Why Deregulate Labour Markets? Edited by Gøsta Esping-Andersen and Marino Regini. Oxford: Oxford University Press, 2000. Pp. xv+357.

Lane Kenworthy
Emory University

Large-scale unemployment arguably has been the prime economic, social, and political issue in Western Europe over the past decade. It is widely believed to be a product of labor market "rigidities," such as employment protection laws and practices, wage-setting arrangements that yield high real wages and limit pay inequality, generous unemployment compensation systems, and high tax rates. Deregulation or "flexibilization" of labor markets is thus seen as the solution to Europe's jobs problem. The contributions to this volume—four comparative chapters followed by case studies of eight European countries—explore the merits of this view.

A number of the book's conclusions offer helpful corrective to the current conventional wisdom: (1) There is considerable variation across countries within Europe. Overall levels of regulation differ, and they are achieved by different combinations of job security provisions, wage setting arrangements, tax structures, and income supports during unemployment. Employment outcomes also vary widely. (2) Employment performance in any given country is a function of its particular configuration of labor market and broader economic institutions, as well as historical circumstance. (3) So-called rigidities have some positive economic effects, such as encouraging technological innovation and skill upgrading, heightening worker-management cooperation, and boosting and stabilizing consumption. (4) Radical labor market deregulation along U.S. or U.K. lines is politically infeasible in much of Europe. Thus, although most European countries have moved in the direction of deregulation in the past decade, their efforts have been and will continue to be partial and targeted. (5) Deregulation often leads to a variety of unintended consequences that are not always economically beneficial.

The book's principal conclusion, according to the editors, is that while regulation affects the *composition* of unemployment (with less-skilled workers, young people, and women suffering disproportionately), it does not affect the *level* of unemployment (pp. 2, 337). I am skeptical of the view that regulatory laws and practices have been the main cause of high joblessness in Europe, but the evidence and argument presented in the book fail to persuade me that their role has been minimal or nil. Esping-Andersen himself argues in chapter 4 that "we must rely heavily on lower-end services to make a major dent in today's unemployment" (p. 102) and that sluggish growth of such services in most of Europe "is almost certainly a function of relatively high wage costs and tax wedges" (p. 103). In his quantitative comparative analyses in chapter 3, he finds evidence that lengthier duration of eligibility for unemployment compensation, a larger tax wedge, and stricter employment protection are each associated with higher unemployment (pp. 79-80, 87). Simon Deakin and Hannah Reed conclude in chapter 5 that there is no causal connection between Britain's deregulation and its recent employment growth. This is because the employment increase has occurred largely among women and, in their view, "the regulatory framework does not seem to offer any obvious explanations for this aspect of the British experience" (p. 137). Yet it seems at least plausible that the weakening of employment protection laws increased employers' willingness to hire the multitude of new female job-seekers. Anders Björklund (chap. 6, p. 160) and the editors (p. 338) conclude that Denmark's reduction of unemployment benefits' duration in the mid-1990s helped to reduce joblessness among the young—from more than 13% in early 1994 to less than 6% in late 1998. But Denmark's aggregate unemployment rate also declined significantly during these years. It seems unlikely that this regulatory change contributed to such a dramatic fall in unemployment among young people without also lowering overall unemployment. Susanne Fuchs and Ronald Schettkat conclude in chapter 8 that evidence linking wage compression, generous unemployment compensation, and relatively strict job protection with Germany's mediocre employment performance is "extremely weak" (p. 238). However, they do not address what may be the most important regulatory obstacle to job growth in Germany: comparatively high social insurance contributions, which increase employers' nonwage labor costs. In chapter 10, Manuel Samek Lodovici suggests that Italy's "excessive" (p. 300) employment regulations "have given rise to major distortions in the Italian labor market" (p. 293). Yet he sidesteps the question of whether these regulations have contributed to Italy's comparatively high unemployment rate.

Despite my reservation about its main thesis, I strongly recommend *Why Deregulate Labour Markets*? to anyone interested in labor market institutions and outcomes. Given the prominence of the unemployment debate in Europe, the book likely will also be of considerable interest to comparativists in economic and political sociology, political science, and economics. The volume is nicely coherent, and the editors' introduction and conclusion are informative yet admirably concise. Each of the chapters offers useful insights, and the country chapters provide comprehensive descriptions of the regulatory institutions in individual nations and the ways in which those institutions have changed in recent decades.

Changing Times: Work and Leisure in Postindustrial Society. By Jonathan Gershuny. New York: Oxford University Press, 2000.

Sandra L. Hofferth
University of Maryland

Knowing how people spend time opens a window into society and culture. Consequently, this book will be of interest to sociologists, economists, and