
Social and Environmental Implications of Re-Emergent Labour Market Segmentation in Slovenia

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Abstract

The article deals with labour market segmentation processes in Slovenia. It discusses interdisciplinary controversies on the subject matter and introduces a few comparative insights. In a stylised manner, the links between economic performance, the labour market and ecological problems of a country are defined and empirically validated with the help of rough indicators for the EU-27 countries. Finally, a version of dual labour market segmentation of the Slovenian labour market is presented with an explanation of its recent re-emergence, character and (low) developmental options.

Labour market segmentation – A normal state or deviation?

This article deals with an emerging pattern of labour market segmentation (hereinafter LMS) in Slovenia. It tries to assess its existence, its configuration, its magnitude and its impact on the country's further socio-economic and environmental development. The topic, as such, is not novel in socio-economics; however it is not a part of the mainstream either. At least in labour economics, LMS is usually taken with some caution, merely as half-a-theory. The low status of the LMS concept is probably due to an unavoidable analytical description of any labour market segment: it consists of only similar (and not exactly the same type of!) people, occupations, firms etc. In this field of research an exact (normative) definition of a segment is inherently missing. In this sense, other common units in labour economics are better off, i.e. citizens, firms, organisations, economic sectors, national economy, multi-national companies etc. At least they enjoy a full legal status, are normatively well defined and are much easier to

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monitor, especially with the help of national statistics. Such features contribute towards a clearer definition of the object under observation, which strongly facilitates theory building. Yet another reason for the underestimation of segmentation theories might lie in the difficult delineation of a segment from another: firstly, a segment could be defined either by one single or by many dimensions; secondly, each different segment could be characterised by different dimensions. Of course, all these ambiguities bring a new problem to the stage – an exact number of segments. And so on.

Nonetheless, the attractiveness of LMS theories may lie exactly in the ambiguity of segmentation itself as the ambiguity highly resembles the usual foggy and complex situations of real life. Therefore, it seems worthy to resume the essence of current labour market architecture and performance exactly from those few segments which intuitively constitute this market rather than from anything else.¹

Segmentation as a massive feeling of system unfairness

Generally speaking, a few different social fragments or segments (of people, firms, organisations, occupations, etc.) exist in every society. To a certain extent the differences between them are understood as ‘normal’, i.e. as a functional result of perpetual social differentiation, reproduction and adaptation, including perhaps gradual social change as well. In this vein, segments do not significantly influence ‘normal’ social theories of development based on ‘average’, common cultural understanding of development and long-term fairness of a particular social system. For example, for lay people in Slovenia (and elsewhere!) it is easy to understand the daily stratification operation, which allocates people to (unequal) jobs, to (unequal) social positions and to (unequal) resources or rewards. The feeling of system fairness is not harmed and it works well unless the entrances to better (and exits from worse) social locations (segments) are relatively free, relaxed for the use of nearly anybody, under socially agreed meritocratic rules. Then again, on average people believe that the social system is performing fairly and justly – chances for upward mobility are open to them and they can exploit these opportunities (i.e. the opportunity structure) through their individual engagement.

A problem with system (un)fairness arises from time to time with a special kind of social configuration of segments, usually accompanied by more pronounced social change, whatever the reason for it (i.e. natural disasters, war, strong technological change, political instability, regime change, etc.). Then different segments from yesterday move slowly apart, social distances between them increases and a whole complex mechanism of new social reproduction starts to generate *a new stable social architecture, more suitable for the new restless times*. It usually consists of *new types of social closure* on one side (at the privileged part of social hierarchies) and *of new types of social exclusion* on the other (at the marginal part of social hierarchies). In such a newly emerged framework, the usual, but still tolerable labour market segmentation may turn into a social problem, because it is not yet institutionally supported and the whole burden of adjustment is on lay people.

During such historic episodes of frequent and permanent social change people painfully experience new circumstances, which they hardly understand and adapt to. They start to feel uncomfortable and live more riskily, and for many the new social system operates increasingly unfairly. Such bad feelings then diffuse across larger society due to its size, density, social networks and communication channels. If we recall here that the power-law distribution phenomena spread mainly across society through social networks, then, with regard to the size of the population, in small communities like Slovenia it well suffices that every fourth adult encounters a kind of labour market trouble and the whole society may easily and quickly turn (psychologically) into the same troublesome atmosphere.

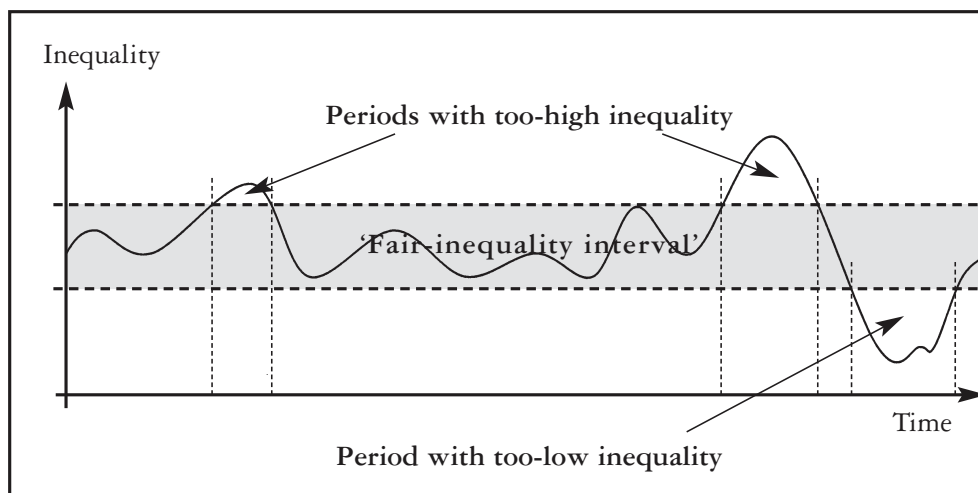
Segmentation turns into a social problem only under a special combination of social, economic, political and psychological conditions, which leave ever less room for good prospects of bright lay people in deteriorated social groups. LMS is just a mirror picture of broader trends concentrated within the labour market arenas. The turning point, which may emerge in the form of massive disappointment or even sudden social unrest, is culturally defined and politically triggered. Most often it is linked to accumulated bad outcomes of stratification and social mobility dynamics within a few of the more vulnerable groups. Strained relations in the public sphere may also enhance new types of bottom-up collective mobilisation and activism.

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Segmentation as part of long-term social stratification process

In a public lecture delivered a few years ago (Kramberger 2006) I illustrated this kind of argument – a long-term link between LMS and stratification – by using a stylised graph representing trendless fluctuations of any inequality measure over time (see Sketch 1).

Sketch 1. Fluctuations within the 'fair-inequality interval', three periods of deviation from it



The key message from this graph was / is the following:² during fairer historical periods, the values of key inequality measures are held somewhere within the long-term and culturally defined 'fair-inequality interval', with its implicit upper and lower limits (notice the 'fair-inequality interval' in Sketch 1). There are two main types of deviation from this culturally tolerable inequality, both implemented by political will and perhaps a new institutional framework. The first type of deviation addresses *episodes of unacceptable inequality*: the values of inequality measure increase far above the culturally set upper limit, often leading to social polarisation. For example, the rates of return on capital far exceed the normal, fair rates of return to labour, as happened in global core 'market democracies' led by trans-nationally oriented economic elites like the USA and many others. The second type of deviation addresses *episodes of unacceptable equality* – the

values of inequality measure fall far below the culturally set bottom limit. These sombre periods, which hardly emerge without immense political coercion, are best illustrated by the 'state socialist' countries from the global developmental periphery (ex-Soviet bloc, among others), led by autocratic regimes, usually in the form of a self-selected political elite.

Not surprisingly, LMS may be an outcome of different factors. In the former type (unacceptable inequality), LMS is a kind of social polarisation outcome due to spontaneous market forces, while in the latter case (unacceptable equality), LMS is mainly a politically designed and supported issue. In this sense, Slovenia probably experienced both types of unfairness in only half a century: from around World War Two and up to the 1980s it experienced a soft version of the former type of LMS (since the early 1960s, ex-Yugoslavia, including Slovenia was a unique country among the socialist states, in a sense that it introduced open borders and supported increasingly export-oriented economy), while from the late 1980s onwards it is an example of the emerging latter type of LMS. Just to illustrate the former (eastern) type: labour market peculiarities concerning segmentation formation under the state socialist regimes of Eastern Europe were probably best described by Vecernik (1991):

In fact, one might rather consider the entire administration of the labour-force under socialism as one big internal market with many preferences, special rules, and both vertical and horizontal social structures. Within this huge primary sector there is another which is the closed internal market of the top party, the state and the economic bureaucracy [the Nomenklatura]. If we are looking for labour-market segmentation in socialist countries, we have to use another perspective. There are large groups of workers who [have jobs but – A.K.] are permanently seeking a new job. They might be considered as the secondary, peripheral sector of the labour market (cf. Vecernik 1991, in Plessz 2007, 5).

Middle-range theorising on segmentation

In western countries, the notion of LMS re-appeared in institutional economics around the 1960s and 1970s (Doeringer & Piore 1971) during a special stage of mature Western industrialism, when initial attempts after liberalisation and flexibilisation of labour market arrangements were intro-

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duced. State interventions could not resolve an increasing status immobility of a few lower-status groups and workers, who in spite of state aid were unable to get ahead in the social space. Benevolent state interventions therefore failed and actors became aware of a deeper social mechanism producing urban inequality of a mature industrialism, probably rooted in the underlying social stratification system (of class, race and ethnic antagonisms, discrimination against migrants and so forth).

