Flexicurity – Useful Oxymoron or Genuine Class Compromise?

By Roland Erne (University College Dublin)


Although ‘flexicurity’ may sound English, at least to my Swiss ear, the term does not figure in the New Oxford Dictionary. Nevertheless, the term can make sense; namely as a concept that aims to describe the logic of the Dutch central agreement on welfare and labour market policy of 1996 that emerged in a situation of relative power parity between social partners. Accordingly, a Lexis database search reveals that flexicurity was first used in Dutch; namely in an article that called for “‘flexicurity’ als het nieuwe historische compromis tussen werkgevers, werknemers en de overhead” (‘Industriebond zoekt naar evenwicht tussen traditie en het marktdenken’ in: Trouw, 18.01.1996).

In Euro-speak, however, flexicurity hardly denotes a new class compromise. Instead, the term is first and foremost used as an oxymoron; i.e. as a rhetorical tool that enables EU policymakers to reconcile contradictory terms in a single phrase. Neither neo-liberals nor the proponents of a Social Europe should worry about EU employment policy, as labour market flexibility can easily be reconciled with security. After all, Article 3 (3) of the EU Treaty, which sets out EU’s socio-economic objectives, does not see any problems in reconciling conflicting socio-economic goals either.

Who could possibly have anything against such a promising policy mix? Whereas capital must be pleased about the references to flexibility and market competition, labour takes comfort from commitments to social security, full employment and social progress, social justice and equality, and economic, social and territorial cohesion, and solidarity among member states. Yet, the question remains whether the EU’s conflicting socio-economic aims are realised equally in practice. While the EU has an astonishing ability to reconcile conflicting interests on paper, notably by pressing different parties to ‘agree through
backroom negotiation a form of words which somehow embraces the opposing viewpoints’ (Hyman 2005; 25), an assessment of its policies in practice causes doubts.

Initially, the European Commission argued that people should be protected against labour market risks by high unemployment benefits as in the Dutch and Danish cases, rather than the labour law provisions that protect workers against unjustified dismissals, as enshrined, for instance, in Article 30 of the Charter of Fundamental Rights of the European Union. By 2011, however, it seems clear that flexicurity does not represent the new historic compromise that some of its initial advocates may have had in mind. Certainly, active labour market policies, such as short-time working schemes, continue to play an important role in some EU member states. At the EU-level, however, EU institutions, unions, and employers, have failed to agree on a common post-crisis strategy (Erne 2011).

Following the lead of the ECB and employers, the Commission and the ECOFIN Council now refer to flexicurity above all to justify calls for a deregulation of labour law and industrial relations practices. It is widely accepted that the European economic and financial crisis has been caused primarily by reckless lending practices that have been tolerated by the ECB, and by the huge bank bailouts that have been approved afterwards by the Commission to protect the banking system against ‘systemic’ capital market risks. But whereas the support for banks and their bondholders, worth hundreds of billions of Euros, is apparently compatible with the internal market – in spite of Article 107 of the Treaty on the Functioning of the European Union that forbids state aid – EU’s economic policymakers increasingly target member states for their allegedly rigid labour laws and industrial relations practices. Unsurprisingly, however, no member state has been criticised for failing to provide Dutch or Danish levels of unemployment benefits to protect workers against labour market risks.

Indeed, workers’ concerns do not figure in the proposed economic governance package that aims at preventing recessions in the future. Instead, the package identifies collective bargaining institutions as obstacles to a speedy recovery and is obliging member states to devise economic and social policies that comply with benchmarks set out by unaccountable experts as proposed in the EU Regulation ‘on the prevention and correction of macroeconomic imbalances’ (2010/0281 (COD). This Regulation is supposed to become law in June 2011, despite infringing upon the principle of autonomous collective bargaining, core ILO labour standards, and other constitutional principles of EU member states (ETUC 2011). No wonder that one of the most outspoken supporters of a democratic EU, Jürgen Habermas,
is very worried about a situation in which EU experts – rather than ‘parliaments (and trade unions where applicable)’ (2011: 65) – are determining the socio-economic priorities for years to come. Yet, one question remains unanswered. Why do EU institutions continue to make use of flexicurity in their discourse at a time when EU policy-making is arguably departing from the genuine class compromises that characterised Europe’s welfare states in the past?

Bibliography:

