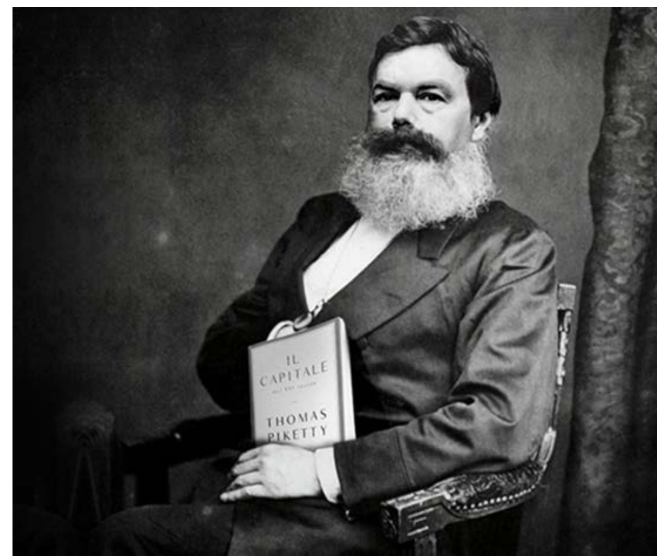
The political economy of inequality in Ireland

Labour markets as social institutions

The revival of political economy

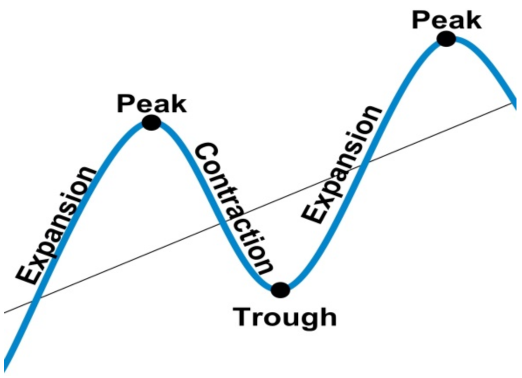
‘From the outset, political economy sought to study scientifically, or at any rate rationally, systematically, and methodically, the ideal **role of the state** in the **economic and social organisation** of a country.’ (Piketty 2014)



- **Distributional conflict** over the **social product** (Martins 2013)

Regulation Theory (RT)

- Economic history
  - **Periodisation** of capitalism (McDonough 2007)
  - **‘Middle range’** (Merton 1949)
- Interconnection between **institutional forms** and **dynamic regularities** of capitalist economies (Jessop 2006)
  - Relative stability
  - **Structural crisis**
  - Institutional restructuring



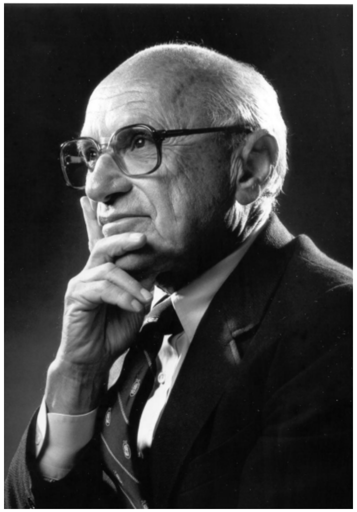
Labour markets and social agency

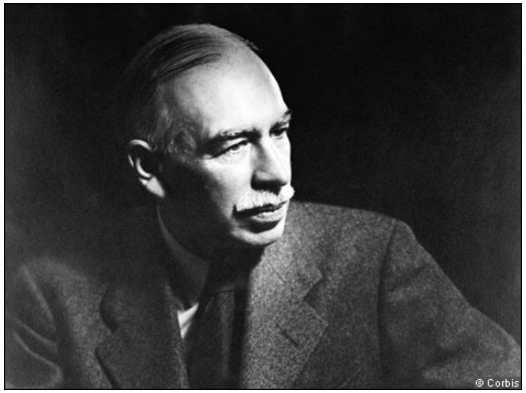
- Individual workers and employers are **embedded in classes** (Zweig 2015)
  - Social formations reflecting **power**
  - Capital-labour **relation**
  - **Labour process** theory (Braverman 1974)

- **Relative autonomy** of the capitalist state (Poulantzas 1978)
  - Social relation
  - Balance of class forces (Wolfson and Kotz 2010)
  - **Condensation** of the class struggle

