

"Labour is not a commodity": the Transitional Labour Markets Perspective

Bernard Gazier, University Paris 1

Contribution to the international conference

"Labour is not a Commodity". The Value of Work
and its Rules between Innovation and Tradition

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Work for a brighter future, new challenges - and new responses?

"In the past, even the future was brighter" (German humorist Karl Valentin)

- ▶ 1. Investing in transitions and capabilities: some remarks on the ILO report *Work for a brighter future* (2019)
- ▶ 2. Back to the understanding of current trends in the OECD: from fragmentation to aspirations and the emergence of new work and employment norms
- ▶ 3. Dealing with discontinuous careers and exclusion, some results and some questions

1. Investing in transitions and capabilities, some remarks on the 2019 ILO report

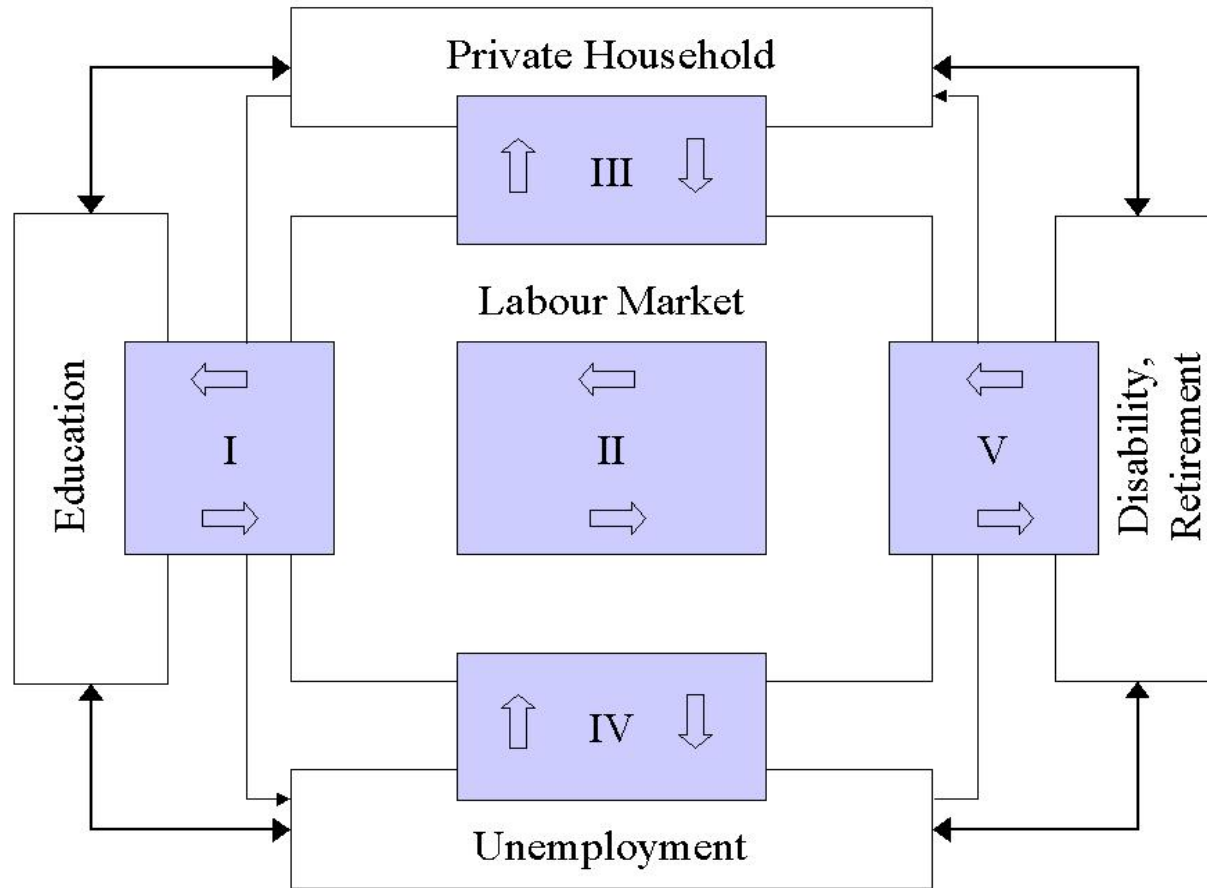
- ▶ An ambitious and future-oriented report; increasing relevance of the 1919 and 1948 principles in a context of important changes affecting work and employment
- ▶ Connecting "decent work", "transitional" (TLM) and "capabilities" approaches, and enriching them, eg. "institutional capabilities"
- ▶ The two meanings of transitions here: individual (personal and professional) and collective (towards a green production regime)
- ▶ A proactive response enhancing individual initiatives and reframing solidarities

What are "Transitional Labour Markets"?

