

Reconciling security with flexibility: a few questions¹

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Summary

E A significant part of the recent literature dedicated to welfare state analysis has focused on the direction of future reforms of the welfare state. In particular, numerous authors have focused on how to reconcile flexible employment patterns with some form of security for the individual. In this regard, the transitional labour market (TLM) approach of Günther Schmid, as well as proposals put forward in the Supiot report, have attracted significant attention. The aim of this article is to introduce a few elements into the current debate on these proposals. The authors examine the potential, as well as the possible shortcomings, of the two above-mentioned approaches. They stress the need for additional clarifications regarding the possible policy proposals these approaches might result in, especially from the point of view of security for persons subjected to the possible resulting labour practices and social security provisions. The article then proposes a framework that could be used to evaluate such policy implementations while taking into account, in a longitudinal perspective, the multidimensional character of security on the labour market. Finally, based on Amartya Sen's theoretical framework (the capability approach), the article discusses the need for further research on the normative assumptions underlying welfare state reforms.



Sommaire

F Une part non négligeable de la littérature récente dédiée à l'analyse des Etats-providence se consacre à l'examen des pistes possibles pour de futures réformes. En particulier, bon nombre d'entre elles mettent l'accent sur les moyens de concilier flexibilité des formes d'emploi, et sécurité pour les individus. C'est le cas notamment de l'approche dites des marchés de l'emploi transitionnels de Günther Schmid, ainsi que de certaines propositions contenues dans le rapport Supiot. Cet article a pour objet de proposer quelques éléments de discussion en regard de ces propositions. Il souligne tout d'abord la nécessité d'éclaircir certaines des notions mises en avant dans ces approches, en particulier du point de vue de la sécurité des individus qui pourraient être concernés par de futures politiques du marché de l'emploi et de la protection sociale qui s'en inspireraient. Il propose ensuite un canevas qui pourrait être utilisé pour évaluer de telles politiques tout en tenant compte du caractère multidimensionnel de la notion de sécurité sur le marché de l'emploi, dans une perspective longitudinale. Enfin, à l'aide d'une illustration fournie par des travaux récents sur le concept de capacité d'Amartya Sen, il met en avant la nécessité d'une réflexion renouvelée sur les fondements normatifs des réformes des Etats-providence

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1 This paper is based upon the following research report: Vielle, P. (ed.) and P. Walthéry (2002) *Flexibility and Social Protection: The Ways to Reconcile Flexible Employment Patterns over the Active Life Cycle with Security for the Individuals*. European literature review. Ref. 01/0227/1, Dublin: European Foundation for the Improvement of Living and Working Conditions. The authors would like to thank Florence Degavre for her useful comments.



Zusammenfassung

Ein beträchtlicher Teil der neueren Literatur zur Analyse von Sozialstaaten konzentriert sich auf die Ausrichtung zukünftiger Reformen des Sozialstaates. Insbesondere haben sich zahlreiche Autoren mit der Frage beschäftigt, wie flexible Beschäftigungsverhältnisse mit einer Absicherung der betroffenen Individuen verbunden werden können. In diesem Zusammenhang haben der Ansatz der „Übergangsarbeitsmärkte“ (TLM) von Günther Schmid sowie die Vorschläge des so genannten Supiot-Berichts besondere Aufmerksamkeit erfahren. Das Anliegen des vorliegenden Artikels ist es, einige Überlegungen zur aktuellen Debatte dieser Ansätze beizusteuern und zu diskutieren. Die Autoren untersuchen das Potenzial, aber auch mögliche Probleme der beiden genannten Konzepte. Sie betonen die Notwendigkeit, die aus den Konzepten ableitbaren politischen Vorschläge genauer zu beleuchten, und zwar insbesondere aus der Perspektive der Individuen, die durch die resultierenden arbeitsmarkt- und sozialpolitischen Reformen betroffen wären. Daran anschließend wird im vorliegenden Artikel ein Rahmen entwickelt, der zur Evaluation politischer Implementationsmaßnahmen verwendet werden könnte. Dabei wird, in einer Längsschnittperspektive, der multidimensionale Charakter von „Sicherheit“ auf dem Arbeitsmarkt berücksichtigt. Gestützt auf den theoretischen Ansatz der „Befähigung“ von Amartya Sen diskutiert der Artikel abschließend die Notwendigkeit, die den Sozialstaatsreformen zugrunde liegenden normativen Grundlagen genauer zu analysieren.



Introduction

The purpose of this article is to consider proposals currently being put forward as possible alternatives to reconcile flexibility² in the labour market and employment trajectories across the life cycle, with adequate levels of security for individuals. To the extent that a vast amount of well-documented literature already deals with these issues (at European or national level), we would like to address them from a more specific and seldom discussed standpoint, that is, the possible shortcomings of the normative assumptions underlying welfare states.