A few decades later, institutional and development economics, political economy and (critical) comparative sociology (and many interdisciplinary studies as well) have improved knowledge of LMS. From the stratification perspective it reads the following: segmented labour markets assume the existence of multiple social rules and regulations set upon the distinctive fragments of the active population. This kind of configuration is characterised by distinctive social hierarchies and divisions that have been created within a society, constituting *a stable form of macro-structural constraints* 'that operate on the stratification process independently of individual-level traits' (Grusky 2001, 14). However, explanations on where these structural constraints come from and how they are socially reproduced over time are still not very coherent and are often half-elaborated theoretically, relying too much on categorically defined statistical figures rather than on a solid theoretical and modelling argument. When 'there is, then, no grand theory that unifies seemingly disparate models [of segmentation – A.K.], the field has long relied on middle-range theorising' (ibid., 14).

Main questions concerning LMS validity

Nowadays, after decades of labour market flexibility and deregulation of many public activities, segments of labour markets are back again carrying multiple problems with them, including ecological ones. Besides unemployed persons, the known majority of which possess low skills, work in low-paid jobs or are lost in precarious 'temporary' positions, there are also new vulnerable social groups. Altogether, they belong to the rising protest culture of new activism, including over-educated (Borghans & de Grip 2000; Halaby 1994; van der Velden & Wolbers 2003) and jobless or half-employed youth³ coping increasingly with LM mismatches (Allen & van der Velden

2001; 2002), environmentalists, migrant workers and many others. In its radical version (Edwards et al. 1975; Gordon et al. 1982), the old notion of bad LMS is augmented by new appeals for a totally new social order, including both aims – a more just social cohesion, while admitting the (tolerable) social inequalities and much higher environmental sensitivity.

We could argue there are three main sets of open questions concerning the validity of current LMS theories: first, the existence of LMS (as a pre-condition of the whole discussion); second, social mechanisms, which allocate available labour to the respective segments; third, the social and ecological implications of all these divisions.

Question 1: Existence of LMS

The existence of labour differentiation is an initial condition for segmentation, but exactly where the turning point between the two might be is most often a highly contested issue. When exactly does a pattern of usual labour fragmentation turn into an unpleasant segmentation that funnels marginal workers to the bottom of labour force? The answer is far from clear with illustrative rather than systematic empirical evidence (Baragar 2006). In fact, nobody even knows the answer to a more profound question: What is the most efficient and effective form of the national labour market configuration? Namely, there are so many different forms of national and regional labour markets around the world (Esping-Andersen & Regini 2000). And of course, the existence of a proposed theoretical universal form, i.e. the atomised competitive labour market as developed in classical economic theory is easily falsified by very simple empirical tests, a fact admitted by all economics textbooks.

Nevertheless, Fields cogently argued quite early (see Fields 1980) that we may classify major possible research formulations of the LMS problem into those less and those more sophisticated. He understands the purpose of defining and measuring segmentation primarily in seeing to what extent the segmentation concept helps explain the distribution of economic (and social – *added by A.K.*) rewards (ibid., 5). In a way, he is interested not only in outcomes (i.e., in the inequality in rewards distributions) but also in those actions which help daily in the social reproduction of inequality, which is often labelled as ‘allocative mechanism of LMS’. Firstly, he suggests that

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by the statement 'Segmentation explains inequality' one simply invokes a tautology into his / her research approach, because 'Segmentation is inequality', especially if one thinks of segmentation as a state of unequal outcomes solely. Secondly, he prefers an approach where a researcher starts with a premise that there exists unclear (unfair) inequality of outcomes among *comparable workers* (comparable in their personal abilities) in different groups (firms, occupations, industries etc). Then the focus should be re-oriented from the outcomes to *most plausible determinants or contextual factors* of the outcome inequality, where the inequality concerning *the access* of workers to different groups or strata is especially important. However, even in the latter case a further elaboration may easily miss the point by making two major mistakes: that we continue with an unsolved *empirical problem* (i.e., neglecting hidden variables which might be crucial for the functioning of segmented labour markets), or, more fundamentally, to continue with an unsolved *identification problem* (i.e., not answering the WHY questions helping us to delineate structural, political and other institutional barriers from individual actions).

In summary, Fields suggests that the best strategy is to combine the second approach (for example, to stratify a LM into segments and then show that each of the defined segments has a different allocative mechanism concerning the access to jobs due to structural constraints) with a good understanding of the identification problem (i.e., to find out which systematic, selective and intended actions of managers, employers and other people in charge of the labour process continue the most effective discriminative practices).

Question 2: Allocative social mechanisms of contemporary LMS

Not surprisingly, the underlying nature of the labour-allocative social mechanism – operating either within a particular segment or across all segments – is under discussion, too. It could be attached to quite different theoretical premises and practical considerations, also moulded by the initial political and / or cultural orientations of authors. For example, it might be based on economic, technological, institutional, political or even cultural factors, exposing profit behaviour, technology diffusion, institutional change or persistent stability, political interventions or cultural taste and

segregation, respectively. Each of these factors may thus represent a key explanatory determinant of the process of labour segmentation. The following example is illustrative for close policy-academic dualism with the EU convergence debate. Comparative research on national labour market reforms / changes, based on the authors' strong belief that economic integration should soon be followed by social integration as well, found quite the opposite (Palier 2006; 2007): that recent soft political transformations of labour markets' arrangements in the EU (owing to the pressure of globalisation) resulted in systematically divergent (and not convergent!) outcomes. This finding was / is in line with the broader culture-based typology of national welfare-state regimes in Europe (Esping-Andersen 1990; 1996) and it did not follow the popular (ideological) liberal expectations on plausible convergence. Therefore, an apparent diversity in theoretical approaches on segmentation suggests that a key difference between 'a usual, non-problematic labour fragmentation' and 'a persistent, more problematic labour segmentation' is also a matter of the evaluator's personal taste, intuition, social position or class interest rather than just a matter of pure, objective social science.

Question 3: Implications of LMS on social development

Finally, we may also learn something important from developmental research. In their manifold catch-up process, developing nations are usually going through a few typical stages or transitions: economic restructuring, regulating adjustments, building institutional capacity etc. Nevertheless, the outcomes of such transitional dynamics, at least concerning the labour market situation, often resist economic expectations. For example, transitions using economic restructuring are often observed through adjustments in (wages and employment conditions of) the formal and informal sectors of labour markets. The authors found that seldom do the end results of transitional interventions yield a better-integrated labour market with a common, full-market clearing. What is more likely is that this or that type of labour market segmentation, similar to the one before the interventions remains in place, with hidden unemployment dispersed across the non-restructured economy (Fields 2005). At least for this reason, the aspired pace of development is usually slowed.

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The above questions – on the cause, proper nature and consequences of labour market segmentation – were not even resolved in 2007/08 when the global financial crisis became apparent as a new moment in developmental scenarios. Nobody really knows whether recent societal bifurcations, caused by long-term globalisation (i.e. by increased capital and labour mobility etc.), climate change, and especially deep financial crises (i.e. blocked economic and financial activities, reduced mobility) will produce a convergent, divergent or a totally new pattern of national labour market configurations. Meanwhile, divided labour market segments are obviously only a snapshot, a frozen state of the previous unfair state of affairs.

Hypothesis on the nature of the LMS in Slovenia and its social implications

We turn our attention to Slovenia, which has undergone many of the mentioned developmental transformations in a very short period of time. The key question concerning the effectiveness of its labour market remains open – how fundamental those transformations were and how (well) they have re-structured the older labour markets. On the one side, a too rigid labour market (for example, that of state socialism in Slovenia until 1988–1991) was apparently no longer a competitive device for a more open economy. On the other side, a too fragmented labour market, which we are witnessing today, may easily function against the good promises of the same open economy. If it becomes highly segmented, it may prevent people and their communities from open interactions and a smoother circulation of knowledge.

In the context of Slovenia, a fully atomised, individualised labour market is, generally speaking, nothing but fiction. People in Slovenia always functioned within their many structured and even institutionalised social networks. This is nothing very special; it is just a mirror image of the corporatist, path-dependent developmental pattern of (Western) European countries, where the institutionalised power of a few professional groups along with many stable market and state hierarchies took the role of central regulators during the last centuries.

Our working hypothesis in this paper concerning the Slovenian LMS is quite simple: *if increasing labour market segmentation in Slovenia is 'empirically*

true', and if it exhibits negative trends (i.e. the segments are increasingly separated, even isolated), we argue that such a situation anticipates many developmental (social and ecological) troubles. With too many borders and walls between different labour (market) segments, with too large social distances between hierarchically ordered groups of people, and so on, it is very hard to imagine both a smoother knowledge transfer (which is needed for technological advancement and innovation in firms) and ecologically sensitive decision-making⁴ at all levels (which is needed for the long-term survival of humans – on the current territories, at least).

In the following, I am going to verify and discuss only a few aspects of the above hypothesis; for this purpose I proceed as follows. In section two (Interdisciplinary discussion on labour market segmentation – a review), I discuss definitional, numerical and substantive controversies in interdisciplinary discussions on LMS. In section three (Comparative discussion on labour market segmentation), I deal with comparative theorising on LMS, important for a better understanding of Slovenia's relative situation within the international community. In section four (Mature capitalism, labour markets, and ecological stress: EU-27 evidence), I develop a stylised conceptual understanding of the macro-links between economic development, LM regulation and environmental problems, based also on rough macro-evidence from the EU-27. In section five (LMS in Slovenia since 1990), I present the level of LMS achieved in Slovenia during the period 1990–2008. In the final section (Concluding insights and remarks), I connect the LMS pattern discovered for Slovenia to the main developmental challenges.

Interdisciplinary discussion on labour market segmentation – a review

Neo-classical economics:

No doubt, LM fragments are always a bad thing!

In the eyes of orthodox (neo-classical) economics, segmented labour markets are simply a *bad instance*, not only a *bad idea*: 'Labour markets are often highly fragmented due to distinctive skill requirements and geographical

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and social bindings of workers' (van Ark et al. 2004). Social bindings are also a *bad fact*, especially if transformed into institutions:

In sum, most labour market rigidities result from institutional measures. These measures have often been introduced to protect labour against the risk of exploitation and sudden external shocks. However, they may also cause structural unemployment as labour demand falls short of its equilibrium level due to the relatively high labour costs incurred by legislation and taxation. The amount of flexibility and rigidity in turn influences the response of employment to increases and decreases in productivity (van Ark et al. 2004, 55–56).

