

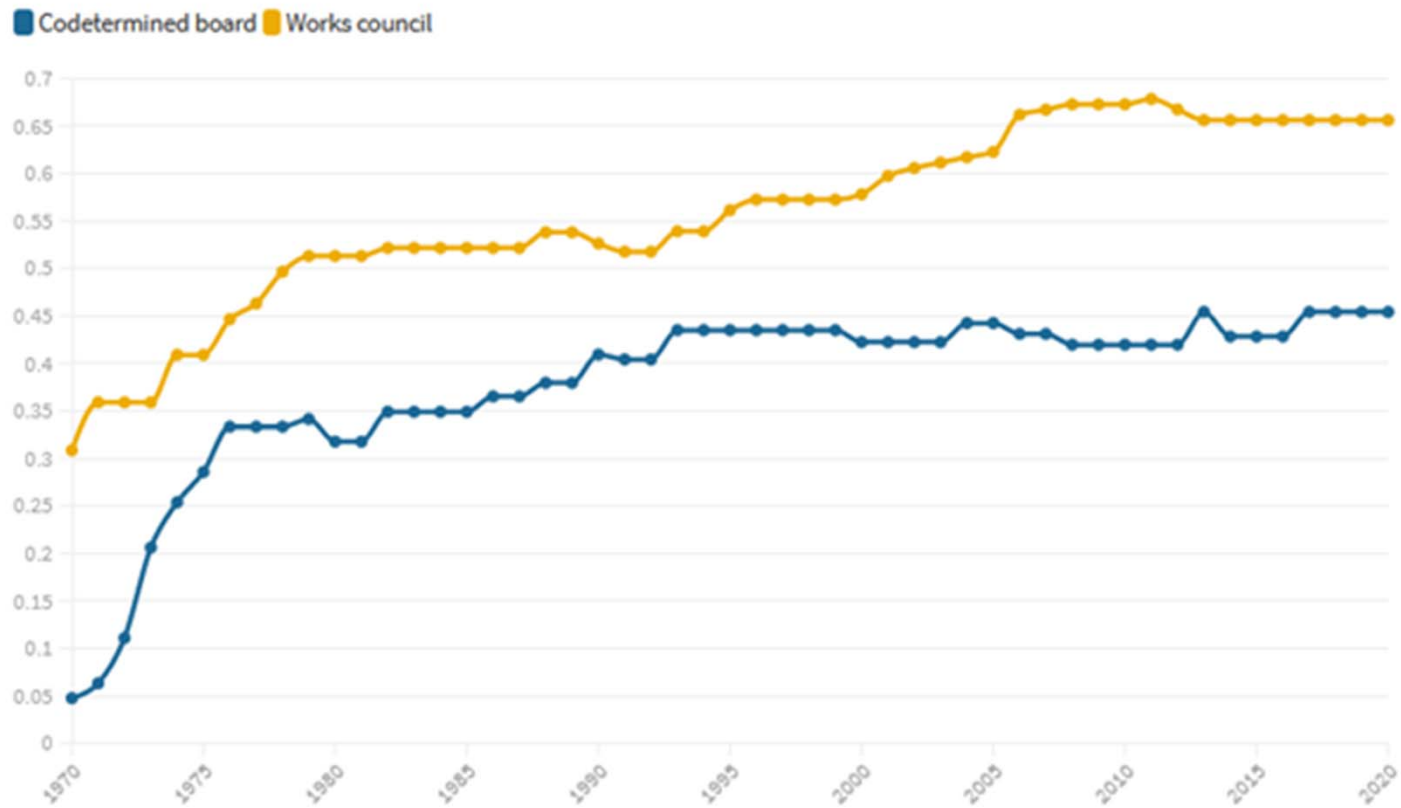
Inequality and Industrial Democracy

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