Regulating economic inequality

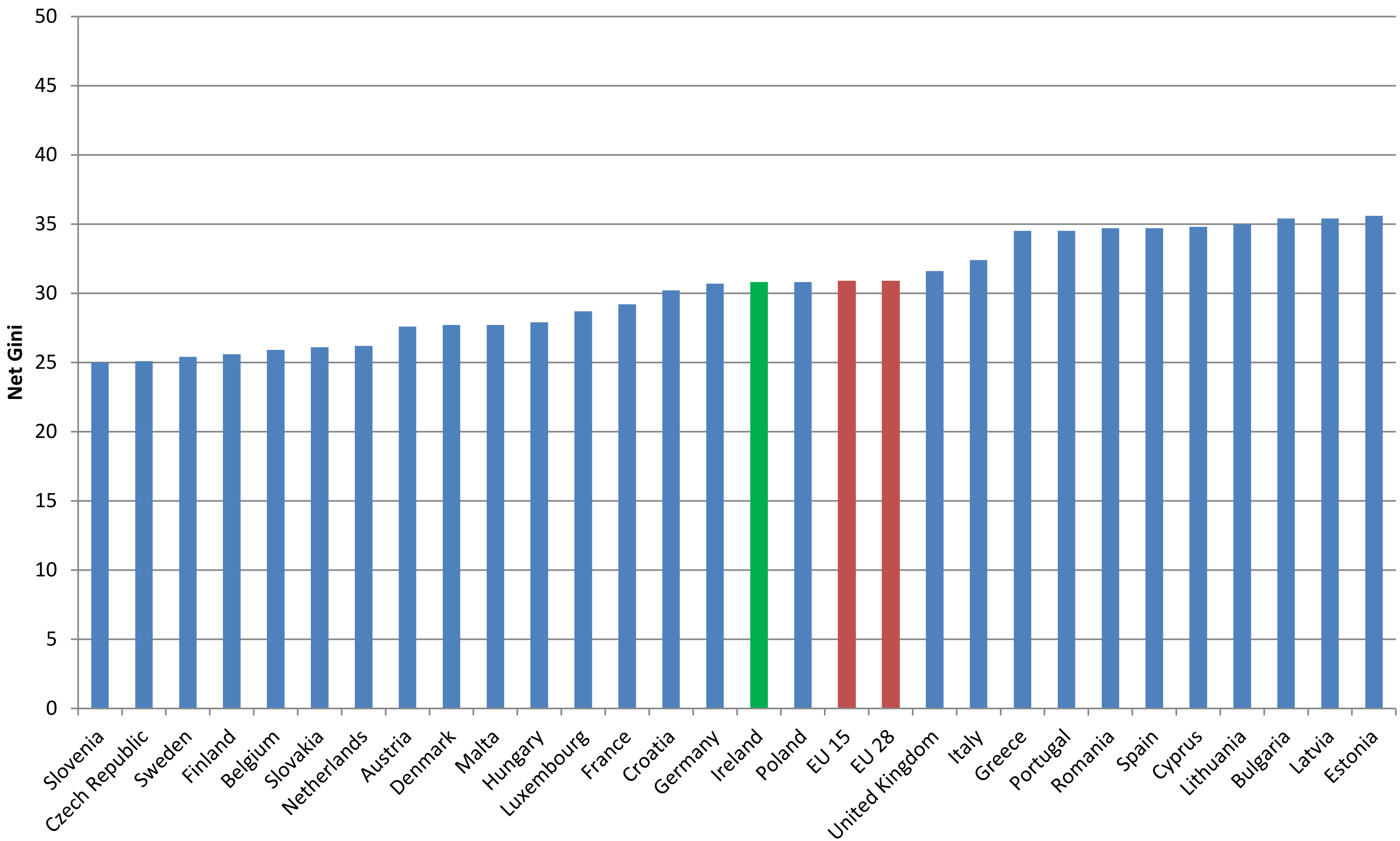
- Two broad **forms of capitalism** (Kotz 2015)
  - **Liberal**
    - Capital largely dominates over labour
    - ‘Free market’ orientation (ideas, policies, institutions)
    - **Rising inequality**
    - Financial instability
  - **Regulated**
    - Labour forces a class compromise
    - Non-market intervention (states, unions)
    - **Subdued inequality**
    - Profit squeeze





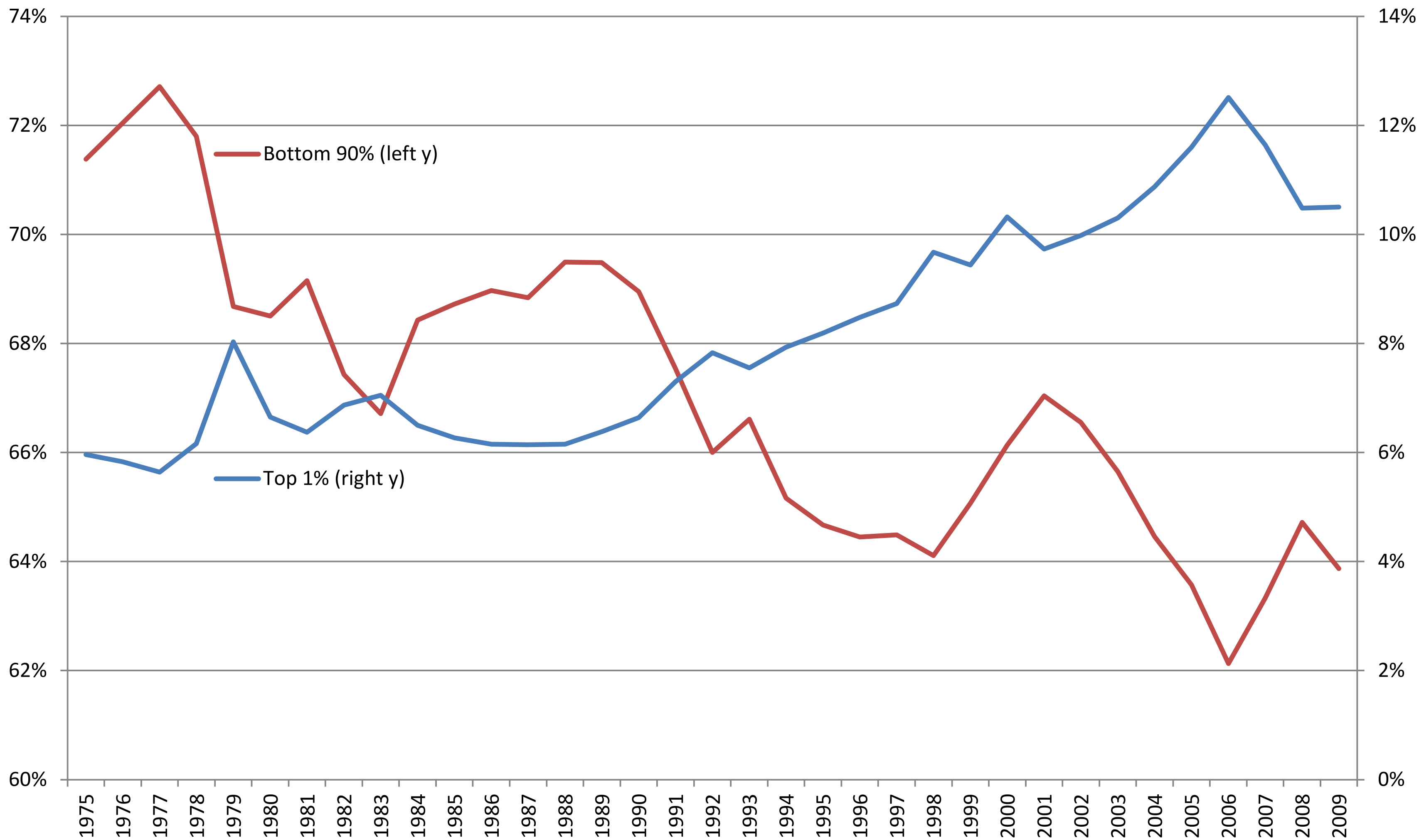
- Tendency to alternate
  - **Punctuated** by structural crises