Obviously we deal with extreme believers in the orthodox market equilibrium game: no social bindings, no mysterious institutions and there are no troubles on the playground of otherwise competitive labour markets. The returns of the play go where they should go. However, a too efficient labour market may easily turn into a modern slavery arena for labourers. What to do? Apparently the simplified approach cannot solve any of the commodified-labour problems. An extension with human capital theory (Becker 1964) stating that the more educated get more due to their higher skills did not add a lot to the whole logic: first of all, people never calculate long-term returns; they just bet and wait to see. So, differentials concerning education and risk aversion could not be the only social base for labour market segments (Müller & Shavit 1998). Therefore, to better understand current and older forms of labour market divisions and segmentation as well as its impact on social system performances, we need to dig deeper into the existing realities.

Original dual LM theories:

Insiders and outsiders, core and periphery

The first relaxation of the somewhat childish classic orthodoxy came with dual labour market theory (Doeringer & Piore 1971). In their remarkable recent review of segmentation theories, Davidsson and Naczyk (2009, 6) claim that in an earlier version of labour economics (including neoclassical theory and its extension, i.e. human capital theory) 'the labour market is understood to function in a perfectly competitive manner', while in dual

labour market theory, and its many sociological improvements (for example, see Kalleberg & Sorensen 1979; Reich 2008), the labour market is divided into at least two segments (primary and secondary), governed by totally different rules: less competitive at the core and more competitive at the periphery. Normal intuition tells us a hidden and plausible story behind, which everybody is able to understand: the higher one is in the social hierarchy, the more he / she is able to be supported by the institutional protection which is built around the hierarchy. That's it!

However, with a good observation Simonazzi (2001) informs us of an important internal distinction between the authors of segmentation theory and others in labour economics who rely mostly on human capital theory – one group accept segments while the other would remove them:

The 'classical' theories of labour market segmentation are institutionally much richer than their human capital counterpart (...) The 'classic' segmentation theory emphasises that, far from being simply a technical feature, skill has a social dimension as well; moreover the process of valorisation of skills is part of a learning process based upon competencies which are often tacit, and is affected by the social and organisational system. The second point concerns the relations linking the various segments (...) The richer institutional framework of the classic segmentation theory, on the contrary, explains how the mutual interdependence between internal and external labour markets can explain changes in boundaries between segments and in the characteristics of each segment (Simonazzi 2001, 2).

The 'core idea of the literature on dual / segmented labour markets remains that the institutionalisation of distinct labour market segments with different ways of functioning may force "peripheral" workers to accept "bad jobs" and may trap them permanently in this inferior labour market status, despite their having initially as high a level of skills as those "core" workers who have found good jobs' (Davidsson & Naczyk 2009, 7). For economics, the differences lie in pay and employment conditions.

Another body of literature on segmentation, which is somewhat more orthodox, came from a slightly different angle of neo-classical economic criticism of segmentation, namely, that exactly labour market institutions could be blamed for structural unemployment by excluding part of the workforce from too generous and in essence granted welfare state benefits.

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This idea requires *a correction of market failures* in such a way as to transform all core segments into secondary segments, by weakening or simply omitting the institutions concerned. The initial notion of labour market insiders and outsiders was exactly in this manner (cf. Lindbeck & Snower 1988), even though it deviates somehow from the similar notion used by Solow, who 'considers skills as the principal source of *insiders*' power' (Davidsson & Naczyk 2009, 7).

It is also worth mentioning Saint-Paul (1998), who 'emphasises the role of political (dis-)enfranchisement through (lack of) representation by trade unions in generating inequalities between two categories of workers' (Davidsson & Naczyk 2009, 7). This approach is quite close to Abbott's analysis of professionalisation as a process or key social device for a successful social and organisation closure of occupational work groups (Abbott 1988, see for example also Evetts 2003; Marsden 1990; Perkin 1996).

Labour economics therefore counts outsiders mostly as unemployed. However, recent economic studies slightly extend this narrow use by using the insider / outsider distinction also to describe the effects of flexibilising policies (introduced from the 1980s and during the 1990s). For these authors, flexibilised working people could also belong to the outsider group.

Sociological elaboration of LM dualisation (marginality, exclusion)

On the other side, sociologists use wider definitions of dualisation in labour markets than their colleagues from the field of economics. They label all those with bad jobs and labour exclusions as outsiders, such as, for example, people in 'non-standard employment' or 'precarious jobs' or 'under-employment'. In this way, Kalleberg et al. (2000) counts not only part-time work and fixed-term contracts among bad jobs, but also many other forms offering low pay and bad public or private protection (for example, jobs offered by temporary help agencies, contingent work and independent contractors, i.e. false self-employment). In short, outsiders or bad jobs (an important distinction between social position and its incumbent! See more on this in Sorensen 1996) could be considered all those workplaces

which bring to incumbents economic disadvantage, social under-protection and political under-representation (lack of formal rights, lack of political participation), all of which diminishes the career prospects of the excluded people.

An interesting observation concerning the lack of political participation in Spain is found in Polavieja and Richards (2001). They 'have shown for the case of Spain that structural pressures have driven trade unions to revert back to a defence of their core constituency, the insiders' (cf. in Davidsson & Naczyk 2009, 21), which is a manoeuvre of selective corporatism, valid perhaps also for Slovenia. However, Emmenegger (2007) found the contrary in his comparative analysis (of 15 EU countries): that insider / outsider theory, at least concerning the assumption that political parties ignore the interest of labour market outsiders, does not hold – the differences between the members of the two segments in terms of their political preferences were less than expected (see also Armingeon 2007).

How to perform empirical insights correctly?

The problem in detecting outsiders in labour markets empirically lies not only in theoretical approaches, but also in huge cross-national differences in employment structures and their very diverse public value orientations (cultures). These differences prevent measurement from standardisation.

For example, many factors that act as significant in one nation work the other way in third nations. They also affect interpretation, when the same data may tell different stories: 'A real controversy exists over whether fixed-term contracts should be considered as a bridge to standard employment or as a low-status segment of the labour market' (Davidsson & Naczyk 2009, 12) – one group of researchers found that the negative effects of initial bad jobs decrease over time, while other groups state just the opposite – the effects of bad starts are significantly negative for later careers.

Nonetheless, the wider definition of dualisation could be focused either on the 'increase in the size of the secondary labour market or as a growing gap between the primary and secondary labour markets' (ibid., 20). Using a wider definition (in the conceptualisation of segmentation), dualisation and even polarisation of labour markets happen to exist also

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in liberal economies. But the extent of the secondary segment is unclear. As a minimum, the official EU-15 chart of job quality across Europe from 1996, measured in subjective rather than in objective terms, may be considered (Peña-Casas 2008, 14). It shows that about three quarters of jobs were of good (38 percent) or reasonable (37 percent) quality, while one quarter of European workers were found in low-quality jobs (8 percent in dead-end jobs). Yet again, so far there is little agreement in the literature on the number of labour market segments, or on the principles by which they are defined, or on their extent.

During the 1990s the segmentation debate turned into the flexibilisation debate, which during the next decade turned into the flexicurity debate. The collective way of flexibilisation of labour markets was described by DiPrete et al. (1997), who claim that within the EU (in France, but also elsewhere) labour market institutions became more flexible through lower regulation of non-standard, atypical forms of employment (De Grip et al 1997, Gallie et al 1998). This in turn produced a larger amount of less secure jobs across countries, even a growing service class made up of unskilled workers (especially in Spain, see Bernardi & Garrido 2008).

Causes of segmentation

An even more heated discussion than definitional or numerical issues exists around the possible causes of segmentation. Causes are always an entrant condition for implicit or explicit value judgements, justifications, morality and ideological veils of social science theories and political actions. There are two main disputable lines – one is concerned with (political) globalisation, the other addresses skill-biased technological change and its effects during the diffusion process.

It is often believed that LM segmentation is simply a side-effect of skill-biased technological change (for example, see Acemoglu 1999; Acemoglu et al. 2001; Acemoglu 2002). However, a good counter-argument based on empirical data from the USA, which denies segmentation as an inevitable side-effect of global technology advancement and diffusion, was developed by Simonazzi (2002). There are also 'techno-scientific' objections against the liberal myth of instant social progress (see for

example Landesmann & Stehrer 2004) based on a weakly explained global rise in wage and income inequalities.⁵ Yet another line, although less expressed in the mainstream of labour economics, is concerned with a shift to a service (post-industrial) society: in services, it says, there are less chances for significant productivity gains than in manufacturing, so the 'natural consequences' of a structural shift to services would be higher income inequality and an increase in contingent work.

Finally, an excellent argument on the true value of half-developed segmentation theories, valid for an engagement in the real-life economy was put forward by Rubery (2006). She affirmed that these theories⁶ finally returned managers back to the theoretical scene, as they are still those who – among other things – are also primarily responsible for employment, and not only for raising profits:

Despite many deficiencies segmentation theory has the important attribute of placing employing organisations at the centre of labour market developments. The current lack of willingness of governments to acknowledge the role of employing organisations in shaping employment systems, let alone engage with them in changing policies and practices, only serves to underline their strategic importance. (...) This neglect will continue while policymakers at the national and international level remain in thrall to an individualised approach to the understanding of labour markets. Under this approach individual mobility within an atomised labour market is considered sufficiently powerful to bring employers into line with some abstract competitive norm. The obscuring of the active role of employers in shaping employment outcomes is perhaps one of the main [ugly – added by A.K.] legacies of mainstream economics. Hidden power is widely recognised to be more powerful than overt power and as a consequence we have a responsibility to continue to turn our attention to the actions and roles of employers in the shaping of labour markets (Rubery 2006, 13–14).

In short, many impatient comments made by (orthodox) economists on segmentation issues usually state that labour market flexibilisation was / is much too slow. There is an important additional reason in post-communist countries, too, working strongly in favour of further LM flexibilisation. Namely, such comments were supported especially by larger employers who permanently complained about too high state taxes, too high labour costs and too rigid hiring / firing rules for workers. On the one hand, such

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public statements were / are perfectly in line with a simplified neo-classical approach to all markets, including labour markets, which prevailed during the 1980s and in the early stages of post-communist transition to capitalism in the 1990s. On the other hand, such an approach was, socially speaking, just a handy excuse for transition elites and their executives to 'exclude masses' from both decision-taking and 'mass privatisation',⁷ to publicly justify a double labour market deregulation (a normal one and a transitive one), which in the end helped to decrease returns to labour and increase the returns to capital, an important source of hire purchases for the employers' privatisation.

Comparative discussion on labour market segmentation

Regulated labour markets of Western industrial welfare states have many protective functions for industrial and service workers. These special, and in a way unique protective arrangements were established slowly in Western European countries (and to a lesser extent in Western offshoots, i.e. USA, Canada, Australia, New Zealand), mostly since 1820 (see Maddison 2007 for details on differences in economic growth pace across countries).

At the baseline, these unique social co-ordinating mechanisms developed a specific type of redistributive social state, which depends on some infrastructural prerequisites. Most important are the following: a relatively high share of marketisation of products and services, an ever progressive rate of economic development, an efficient tax system and perhaps also an effective education system, all surrounded by a benevolent public administration. On the other side, those states which are economically less developed and which essentially have not started their initial capitalist economic accumulation and growth yet are in most cases institutionally too weak to be able to establish an efficient welfare state apparatus. Or they cannot afford to implement all these solutions simultaneously: either they are too costly for their limited budgets, which are too shallow to serve all aims and wishes, or are a necessary investment in infrastructure, which

is far too expensive for the resources available. The good will of people and state leaders is not enough, which is quite evident when we think of many recently failed socialist industrialisation and de-stratification experiments. With a lack of resources, such regimes may soon become too autocratic or even brutal.

However, even the benevolent goals of a welfare state have their dark sides. The golden era of the European-like social state was in the 30 year period after World War Two and lasted until the mid-1970s. Since then, a strong reform pressure to modify it by more liberal arrangements (deregulation of state control over the economy, more open borders for free trade, labour market flexibilisation etc.) has been increasing steadily, especially after the 1990s when many socialism-to-capitalism regime changes took place in Eastern Europe.

During recent reforms, new regulations and institutional forms have tended to adjust old markets, civil society and the polity to new, more competitive global conditions, characterised by more open trading, capital flows and all kinds of cross-border exchange. However, mutual coherence of those new measures was not always a clear-cut issue. To the contrary, we often see hard tensions between old and new solutions instead. So, new institutions and regulation concerning the modified labour markets and welfare state relations may easily develop in a way that new measures oppose rather than complement each other.

For example, it is well known that through state taxes and other obligatory contributions the Welfare State tries to solve problems of modern societies such as providing social security when pre-industrial safety-net are no longer available. However, new problems may arise if the tax load becomes too heavy either for managers or paid employment, if strategic choices of market firms and other organisations do not create enough (service) jobs to compensate for shrinking employment in old industries, if they are not able to absorb expanded flows of younger generations with ever higher levels of education, or if they fail to fill pension funds to a satisfactory level etc.

Without going further into details, let us just mention the most promising lines of comparative research concerning theorising on LMS. Firstly, there are good accounts of the subject, especially for developing

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countries, in developmental economics, an applied discipline which is highly interested in how to bridge effectively (and not only efficiently!) the many culturally set links between formal, modern labour sectors and more informal, traditional labour sectors so as to create more and better jobs for all the would-be salaried employees, and to help better integrate employment and social protection agendas of the countries concerned (for example, see Fields 2005; Jütting et al. 2008). Secondly, a huge amount of comparative insights uncovering institutional similarities across countries and institutional complementarities within them was accumulated in recent comparative political economy, especially under the 'Varieties of Capitalism' (VoC) approach (see, for example Hall & Soskice 2001). Thirdly, LMS in transition countries was elaborated theoretically and empirically in quite detail by Rutkowski (2006). Finally, a promising and novel approach to LMS recognition and validation, based on subjective life-course as well as opinion data, was initiated by Tomlinson (2000), who compared a few transition CEE countries (Czech Republic, Slovakia, Bulgaria) before and after the regime change (around 1990) with a mature industrial country, the UK, especially with regard to the people's (changing) attitudes to the market.

Mature capitalism, labour markets, and ecological stress: EU-27 evidence

To get an impression of the rather complex interlinks of the EU's developmental performance, i.e. links between economy, political regulation (of labour markets) and environmental conditions, we introduce a few stylised formulae, based on comparative insights. The formulae explain the associations between key dimensions of modern macro performance of EU countries.

Firstly, we assume (and demonstrate) that we live in a global world and that the higher economic and living standards of people (measured per capita, abbr. as ESP) in a country *is less dependent* on industries in general (i.e. manufacturing), but more on services and the global success of its export activities. More precisely, a higher standard in the EU is positively linked to both the share of services in the economy (as a percent of GDP) and the share of advanced technologies in manufactured exports:

$$\text{ESP} = - f(\text{INDUSTRIAL_VALUE_ADDED}) \quad \{1\}$$

$$\text{ESP} = + f(\text{SERVICES_VALUE_ADDED}) \quad \{2\}$$

$$\text{ESP} = + f(\text{HIGH_TECH_EXPORT}) \quad \{3\}$$

Secondly, we assume (and demonstrate) that a higher standard is achieved only on account of consuming more electricity and energy, which on the other hand also means that the higher the living standard, the lower the environmental quality (and the higher the environmental or eco-stress):

$$\text{ESP} = + f(\text{ENERGY_CONSUMPTION}) \quad \{4\}$$

$$\text{ESP} = + f(\text{ELECTRICITY_CONSUMPTION}) \quad \{5\}$$

$$\text{ESP} = + f(\text{ECO_STRESS}) \quad \{6\}$$

Thirdly, we assume (and demonstrate) that a higher economic standard might be achieved independently of stricter or more relaxed regulation of labour market activities, which also means that stricter (or more relaxed) LM regulation is not linked *directly* to ecological devastation (which is hard to attach to political territories and borders anyhow):

$$\text{ESP} = \sim f(\text{LM_STRICTNESS}) \quad \{7\}$$

$$\text{ECO_STRESS} = \sim f(\text{LM_STRICTNESS}) \quad \{8\}$$

The validity of these formulae could be checked with rough empirical verifications concerning the assumed associations. We use only available macro indicators for the EU-27 countries and of course, the applied indicators from our exercises do not exhaust all possibilities. The results are presented in the form of eight separate cross-country scattergrams, by crossing two rough indicators for each of the above formulae (see Appendix 1 for details: Figure 1 to Figure 8). The imposed linear 'trends' within the figures are just an approximation, they serve mainly to detect the basic orientation of the associations (positive, neutral or negative).

From the empirical evidence we may argue the following: on the one hand, a higher living standard in the EU-27 depends on higher energy use and electricity consumption (see Figures 4 and 5 in Appendix 1), on

the other hand it does indeed depend especially on a higher share of high-tech export within manufactured exports⁸ (see Figures 1, 2 and 3 in Appendix 1). However, a higher standard may be achieved in very different ways (see Figure 7 in Appendix 1) by countries using either stricter, more institutionalised LM regulation (such as Austria and the Netherlands) or more relaxed LM regulation (such as Ireland and the UK), which is perfectly in line with the known EU welfare state typology! The old mantra of orthodox economics does not hold, at least from our evidence – that only the higher flexibilisation of labour markets, i.e. by pushing all the EU countries into ever more polarised form of labour segmentation – is simply not true. At best, and only for transition countries (Poland, Slovakia, Hungary, Czech Republic, Estonia and Russia), a weak (bivariate) association between employment protection legislation (index EPL) and LM performances was discovered:

The impact of EPL on the labour market performance and labour market flows in transition countries seems to be rather modest, but is not insignificant in particular when considering the labour reallocation processes of these countries. Labour market institutions seem to have contributed to shaping the adjustment of labour market such as stricter EPL lowering labour turnover. Our analysis has also revealed positive (although weak) association of, on the one hand, stricter EPL and temporary employment, and on the other hand, difficulty of dismissal and average job tenure. This would point to a certain tendency towards labour market segmentation when stronger employment protection could lead to longer job tenures of certain groups of workers, usually permanent contract holders, while increasing the incidence of temporary employment for other more vulnerable groups of workers (Cazes & Nesporova 2003).

Similarly to the rather indifferent association between LM regulation and economic performance in the EU-27 (see Figure 7 in Appendix 1) it is also the same with the complex link between LM regulation and environmental pollution (see Figure 8 in Appendix 1): we found an insignificant (weak) negative association. It seems again that there might be few different clusters of (similar) countries and with quite different associations between the two indicators. Environmental issues are closely connected to natural resources, historical development of the energy infrastructure, industrialisation and energy consumption. For example, in several attempts

at clustering them along these lines we found (not reported here) that those countries with the highest electricity consumption (Luxembourg, Sweden, Finland, and Belgium) come together (see Appendix 2 for raw data). So, with further overall, standardised or harmonised flexibilisation, or with sharper LMS, the eco-affairs in the EU might get even worse given that private economic agents do not care a lot about environmental issues.

In other words, LMS along with an increasing labour intensification and continuing social polarisation will not lower eco-stress in the EU-27. Finally, it is very hard to believe that smart or new green technologies alone (especially if diffused and distributed through market mechanisms alone) may solve all the accumulated developmental and ecological problems, especially without a parallel adjustment and careful improvements to labour market arrangements.⁹

LMS in Slovenia since 1990

A latent pattern of segmentation in Slovenia already existed in the framework of ex-Yugoslavia, in the late 1980s. Kramberger (1989) discovered (using a cluster approach to occupational data from 1986, in the formal sector only, with about 30 indicators for each of around a thousand occupational groups) that there existed at least two larger (occupational) labour market segments – primary and secondary – and few smaller ones. Distinctions between the five segments¹⁰ were not that different from the patterns uncovered at that time in Western economies (Doeringer & Piore 1971).

In its dual representation, the primary segment in Slovenia consisted mainly of service occupations (white-collar workers – about 40 percent), while all kinds of manufacturing occupations (upper and lower strata of blue-collar workers – about 60 percent) belonged to the secondary segment. Already during this mature socialist period, white collar workers were much better off than the manual workers in spite of socialist ideology (see similar findings for Bulgaria in Delanova 2002). Even more surprisingly – at least for a socialist country in the mid-1980s – there was an

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extremely high formal working status of employees in health and transport services, embracing only 2 percent of the total active labour force. These two groups were perhaps the only professional groups with pleasant working conditions and income benefits, which got far ahead of others whilst being outside of the political nomenclature. Yet another interesting feature worth mentioning was a high share of women placed within 'better' jobs, which was quite a unique gender success of Slovenia for that time,¹¹ even in comparison to the majority of Western countries, with the exception of Norway (see more on this observation in Orazem & Vodopivec 1999).

The analytic ratio of dual segmentation during the decline of socialism with odds of 40:60 (between primary and secondary segment) is quite a robust indicator of implicit and perhaps long-term social differentiation in Slovenia. We could find it again – albeit in a much sharper, explicitly polarised version – in segmentation patterns from around 2000 onwards, which will be demonstrated in the following.

At the end of the 1980s, segmentation in other countries (within the Soviet bloc) was more rigid than was the case with Slovenia:

In fact, one might rather consider the entire administration of the labour-force under socialism as one big internal market with many preferences, special rules, and both vertical and horizontal social structures. Within this huge primary sector there is another which is the closed internal market of the top party, the state and the economic bureaucracy [the Nomenklatura]. If we are looking for labour-market segmentation in socialist countries, we have to use another perspective. There are large groups of workers who are permanently seeking a new job. They might be considered as the secondary, peripheral sector of the labour market (cf. Vecerník 1991, in Plessz 2007, 5).

Recovery of the Slovenian economy (during 1992–2000) using passive LM flexibilisation action

It was only after the fall of the Soviet bloc and the break-up of the Yugoslav federation (in 1991) that the illusion on full employment was definitely cast aside. Unemployment increased, the previously implicit labour market segmentation borders became visible and inequality in-

creased as well. Soon after the new Slovenian state was recognised (in 1992) a semi-regulated privatisation of firms took place. The economy lost its traditional export regions in the Balkans (Slovenia's exports to ex-Yugoslavian regions had fallen from a normal share of 60–70 percent to only 10 percent during 1990–1995) and the volume of GDP shrunk by a third in only a few years. After the initial economic restructuring, including massive dismissals from employment, firm managers strictly introduced all possible measures of numerical flexibility.

The most visible distinction appeared between employees and unemployed persons. Other borderlines between labour segments appeared systematically alongside the gradual recovery of the economy. Export-oriented firms successfully turned to Western markets (in 1995–1996), but strongly reduced a number of their 'less productive' jobs. Typical transition processes for post-communist countries, privatisation of assets, economic restructuring of firms, implementation of many new more liberal institutional arrangements etc., were accompanied by a special tripartite social pact concerning above all *early retirement schemes for the superfluous (displaced) workforce* (Orazem et al. 1995) and a peculiar social protection of core workers in the export industries. These processes, which were aimed at higher economic efficiency (in more competitive markets), privileged experience, and a skilled and increasingly healthier workforce, did not allow – for many reasons – entire new cohorts of young school leavers and job seekers to be fully absorbed into good or better jobs and segments. The absorptive capacity of the economy (its labour demand) was simply not large enough to integrate all annual school leavers.

For example, in 2005, only eight to ten thousand solid jobs (vacancies) were available at best for about thirty thousand graduates from all educational levels (see details on this structural imbalance in Kramberger 2007). If one also takes a low-level skill-biased technical change of mature Fordism into account, i.e. a process of replacing un-skilled manual work with line automation, which also further reduces the number of available jobs (Acemoglu 2002; IPTS 2002), the problem of the previous labour market disintegration, segmentation and polarisation is even more evident, of course, with some due ambiguities (Sloane 2002; COM 2008).

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Fragmentation, flexibilisation, segmentation in Slovenia after 2000 – partial insights

At the end of the 1990s, Ignjatovic and Kramberger (2000) did not agree with the prevailing quasi-liberal over-simplifications on advantages in labour market flexibilisation. It was good for profit-focused employers, owners and shareholders. Therefore, the authors took a different viewpoint on the situation and claimed that perhaps the level of aggregate (i.e. collective) flexibilisation of the Slovenian labour force achieved during the first decade of transition (1991–1999) had already reached a system level that endangered the viability of the whole economy and its social cohesion.

Their counter-judgement against the popular view of the rigid Slovenian LM was based on empirical findings that firm managers in Slovenia merely took a defensive strategy of economic restructuring and recovery by adjusting their traditional decision-making to the core labour force only, and by relying on diminishing replacement rather than expansion (labour) demand with ever more frequent shift work, weekend work and other types of work intensification practices. The single most important legal instrument for flexibilisation (of the LM's supply side) became radically changed work contracts for young people and newcomers: a majority of them could only get short-term or fixed-term work contracts.

As a consequence, throughout the 1990s and the following decade, labour markets in Slovenia were spontaneously flexibilised in a collective, but hardly in an organised manner, through an increasingly unconstrained fragmentation of peripheral workers and first job seekers. Segmentation? Who knows! Emerging labour markets consist of many (old and new) peripheral segments, where an increasing number of (very young and older) people are unable to be engaged in other than low-standard, contingent types of jobs and employment. On the other side, services did indeed grow, however with jobs yielding overly low value added. This is not the way a country could achieve a sustainable economic development and social breakthrough, as 'igniting economic growth and sustain it are two different enterprises (...) the instituted frame in relation to the growth and development of economic capability and its associated knowledge base are

central to the development problem since they capture the fundamental point that economies only develop through their people becoming more knowledgeable' (Metcalf & Ramlogan 2006, 3). In a similar vein, Rohrbach (2007) empirically showed that causation between the development of knowledge societies and stratification in OECD countries is that simple: for example, the later stages of educational expansion show that the higher the supply of skills, the higher (sectoral) income inequality, too, especially if the emerging knowledge society (at the ground) is not ruled by meritocratic principles.

In an initial attempt to reveal and quantify the implicit structure of LMS in Slovenia for 2005, we took into account only two discriminative factors in the beginning, namely the duration and nature of the formal working contracts of active persons (fixed-term vs. temporary; full-time vs. part-time) and their different life prospects concerning different regulation and protection rules for a particular segment. The data is from the Labour Force Survey (LFS). We assumed that a temporary job as a special form of employment is not in the interest of workers (involuntarity) unless not accompanied by due economic and social protection¹² (and in Slovenia this is not the case!), while part-time work, at least in Slovenia, is rarely treated as a matter of personal choice, but rather as a punishment for workers due to much lower payment (wage gap), bad promotion prospects and other deficiencies. Recent comparative studies in Western countries have shown that it is still hard to conclude whether increasingly frequent temporary jobs are a bridge to more standard jobs or a trap for long-term social exclusion (see, for example Gash 2008; Chalmers & Waddoups 2007; Reich 2008, volume II, part II).

Concerning the level of labour protection and other social benefits, jobs in the public sector are protected the most (in all senses), followed by jobs in the export-oriented private sector, while all self-employed establishments (small enterprises, craft-based firms) and persons¹³ have many kinds of problems with either protection, security, education, providing business finances etc. (perhaps this bad public attitude towards the self-employed is in a way still the remnant of high cultural disregard by which the old communist state treated craftsmen and others of a similar strata; see for example this kind of argument also in Karpinska et al. 2007).

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The derived figure of dual labour market segmentation (this, of course, is only one of all possible derivations) in Slovenia shows (see Table 1) that the core segment embraces around 60 % of the labour force (having a full-time plus tenure type of contract), while the periphery has the rest, i.e. 40 % (having either part-time or fixed-term or both or none type of contract).

Table 1. LM segments in Slovenia 2005 (source: LFS)

SEGMENTS	%	Age	STD	% Fern.	% Single	% Married	EDUC*	STD
CORE								
Public sector (FT tenure)	18	42	9	66	17	68	5.4	2.1
Manufacturing (FT tenure)	26	41	9	34	22	64	3.6	1.6
Business services (FT tenure)	18	40	9	50	20	66	4.4	1.8
PERIPHERY								
Agriculture	1	46	7	25	4	69	3.8	1.9
Public sector (FT temp)	3	32	9	66	60	28	5.6	2.2
Private sector (FT temp)	6	32	9	42	51	36	3.8	1.6
Self-employed (FT risky)	10	48	12	26	14	71	3.8	1.8
Employed to self-employed (FT risky)	8	36	11	36	35	47	3.4	1.1
Employed to self-employed (FT temp)	2	33	9	39	53	36	3.2	1.1
Other types of employment (temp)	4	32	15	56	71	17	4.4	1.7
Family workers (unpaid work)	5	47	19	64	30	57	2.6	1.3
Total	100	40	12	46	26	59	4.1	1.9

*Formal education: 1–2 primary, 3–5 secondary, 6–7 HE VET, 8–9 university

Concluding insights and remarks

Adapting welfare states, labour markets and environmental issues depend on political actors within political institutions. As always, political actors try to co-ordinate many spontaneous movements in the economy, policy and society through their decisions and interventions. However, they are not always successful. Political actors perhaps strive for institutional complementarity of the introduced reform measures; nevertheless, they usually succeed in pursuing only their separate interests rather than achieving the common public good. Only in rare conditions is the effective provision of welfare state social protection accompanied by adequate and 'vibrant labour markets'.

The Slovenian transition story since 1990 is interesting because its economic and political actors used *a double-rigidity hold in the core segment of national labour markets to become successful*, at least for a while. Namely, the successful core labour markets were not vibrant in human, but in economic terms. Stanojevic (2003; 2006) explained the specific process of industrial development and slow Slovenian labour market flexibilisation (at least from the impatient view of labour economics) at a more theoretical level. He focused on the relational and contextual determinants of changes in strategic choices of managers and workers after 1990 (Stanojevic 2006). He found that the re-institutionalisation of Slovenia's industrial relations in the 1990s (and also during the first half of the 2000s) used – contrary to theoretical expectations of liberal economists – a double-rigidity solution to be 'flexible' enough (we address the demand side of LM flexibility here) in new circumstances: a relative external 'rigidity' of labour markets on one side and traditional 'rigidity' of internal managerial co-ordination in export-oriented firms on the other.

This unusual coalition between transitional managers, trade unions and workers (in basically silent accordance with many governments) was successful because it served 'as a key mechanism to re-integrate those social groups [of workers, added by A. K.], exposed to risks and deprivation in a / the new, capitalist social order' (ibid., 177).

Stanojevic explained also in some detail where the sad labour intensification, which Slovenia is famous for in the EU, came from (see Table 2): 'Employers strictly respected the labour market 'rigidities' in exchange for

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work intensification. On the other hand, employees were ready to respect the new, more demanding and more rigid work regime in exchange for wage and job stability' (ibid., 177).

Table 2. LM segments by indicators of 'hard work' (intensity) in Slovenia 2005 (source: LFS)

SEGMENTS	% Sup.	% < FT	% Shift	% Overtime	% Evening	% Weekend	% Extra
CORE							
Public sector (FT tenure)	26	3	28	13	37	52	4
Manufacturing (FT tenure)	29	2	34	16	42	65	5
Business services (FT tenure)	32	3	35	15	41	64	2
PERIPHERY							
Agriculture	28	1	13	14	17	53	13
Public sector (FT temp)	9	16	18	5	33	46	6
Private sector (FT temp)	114	4	44	19	46	75	4
Self-employed (FT risky)	33	10	0		70	91	2
Employed to self-employed (FT risky)	20	5	30	19	43	75	4
Employed to self-employed (FT temp)	9	15	34	20	38	74	3
Other types of employment (temp)	2	68	23	5	41	62	6
Family workers (unpaid work)		47	0		61	93	0
Total	24	9	27	13	44	67	4

Only these integrated measures and the surviving coalition between managers, core workers and trade unions enabled a majority of Slovenian export-oriented companies to introduce a non-conflicting work intensification and thus survive (at least temporarily) under the pressure of international competitive markets.

In her national Implementation report on Slovenia's situation (about reform policies for achieving the Lisbon goals), Trbanc (2007, 4) argued:

The issues of quality of jobs and working conditions are largely overlooked as well as the developments towards intensification of work in organisations. Improving the quality of jobs and modernisation of work places and work organisation should be important part of the employment policy, flexicurity policy as well as part of the active ageing strategy. Labour market (age) segmentation remains high and is not addressed properly. This is especially critical for integration of young people into employment, as they often perform jobs on fixed-term contracts and other flexible and precarious types of jobs with no social security linked to them. Measures addressing the structural reasons for youth unemployment should be more emphasised (and not only measures for raising the employability of young people).

Recent investigations (Svetlik & Ilic 2006) confirmed those sad trends from once 'quite pleasant' to currently 'quite hard' work and human relation practices. They also reveal that human resource management (HRM), as applied in Slovenia during the transition, did not contribute much to desired 'smarter work' within firms: in the majority of cases, it was of a low variety rather than a high variety. This issue speaks contrary to rhetoric at the political stage, where nobody ever misses an opportunity to explain how 'smart work' is most required and desired in Slovenia (oh yes!), nearly as a prerequisite for a 'knowledge-based economy'. With their 'hard' practices and solutions, the firms' managers remain deeply in the past within their old Fordistic paradigm, even if they compete in international markets. However, they compete in their specific way, without even slightly improving their technology base or workforce (see Table 3). We may see that only 1 percent of the active Slovenian labour force is working in the high-tech manufacturing sector, and an additional 2 percent in the high-skill service sector. A majority of firms and organisations are therefore

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located in medium- or low-level industrial or service sectors concerning the global technological intensity of such sectors (i.e. innovation rhythm, knowledge circulation and so on). Value added in such technologically less intensive sectors is low, too.

Table 3. Skills in the OECD technological-intensity sectors, Slovenia 2005 (source: LFS)

SECTORS BY GLOBAL COMPETITION (OECD)	%	Primary	Sec. VET	Sec. GEN	HE VET	HE UNI	Σ	Age
Agriculture & construction	18	34	57	1	5	3	100	45
Manufacturing								
High technology	1	24	48	2	10	16	100	40
High-medium technology	8	25	59	1	8	6	100	40
Low-medium technology	8	18	71	2	5	4	100	39
Low technology	11	23	64	3	5	6	100	39
Market non-financial services								
High (market) skills	2	2	53	12	14	18	100	36
Medium (market) skills	3	11	38	10	12	28	100	39
Low (market) skills	20	8	77	4	7	4	100	36
Market financial services								
Market financial services	3	3	43	16	17	22	100	41
Public services								
Public services	23	5	43	5	19	26	100	41
Σ	100	16	58	4	10	12		
Age	40	45	39	37	42	41		

The reasons for firm managers' hesitation to further more radical technological improvements are less clear. One obstacle might be an inappropriate education structure of the labour force, but on the other hand this does not seem *so bad*. Perhaps the level of the skills achieved by employed labour and other available experiences and expertise, including managerial ones, were and still are simply too weak for a more decisive breakthrough. The question of how to rise from a lower to a higher level of production basically remains unanswered. In addition, managerial practices applied in Slovenia were / are still overly autocratic, where non-participative leadership always overrides quite alien friendly or democratic forms of strategic management. Is this hesitation a structural, social, political, or even cultural constraint, above all? In such a tight economic situation, environmental issues are not really a priority on political and firms' agendas, even though there is plenty of information of this kind circling around. But, 'We expect serious co-operation and some actions, not only information!' protested mayor Persak in 2006 (from the minutes of the last governmental Eco-Meeting held a long time ago – in 2006), one of so many unsatisfied members of the National Board for Sustainable Development.

Finally, if we are talking about so many developmental problems when dealing with the 'vibrant', i.e. market part of the core segment of the Slovenian economy (26 percent of the labour force at most), what can one say about the periphery (excluding the public sector)? Being quite far from global technological frontiers in the core segment not only means being even farther from them at the periphery, but also being totally outside the current discussion on environmental issues and ecological sustainability.

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Notes

- ¹ For example, from the behaviour of atomised rational individuals which are detached from their social base. To me, it is totally the wrong idea for social sciences to construct mezzo and macro socio-economic units (groups, markets, firms, national economies etc.) by aggregating the features of simplified (logic of) individuals. Neither individuals nor markets are simple physical entities – they both are highly fluid and very inconsistent (albeit in different manners), while obeying very different rules. Individuals follow at best rational action theories, while groups follow at worst mass action theories. Other units are even more complicated and unpredictable. A better and also fairer research strategy is to observe structured labour markets as such (i.e. access to as well as outcome of the functioning of different places, territories, different people in action, coalitions etc.) and then deduce a less-equilibrium focused essence from them (Fevre 1992). Otherwise the whole theorising process, based on false premises of ‘free-jerk applications of stylised textbook models’ (Fields 1980; 18), turns into ideology building.
- ² For example, by focusing on income inequality only we quickly discover the following recently published elaboration:
‘Wider income inequality can be helpful. It can signal stronger rewards to work effort, innovation and skill development. This, in turn, will improve economic prospects for all, rich and poor. Conversely, an overly compressed income differential may affect job prospects – for instance because the labour market is not sufficiently attractive to would-be workers. Too little income inequality may also weaken the incentive to take risk or invest in human capital, thereby adversely affecting economic growth prospects. However, there are instances where wider income inequality is both socially harmful and economically problematic. There is evidence that social conflict grows when inequalities are perceived to be rising excessively. Social support for pro-growth policies will be eroded if low-income groups and the middle class believe that such policies do little to improve their situation or that of their children, while benefiting high-income groups. Surveys suggest a declining tolerance among respondents vis-à-vis growing inequality’ (World of Work Report 2008, x).
- ³ At the rise of the supply-side LM flexibilisation, i.e. during the 1980s and the 1990s, the OECD strongly supported the argument that peripheral segments of labour are a likely destiny for low-skilled workers. For example, in their often cited work Klau and Mittelstadt (1986, 34) argued that non-wage costs (i.e. social contributions, firms’ investments in education, etc.) are instruments to level use of simple labour: ‘The fixed-cost component is comparatively strong for skilled, high-paid and permanent employees *and weak for unskilled and low-paid persons with temporary work contracts*. Hence, non-wage labour costs may reinforce the

segmentation between skilled and unskilled workers.' Obviously, by an increasing share of skilled temporary workers (even with completed tertiary degree of education), which happened during the 2000s, their argument focused on simple work could be expanded to the skilled categories of work as well.

