An Effect of Globalization on Labor Market policies in Three Welfare Regimes: Changes in the Expenditure on Labor Market Programs from 1980 to 2000

Abstract

This paper is to study the effect of globalization on welfare expenditures, especially expenditures for labor market programs, in three welfare regimes.

There is generally a large body of researches(Sainsbury, 1999; Shin, 2000; Offe, 1987; Martin, 1998; Lee, 2003) insisting that globalization drove welfare states to active programs, so-called, ‘back-to-work’ programs(i.e. job training) out of passive programs for supporting livelihoods of the unemployed . However, empirical studies did not arrive to a consensus.

This paper is to analyze whether all the welfare states of the advanced industrial world, coping with globalization, directed their efforts towards active programs from passive ones. If not, how differently did they adapt to globalization? Which states spent more on active labor market programs and which states did not?

In this paper, we classified fifteen OECD member states into the ‘three welfare regimes’(Esping-Anderson, 1990) for the institutional differences among welfare states to be considered. And we performed multiple regression analyses to find out the effect of globalization on expenditures for labor market programs.

The result of analysis showed that expenditures on passive programs have been significantly cut down as the influence of globalization when the welfare regime was not included in the analysis. However, when the welfare regime entered into analysis, the effect of globalization turned out to be significantly different among welfare regimes.

Even though this analysis was conducted on fifteen OECD countries considered to be mature welfare states, their responses to the globalization may also have implications for Asian countries.

Keywords: globalization, welfare regime, labor market program