Net income inequality in the EU



Source: Eurostat

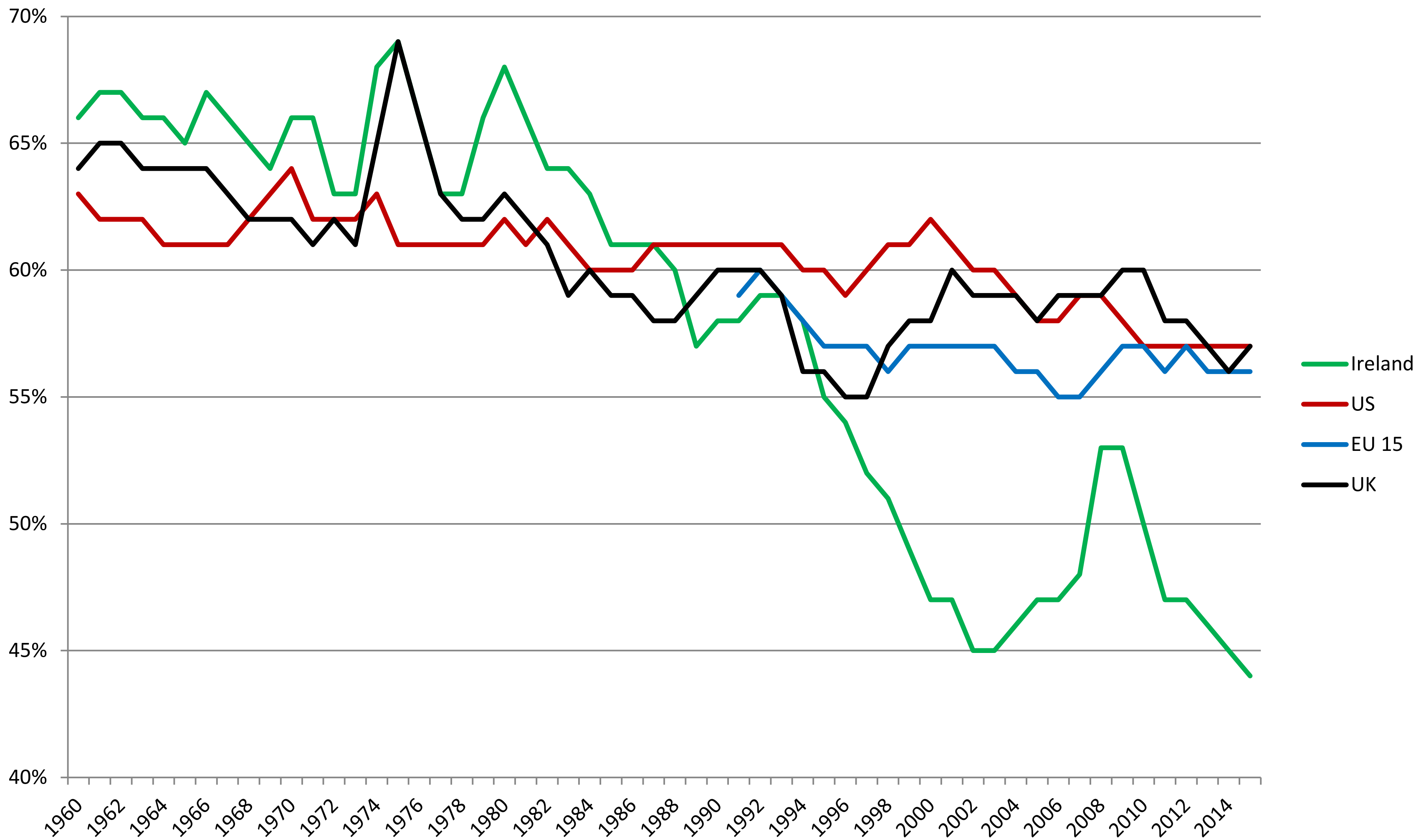
Income share of top 1% and bottom 90%



Source: WWID

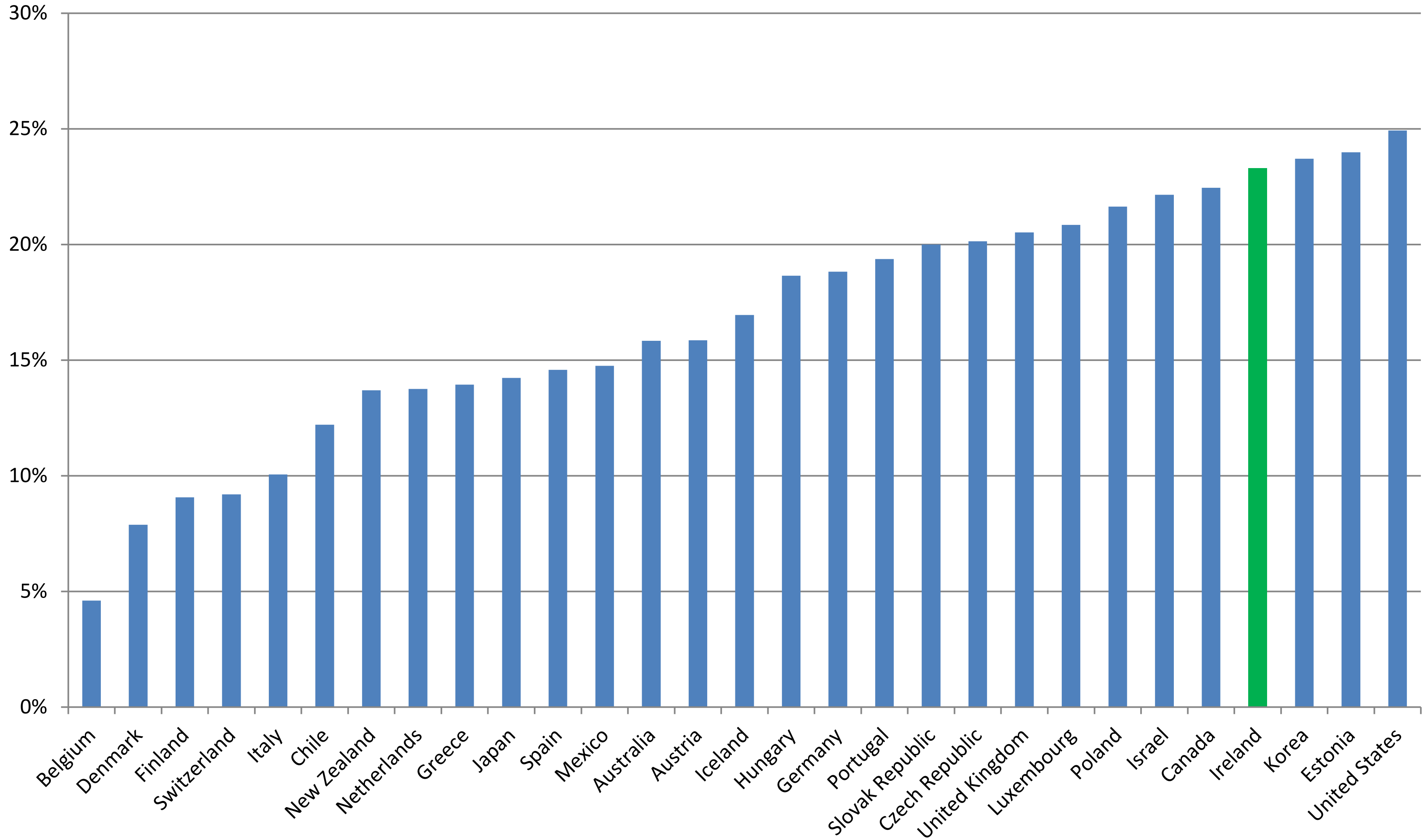
Wage share, % of GDP

TASC



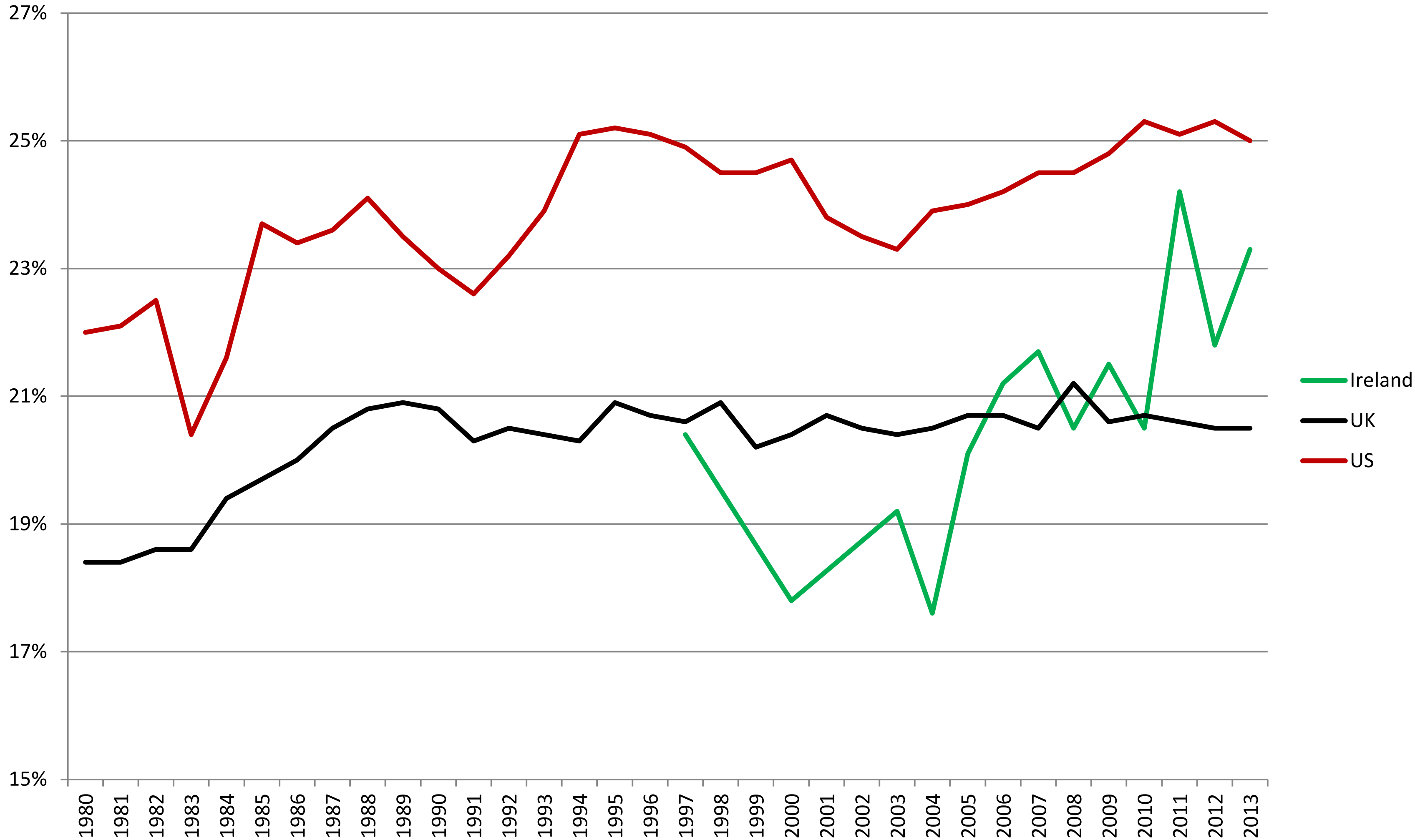
