

SYNTHESIS

BERNARD GAZIER

This session focused on transitions on the labour market and attempted to cover a significant part of this vast field.

Each of the three reports presented concentrated on one problem and one angle of attack. Günther Schmid's contribution dealt with unemployment insurance, taking individual transitions on the labour market as its viewpoint. The contribution by Anne-Marie Brocas and Frank Von Lennep looked at access to retirement and dwelt on transitions within one age group, workers between 50 and 65. Finally, Per K. Madsen dealt with active employment policies as a whole, studying national developments in Denmark.

The panorama was sweeping, but had some sizeable gaps. First of all, despite what the title might suggest, those who are "excluded" in the narrow sense of the word were hardly mentioned: the poor and the long-term unemployed, though not ignored, were not what the debate centred on. Instead, the discussion was about how transitions on the labour market might generally be managed to prevent exclusion. Secondly (and this was very much regretted by some people during the discussions) young people and their frequent integration problems were not studied.

This summary also includes some of the arguments from the text submitted by Mr. J. Gautié, one of the participants. The outcome of the discussions can be summarized under four main points.

1. CLASSIFY, EVALUATE AND UNDERSTAND TRANSITIONS BETTER

Each of the three texts looked at a different type of transition: individual transitions, which punctuate the lives of individuals and take them from one status to another or from one position to another; group transitions, which may be seen as collective pathways; and finally transitions between different types or systems of social protection and/or employment, which lead people to find jobs at national or international levels.

The different meanings of the word "transition" were examined and refined many times over: in order to distinguish between "transition" (passage between two states, which can be statistically analysed with transition matrices) and

“pathway”, a larger and more ordered series of stages in a person’s personal or working life, which may relate to social groups as well as individuals; and in order to help distinguish between enforced, intentional and natural transitions.

Identifying “critical transitions”, those leading to poverty or failure, allowed us to look at this issue from a very practical point of view: emphasis was placed on the fact that factors of failure and of exclusion from the labour market – health, housing and transport problems and the lack or poor level of skills – are closely interwoven. Critical transitions are those which link together different sets of circumstances, and countering them requires transverse measures examples of which do exist, but which are often simply not in place.

The direction taken in measures seeking to influence transitions was questioned in this context. A number of types of transitions can be distinguished which are either bad or undesirable, and which can be roughly classified as negative. The most negative transitions are obviously processes leading to exclusion and serious poverty. But relegation, in some cases with a substantial transfer income, needs to be distinguished from these. This is the result of public intervention, and may sometimes be seen as a lesser evil, even sometimes as a success – and often also as a fairly bad solution. It consists of making the award of a transfer conditional on withdrawal from the labour market, and thus from a major source of social legitimacy and citizenship. Many critical questions were raised about early retirement and the creation of a huge group of inactive people who have received transfers in Denmark. The result was that this type of transition was classified as negative, at least in certain cases, but to a lesser degree. Lastly, transitions which have the effect of making people vulnerable, either in terms of income or rights, or in terms of their productive or employment potential, may also be seen as negative, but with effects which are only felt later: a succession of insecure jobs, for example.

If the dividing lines between these different types of transition sometimes fluctuate or are even blurred, another fact emerged very clearly which challenged the idea that they are so different: in certain age groups different transitions which are nevertheless functionally very similar coexist in the manner of communicating vessels. This suggests the existence of “grey areas” or major collective stages on the labour market. The key example is the way in which workers aged over 50 are treated; in all western countries they will either be in early retirement, or unemployed and exempt from seeking employment, or covered by an aid programme for the disabled, or in secondary employment on a much reduced wage. In every case we should see this as the result of long-term global pressures, bringing into play powerful economic and social forces and also enduring collective representations.

2. PUBLIC INTERVENTION METHODS

Agreement was quickly reached on the fact that transitions on the labour market can and often need to be the subject of public intervention. Effective intervention cannot be carried out on an ad hoc basis; it necessarily involves reconfigur-

Session 1: Preventing exclusion and facilitating integration: transitions on the labour market

ing worker protection mechanisms and redistributing a series of rights and obligations.

It became clear that it could be dangerous or simply unfeasible to develop certain rights or individual freedoms separately without taking account of all the possibilities and constraints surrounding them. The failure of part-time early retirement in France was evidence of this. More generally, emphasis was laid on the risks of undesirable change or misuse, of shifting pressure to other groups of people or other fields, and the risks of bottlenecks when the existing mechanisms are based on complex, long-standing compromises that are difficult to displace.

However, it is not clear how these divisions need to be adjusted in line with the changes on the labour market and the needs of workers, and there was lively debate on the objectives to be pursued and the methods to be used.

Three examples, among others, provide evidence of this.

The first concerns training.

The general tendency to sideline workers aged over 50 suggests a simple recommendation: that firms should maintain or develop in-service training programmes for these workers. Firms often break off these sorts of measures as soon as workers are over 45 or even 40, thus widening the skills gap and helping to marginalize the productive potential of experienced workers.¹ A natural adjustment that might be developed through collective agreements and public incentives would thus be to promote training for workers in these age groups.

However, it was pointed out that workers who accept or even seek early retirement are very often poorly or very poorly skilled, and are the least able to follow ambitious training programmes and benefit from them in their career. Irreversible factors have considerable weight here, and there is a risk that the measures planned will merely be wishful thinking or will only benefit the most highly skilled, which would be directly contrary to the aim of protecting those most under threat from exclusion or relegation. Only more widespread action upstream will make this measure effective in the long run.

The second concerns arduous work.

The issue of arduous work and working conditions in firms emerged as a major focus in the discussions, in terms of the transitions faced by workers aged over 50. In order to compensate for and deal with the irreversible factors which disadvantage the most poorly skilled among them, it was proposed to modulate how the number of years worked are counted towards retirement, with years worked in stressful conditions receiving enhanced value. It immediately became clear that a further measure was needed to prevent firms from simply shifting the consequences of stressful jobs onto the community: the compensatory measure should be balanced out by a direct corrective measure which would penalize firms for not taking action to make their working conditions less arduous. Some employers' contributions could be increased according to this principle, which

¹ The term "experienced workers" was suggested in the discussions instead of "older workers", which was felt to be negative or even discriminatory.

would then be an incentive for them progressively to improve their working conditions.

However, a number of speeches during the discussions highlighted the fact that there is currently a marked and long-standing trend in our economies for working conditions to become increasingly arduous and stressful. Furthermore, these pressures are not confined to the old industrial world, but particularly affect some of the typical jobs in the tertiary sector, which is rapidly developing: care work for children, the sick or elderly dependants was mentioned. The outlook described was thus decidedly more pessimistic, and qualified or counterbalanced the numerous proposals for measures formulated during the session, which were designed to ensure that the transitions and living conditions of the least skilled workers were better organized.

The third example concerns the authority to make workers redundant.

Perhaps surprisingly, it was not France's recent law on social modernization that was discussed, but the contrasting choices made by two Nordic countries, Denmark and Sweden.

The principles regulating the labour market in Denmark were highlighted: broad flexibility offset by major public intervention in the form of active employment policies. Choosing these options is tantamount to saying that firms must be left to make their own decisions as much as possible. They already have enough responsibilities within the established ground rules, and it is up to the community to define and implement corrective or compensatory measures. The result is that they have considerable freedom to hire and fire, bringing Denmark close to the USA and the UK.

The situation in Sweden is just the opposite. The public decision-makers felt that firms should directly experience the social consequences of their decisions where these had a significant impact, as is the case with redundancies. Even if they claim to be facing economic difficulties, either in the shape of increased contributions or as a result of public regulations, they have to be made to appreciate the social cost if they decide to lay workers off.

This opposition at the very heart of the "Nordic models", which we too often tend to lump together, suggested a number of ideas. First, it might be supposed that the structural characteristics of the labour markets play a major role: the prevalence of small and medium-sized firms in Denmark contrasts markedly with the considerable number of large firms in Sweden, generating different collective priorities and consensuses. We can also see clearly that there is a whole series of rights, obligations and compensations that are only effective when taken together. In Denmark, the scope that firms have to make workers redundant is offset by an exceptional level of public activism combined with strong trade unions and institutions ensuring that abuses are identified and exposed.

3. THE KEY ROLE OF FIRMS AND THE SOCIAL PARTNERS

Transitions on the labour market led to lively exchanges on firms' practices and strategies in the field of human resources. The central importance of the firm as the unit of production of social wealth and the forum for sharing, confrontation and compromise between the social partners was emphasized in the usual manner. Most of the questions related to how firms perceive the factors that determine their decisions in the long term: do they focus on short-term emergencies and indicators, or do they incorporate a wider and longer-term perspective?

Once again the issue of workers aged over 50 was used as an illustration. Various factors indicate that they are a resource that is, if not unused, at least underestimated and poorly exploited. We were reminded of the paradox in which the same person can be an "old worker", too expensive and with obsolete skills, and the next moment a dynamic and highly valued voluntary worker. Statistics in the USA show that experience has tended to play an increasing role in determining wage levels over the last 20 years: these elements suggest that certain redundancies in some firms are simply following fashion or imitating others, and even fly in the face of what they know is in their longer-term interest. More generally, this shows the significance of earlier collective representations and compromises, which may have corresponded to a situation in the past and persist even though the circumstances are no longer the same.

So there was unanimous agreement that the focus should be on the long term, particularly for measures upstream of critical transitions: public intervention must progressively act to prevent rather than to cure, in other words before it is too late. Putting things right after the event tends to be pretence if the irreversible has already developed, and this is not acceptable if the time limits involved could have been foreseen, but were not. A good example is firms that fail to train workers and then lay them off because their skills are no longer adequate: in such cases active employment policies may well come too late.

