

## The 'Rise and Stumble' of Flexicurity: Lessons for the European Union and Australia

*Peter Auer\**

### Introduction

At the onset of the global financial crisis (GFC) in 2008 'flexicurity' was set to become the unifying labour market reform agenda for the 27 countries of the European Union. This is witnessed by numerous declarations, reports and decisions of the European Commission, the European Council, the European Parliament, the European Economic and Social Council and the European Social Partners. While the European Commission<sup>1</sup> did not prescribe any particular model of flexicurity, it developed a set of common principles that were accepted by a ministerial council in late 2007 and put forward ideas on different pathways to reform, adapted to the particular circumstances of clusters of member countries (European Council, 2007; European Commission, 2007). In 2008, an European Social Policy website stated: 'Flexicurity, first developed as a labour market policy in the Nordic countries, has been endorsed by EU leaders as a way of solving the EU's employment problem' (Euroactiv, 2008).

Growing institutionalisation – integration into the European Employment Strategy,<sup>2</sup> specific guidelines and monitoring of guidelines, budgets, research

\* This chapter is based in parts on Auer and Chatani (2011) and Auer (2010).

1 The European Commission functions as a 'quasi' European government with restricted power and drives European integration. The European Council (reuniting the head of states and/or governments) and the European Parliament are the two sides of the European legislature. The European Union is today composed of 27 heterogeneous countries with a population of around 500 million people. Nominal GDP per capita in 2008 varied from about 12,000 current international US\$ in purchasing power parity (includes cost of living adjustments) (Bulgaria) to around 79,000 (Luxembourg) (IMF, 2009).

2 The European employment strategy was adopted in 1997 in Luxembourg to promote employment growth and reduce unemployment, but was integrated in 2000 into the so called 'Lisbon agenda for growth and jobs'. The Lisbon agenda's goal was to transform Europe into the most competitive and the most dynamic knowledge-based

This is a preview. Not all pages are shown.

## References

- Agell J (1999) On the benefits from rigid labor markets: Norms, market failures, and social insurance. *Economic Journal* 109: 143-164.
- Auer P and Schmid G (1998) Transitional labour markets: Concepts and examples in Europe. In: *New Institutional Arrangements in the Labour Market*. Berlin: European Academy of the Urban Environment.
- Auer P (2007) Security in labour markets: Combining flexibility with security for decent work. *Economic and Labour Market Papers*, 2007/12. Geneva: ILO.
- Auer P (2010) What's in a name? The rise and fall of flexicurity. *Journal of Industrial Relations* 52(3): 371-386.
- Auer P and Cazes S (2003) *Employment Stability in an Age of Flexibility*. Geneva: ILO.
- Auer P, Berg J and Coulibaly I (2004) Is a stable workforce good for the economy? Insights into the tenure-productivity relationship. *Employment Strategy Papers 2004-15*. Geneva: ILO.
- Auer P and Chatani K (2011) Flexicurity: Still going strong or a victim of the crisis? In: Townsend K and Wilkinson A (Eds) *Research Handbook on Work and Employment Relations*. Cheltenham: Edward Elgar.
- Belchamber G (2009) Flexicurity: Unemployment, social inclusion, and income security. *Impact* Spring 2009: 6-8.
- Belchamber G (2010) Flexicurity: What is it? Can it work down under? *Australian Bulletin of Labour* 36(3): 278-303.
- Brotherhood of St Laurence (2010) *Flexicurity and Australia roundtable 24.10.2010 Minutes*.
- Buechtemann C (Ed) (1993) *Employment Security and Labor Market Behavior: Interdisciplinary Approaches and International Evidence*. Ithaca, NY: ILR Press.
- Calmfors L (2007) *Flexicurity: An Answer or a Question?* Stockholm: Swedish Institute for European Studies.
- Cazes S and Nesporova A (2003) *Labour Markets in Transition: Balancing Flexibility and Security in Central and Eastern Europe*. Geneva: ILO.
- Cazes S and Nesporova A (Eds) (2007) *Flexicurity: A Relevant Approach in Central and Eastern Europe*. Geneva: ILO.
- Council of the European Union (2007) *Common Principles of Flexicurity: More and better Jobs through Flexibility and Security*. Lisbon: European Council Resolution.
- Council of the European Union (2009) *Flexicurity in Times of Crisis*. Lisbon: European Council Resolution.
- Council of the European Union Resolution (2011) A pact for the Euro: Stronger economic policy coordination for competitiveness and convergence. *Conclusions of the Heads of State or Government of the Euro Area*, 11 March, Luxembourg [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/119809.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/119809.pdf) (accessed 14 March 2011).
- ETUC (2007) *Flexicurity will Get Nowhere without Reinforcing Rights for Workers, Says the ETUC* <[www.etuc.org/a/3944](http://www.etuc.org/a/3944)> (accessed 19 January 2010).
- Euroactiv (2007) *Social Partners on Flexicurity and Labour Market Reforms* <[www.euractiv.com/en/social-europe/social-partners-flexicurity-labour-market-reforms/article-164260](http://www.euractiv.com/en/social-europe/social-partners-flexicurity-labour-market-reforms/article-164260)> (accessed 25 January 2010).
- Euroactiv (2008) *Flexicurity* <[www.euractiv.com/en/social-europe/flexicurity-europe-employment-solution/article-169840](http://www.euractiv.com/en/social-europe/flexicurity-europe-employment-solution/article-169840)> (accessed 7 March 2011).
- European Commission (2004, 2008, 2011) *Industrial Relations in Europe*. Brussels/Luxembourg.
- European Expert Group on Flexicurity (2007) *Pathways to Flexicurity, Turning Hurdles into Stepping Stones*. Brussels.

- Eurostat (2010) *Press Release Euroindicators*. 16/2010. 29 January.
- Herzog-Stein A and Seifert H (2010) Deutsches Beschäftigungswunder und flexible Arbeitszeiten (German jobs miracle and flexible working time). *Discussion Paper* 169. Düsseldorf: WSI.
- International Monetary Fund (2009) *World Economic Outlook Database 2009*.
- International Labour Office (2004) *Economic Security for a Better World*. Geneva: ILO.
- Kuttner R (2008) The Copenhagen Consensus. *Foreign Affairs* 87(2): 78-94.
- Madsen PK (2002): The Danish model of flexicurity: A paradise – with some snakes. In: Sarfati H and Bonoli G (Eds) *Labour Market and Social Protections Reforms in International Perspective: Parallel or Converging Tracks?* Farnham, Surrey: Ashgate: pp 243-265.
- Marsden D (1995) The impact of industrial relations practices on employment and unemployment. *Discussion Paper No 240*. London School of Economics: Centre for Economic Performance.
- Marsden D (1999) *A Theory of Employment Systems: Micro-foundations of Societal Diversity*. Oxford: Oxford University Press.
- McGuinness S and Wooden M (2007) Overskilling, job insecurity and career mobility. *IZA Working Paper* 2938, July.
- OECD (2008) Enhancing the OECD's contribution to the political economy of reform. *Note by the Secretary-General, C (2008) 61/REV1 30.4.2008*. Paris: Organisation for Economic Cooperation and Development.
- OECD (various issues) *Employment Outlook*. Paris: Organisation for Economic Cooperation and Development.
- Pacelli L, Devicienti F, Maida A, Morini M, Poggi A and Vesan P (2008) Employment security and employability: A contribution to the flexicurity debate. Dublin: European Foundation for the Improvement of Living and Working Conditions.
- Rogowski R (Ed) (2011) *The European Social Model and Transitional Labour Markets*. Farnham, Surrey: Ashgate.
- Schmid G and Gazier B (Eds) (2002) *The Dynamics of Full Employment: Social Integration through Transitional Labour Markets*. Cheltenham: Edward Elgar.
- Schmid G (2009) Theory of transitional labour markets and 'Flexicurity': Lessons for Transition and Developing Countries. *Paper presented at the European Training Foundation*, Turin, 14 May.
- Storm S and Naastepad CWM (2007) Why labour market regulation may pay off: Worker motivation, co-ordination and productivity growth. *Economic and Labour Market Papers*, 2007/4. Geneva: ILO.
- Townsend K and Wilkinson A (2011) *Research Handbook on Work and Employment Relations*. Cheltenham: Edward Elgar.
- Tros F (2009) *Euro-online: The Netherlands and Flexicurity* <[www.eurofound.europa.eu/eiro/studies/tn0803038s/nl0803039q.htm](http://www.eurofound.europa.eu/eiro/studies/tn0803038s/nl0803039q.htm)> (accessed 16 March).
- van Wanrooy B, Wright S, Buchanan J, Baldwin S and Wilson S (2009) *Australia at Work: In a Changing World*. Sydney: Workplace Research Centre.
- Visser J (2006) Union membership in 24 countries. *Monthly Labour Review* 129(1): 38-45.
- Wilthagen T and Tros F (2004) The concept of flexicurity: A new approach to regulating employment and labour markets. *Transfer* 10(2):166-187.
- Wurtz F, Liotard K, Musacchio R, Zimmer G (2008) *Offener Brief an die Sozialdemokratische Fraktion im Europäischen Parlament*. (Flexicurity or Flexploitation). Open letter to the social democratic parliamentary group <[www.guengl.eu/upload/Open\\_Letter\\_Flexicurity\\_DE.pdf](http://www.guengl.eu/upload/Open_Letter_Flexicurity_DE.pdf)> (accessed 19 January 2010).