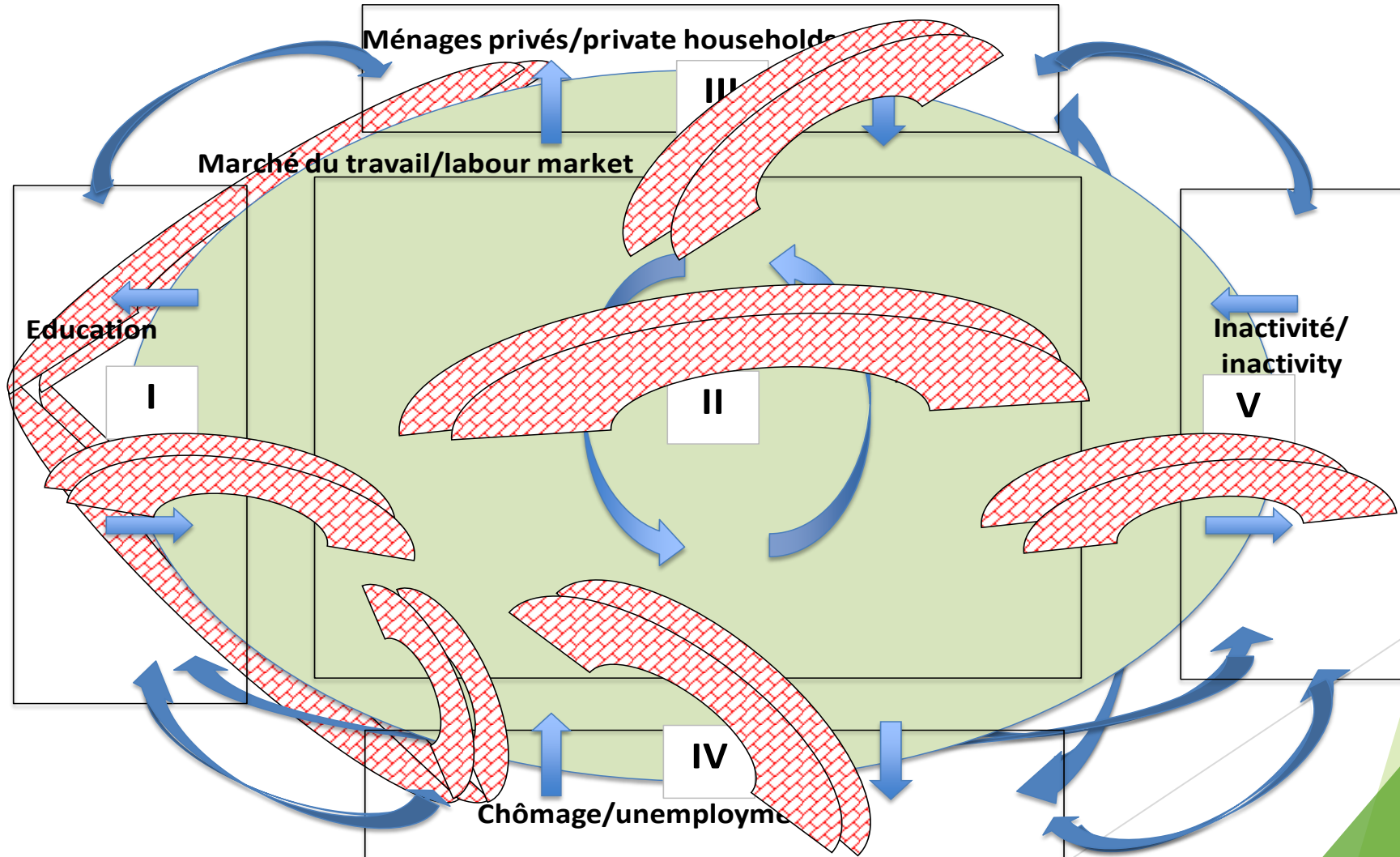
A short presentation

- ▶ TLM date back to the mid-nineties : Schmid and Auer; Furthering the "Rehn - Meidner" Swedish model, and developing a general and dynamic conception of the labour market
- ▶ Advocating a negotiated and systematic management of "transitions", conceived as any step in a personal and professional career
- ▶ "Transitions" occur in the labour market as well as into firms

Five main fields of transitions



Transitions may be complex and require support



Four management principles

- **Empowerment** : increasing individual autonomy and enriching the set of available options
- **Solidarity** : transitions of the most and less favoured, managed as a whole; new rights associated to new obligations
- **Efficiency** : co-financing and long term partnerships associating all stakeholders
- **Decentralised risk management** by objectives : control, self regulation and evaluation

OK but why call them "markets"? If "labour is NOT a commodity"?

