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MESA 9.1. POLÍTICA SOCIAL NEOLIBERAL: EXPERIENCIAS COMPARADAS ENTRE EL SUR Y EL NORTE GLOBAL
Sesión 1 - Una mirada macroscópica e internacional

Private debt and neoliberal financial capitalist Welfare

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- ❑ The financial capitalism and the new welfare
- ❑ Crouch and the privatised Keynesianism
- ❑ Aim of the paper
- ❑ Household indebtedness, employment and private consumption: an analysis over time
- ❑ The idea and content of financial capitalist welfare: a multivariate analysis and a model
- ❑ The financial capitalist welfare after the economic crisis: end or regeneration?

From the beginning of the '90s - post-fordism evolution:

- “self-affirmation” and acceleration of the financialization and uberization of the economy, production and labour
- welfare regeneration in in a neo-liberal sense

❑ COMMON TRAITS OF THE ECONOMIC FINANCIAL CAPITALISM MODEL:

The role of the private debt

- ✓ coexistence of low wages with sustained levels of aggregate demand;
- ✓ lack of intervention for public expenditure to encourage the final demand for goods and services;
- ✓ higher shares of financial profit generated by an increase in indebted workers;
- ✓ persistence of low labor costs.

After the past economic crisis (2008)

This role of private debt becomes evident for many scholars during the 2008 crisis.

Colin Crouch:

- **Privatised Keynesianism: An Unacknowledged Policy Regime, in The British Journal of Politics and International Relations (2009);**
- **Occupazione, consumi, debito e sistemi di relazioni industriali in Europa. Un percorso di ricerca, in Italian Journal of Social Policy, 4/2010 (2010)**

Crouch draws attention to the concept of privatised Keynesianism and describes this new system in which household indebtedness seems to constitute a factor of systemic balance – So Crouch highlighted the born of the neo liberal financial welfare

What Crouch does

He analyses the relationship between **employment, consumption** and **indebtedness** in Europe



He identifies a clear relationship between flexicurity and household indebtedness: the key for the financial capitalistic welfare balance

Aim of the paper

The **objective** is to offer food for thought for the debate on the financial capitalist welfare model in which debt is a systemic variable.

What we do

- **Replicate** and **update** the analysis made by Crouch on the relationship between **employment, consumption** and **indebtedness** in Europe
- **Group countries** considering the indicators
- **Check** the groups and **represent the models** of social inclusion and security
- **Model** the financial capitalistic welfare system

How we do it

- ✓ Data from OECD and Eurostat database
- ✓ Descriptive analysis
- ✓ Principal component analysis

Household indebtedness, employment and private consumption: an analysis over time

Countries	2009			2012			2016		
	E	C	I	E	C	I	E	C	I
	Raggruppamenti								
Austria	IV	III	III	V	III	III	IV	III	III
Belgium	II	III	III	III	III	III	II	III	III
Denmark	V	II	V	V	II	V	V	II	V
Estonia	III	III	III	III	III	II	IV	III	II
Finland	IV	III	III	IV	III	III	III	III	III
France	III	III	III	III	III	III	II	III	III
Germany	IV	III	III	V	III	III	V	III	III
Greece	II	V	III	I	V	III	I	V	III
Ireland	II	II	V	II	I	V	III	I	IV
Italy	I	IV	III	I	IV	III	I	IV	III
Latvia	II	IV	II	III	IV	II	III	IV	I
Lithuania	II	V	II	III	IV	I	III	V	I
Luxembourg	III	I	III	III	I	IV	III	I	V
Netherlands	V	I	V	V	I	V	V	II	V
Poland	II	IV	II	II	IV	II	III	IV	II
Portugal	III	V	III	III	V	III	III	V	III
United Kingdom	IV	V	IV	IV	V	III	V	V	IV
Czech Republic	III	II	II	III	II	II	IV	II	II
Slovakia	II	IV	I	II	III	II	III	III	II
Slovenia	III	III	II	III	III	II	III	III	II
Spain	II	III	III	I	III	III	I	III	III
Sweden	V	II	IV	V	II	IV	V	II	IV
Hungary**	I	III	II	I	III	II	III	III	I

