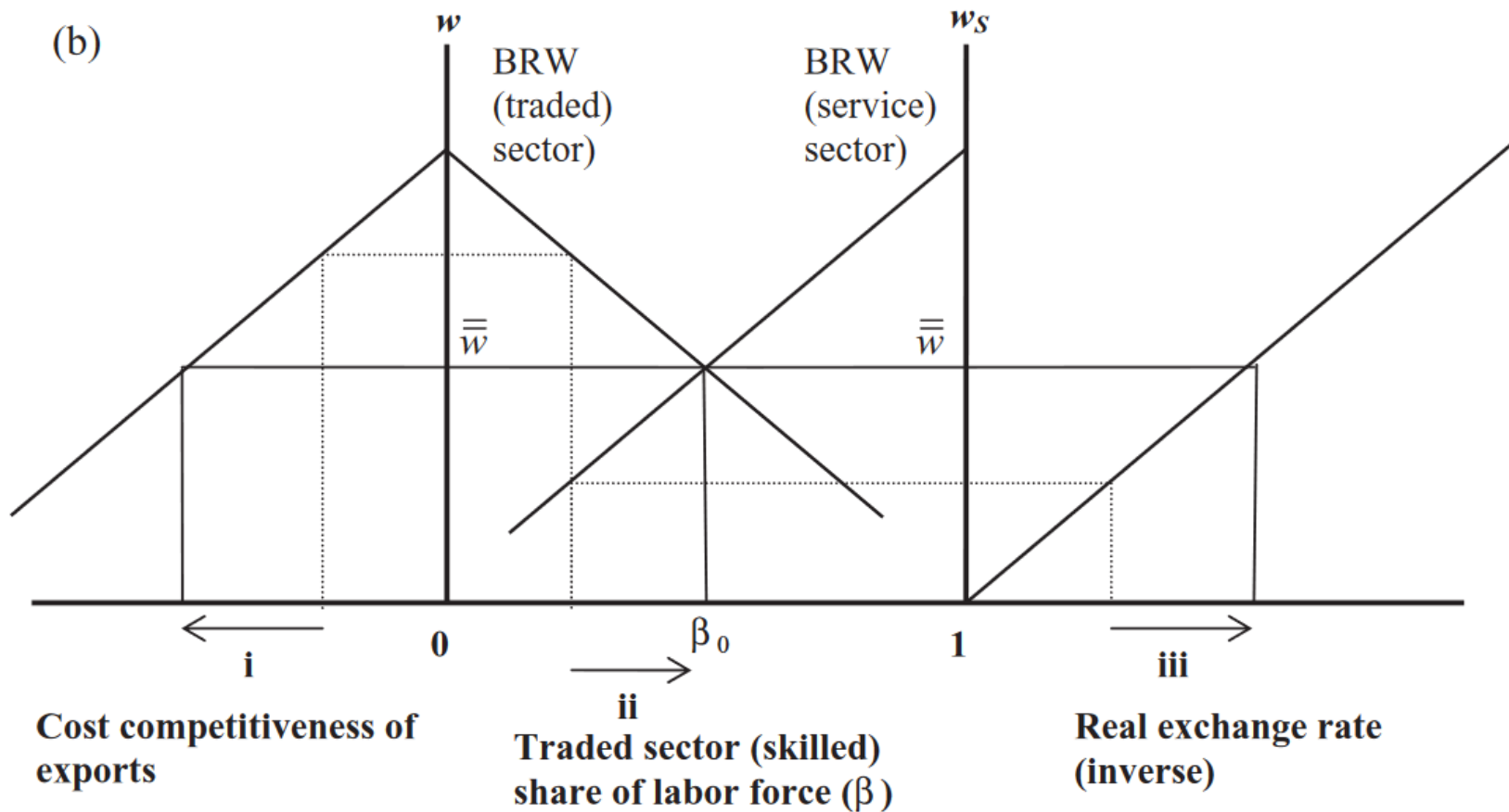
VOC and growth



Source: Iversen, T., & Soskice, D. (2010). Real exchange rates and competitiveness: The political economy of skill formation, wage compression, and electoral systems. *American Political Science Review*, 104(3), 601-623.