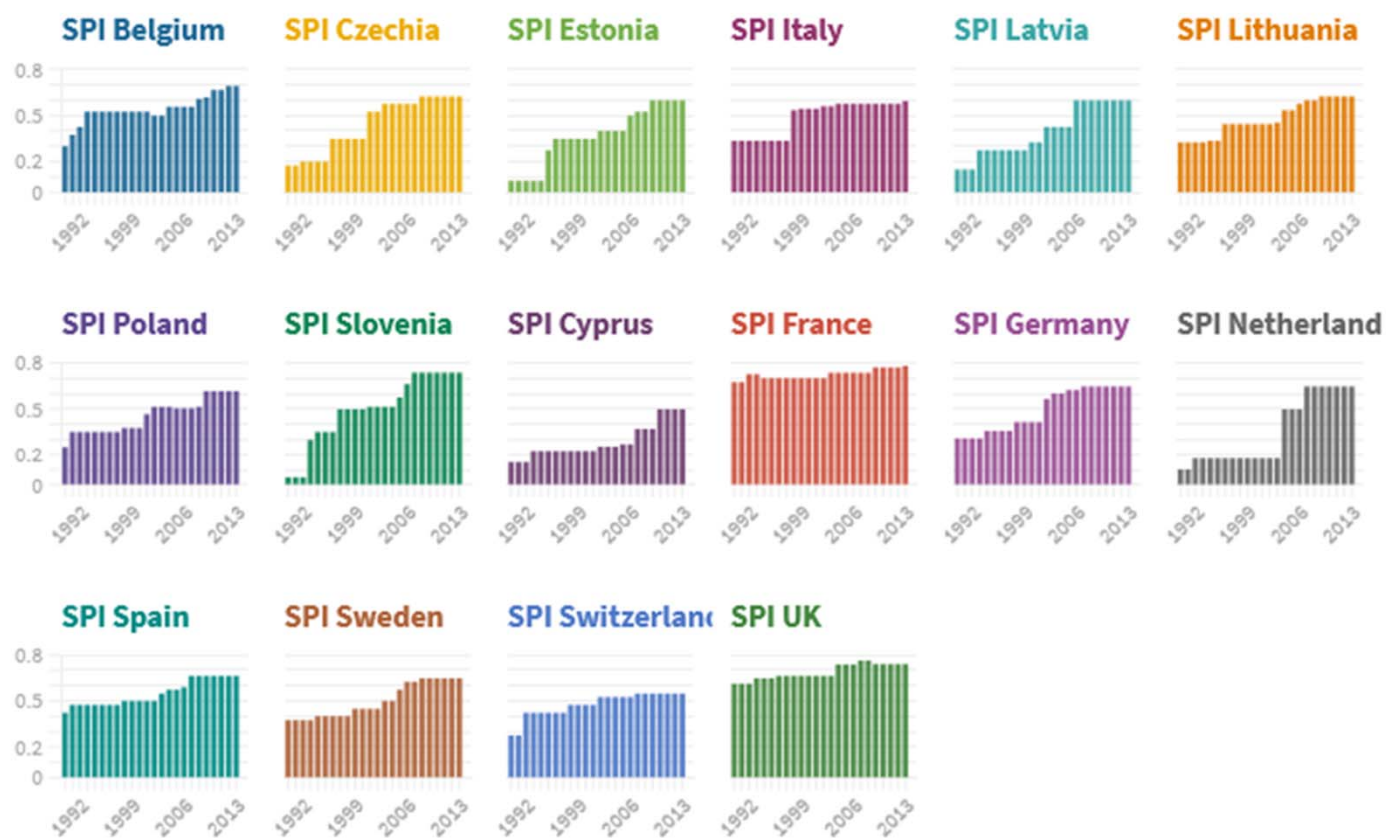
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Figure 1: Trends in selected codetermination laws, 1970-2020