- ▶ Classic approach in labour economics: "Internal Labour Markets" (ILM = Organized careers inside firms) are not confronting supply and demand in a decentralized setting; but they put people into jobs and set their pay, *just as markets do*. "Functional equivalent", much more stabilizing.
- ▶ TLM expand ILM out of the firms in contexts dominated by less stable arrangements and introduce a more dynamic perspective on careers
- ▶ Labour relationships are more and more subject to market pressures; the idea here is to introduce or reinforce collective control on them : "re-embedding" the labour market (K. Polanyi)
- ▶ If you do not mind markets, markets will mind you!

Two distinct and complementing approaches...

Capabilities (Sen, Nussbaum) TLM (Schmid, Auer, Gazier)

- ▶ Normative; but recent positive applications
 - ▶ Focus on final achievements and on individual effective choice; health, housing, civic rights... multidimensional; thresholds; compensating disadvantage
 - ▶ Connection to basic needs, living wage and decent work
 - ▶ Economics + sociology + political philosophy (Nussbaum)
- ▶ Positive and normative
 - ▶ Focus on a systematic and negotiated management of mobilities in and around the LM; empowering individuals
 - ▶ Connection to inclusive labour market policies and institutions, and a collective control of the LM
 - ▶ Economics + labour law (Supiot: social drawing rights etc.)

... Effectively merged in the 2019 ILO Report

- ▶ Capabilities: "access" with "process" and "outcomes" meet transitions analysis
- ▶ "Intrinsic value of participation" meets individual empowerment in transitions
- ▶ Reaching satisfactory thresholds and compensating disadvantage meets the search for protected and inclusive mobility
- ▶ Increasing role of work quality indicators, including wages, training opportunities, work conditions, work-life balance...
- ▶ "transitions capacities" as *intermediate* capacities
- ▶ "Institutional capacities" as *collective intermediate* capacities

But...

- ▶ A research programme more than fully stabilized results !
- ▶ "Melancholy of good practices", *and* of good recommendations: What can achieve such a normative approach, even with the help of labour law and tripartite agreements, in a context of enormous economic pressures?
- ▶ Costs of coordination, of negotiation?
- ▶ Overoptimistic on policies based upon broad a priori complementarities? E.g. high quality workforce *and* competitiveness? Boasting labour productivity *and* creating jobs? The state as a guarantor... *or* as a substitute to social partners?