The need for action upstream, at the very centre of firms' practices, focused attention on the key role played by the social partners. Far from disqualifying them, the complexity of the transition processes and the difficulty of managing them in good time would seem to advocate their involvement. New subjects for negotiation and management were mentioned, such as rights to training and mobility. Günther Schmid's ideas on "transitional markets" presented the application of these rights in terms of factors involved in unemployment insurance, which will have to become linked to employability insurance and mobility insurance. The discussion showed to what extent these developments might depend on changes in collective perceptions: the workers themselves often go along with the pretend-repairs described above. The conclusion was made that experiences and arguments need to be disseminated which demonstrate the benefits and risks of long-term thinking as part of a collective learning process.

Lastly, the potentially very important role of the State as employer was also mentioned. First, it can act as an absorber. Although not a last-resort employer, it can help produce certain services and thus create jobs, as is clear in the case

of Denmark. It can also mobilize its workforce, which is by definition in very long-term service, and get it moving by bringing practices into widespread use which enable transitions and career paths to be better managed: the right to move from part-time to full-time and vice-versa, periods of training, etc. By allowing this latitude, the State and the local authorities can experiment and disseminate “good practice”. But will this happen at the expense of other less advantaged groups?

4. TRANSITIONS IN THE ECONOMY AND SOCIETY: HOW ARE THEY LINKED?

The overall effect of transitions, including public measures to try to reorientate them or create new ones, was covered in a series of rather unfocused exchanges.

Many adjustments are constantly taking place in our societies, and a series of new measures was proposed and discussed during the debate: changes in contributions or pension calculations, or making “holistic” approaches to the problems of the unemployed more widespread, as the “Missions locales” have done for young people with problems in France. But how can we ensure that the overall effect is not neutralized by having knock-on effects on other vulnerable groups or other areas, generating inequalities and relegation?

The discussions concluded that the complex system of interactions which transitions represent definitely has to be seen as an open system and one that is explicitly linked to overall economic and social developments.

This point first came up in connection with the central role of the economic cycle. Much of Denmark’s success has come from the phase of economic expansion that the country has managed to exploit and extend. Other situations are obviously possible, unfortunately: a slow-down in growth is an obvious example. But – and this is rather ironic here – a major reversal still cannot be ruled out for workers aged over 50. The urgent need to finance pensions, the pressures of international competition, and the development in lifestyles could help persuade people to spend a longer period of their lives in paid work. The “grey area” referred to earlier would be greatly transformed, though it would not disappear entirely, as seen in Japan, where the focus is on a second job with a large reduction in salary.

The role of institutions and organizations was underlined with reference to Denmark’s experience. We can add to this the existence of a relatively homogeneous labour market with a well-trained workforce, supported by a training system that is itself relatively homogeneous and effective.

In the end it was the extent to which non-market activities were taken into account that showed the excellent quality of the discussions.

Three main configurations were identified, which provided an overall view of a number of ways of managing the integrations and rejections that occur on and around the labour market.

Configuration 1: the unintegrated or barely integrated coexistence of market and non-market activities, which was mentioned in connection with the USA:

transitions here are most often private initiatives and are subject to huge disparities, which themselves depend on the wide contractual variety that prevails on the labour market and in social protection. Public decision-makers are able to act on the margins - on the immigrant workforce, for example - or can rely on geographical intermixing, which can be encouraged to a greater or lesser extent. These various different levers are operated separately, as it were. The result is that the labour market has a huge capacity for integration, but there tend to be major inequalities in wages and status.

Configuration 2: Danish-style activation is a primary and fairly ambitious approach to integration that is quite different from the previous configuration. The public authorities deliberately attempt if not to shape the labour market, then at least to stimulate its level of activity and guarantee that it is homogeneous. However, as the discussion on relegation showed, the existence of large inactive groups living on financial transfers raises the question of the type of citizenship and integration that is intended to be developed for workers who are considered to be too unproductive for the paid labour market. The Danish authorities are currently debating the limitations of their undeniable success: the growth in the cost of public measures, the largely irreversible creation of a huge group of relegated workers, and the development of increasingly complex activation policies. We are seeing the emergence of a group of semi-losers, and the processes of selection on the labour market intensifying as far as the eye can see.

Configuration 3: this is still by way of a proposal and does not (or not yet) correspond to any practical experience; it concerns the implementation of “transitional labour markets”, which from the outset integrate the systematic and negotiated management of market and non-market transitions. Within this even more ambitious framework, as outlined in Günther Schmid’s contribution, the struggle against irreversible factors, exclusion and relegation finds itself on ‘home ground’ since it includes non-market services and allows them to be co-funded by collective and individual contributions. Günther Schmid proposes that transitions could be the subject of explicit, widespread negotiation, that they could be dealt with in an overall context, and that they could be largely decentralized.

One final issue emerges here which was only touched upon by the symposium. It relates to the conditions for introducing and managing such a series of changes on the labour market, which are in effect broadly transforming the network of rights and obligations that make up the employment relationship. Of the points raised, the question of how to provide incentives for the actors concerned and what measures to take in the event of failure or abuses should be noted. This new network of mutual obligations will require a new structure and controls as a safety net. However, it brings us back to the start of this summary in that it relates to individual transitions on which, within a collectively determined group, everyone will be able to decide for themselves.