


# Book Review: Governing Social Risks in Post-Crisis Europe by Colin Crouch

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**Crouch, Colin. *Governing Social Risks in Post-Crisis Europe*. Northampton: Edward Elgar, 2015. viii + 306 pages. Hardcover, \$135.00.**

*Governing Social Risks in Post-Crisis Europe* is the latest in a lengthy list of books on the topic of industrial relations by the eminent sociologist Colin Crouch. In this work, Crouch, currently Professor Emeritus at the University of Warwick in the United Kingdom, scrutinizes an economic relationship that he sees as fundamental. Specifically, Crouch examines the predominant way that European governments cope with the tension that exists between flexibility in employment (hiring and firing) and stability in employment (job security at an acceptable level of compensation). In general, business owners strive to maximize employment flexibility as is seen in the recent expansion of zero-hours contracts wherein employees are not guaranteed any set number of work hours or any income, but must be on-call to work whenever contacted. On the other hand, workers seek standard labor union goals, that is, high pay and benefits as well as protection against firing. How advanced societies have sought to balance these competing interests has changed over time. A product of unique historical circumstances, the type of balance is also shaped by economic ideologies.

This book posits a general hypothesis that the great economic crisis of 2007-2008 may have changed the way European states balance these competing interests. In Crouch's view the neo-liberal economic ideology was ascendant prior to the crisis, with its strong emphasis on deregulated markets. The balance swung in the direction of employment flexibility and against employment stability. The neo-liberal argument claims that maximizing employment flexibility actually promotes employment stability because the unregulated market forces foster and reward innovation and efficiency that creates jobs. Conversely, they argue paradoxically that attempts to stabilize employment stifle innovation and efficiency and thus jeopardize overall employment rates.

In contrast to this, Crouch theorizes that the social democratic alternative is aligned with traditional labor movements with an emphasis on overall economic equality. This alternative was in decline before the 2007-2008 economic crisis; labor union membership was decreasing, not only numerically but also in terms of political power. This book questions whether the crisis, which Crouch characterizes as a failure of the neo-liberal ideology, caused a shift in European governments in the direction of employment stability.

To address this primary question and several subordinate hypotheses Crouch utilizes official data from Eurostat and other sources to compare the flexibility-stability balances for the main countries of Europe (statistics for Japan and the USA are included for some measures). He compares data from the year 2000 with the most recent data available (usually from 2010). His analysis is firmly rooted in a theoretical framework set out in the first three chapters of the book. Thereafter, the work is systematically grounded in the empirical data and presented in clear graphs, tables, and figures that allow the reader to draw comparisons between the 2000 data and

the most recent figures. The book also includes a statistical appendix so researchers can validate his claims. Crouch discusses the empirical findings clearly and connects the data with the questions driving the investigation.

The book reaches some important conclusions challenging prevailing conventional wisdom. One example is that the post-crisis economic malaise afflicting the countries of Southern Europe (Italy, Greece, and Spain) is often portrayed as a result of privileging employment stability over employment flexibility. Instead Crouch finds that those southern European countries have weak unions and instead of being a symbol of social democracy run aground, they actually represent a third ideological alternative, which he terms traditionalism. Thus, Europe is divisible into three categories: neo-liberal, social democratic, and traditional. Crouch finds that, according to his measures, the social democratic countries (mainly Nordic) survived the economic crisis in better shape than the others, and that the neo-liberal states did not fare as well, but outperformed the traditional countries.

A well-regarded scholar, Crouch grounds his sound theoretical discussions in the contemporary sociological, economic, and political literature, drawing primarily but not solely from European scholars. The work represents the type of political economy work that is seen more frequently in Europe than in the United States. Crouch approaches the data meticulously and points out areas where the data, or his framework, are unable to support or answer the questions he poses. Two very thoughtful concluding chapters tie the empirical results together and extend his analysis. In the process he raises questions that further research might explore.

One puzzling aspect, however, is the book's title: *Governing Social Risks in Post-Crisis Europe*. The title accurately references the time period and the geographic area, yet the term "social risks" is somewhat misleading. It could encompass several types of things, such as growing drug addiction or other forms of social anomie. However, Crouch uses the term in a specific way to highlight the question of who is hurt when economies go into recession. For example, when a country stops importing goods, its own workers are not directly hurt, but the workers in the exporting country are hurt. Also, rational actors seek to shield themselves from risk and push the risk onto others. Therefore, in terms of the employment flexibility versus employment stability balance, if the economy slows, owners seek to shift the risks to the employees, whereas the workers want the risks to be borne by the employers.

Overall, the book is a very strong scientific effort to shed light on questions that are, or arguably should be, at the center of discussions about how our economies ought to function. It provides a valuable framework for structuring those discussions, and it generates insights that are rooted in meticulously analyzed empirical data. As Crouch himself acknowledges, by the time his book is read, things will have already changed. Indeed, change is inevitable, but the value of this book for economists, political scientists, and other social scientists will remain for some time to come.

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