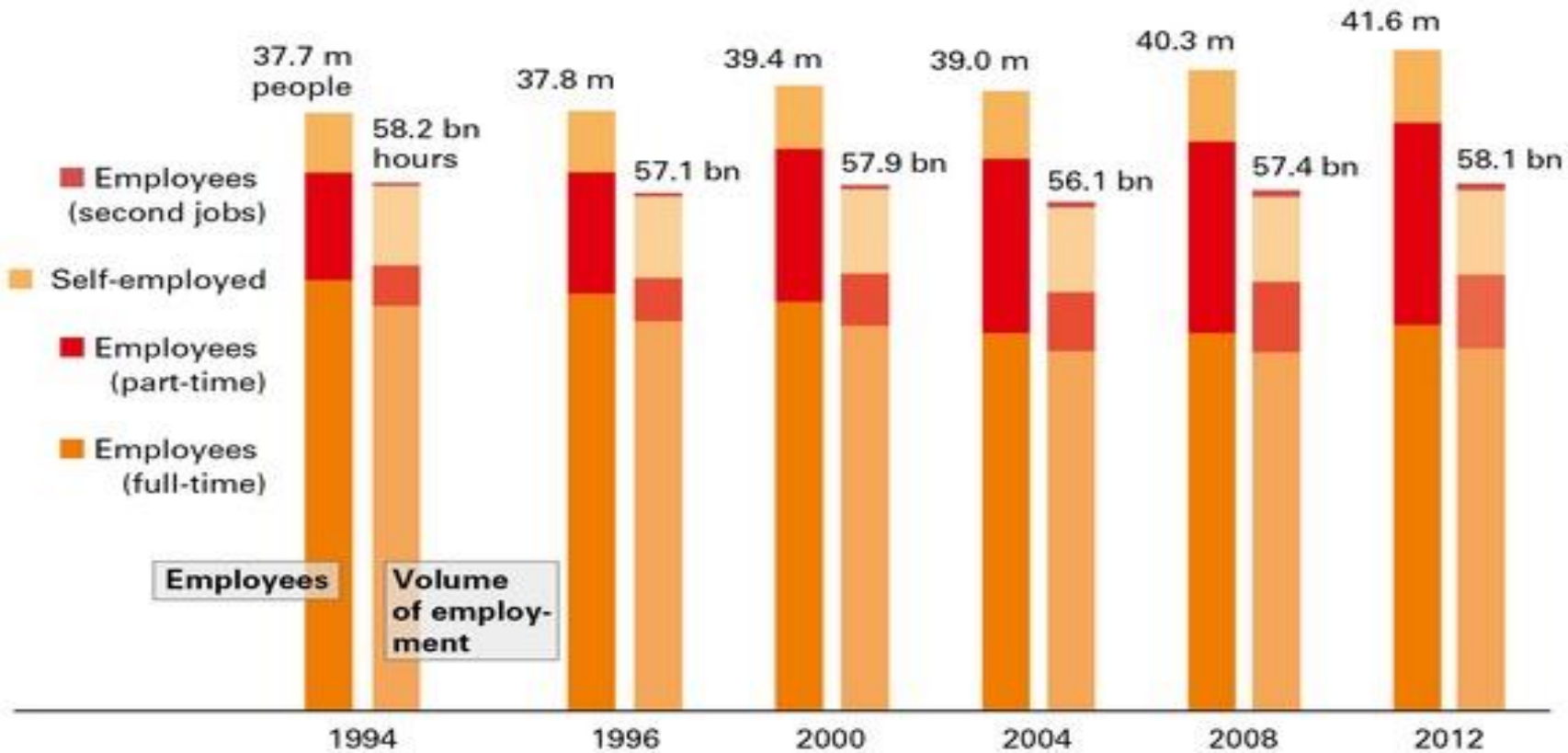
2. Back to current trends: looking for rooms of manoeuvre

- ▶ Fragmentation of work, fragmentation of pay, precarious jobs...
- ▶ Employment in the platform economy: modest up to now, and could be traced. But world networks tend to become monopolies and challenge democracy
- ▶ Supply chains and dependency of last-rank subcontractors
- ▶ Slow growth as a matter of fact in the EU and probably as a socially desirable outcome; how to manage it? Cf. the German example
- ▶ But strong diversity of transition capacities
- ▶ Union erosion but persisting diversity and development of social dialogue

Slow growth and job creation: the "German job miracle" in perspective

More people in employment: fewer hours worked

Changes in the number employed and the volume of employment ...



Source: Institute for Employment Research (IAB) 2013 | © Hans Böckler Foundation 2013

Diversity of Transition Capacities (TC)

Tayloristic internal labour market

Elementary operators
Decreasing group size
From vulnerability to precarity

Very low TC

Trade professional labour market

Services workers
Variable group size
Dependent on the tendencies
(business cycle and long term trends)
of the trade

Variable TC

Functionally flexible internal labour market

Workers in public and private
administration
Decreasing group size
From security to oblivion

Low TC

Functionally flexible professional labour market

Executives, high level self employed
workers
Increasing group size
Autonomous professional
development