Source: AMECO

Incidence of low pay in OECD countries



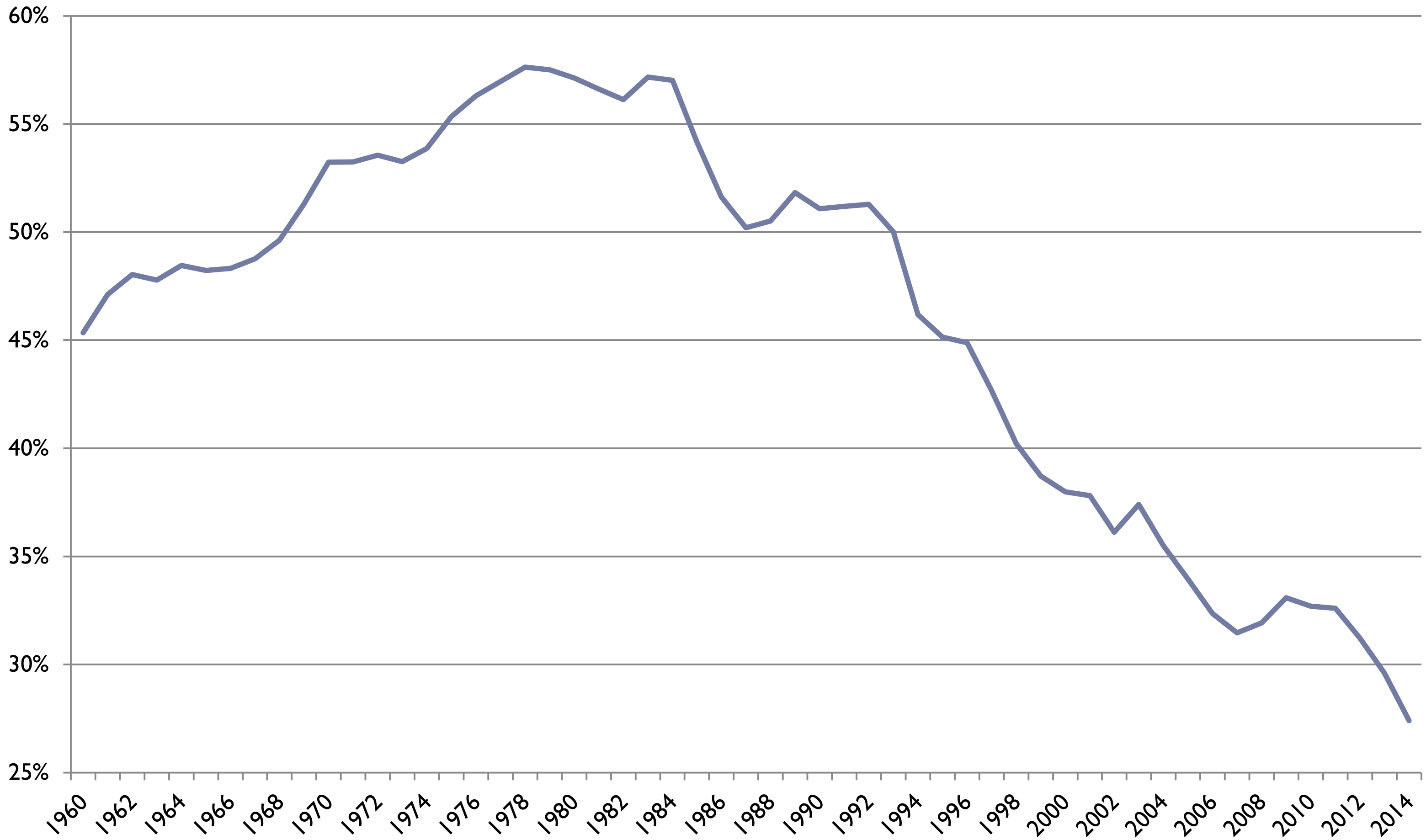
Source: OECD Stat

Rising incidence of low pay



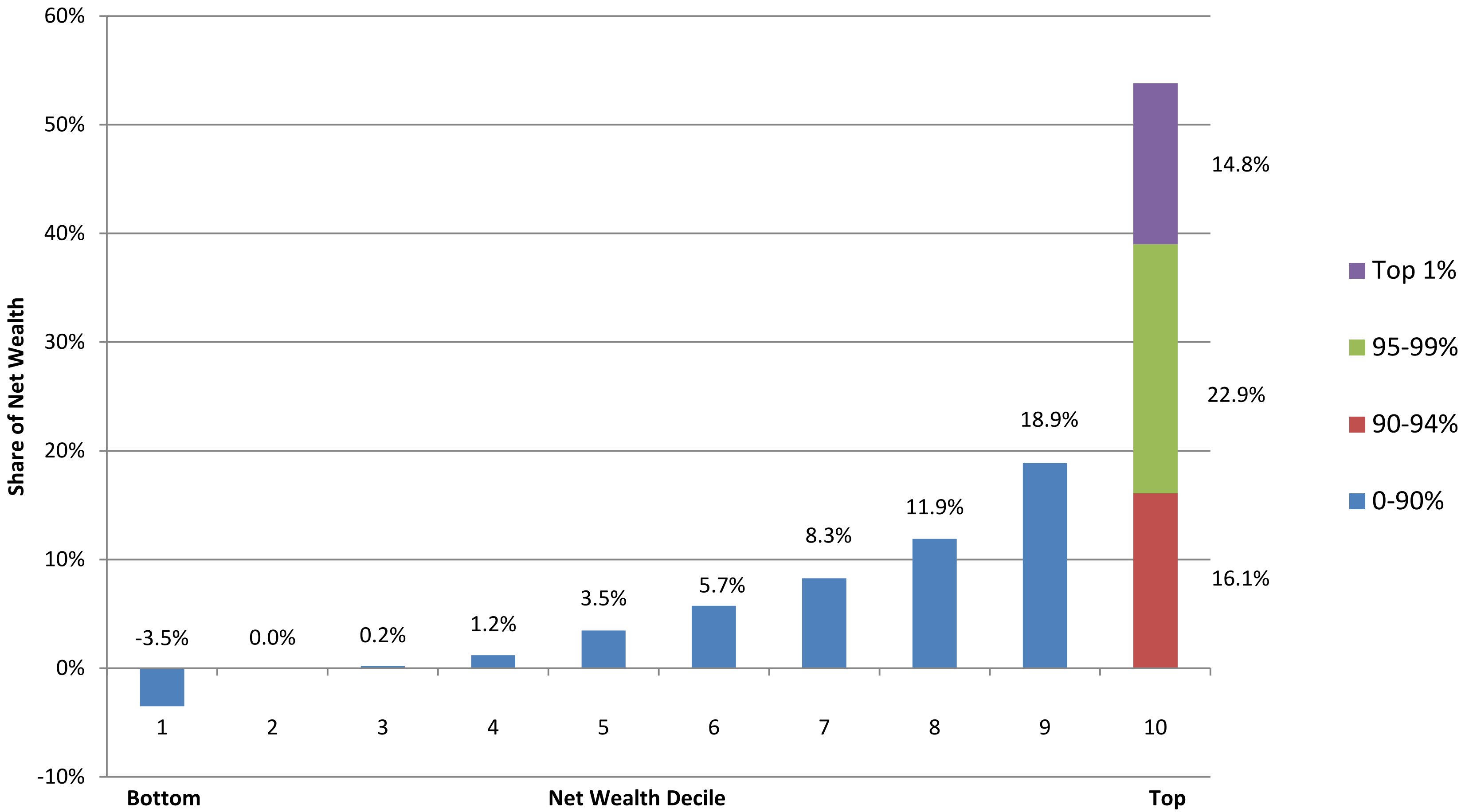
Source: OECD Stat

Trade union density