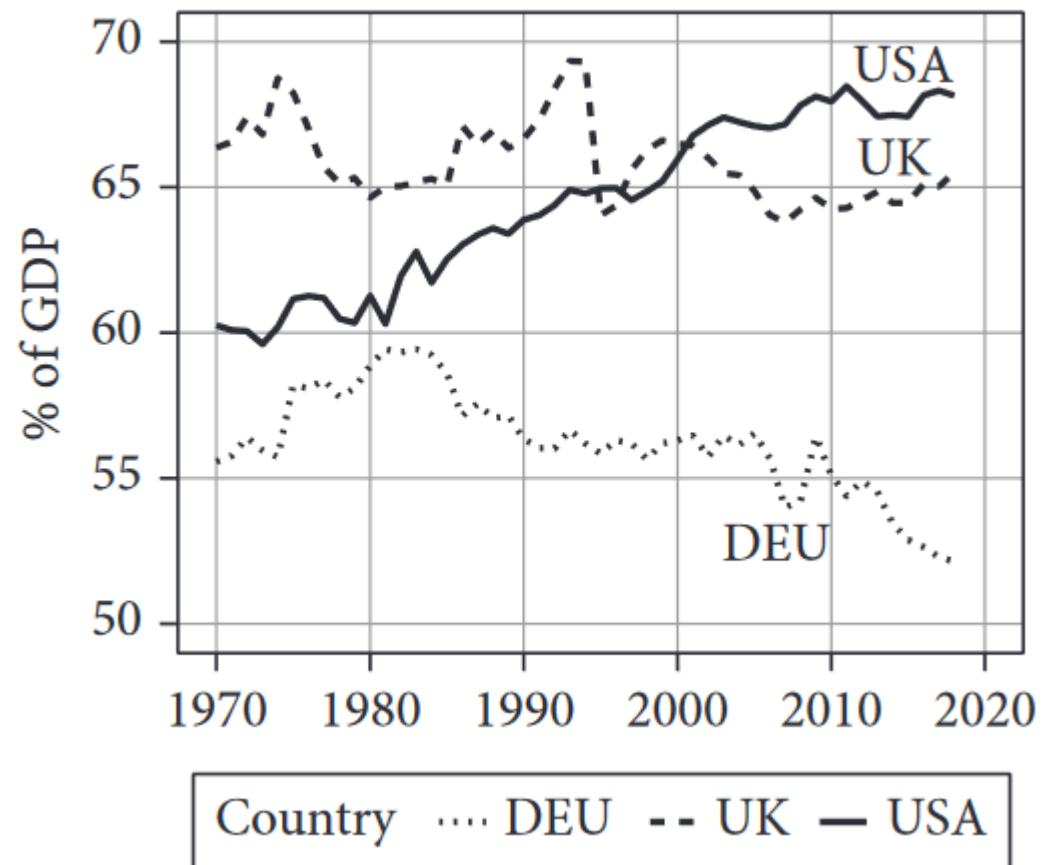
VOC and growth

Source: Iversen, T., & Soskice, D. (2010). Real exchange rates and competitiveness: The political economy of skill formation, wage compression, and electoral systems. *American Political Science Review*, 104(3), 601-623.



VOC and growth

(a) Household Consumption Expenditure



Source: Reisenbichler, A., & Wiedemann, A. (2022). Credit-Driven and Consumption-Led Growth Models in the United States and United Kingdom. *Diminishing Returns: The New Politics of Growth and Stagnation*, 213-37.