- 4 This heuristics against unfair globalisation is nowadays on the agenda elsewhere, for example in the ILO assessment:
'(...) income inequality has risen more than can be justified by economic analysis and entails major social and economic costs. What emerges is an evidence-based critique of the way financial globalization has occurred so far. The findings assembled here provide analytical support to the ILO's view that the growth model that led to the financial crisis is not sustainable. It confirms that a rebalancing between economic, social and environmental goals is vital both to recovery and also the shaping of a fair globalization' (World of Work Report 2008, vii).
- 5 For example, the following explanation of frequent failures of the liberal progress theory is interesting for its social sincerity wrapped in technical terminology:
'There has been a long and unresolved debate on the effects of trade liberalization and (trade-induced) technical change on wage structures and income distributions of economies. This debate has focused, first, on the effects observed in economically advanced countries (with less emphasis on the developing and catching-up countries) and, second, on the distinction between the effects of trade versus the effects of (skill-biased) technical progress. Over time a consensus seems to have emerged that the standard Heckscher-Ohlin framework must be rejected in order to explain the global rise in wage and income inequalities; this is for theoretical reasons (the effect of technical progress on relative wage rates *is not determined and depends on functional specifications and parameter values (my italics)*) and for empirical reasons (i.e. the data do not fit the predictions of the model)' (Landesmann & Stehrer 2004, 1).
- 6 'Finally it was entirely American centric' (Rubery 2006, 13).
- 7 The nature of the privatisation process is important for the final success of economic restructuring and also for understanding the managers' or firms' strategies (Rutkowski 2006): the process started as a mass privatisation with dispersed ownership structure and then turned into an accelerated concentration, accompanied by weaker (early stages) and ever more stronger, stricter governance of managers over workers (later stages).
- 8 Outliers with an extreme value of high-tech export are Ireland and Malta, though.
- 9 This is stated also in a recent assessment of fiscal stimulus packages of the EU states (by the European Trade Union Institute experts) in response to economic crises:

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'More generally the stimulus packages require detailed analysis because even *genuinely green measures* (*my italics*) can be offset by other components of the packages that encourage environmentally destructive practices. All this suggests that the various government estimates of the proportion of their packages that are "green" should be taken with a large pinch of salt' (Watt & Nicolova 2009, 23–24).

- 10 The five-segments solution was the technically best solution with regard to the data and classifying criteria used: (1) Health-care and transport services (2%), (2) Top management occupations (13 %), (3) Middle management and supervisory occupations (25 %), (4) Upper and middle blue-collar occupations (45 %), (5) Lower blue-collar occupations (16 %).
- 11 Not surprisingly, a recent research on the EU gender issues reported that the largest gender pay gap (on the 2002 data) 'is found in the UK (30 %), the smallest in Slovenia (11 %)' (Ghailani 2009, 79).
- 12 In testing the association between flexibility and inequality for the European labour market across countries, Gunev (2007, 443) argues:
'(...) we find several labour market characteristics that promote flexibility and equality. They include decentralized labour market institutions, low utilization of temporary work, and redundancy systems that unite low employment protection with high economic and social protection. Taken together, these factors enable the European labour market to buck the stylized perception that high labour market flexibility is coupled with high inequality.'
- 13 Well, van Ark et al. (2004, 85) correctly reported the comparative figures on self-employment in the CEE countries outside agriculture:
'A dramatic increase in self-employment has also marked the transition process in former centrally planned countries of Europe. In the 1990s own-account workers made up one-fourth of total employment in Poland, one-fifth in Romania and one-tenth in the Czech Republic, Hungary and Slovenia';
only that in post-communist Slovenia the share did not increase 'dramatically', it did not increase at all – it was quite stable during the whole era of state socialism.

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Appendices

Appendix 1

Interplay (macro indicators) of economy, labour market and ecology

Figure 1. Economic standart & industrial structure I
(EU-27)

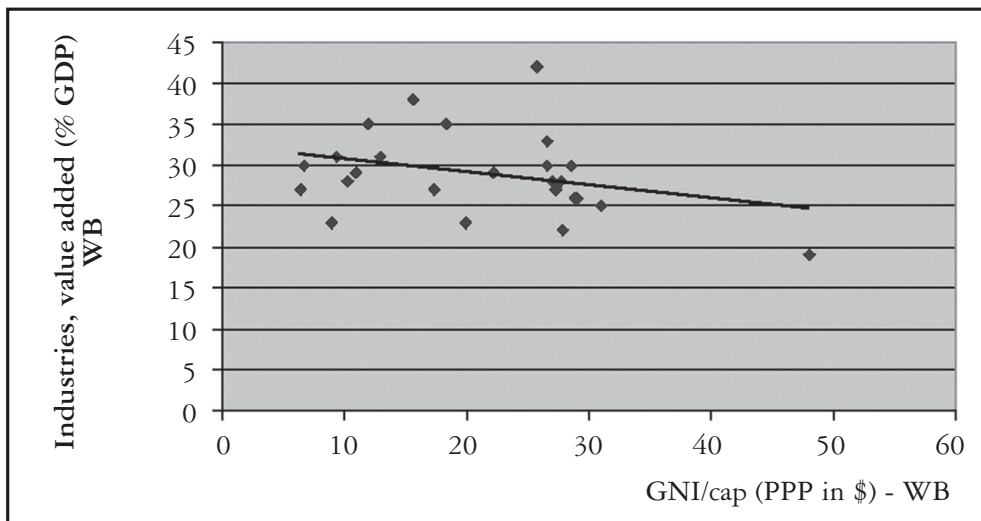


Figure 2. Economic standart & industrial structure II
(EU-27)

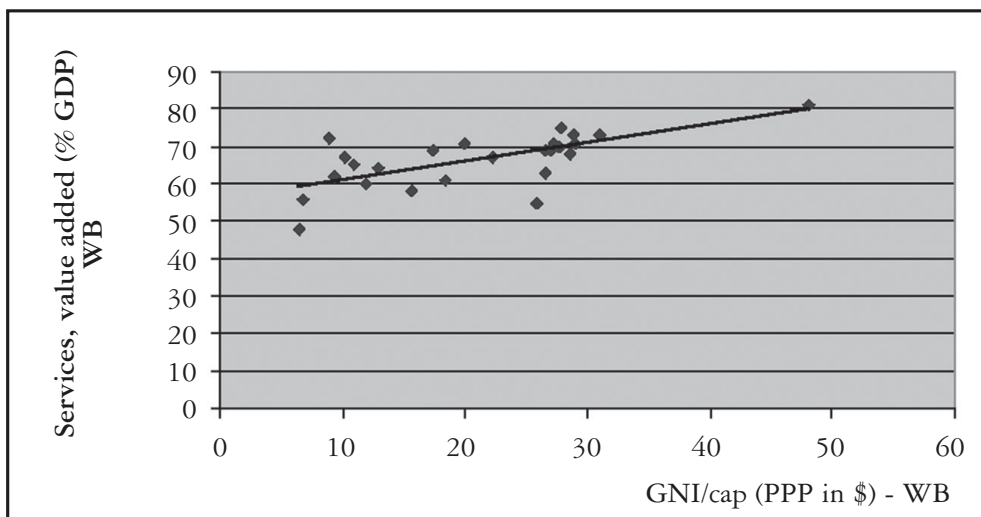


Figure 3. Economic standart & high-tech export (EU-27)

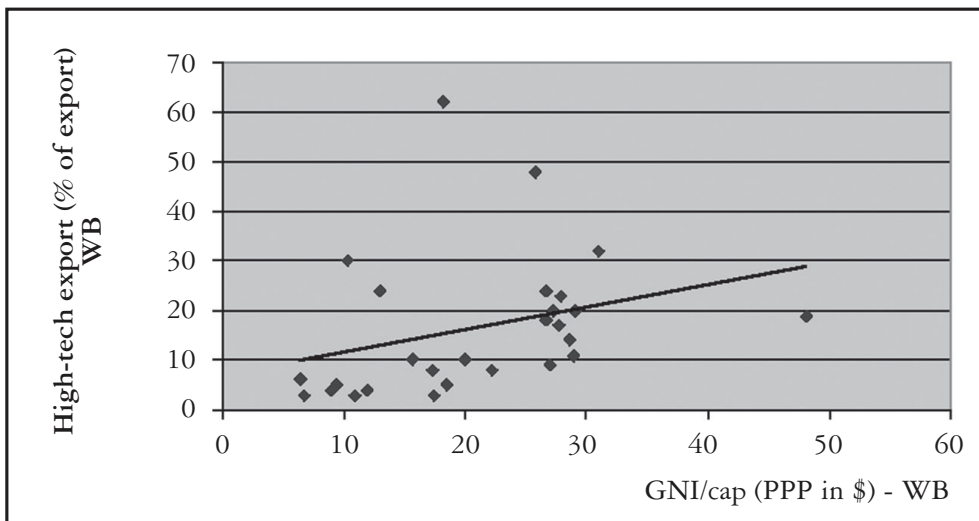


Figure 4. Economic standart & electricity (EU-27)

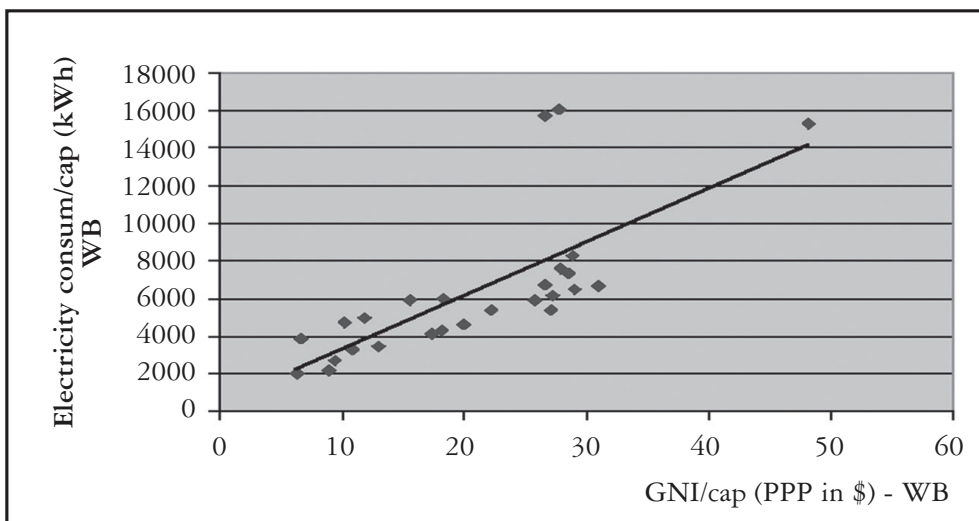


Figure 5. Economic standart & energy (EU-27)