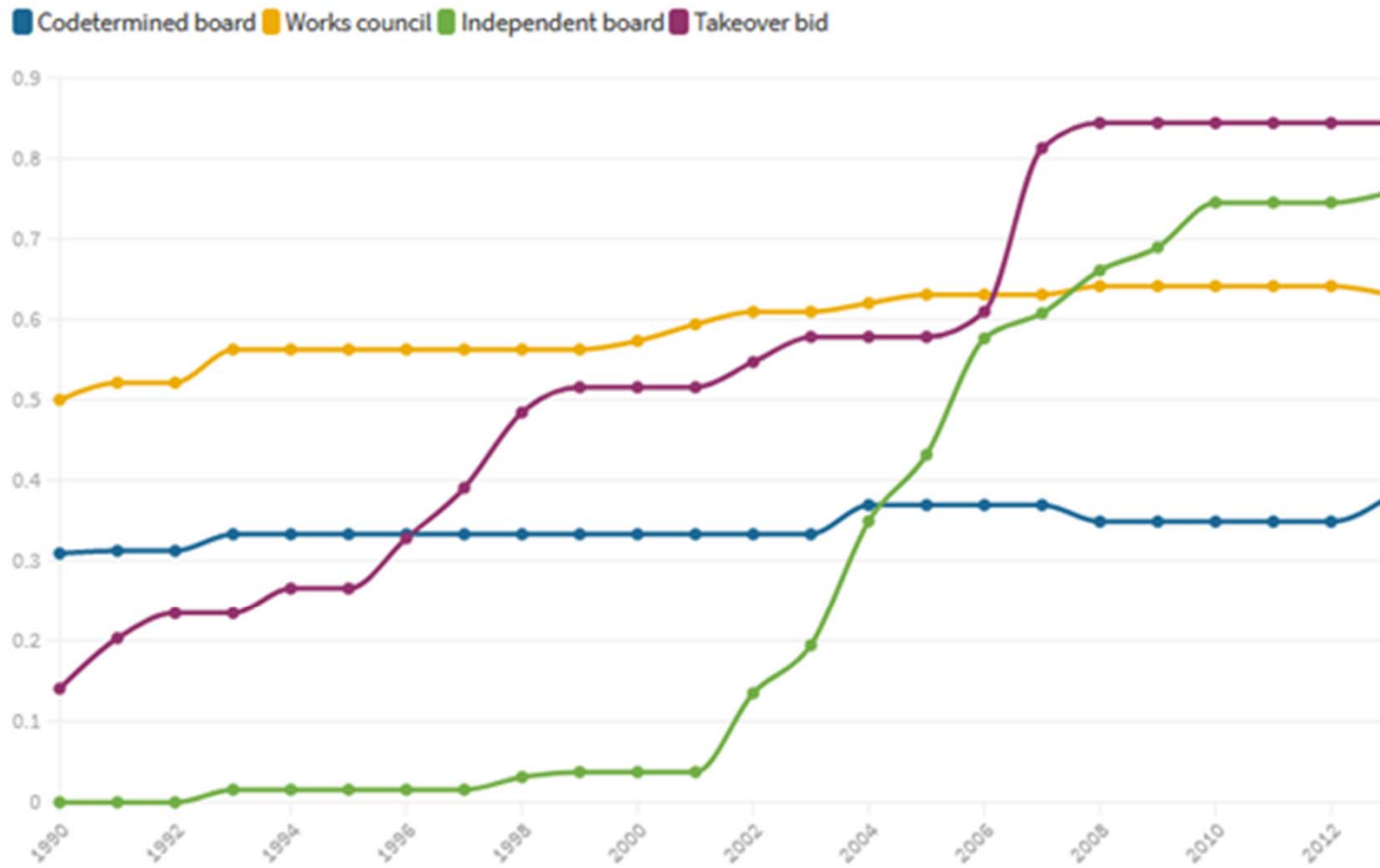
Source: CBR Leximetric Database (Deakin et al., 2016), updated to 2020. Note: scores are normalised on a 0-1 scale as shown in the vertical axis. A higher score indicates an increased level of worker protection. For further explanation of the coding method see Deakin et al. (2016). • Note: scores are normalised on a 0-1 scale as shown in the vertical axis.

Figure 2: Trends in shareholder protection laws, 1990-2013



Source: Cambridge Leximetric Database (Deakin et al., 2016). • scores are normalised on a 0-1 scale as shown in the vertical axis. A higher score indicates an increased level of shareholder protection. For further explanation of the coding method see Deakin et al. (2016).

Figure 3 - Trends in codetermination and shareholder protection



Source: Cambridge Leximetric Database (Deakin et al., 2016).

Industrial democracy and inequality

- Sjoberg (2009) shows that increases in shareholder rights as measured by the World Bank's Doing Business reports are correlated with a rise in the capital share
- Adams et al (2019), using the Cambridge index (LRI), show that improvements in workers' rights (including the two codetermination indicators) are correlated with rises in the labour share (in other words, the labour share would have fallen further but for these labour protections)
- Ferguson et al. (2017) show that increased legal protection for shareholders, as measured by the Cambridge index (SPI), is correlated with a range of health inequalities, including rising child mortality rates

Industrial democracy and productivity

- Rises in shareholder rights and falls in labour rights are correlated with *less* innovation (Belloc, 2013; Acharya et al. 2014)
- Labour rights are correlated with productivity and employment *gains* over the medium term (Deakin, Malmberg and Sarkar, 2014; Adams et al., 2019)
- ‘Capital shallowing’ is a cause of the productivity slowdown since 2008-9 (Pessoa and Van Reenan, 2014)