Clusters of European countries referred to employment rates (E), household expenses for final consumptions (C) and household indebtedness (I), Years 2009, 2012, 2016*

* Used method to identify groupings: V => +1 s.d. (standard deviation); IV => 0,5 s.d. up to +1 s.d.; III => -0,5 s.d. up to +0,5 s.d.; II = -1 s.d. up to -0,5 s.d.; I = < -1 s.d. (see Crouch, 2010, pag. 85)

**For Ungary the 2016 household indebtedness data refers to 2015.

Source: authors' elaborations on Eurostat Database and Oecd Database



Household indebtedness, employment and private consumption: an analysis over time

Groups, stable countries and countries indicatively merging

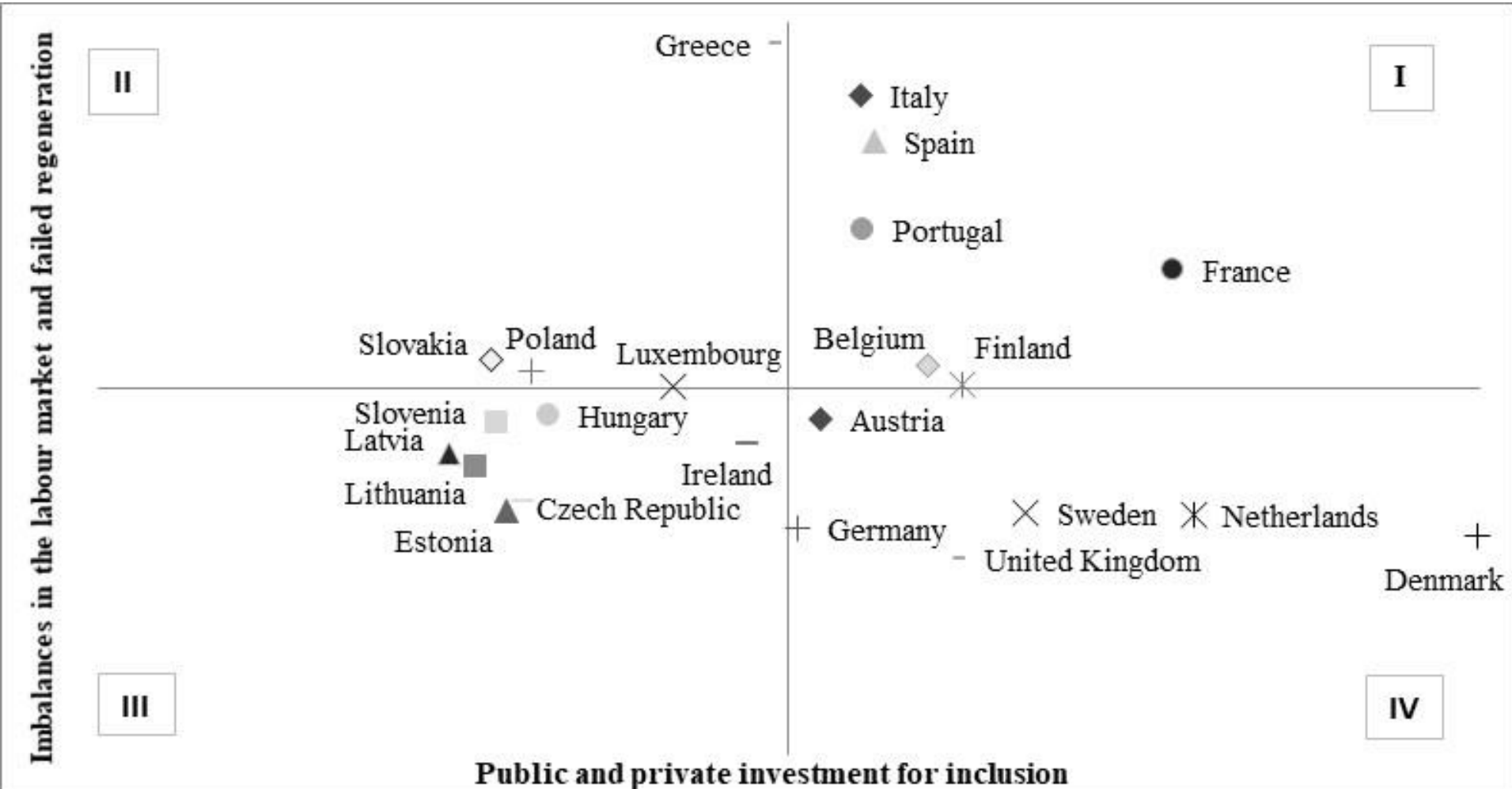
Groups	Stabled countries	Countries indicatively merging
<p>A (high employment and indebtedness, low consumptions)</p>	<p>Denmark Netherlands Sweden</p>	<p>Luxembourg Ireland</p>
<p>B (low-end employment and consumptions, average indebtedness)</p>	<p>France Belgium</p>	<p>Finland Spain</p>
<p>C (low employment, high consumptions, average indebtedness)</p>	<p>Italy Greece</p>	
<p>D (high employment, consumptions and indebtedness)</p>	<p>United Kingdom</p>	<p>Portugal</p>
<p>E (high employment, average consumptions, low indebtedness)</p>	<p>Germany Austria Estonia Czech Republic</p>	<p>Lithuania Latvia Poland Slovakia Slovenia Hungary</p>

Principal component analysis

Dimensions	Variables	
<p>PUBLIC AND PRIVATE INVESTMENT</p>	<p><i>Public investment in labour and social security policies</i></p> <p><i>Private investment for social security and reproduction</i></p>	<ul style="list-style-type: none"> ➤ Old age pension expenditure (% of GDP) ➤ Labour market services expenditure (% GDP) ➤ LMP measures expenditure (categories 2-7) (% of GDP) ➤ LMP supports expenditure (categories 8-9) (% of GDP) ➤ Households debt (% of net disposable income) ➤ Asset - Life insurance and annuity entitlements (% of GDP) ➤ Asset - Insurance, pensions and standardised guarantees (% of GDP) ➤ Liabilities - Long-term loans (% of GDP)
<p>OUTCOMES AND SYSTEM BALANCE</p>	<p><i>Characteristics of labour market institutions</i></p> <p><i>System sustainability / maintenance / regeneration</i></p>	<ul style="list-style-type: none"> ➤ Strictness of regulation on temporary forms of employment (Employment Protection Legislation Index) ➤ Involuntary part-time employment (% of the total part-time employment), 15-29y ➤ Unemployment rates 15- 29 years ➤ Employment rates 15- 64 years ➤ Fertility rates ➤ Share of young adults aged 18-34 living with their parents

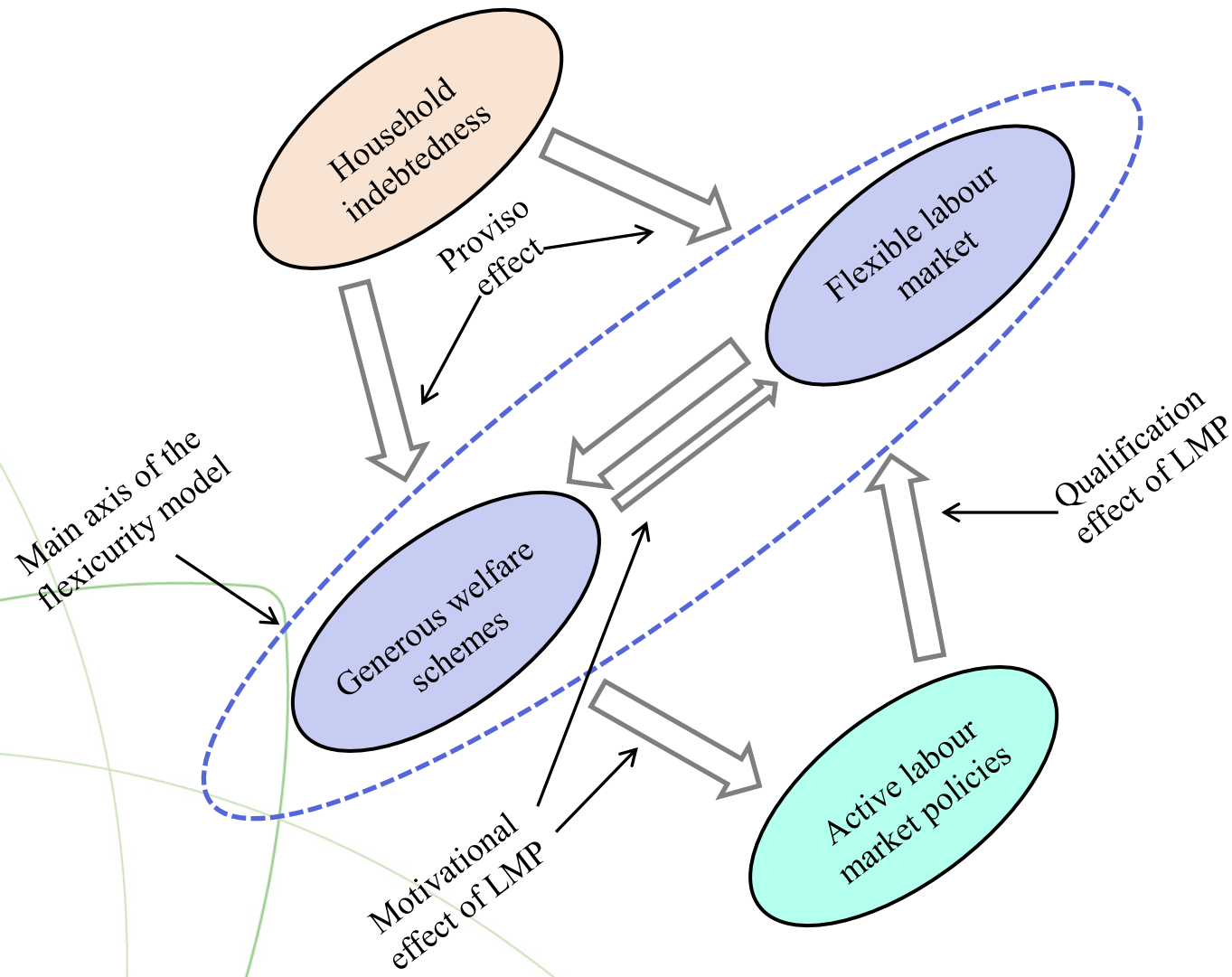
Principal component analysis

Investments and imbalances, countries projection on the factorial design



The idea and content of financial capitalist welfare: a multivariate analysis and a model

The financial capitalistic welfare model



Adaptation on: Bredgaard, Larsen and Madsen (2007, 8)

The financial capitalist welfare after the economic crisis: end or regeneration?

According to some scholars (Wolfgang Streek, Colin Crouch, Colin Hay, Aldo Barba, Massimo Pivetti, Colin Hay and Martin P. A. Craig) the theoretical and institutional model of welfare produced by neoliberalisation **has reached its historical conclusion in the 2008 crisis**. Household indebtedness (the condition that guaranteed stability and steady growth to the model) is no longer sustainable

□ But this model is still alive for its capacity to regenerate as well explained in the book *The strange non-death of the neoliberalism* (Crouch) and in the theory of the neoliberal ethos (Hay).

What about the effects of the pandemic crisis on the financial capitalistic welfare...

Can we imagine the same dynamic seen after the past crisis of 2008?

Will the “neoliberal ethos” fight once again against his death?

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Household indebtedness, employment and private consumption: an analysis over time

Countries	2009			2012			2016		
	E	C	I	E	C	I	E	C	I
	Raggruppamenti								
Austria	70,3	53,5	90,1	71,4	53,5	91,0	71,5	52,7	91,6
Belgium	61,6	52,1	92,1	61,8	51,9	105,0	62,3	51,2	116,4
Denmark	75,3	48,5	339,8	72,6	48,0	314,2	74,9	47,4	285,2
Estonia	63,8	53,4	108,3	67,1	51,0	85,2	72,1	52,8	80,6
Finland	68,7	52,6	117,5	69,4	54,6	124,6	69,1	55,2	133,1
France	64,1	56,2	104,3	64,0	55,7	103,3	64,2	55,3	109,0
Germany	70,3	57,4	100,3	73,0	55,8	95,2	74,7	53,3	93,4
Greece	60,8	68,1	87,9	50,8	69,9	119,7	52,0	69,9	109,9
Ireland	61,9	47,7	240,6	58,8	45,3	220,0	64,8	33,0	171,0
Italy	57,4	60,6	86,5	56,6	61,6	91,9	57,2	60,8	88,2
Latvia	60,3	60,6	85,9	63,0	60,9	71,1	68,7	61,5	49,4
Lithuania	59,9	68,1	56,9	62,0	62,3	47,0	69,4	64,3	47,5
Luxembourg	65,2	34,2	145,8	65,8	32,2	161,0	65,6	30,3	184,4
Netherlands	77,0	45,3	286,8	74,4	44,9	287,1	74,8	44,2	270,1
Poland	59,3	61,6	52,7	59,7	61,5	58,4	64,5	58,5	63,5
Portugal	66,1	64,7	151,4	61,4	66,3	155,8	65,2	65,5	137,2
United Kingdom	69,9	66,1	163,2	69,9	65,7	152,6	73,5	65,8	152,7
Czech Republic	65,4	48,6	60,6	66,5	49,2	65,8	72,0	47,0	69,2
Slovakia	60,2	60,2	41,0	59,7	57,2	55,3	64,9	54,5	73,5
Slovenia	67,5	54,7	56,6	64,1	56,9	60,4	65,8	53,4	56,3
Spain	60,0	56,1	145,2	55,8	58,8	141,1	59,5	57,6	117,6
Sweden	72,2	47,1	163,1	73,8	46,5	166,7	76,2	44,3	180,1
Hungary**	55,0	53,6	80,1	56,7	53,9	66,5	66,5	49,9	50,6

Employment rates (E), household expenses for final consumptions (C) and household indebtedness (I), Years 2009, 2012, 2016

*The 2016 household indebtedness data for Hungary refer to 2015.

Source: authors' elaborations on Eurostat Database and Oecd Database



Principal component analysis

Variables	Correlation coefficients - Public and private investment for inclusion	Variables	Correlation coefficients - Imbalances in the labour market and failed regeneration
Liabilities - Long-term loans	0,896	Unemployment rates from 15-29 years	0,921
Asset - Life insurance and annuity entitlements	0,822	Involuntary part-time employment, from 15-29y	0,896
Households debt	0,813	Strictness of regulation on temporary forms of employment	0,549
Asset - Insurance, pensions and standardised guarantees	0,769	Fertility rates	-0,634
Labour market services expenditure	0,732	Employment rates 15- 64 years	-0,916
LMP measures expenditure (categories 2-7)	0,710		
LMP supports expenditure (categories 8-9)	0,688		
Old age pension expenditure	0,568		
Share of young adults aged 18-34 living with their parents	-0,637		

Variables and correlation coefficients with factors Public and private investment for inclusion (43,5% of the total variance explained) and Imbalances in the labour market and failed regeneration (24,8% of the total variance explained)