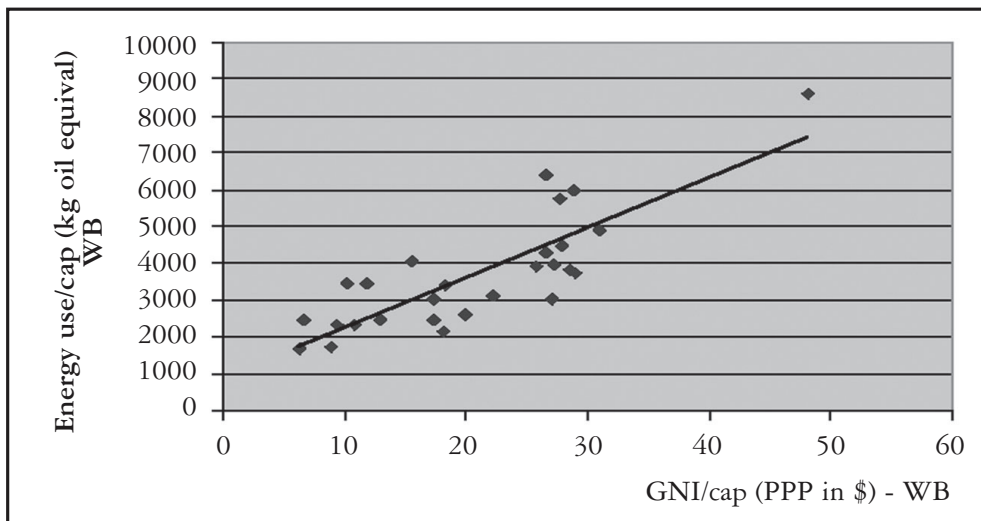


Figure 6. Economic standart & eco-stress (EU-27)

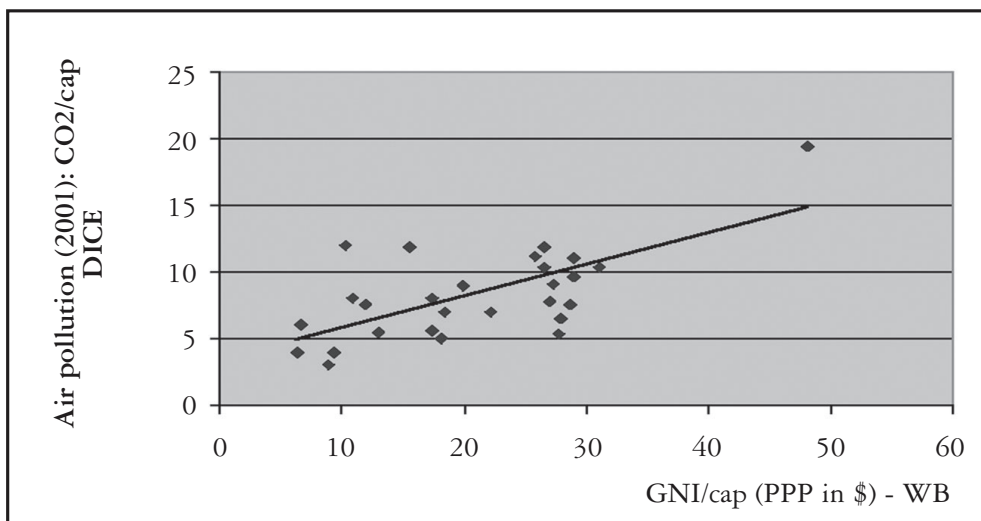


Figure 7. Economic standart & LM regulation (EU-27)

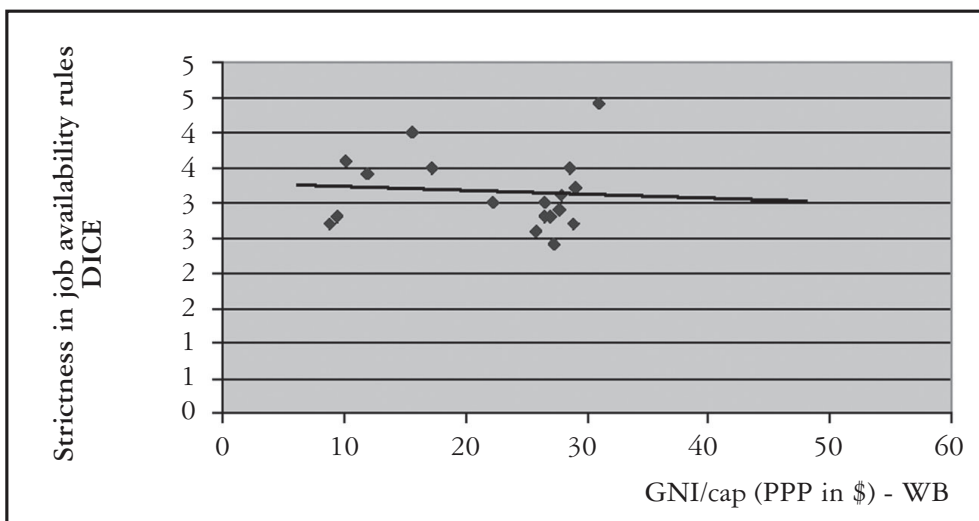
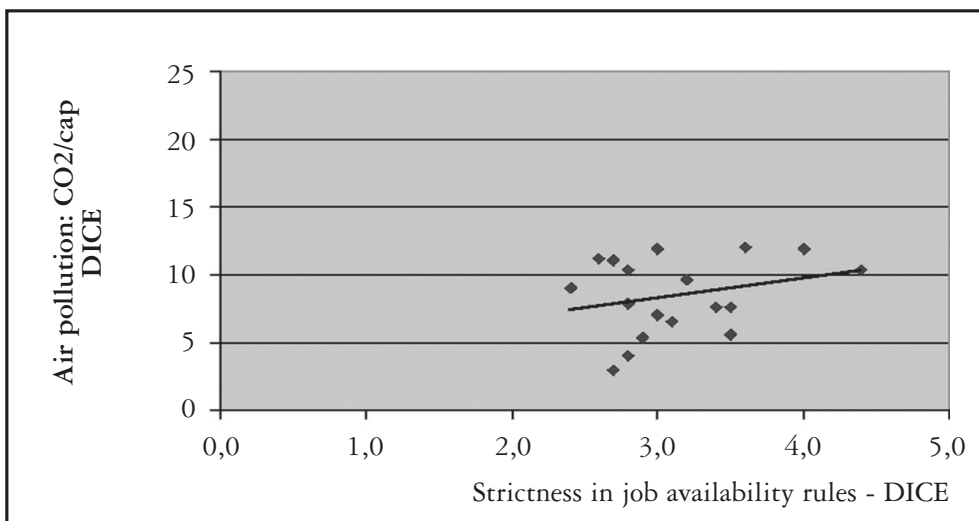


Figure 8. LM regulation & eco-stress (EU-27)



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Appendix 2**EU-27 data (macro indicators) of economy performance,
labour market regulation and ecology stress**

COUNTRY 2001	GNI_ CAP	IND_ VA_PR	SERV_ VA_PR	HTECH_ EXP	LM_ STRICT
Austria	28,6	30	68	14	3,5
Belgium	28.9	26	73	11	2.7
Bulgaria	6.7	30	56	3	
Czech Republic	15.6	38	58	10	4.0
Cyprus	17.4			3	
Denmark	29	26	71	20	3.2
Estonia	10.2	28	67	30	3.6
Finland	26.6	33	63	24	3.0
France	27.9	22	75	23	3.1
Germany	26.6	30	69	18	2.8
Greece	19.9	23	71	10	
Hungary	12.9	31	64	24	
Ireland	25.8	42	55	48	2.6
Italy	27	28	69	9	2.8
Latvia	8.9	23	72	4	2.7
Lithuania	9.4	31	62	5	2.8
Luxembourg	48.1	19	81	19	
Malta	18.1			62	
Netherlands	31	25	73	32	4.4
Poland	10.9	29	65	3	
Portugal	17.3	27	69	8	3.5
Romania	6.4	27	48	6	
Slovakia	11.9	35	60	4	3.4
Slovenia	18.4	35	61	5	
Spain	22.2	29	67	8	3.0
Sweden	27.7	28	70	17	2.9
UK	27.3	27	71	20	2.4

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EL_ HEAT	ENERGY	IN- DUSTRY	TRANSP	OTHER	SUM CO2	CO2 CAP
15.343	4.019	45.274	18.208	21.803	104.647	7.6
20.953	5.42	31.267	27.981	30.105	115.726	11.1
27.284	1.119	20.82	5.507	4.27	59	6.0
64.61	2.092	24.2	14.294	13.3	118.496	11.9
						8.0
30.288	2.004	5.903	13.383	9.212	60.79	9.7
						12.0
32.781	2.272	28.505	13.183	11.969	88.71	11.9
40.035	19.604	80.554	151.252	135.823	427.268	6.5
337.587	25.803	110.891	187.417	204.215	865.913	10.3
44.098	3.473	11.269	21.757	14.661	95.258	9.0
21.572	1.675	6.465	9.868	16.909	56.489	5.5
16.7	714	4.09	12.71	9.725	757.225	11.2
129.816	17.172	82.945	122.051	99.144	451.128	7.8
						3.0
						4.0
265	0	1.596	5.912	1.733	274.241	19.4
						5.0
58.51	13.361	15.557	41.81	40.015	169.253	10.4
161.517	11.872	16.267	25.644	64.749	280.049	8.0
21.414	2.177	2.549	19.495	10.713	56.348	5.6
41.114	6.761	48.972	11.266	16.124	124.237	3.9
11.776	4.373	27.445	4.092	7.902	55.588	7.6
					0	7.0
90.656	12.684	59.006	101.418	38.566	302.33	7.0
20.322	1.105	73.532	24.609	7.269	126.837	5.4
195.155	32.962	796	149.008	114.361	1287.486	9.1

Data sources: CESifo DICE; World Bank