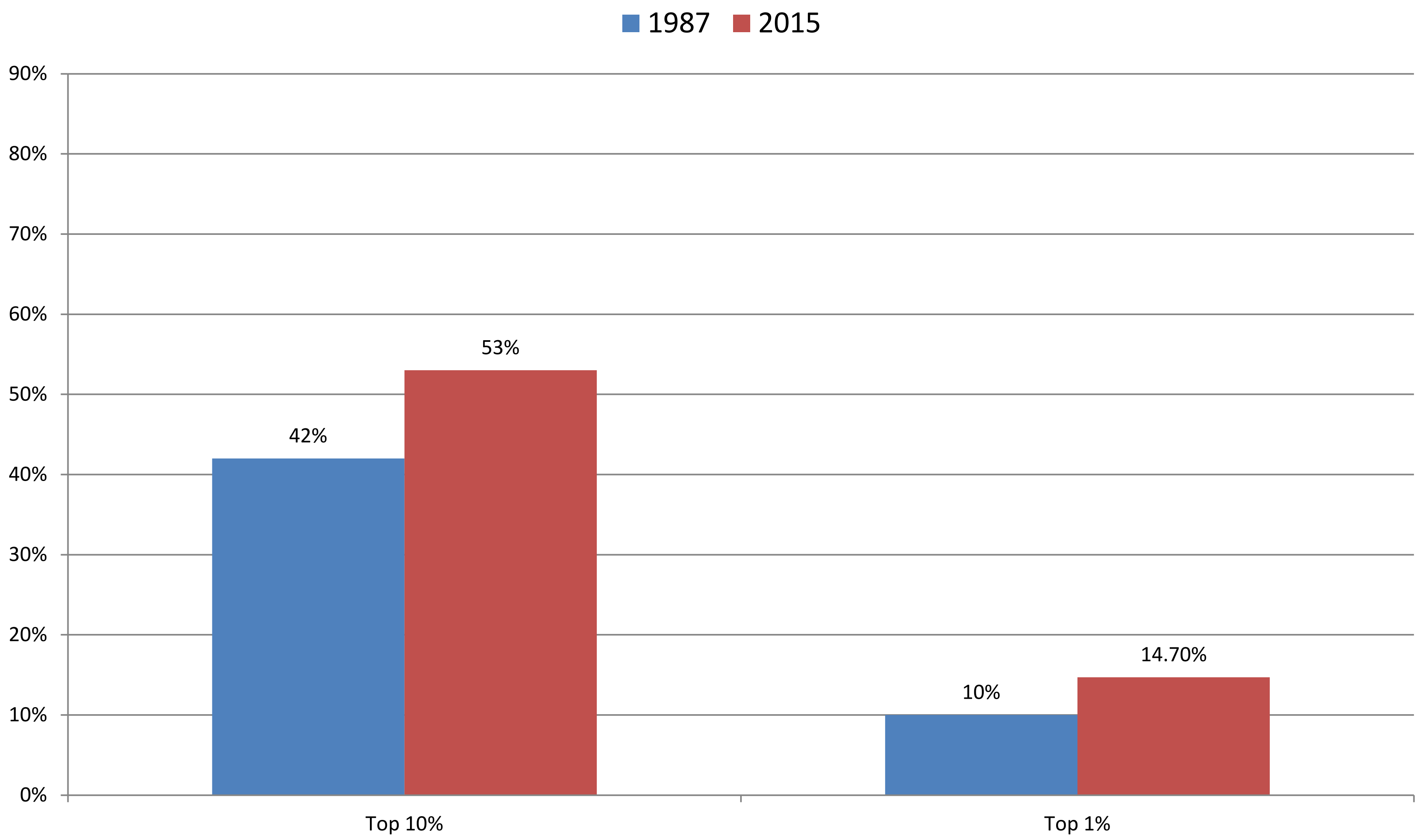
Source: OECD Stat

Net wealth by decile



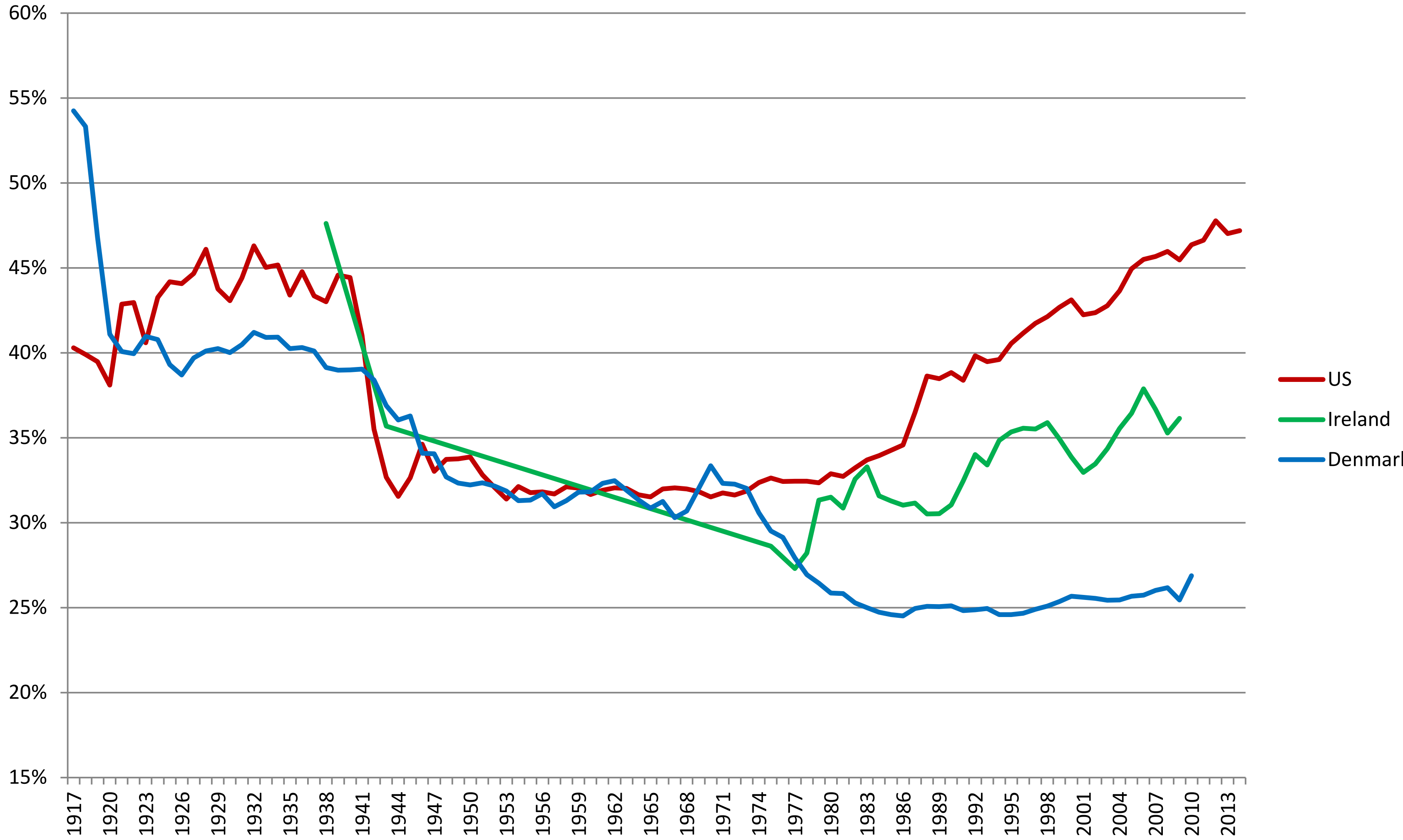
Source: CSO HFCS, 2015

Wealth share of top 10% and top 1%



Source: Nolan, 1991; CSO HFCS, 2015

Income share of top 10%



Source: WWID

Responding to the crisis

- **Neoliberal solutions** won't resolve a **neoliberal crisis** (Kotz and McDonough 2010)
  - **Demands** an alternative

'**Privitisation** is a vogue word today. Too many economists are **enthusing** about the race towards **an unfettered, unrestrained free market economy.** This is worship of an unthinking consumerism, animated not by considerations of social responsibility but **a desire for the fast buck and let tomorrow look after itself**' (Lynch 1994)

