



# RESOLUTION

by the European Confederation of Independent Trade Unions

on

**how we can reconcile flexibility and security  
on the labour market  
("Flexicurity Debate")**

Rapporteur: Valentin Vellisco

Brussels, 30 March, 2007

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## **The European Confederation of Independent Trade Unions,**

- given** consultations held by the specialist committee “Employment and Social Affairs” on 27 March, 2007,
- given** Article 27.3 of CESI’s constitution, which allocates the adoption of all opinions and resolutions drafted by CESI to the Executive Board,
- given** Article 30.2 of CESI’s constitution, according to which the President, General Secretary and treasurer may take joint decisions in urgent cases,

### **adopted the following opinion on 30 March, 2007.**

1. The topic of “Flexicurity” is directly linked to the European Commission’s green paper on Labour Law, published at the end of 2006, and on which CESI has also given its opinion. The debate on how we can combine a greater amount of flexibility with more security in employment policy has become a central theme in Europe over the course of the last few weeks and is also being awarded a great deal of attention by the German Council Presidency. For this reason, CESI is convinced it is fitting to contribute its reflections on the matter and assess it from a trade union policy point of view.
2. “Flexicurity” is a linguistic neologism, made from two English words. “Flexibility” and “Security” combine to make “Flexicurity”. If one examines this term on its own, without taking into account the political and social reality to which it refers, it describes something which – at least from a classical trade union perspective – is a contradiction, upon which it is difficult to agree. Demands from employees for more security are usually rejected by employers, who explain that this would limit their room for manoeuvre, restricting their ability to take corporate action and thus reducing their competitiveness. In other words, added security would lead to a reduction in their flexibility when dealing with employees. To take the employees’ view, they take calls from employers for more flexibility to mean less security, and thus they either greet such proposals with scepticism or else reject them. These, at any rate, were the categories according to which the dividing lines between social



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partners ran for a long time in the vast majority of European states: security or flexibility.

3. However, the social partners in many EU Member States have in actual fact demonstrated a good deal more capacity to adapt to changes in the worlds of economics and work than they are sometimes given credit for. Many employees have had to accept losses in their actual earnings since the mid-nineties and have gone without in many areas, thus proving themselves to be adaptable and flexible, in order to be granted employment security in return, even though such gestures only go part way in rewarding the sacrifices of the employees. Even employees working in the public service have had to accept drastic cuts in order to guarantee the continued funding of the public service.
4. A distinction must be made between what “Flexicurity” means and can mean as a new term in the world of industrial relations, and what it means in historical terms. The word “Flexicurity” is a Danish invention, since it was the Danish government which founded “Flexicurity” in the nineties as a reform model. Legal protection against dismissal has been reduced to a minimum in Denmark. At the same time, unemployment benefit is paid out on a monthly basis for up to four years at a level of 90 per cent of the last income, albeit with a 1800 euro ceiling per month. This salary cap means that unemployment benefit amounts de facto for a Danish average earner working in industry to 70 per cent of his/her last salary. At the same time, Denmark invests around 1.5 per cent of its gross domestic product in active labour market policy, which – and this is a formula with which other countries are also familiar – aims both to support the workforce as well as expect something in return.
5. Sweden and Finland joined up to the model shortly afterwards, even if they did not leave it unchanged, but rather adapted it far more to the particularities and conditions prevalent in their own countries. It is on this very point that CESI feels the first point of criticism can be made concerning current European discourse. “Flexicurity” describes a precise reform model which was introduced in a specific European country under quite specific political, economic and social conditions and which had an impact there. However, given that the political, economic and thus the socioeconomic framework conditions in the EU are highly different from Member State to Member State, the type of “Flexicurity”, as conceived of and used by the Danes, cannot, contrary to what is being suggested at present, represent a ‘one size



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fits all' solution across Europe. The core responsibility of the Member States for labour market and social protection policy would, for good reason, stand in the way of such an approach.

6. If it is not possible directly to transfer the Danish “Flexicurity” model to other EU Member States, the question arises as to what the content of “Flexicurity” is, or should be, when it is being discussed by European politicians or national governments and is above all capturing the imaginations of employers. “Flexicurity” has become a buzzword for many reforms of labour market and employment policy in the EU Member States, without one still being able to detect the specific differences between the various systems and the reform approaches agreed on these systems. “Flexicurity” has thus come to symbolise economic and social change in Europe. It describes a departure from the familiar and – as part of the Lisbon Strategy – an embracing of the new, as yet unknown, that people today like to call the European Social Model. It is very difficult to see in which direction development is leading us, which therefore once again brings up the question of *quo vadis Europa*. However, to follow statements from Europe and governments, it seems clear that “Flexicurity” and change go hand in hand, however cloudy the term may be.
7. “Flexicurity” is defined as a threefold reform policy, consisting of labour market flexibility, social security and active labour market policy. What trade unions are interested in is whether all three aspects are of equal importance or whether the flexibility approach outweighs the other two by far. The key problem is that “Flexicurity” is used on the one hand (for example, by the European Commission) as a synonym for changes in the world of work in an age of globalisation and also as an answer to the challenges of global competition, and this all the while with the aim of guaranteeing or strengthening “European competitiveness”. At the same time, however, the term is occasionally used by employers to overstress the need for flexibility – something which is understandable, but motivated by employer interest. Calls to dismantle employee protection rights, above all for a reduction or complete abolition of protection against dismissal, for less employee participation and fewer rights to information are thus backed up in this way by a European reform term, which sounds good, seems modern and politically correct and thus cannot be touched. This applies irrespective of the great progress that in CESI’s view has been



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made in the very area of employee rights over the last few years at European level (key words: European Works Councils, Mergers directive etc.). For independent trade unions, it is therefore a basic requirement that the three aforementioned elements – labour market flexibility, social security and active labour market policy – are given equal priority, in order for them to be able to give their agreement to the introduction of “Flexicurity” models.

8. There seems to be a dire need to examine the “Flexicurity” instrument very closely and to argue against its effectiveness being romanticised. After all, only by analysing social and economic policy relations in Europe in as unideological a way as possible can we develop reform approaches fit for the future as part of the revised Lisbon Strategy. In the end, the question is always raised when it comes to labour market and social policy reforms as to what impact they have on the social models of the EU Member States and also – however vague the term may be – on the European Social Model. In the light of widespread Euroscepticism, the European Commission would be well advised to exercise a greater constraint when it comes to its proposals to reform the Member State labour markets and social systems, and make best practice comparisons possible whilst still respecting the core competence of the Member States.

Brussels, 30 March, 2007

Valerio Salvatore  
President

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