High TC

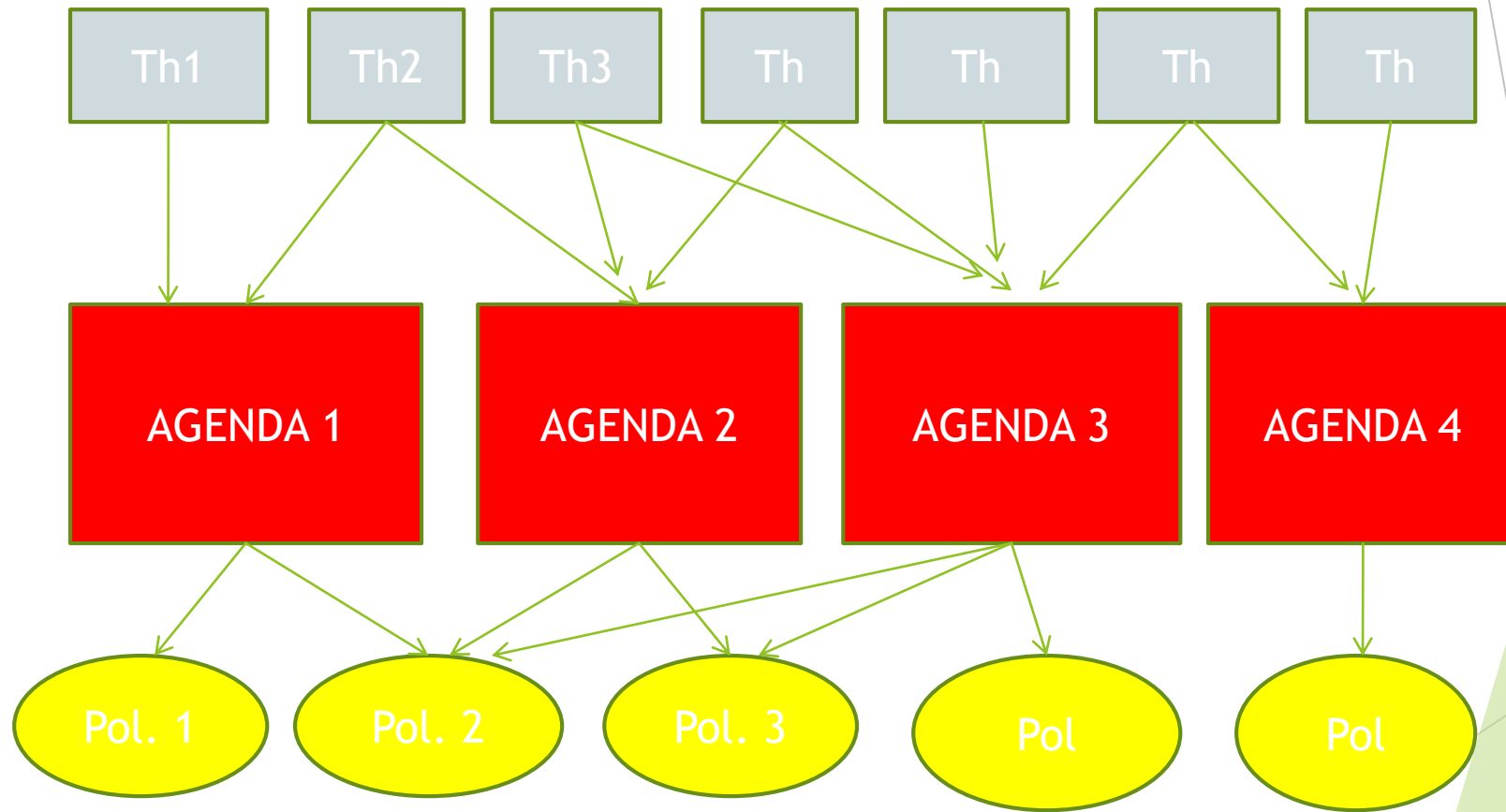
Social dialogue

- ▶ Union erosion, but persisting diversity and development of social dialogue
- ▶ Desire for unions (Kochan et al. 2019). Desire to take part in decisions regarding work and employment matters, e.g. training, diversity, hours...
- ▶ Quality of work and employment: Emergence of new employment norms combining income (living wage) and career security, autonomy, self expression and attention given to unpaid work and to environmental issues

3. Dealing with discontinuous careers and exclusion: some results and some questions

- ▶ Four policy agendas now reduced to three...
- ▶ A strategic choice: « Employment insurance" rather than Universal Basic Income
- ▶ Towards a new social contract: the case for an enlarged and enriched social dialogue

The intermediate nature of Policy Agendas



Reforming Labour Markets in the EU: Four Policy Agendas at the beginning of the century...

- ▶ **Flexibility (IMF, OECD):**
deregulating;
Enhancing price
adjustments and/or
external flexibility
- ▶ **Flexicurity (EU):**
promoting a negotiated
balance between
external or internal
flexibility and security
- ▶ **Transitional L. M.:**
promoting long term
protected mobility, work-
family balance and gender
equality
- ▶ **Capabilities:** promoting
health, civic and social
rights, "decent work" and
decent earnings

... becoming three now!