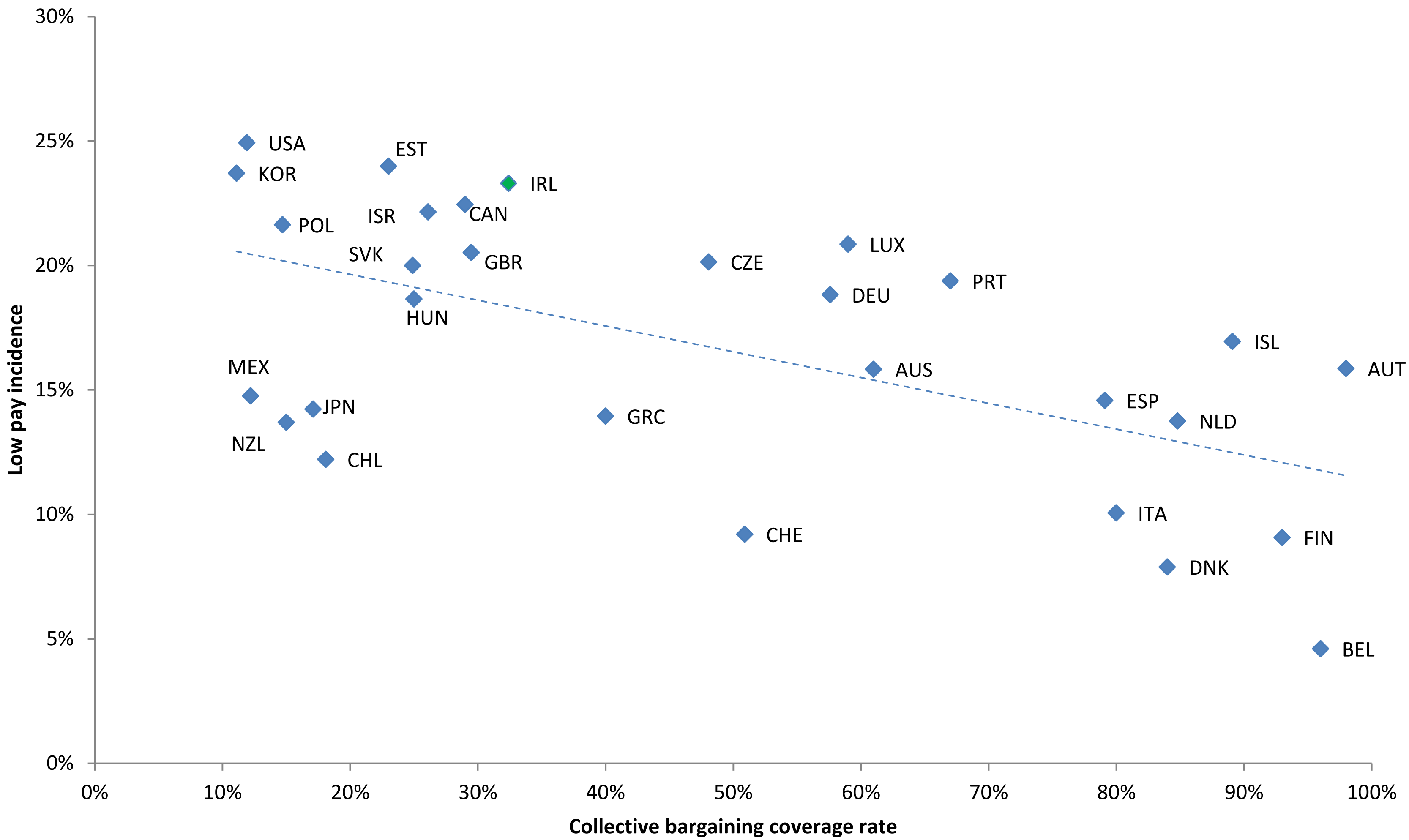
A wage-led recovery

- Generalised wage repression
  - **Debt-led** growth (EU periphery, US, UK)
  - **Export-led** growth (Germany, China, Japan)
- **Wage-led** recovery (Onaran and Stockhammer 2016)
  - Predistributive labour market policies
  - Redistributive progressive taxation
- Broader reorientation towards **progressive macroeconomic and industrial policy**
  - Full employment
  - Equality
  - Ecological sustainability

Political aspects of full employment

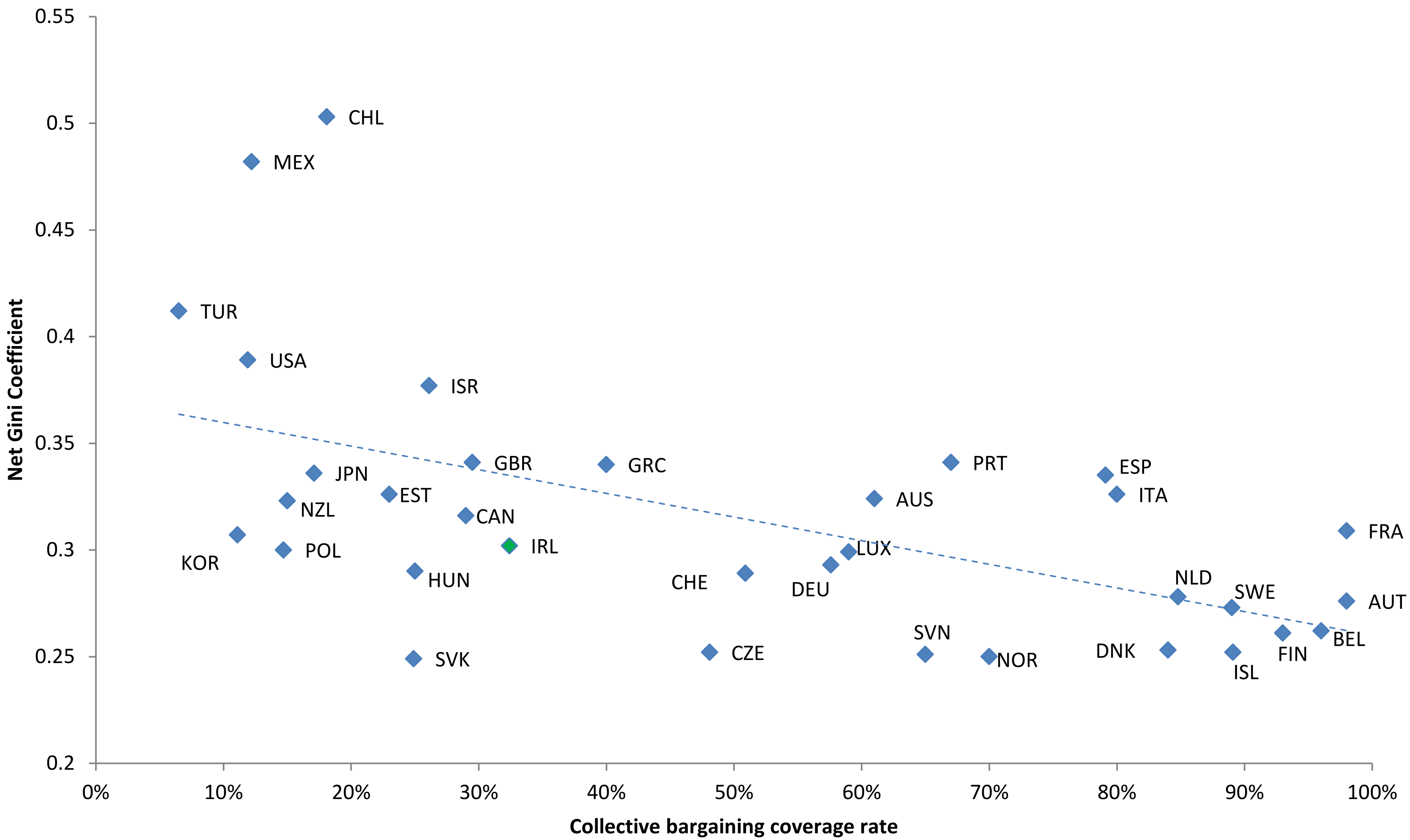
- "'Full employment capitalism' will, of course, have to develop **new social and political institutions** which will reflect the **increased power of the working class**. If capitalism can adjust itself to full employment, a fundamental reform will have been incorporated in it. If not, it will show itself an outmoded system which must be scrapped.' (Kalecki 1943)

Collective bargaining coverage and low pay incidence in OECD countries



Source: OECD Stat and ILOSTAT

Collective bargaining coverage and net income inequality in OECD countries



Source: OECD Stat and ILOSTAT

Thank you