

CSC of CEC – CCME – ECG Conference „Employment and the Churches“  
CSC of CEC – COMECE – European Commission (BEPA)  
Dialogue Seminar „Flexicurity from a Values Perspective“  
Brussels, 27-29 February 2008

## **Panel intervention**

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Let me first thank the organizers for inviting DG EMPL to this very timely debate.

In this brief introduction, I shall develop two issues:

- What are the chances that the concept of flexicurity is put in practice?
- Has the political message about flexicurity get through to the citizen?

Since the inception of the flexicurity concept by the Commission in the June 2007 communication, progress has been smooth at the political level. The concept has been endorsed by all Member States, The Parliament, the Economic and Social Council and the European social partners. More recently, in December, the Council gave it an operational content through the adoption of eight common principles and the decision to launch a public initiative in the form of a flexicurity mission. All this should support Member States, as well as social partners and NGOs to implement policy reforms and undertake actions that are inspired by flexicurity principles.

But what is the reality on the ground? The Commission and the Member States have recently taken stock of the situation in their Joint Employment Report. They find it encouraging that about half of the Member States have now developed or are developing comprehensive flexicurity approaches. Specially noteworthy are the efforts by a handful of countries to launch initiatives to develop national flexicurity pathways, seeking cooperation with or input from their social partners.

However, when observed from the viewpoint of performance in the various components of flexicurity, the picture looks more mixed. Labour market segmentation remains high in many Member States with a continuing increase of atypical contractual arrangements, often involving precarity which affects in particular young people and women. Reform efforts tend to be modest and remain focused on the margins of the labour market. Social security reform continues to be focused on pensions, with much less effort being put on securing conditions for atypical workers. Active labour market policies are declining since

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2000 and participation in life-long learning is stable overall but has in fact declined in about half the Member States. Therefore human capital investment continues lagging behind what would be needed in order to ensure a sustainable competitive position based on high productivity patterns and social justice.

As Mr. Spidla said, flexicurity is already embedded in the Lisbon guidelines and there is no need to change these. But Member States are encouraged to design and implement policies that advance flexicurity in all its four components in an integrated manner and with the involvement of national social partners and other stakeholders. The process will be based on a voluntary approach and will be differentiated in accordance with the different points of departure.

I am therefore confident that the degree of political support granted to the concept will make it a key strategic approach in driving reform forward in the EU. However, I am less confident that it will be fully understood and endorsed by the citizen, without a major communication effort. Flexicurity, let us be frank, is not yet talked about at the average family kitchen's table.

One reason for that is that it is a new word, a "neologism", which combines two apparently conflicting concepts. Therefore it will tend to remain quite abstract if it is not related to those issues that make the subject of kitchen's table discussions: unemployment, mass dismissals, wages, career progression, pensions.

Another reason is that it has been the subject of fierce criticism that reduced flexicurity to a caricature: The imposition of the Danish model of liberal firing rules and high unemployment allowances as a single model for Europe, or even worse, as part of a neo-liberal project of legitimizing de-regulation of labour law for facilitating dismissals.

And yet, flexicurity, as Mr. Spidla said earlier today, places the person in the center of policy concerns and should protect work as an essential element of human dignity. Indeed, flexicurity is about giving people the tools that allow them to overcome difficulties created by the increasing volatility and uncertainty of today's world of work.

The key issue is how to assure that people keep their attachment to employment in a world where jobs are subject to increasing insecurity. The reasons are well known – globalization and technological change – but probably these are no longer sufficient. We were used to see loss-making companies closing their doors as a result of competition from low-price foreign competitors. But the cases that nowadays make the headlines are occurring in profitable companies in thriving sectors: yesterday, Hewlett-Packard, today Nokia, tomorrow BMW. A shift of power is occurring in corporate structures that displaces their strategic priorities

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from investment/maintenance of human capital towards short-term objectives determined by stock-exchange profitability. This is adding a further element of volatility in today's job markets.

Many will be able on their own to face the challenge and move on to an equivalent job elsewhere, in the case of dismissal. But most will need help to overcome obstacles in transition. In most Member States, employment security is typically organized in terms of legal protection to the job holder against dismissal, complemented by unemployment assistance which however remains quite below the wage level. This does not seem to be efficient anymore and does not guarantee in many cases the income compensation that was expected (frequent litigation with uncertain results) or, most importantly, that people laid off once will recover a job of equivalent quality, especially if they are old or low-skilled.

So, the policy solution is to invest more on those policies that effectively equip people with the tools they need in order to remain employable – skills, knowledge, job search assistance, also a income-replacing income for helping to bridge off-job periods - or to move to other situations temporarily – education, assistance to family dependants. This does not mean that legal job protection should be dismissed. It remains as a key component of the individual employment relationship to the extent that it plays a role in counterbalancing what is an unequal asymmetric relationship between employee and employer. But there needs to be a recalibration of the components of security if the purpose is to ensure employability over the life cycle.

To conclude, the reform efforts that no doubt will be undertaken in Member States in the name of flexicurity will need to be better communicated to the citizen. The support of social partners and other stakeholders at national level will be decisive in this respect. Flexicurity is not intended to take away rights from people but rather to give them the most effective tools for them to face an increasingly uncertain and volatile world of work.

Thank you for your attention.