- ▶ The merger of Capabilities/TLM as an ongoing process
- ▶ And not two: important differences of the Capabilities/TLM approach with Flexicurity, e.g. the lack of a common metric and the risk of unbalanced negotiations ("flex-flex-secu"...)
- ▶ "Making *transitions* pay" (and not: "making *work* pay")
- ▶ "Making the people fit for the market" and "Making the market fit for the people" with balanced institutions and a rich set of opportunities/intermediaries
- ▶ This may stabilise the swing of the pendulum between agendas, cf. 2009: Decent Work as a *temporary* attractor
- ▶ Question: combining internal and external flexibilities?
Question: which control over the value and supply chains?
Question: the green economy as the next attractor?

Universal Basic Income (UBI) or Right to Decent Work (RDW)?

- ▶ Old debate recently reinvigorated in front of "precariat" and crumbs of work; minimum wage, living wage, living income???
- ▶ No space here for a full-blown discussion
- ▶ General agreement on the need for a universal basis of income and social protection; but which one?
- ▶ UBI: *only* income; In realistic versions, not excluding insurance complements; Mainly right to "passive" securities.
- ▶ RDW: a multidimensional protection basis (housing, health, education, income...) centered on the right to gainful employment; implies an "Employment insurance" extended to new groups and new risks on the labour market; right to "active" securities; preferred option here

What is a "good" transition ?

- ▶ An enabling one. The example of parental leave: fostering gender equality; developing options and skills -> one year for each parent, but one year and half for each if both take the leave; progressive back-to-work arrangements, with re-training and rights to part-time jobs
- ▶ A good transition leads to somewhere! Intrinsic quality of the transition + intrinsic quality of the reached position(s), cf. the indexes of work quality

"Employment Insurance" (EI), what and why?

- ▶ EI = Covering the active population for all the risks stemming from work and the labour market: income volatility, unemployment spells, skills obsolescence, "oblique careers"...
- ▶ Better visibility of contributions, and better incentives
- ▶ Autonomy and appropriation by social partners
- ▶ Budgets protected from governments' arbitrary decisions
- ▶ Better access to credit for insured workers
- ▶ Better health and morale
- ▶ Possible to foster risk-taking behaviour of workers and innovation

Towards a new social contract? The case for an enlarged and enriched social dialogue

- ▶ Including all types of workers and compensating disadvantages, cf lifelong learning
- ▶ A three - pronged strategy, the example of protecting the self-employed: a universal status and floor (Supiot), "requalification" (Uber in California), and unions, quasi-unions etc.
- ▶ LM intermediaries (Temporary work agencies; employers' groups...) New actors? What about rent-seeker intermediaries?
- ▶ Managing slow growth, innovation and social inclusion and the new (green) production regime: the role of lifelong learning, "activating" *and* "de-activating" policies, cf. job rotation schemes, parental or training leaves
- ▶ Combining "voice" and "exit", example of restructuring
- ▶ An increasing role for local - territorial social dialogue?

Slow ideas in an accelerating world ?

- ▶ Capabilities and TLM are 25 years old ideas, and their merging should be still consolidated and enlarged, cf. the "commons", property rights, and the criticism of growth
- ▶ The main paradigms in labour economics date back to the nineties - end of an era? Dispersed emerging ideas
- ▶ The world is now quickly changing, even if the changes are not always as univocal as some say. Slow responses to accelerating challenges?
- ▶ Quick-fix solutions will not do the job; risks of authoritarian "solutions"
- ▶ Carefully prepared social dialogue is a factor of reactivity and initiative.

Thank you for your attention

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Annex: The international diversity of social dialogue in a nutshell



Social dialogue: four components, combined in three basic versions

Weak and restrictive version : (a + b) Weak and extended version : (a + b + c + d)	Strong version : (A + B + C + D)
a. Information	A. Concertation
b. Decentralised negotiation	B. Centralised negotiation
c. Participation in the management of social protection institutions	C. Responsibility of the management of social protection institution
d. Marginal codetermination	D. Extended codetermination

The road taken: national specificities... and "functional equivalents"

- ▶ a + b: typical of Anglo-saxon practices
- ▶ a + b + c + d: typical of Mediterranean countries
- ▶ A + B + C + D: typical of Continental and Nordic countries
- ▶ Persisting diversity of Industrial Relations, even in a context of union erosion
- ▶ More or less "functional equivalents": highly centralized or highly decentralized negotiations may yield equivalents results... and coordinated decentralization emerges as an intermediate solution
- ▶ Control over restructuring: discrimination, severance pay or negotiated retraining and placement