Dataset used for PCA, 2016*

	Spesa per i servizi del lavoro (% su Pil)	Spesa per misure di politica attiva (categorie 2-7) (% su Pil)	Spesa per politiche passive (categorie 8-9) (% su Pil)	Spesa per le pensioni di vecchiaia (in % su Pil)	Debito delle famiglie (% del reddito netto disponibile)	Asset delle famiglie - Assicurazioni, pensioni e garanzie standard (% su Pil)	Asset delle famiglie - Diritti a rendite e assicurazioni sulla vita (% su Pil)	Sofferenze delle famiglie - Prestiti a lungo termine (% su Pil)	Rigidità della regolazione del lavoro temporaneo (EPL Index)**	Part time involontario giovani 15-29 anni (% sul totale dell'occupazione part-time)	Tasso di disoccupazione e 15-29 anni	Tasso di occupazione 15-64 anni	Tasso di fecondità	Giovani adulti 18-34enni che vivono con i genitori (% sul totale)
Austria	0,17	0,58	1,49	10,9	91,6	38,8	20,6	47,6	2,2	16,4	9,2	71,5	1,53	42,6
Belgio	0,20	0,52	1,71	8,8	116,4	73,4	47,7	57,4	2,4	18,6	14,3	62,3	1,68	48,8
Danimarca	0,51	1,43	1,28	8,7	285,2	150,2	83,2	124,1	1,8	10,6	11,0	74,9	1,79	19,7
Estonia	0,12	0,10	0,43	5,0	80,6	17,7	2,2	39,1	3,0	6,0	10,0	72,1	1,60	40,5
Finlandia	0,11	0,85	1,93	10,1	133,1	28,4	13,9	63,3	1,9	28,7	15,6	69,1	1,57	20,0
Francia	0,25	0,75	1,96	12,3	109,0	90,0	77,0	54,9	3,8	54,7	18,5	64,2	1,92	37,4
Germania	0,36	0,27	0,88	8,6	93,4	67,2	30,6	50,8	1,8	11,8	6,2	74,7	1,60	41,9
Grecia	0,01	0,24	0,49	13,8	109,9	7,1	4,5	52,4	2,9	73,9	38,4	52,0	1,38	66,1
Irlanda	0,06	0,49	1,25	4,4	171,0	62,4	14,6	50,2	1,2	30,6	13,7	64,8	1,81	53,3
Italia	0,05	0,42	1,29	11,8	88,2	54,4	39,1	37,9	2,7	80,4	28,4	57,2	1,34	65,8
Lettonia	0,04	0,11	0,41	6,6	49,4	14,4	1,5	21,7	1,8	20,6	13,3	68,7	1,74	50,7
Lituania	0,06	0,25	0,23	5,4	47,5	9,3	2,1	22,0	3,3	24,9	10,4	69,4	1,69	50,8
Lussemburgo	0,06	0,51	0,68	4,9	184,4	23,4	16,1	61,4	3,8	17,5	10,6	65,6	1,41	53,8
Olanda	0,24	0,53	1,82	10,0	270,1	228,7	19,8	104,4	1,2	12,3	8,6	74,8	1,66	35,9
Polonia	0,08	0,38	0,27	7,9	63,5	15,4	4,2	33,7	2,3	27,6	11,8	64,5	1,39	60,5
Portogallo	0,05	0,48	1,36	10,9	137,2	37,2	23,2	68,5	2,3	53,4	20,8	65,2	1,36	62,8
Regno Unito	0,31	0,07	0,29	10,2	152,7	184,9	32,3	75,6	0,5	21,5	9,3	73,5	1,79	34,7
Repubblica Ceca	0,12	0,31	0,19	7,0	69,2	14,8	5,8	29,7	2,1	17,4	7,4	72,0	1,63	50,3
Slovacchia	0,04	0,16	0,34	6,4	73,5	16,3	5,1	35,1	2,4	32,8	15,5	64,9	1,48	69,7
Slovenia	0,08	0,16	0,53	6,7	56,3	17,4	7,7	24,7	2,1	13,1	14,7	65,8	1,58	60,4
Spagna	0,14	0,45	1,92	8,0	117,6	30,9	14,2	61,6	3,2	62,8	33,3	59,5	1,34	58,9
Svezia	0,22	1,01	0,55	9,1	180,1	108,1	23,4	70,8	1,2	38,3	13,6	76,2	1,85	24,9
Ungheria**	0,10	0,80	0,25	7,1	50,6	10,6	5,3	17,7	2,0	34,0	9,1	66,5	1,53	58,2