Going for Growth: AT

- <https://www.oecd.org/economy/growth/Austria-country-note-going-for-growth-2021.pdf>



Going for Growth: US

- <https://www.oecd.org/economy/growth/United-States-country-note-going-for-growth-2021.pdf>



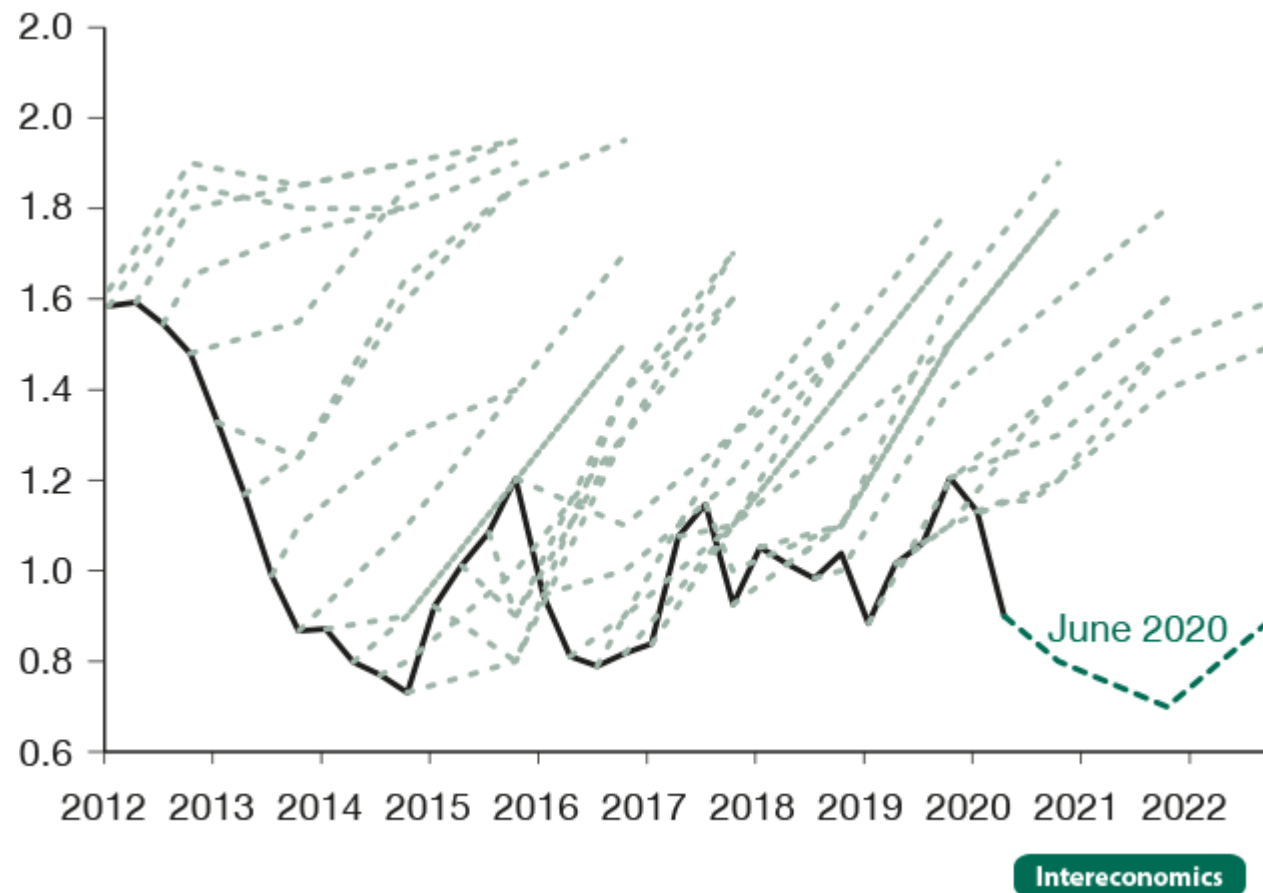
Going for Growth

- Do recommendations differ in terms of their policy focus?
- Considering the economic policy reforms against the background of the VoC perspective, do they align with its policy implications?

Growth in AT

<https://www.youtube.com/watch?v=pMSsoNB53UM>

Forecast accuracy



Quelle:

<https://www.intereconomics.eu/contents/year/2020/number/5/article/eurozone-output-gaps-and-the-covid-19-shock.html>