Contents

List of Tables vi
List of Figures viii
Preface x

1 The Issue
   Alfred Pfaller, with Ian Gough and Göran Therborn 1

2 The Competitiveness of Industrialised Welfare States:
   A Cross-country Survey
   Alfred Pfaller, with Ian Gough 15

3 The United States
   Alfred Pfaller 45

4 The United Kingdom
   Ian Gough 101

5 France
   Xavier Greffe 153

6 The Federal Republic of Germany
   Michael Krüger and Alfred Pfaller 187

7 Sweden
   Göran Therborn 229

8 Welfare Statism and International Competition:
   The Lesson of the Case Studies
   Alfred Pfaller, with Ian Gough and Göran Therborn 271

Notes 299
Bibliography 311
Index 333
List of Tables

2.1 Synthetic index of welfare statism for 16 OECD countries, 1979–83 18
3.1 Selected OECD countries’ shares of exports in R&D intensive manufacturing, 1970–84 ("o") 53
4.1 UK: output, employment and productivity 104
4.2 Manufacturing industry in four countries, 1979–87 105
4.3 UK: balance of payments, 1973–88 (% of GDP) 106
4.4 UK: indices of cost competitiveness in trade in manufactures, 1973–88 110
4.5 R&D expenditure in five countries 113
4.6 UK: public expenditure and taxation, 1975–87 125
4.7 UK car industry: selected statistics 130
4.8 UK: telecommunications industry: selected statistics 133
4.9 UK: employment and unemployment, 1979, 1983 and 1987 136
4.10 UK: social expenditure, 1973–87 139
4.11 UK: income distribution and redistribution, 1976, 1979 and 1984 142
5.1 France: external and domestic competitiveness: main indicators, 1979–86 (1979 = 100) 154
5.2 France: main results of foreign exchange, 1980–6 (billion French francs) 155
5.3 France: export/import ratios, 1977–86 157
5.4 Comparative levels of productivity, 1950, 1973 and 1984 159
5.5 Sectoral labour productivity growth in selected OECD countries 160
5.6 France: ranking of the products according to the relative export/import ratio and to relative costs 165
6.1 Ratio of exports/GDP in West Germany, 1970–85 188
6.2 Development of unit labour costs in selected OECD countries, 1970–88 189
6.3 R&D expenditure as percentage of GDP in selected OECD countries, 1986 191
6.4 Hourly compensation for workers in the motor vehicles industries of selected OECD countries, 1975, 1981 and 1986 (USA = 100) 212
6.5 The financial weight of the West German welfare state, 1970–85

7.1 The sum of stock exchange values as % of GDP in selected OECD countries, 1984

7.2 Exports of goods and services as % of GDP in small developed European economies, 1980–5

7.3 Indices of total hourly labour costs for manufacturing workers in selected OECD countries, at current exchange rates, 1966–85 (Sweden = 100)

7.4 Social expenditure in Western Europe in % of GDP, 1980

7.5 Public social services employment in selected OECD countries as % of the population between 15 and 64 years, 1985

7.6 Distribution and redistribution of income in selected countries, around 1980 (family equivalent income as distributed among persons. Gini coefficients)

7.7 Relative disposable income per consumption unit in Sweden, 1984–5 (all manual workers = 100)

7.8 Sweden’s economic performance 1950–73 in international comparisons

7.9 Sweden’s economic performance during the 1974–85 crisis in international comparisons

7.10 Labour market performance in Sweden and OECD countries, 1973–84 (employment change net of unemployment growth in % of the number of employed in 1973)

7.11 Decomposition of the change of unit labour costs in Swedish manufacturing industry relative to ten OECD countries (cumulative % change between 1974 and 1976)

7.12 Relative costs, prices, and margins per produced unit in Sweden related to OECD competitors. in common currency (1980 = 100)

7.13 Commitment to one’s job and to the organisation where one works in selected OECD countries, early 1980s (survey answers in %)

8.1 Policies introduced in the 1970s and 1980s in five industrialised countries in order to strengthen national competitiveness

8.2 Retrenchments in welfare statism in five industrialised countries in the 1970s and 1980s

8.3 Some indicators of competitiveness for five industrialised countries
List of Figures

2.1 Social expenditure and manufacturing export performance in the 1980s 21
2.2 Tax load and manufacturing export performance in the 1980s 22
2.3 Synthetic index of welfare statism and manufacturing export performance in the 1980s 23
2.4 Social expenditure and manufacturing export performance in the 1970s 24
2.5 Changes in the tax load and manufacturing export performance in the 1980s 25
2.6 Change in social expenditure in the 1970s and manufacturing export performance in the 1980s 26
2.7 Social expenditure and productivity growth in the 1980s 28
2.8 Social expenditure and manufacturing productivity growth in the 1980s 29
2.9 Synthetic index of welfare statism and manufacturing productivity growth in the 1980s 30
2.10 Social expenditure and manufacturing productivity growth in the 1970s 31
2.11 Changes in social expenditure and manufacturing productivity growth in the 1970s 32
2.12 Social expenditure and total factor productivity growth in the manufacturing sector in the 1980s 33
2.13 Tax load and competitiveness rating in 1986 35
2.14 Changes in the tax load in the 1980s and competitiveness rating in 1986 36
2.15 Tax load and economic growth in the 1970s and 1980s 38
2.16 Social expenditure and economic growth in the 1980s 39
2.17 Social expenditure and economic growth in the 1970s 40
3.1 Economic growth, inflation and unemployment rates in the USA, 1961–86 (%) 46
3.2 The US trade balance, 1960–86 (% of GDP) 47
3.3 Selected OECD countries’ shares of world manufacturing exports, 1965–80 51
3.4 Indices of average real hourly earnings of production workers in manufacturing, selected OECD countries, 1960–81 (1960 = 100) 52
3.5 Gross fixed capital formation in selected OECD countries, 1960–86 (% of GDP) 55
3.6 Percentage of the American population that would have been officially poor without transfers and that actually was poor, 1965–86 91
4.1 UK: trade balance in manufactures and other items, 1978–88 (% of GDP) 108
4.2 Labour productivity levels in seven countries, 1960–86 (US$ of 1980 per employed person) 108
6.1 Number of motor vehicles produced in selected OECD countries, 1970–87 (thousands) 209
6.2 Car exports of selected OECD countries, 1960–87 (thousands of units) 210
6.3 Annual production of motor vehicles per employed person in the German and Japanese automobile industries, 1970–81 213
6.4 Persons registered as unemployed in West Germany, 1970–89 (thousands) 219