So far, as highlighted by Esping-Andersen (1986) and numerous others, a consensus seems to have emerged throughout Europe on the need to reform the ‘old’ welfare state models. There would seem to be agreement that the various dimensions of the problem include: coping with changes in the demographic structure of populations by, for instance, increasing the overall employment rate; the perceived necessity to adapt to ‘structural’ changes in the economy; persisting mass unemployment in some countries; individualisation of labour market trajectories; the central role of vocational training, and the need to take into account women’s needs on the labour market. The overall goal

2 As different authors have pointed out, the concept of flexibility covers a wide range of heterogeneous situations (Boyer 1986; de Nanteuil 2000; Keller and Seifert 2003). In this paper we will only refer to those types of flexibility that are most directly linked to the financial security of individuals: fixed-term contracts, temporary agency work, part-time work (i.e. that directly affect the income of workers or their temporal horizon).

is thus threefold: to enable European economies to adapt to the new challenges that they face; to preserve the sustainability of social protection schemes; and at the same time to keep alive the decommodifying founding principles of the welfare state.

More specifically, researchers and policy-makers are trying to set a new agenda that focuses on possible new trade-offs between atypical employment patterns (part-time work, temporary work, fixed-terms contracts, etc.) and fair access to some form of security through the adaptation of social protection systems. At the research level, examples of such proposals are the transitional labour market (TLM) approach (Schmid 1998), or the notion of 'professional status' (Supiot 1999). At the policy level, new directions have been adopted. These include 'activation' and individualisation of social protection policies, especially as regards unemployment benefits and guidance for job-seekers (in some case workfare provisions). Pension reforms are putting more stress on the role of second and third pillar pension schemes. So-called 'flexicurity' laws have been implemented in the Netherlands and are seen as possibly paving the way for future reforms (Wilthagen 1998, and in this issue). At the same time, more legal provisions or collective agreements are now providing for flexible arrangements, such as parental leaves and training schemes. A larger proportion of atypical jobs deviating from traditional legal regulations or sectoral collective agreements – among others through the 'opening clauses' as they are called for instance in Germany – are increasingly being allowed.

In the following sections, we will try to show that these reform proposals, however useful they may prove in the future, nevertheless raise substantial questions. We will summarise these by considering two levels of discussion. First, we will carry out what could be labelled as an 'intermediate-level' discussion. In other words, accepting the explicit purposes to which such approaches are oriented, we will review, from the point of view of reconciling flexibility and security, some issues that would require additional clarification. Based on these, we will propose a synthetic framework in order to assess future reform proposals.

Secondly, at a more theoretical level, we will present a normative approach based on Amartya Sen's theoretical framework (i.e. the capability approach) (Sen 1992). Although requiring further elaboration, this approach at least highlights what may appear as a common feature of most of these research and reform proposals. Indeed, very few among them seem explicitly to try to discuss the issue of the actual *purposes and ends* of such flexibility/security trade-offs, as if the conceptual tools used to analyse and measure the outcome of existing or planned institutions/legal provisions on the labour market were independent of any normative assumptions.

These kinds of considerations might seem somewhat far reaching to those policy-makers and researchers more concerned with immediate, quantifiable policy instruments and measures. It seems indeed that most debates on the reform of the welfare state are overwhelmed by technical issues (which are, of course, crucial), that is, on *means*, without explicitly and systematically considering the *ends* they are supposed to achieve (Salais 2004). On the other hand, a basic assumption in social sciences is precisely that

instruments and concepts are not independent of the realities they are supposed to observe. At least, they contribute to the creation of realities that are then taken for granted. For our part, we think a discussion of this issue is necessary at a time when additional stress is being put on the various European welfare states. While there is of course no simple answer to the above questions, this does not mean there is no need for discussion.

This paper will be organised in three sections.

In the first section, we will present two complementary approaches which aim to reconcile security and flexibility in the context of the European welfare state: the transitional labour market (TLM) approach, and the notion of ‘professional status’.

In the second section, we will address ‘internal’ questions related to the possible shortcomings of these approaches, that is, without questioning the normative background upon which they rely.

In the third section, we will consider welfare state reforms in a normative perspective, based on the theoretical framework laid down by Amartya Sen, keeping in mind the issue of reconciling atypical labour market trajectories and security for workers.

Towards a blurring of traditional labour market categories: the ‘transitional labour market’ and ‘professional status’ approaches

As outlined in the introduction, reform of European welfare states is deemed necessary by virtue of various factors and changes, even if the challenges and stakes might differ significantly from country to country, and from one welfare model to another. Among the numerous research agendas dealing with the ways to reconcile flexible employment patterns³ with more adequate forms of security for workers, two complementary proposals have gained most of the attention in the academic debate in the past five years. In this section, we review their main characteristics.

Transitional labour markets

According to the authors who devised it, Günther Schmid (Schmid 1998, 2001; Schmid and Gazier 2002), the transitional labour market (TLM) approach is not necessarily to be seen as a revolution intended to transform current employment regulations and social protection mechanisms. It has rather to be understood as a concept and guide for

3 By ‘flexible employment patterns’, we refer to the employment statuses as they are embedded in labour contracts and directly affect the financial/temporal security of workers (fixed-term contracts, part-time, temporary agency work).

the analysis, management and coordination of existing and future labour market policies. Some national policies (for instance parental leave in Denmark or the 'Flexibiliteit en Zekerheid' labour market reform in the Netherlands) may in fact be considered close to the underlying principles of TLMs (Wilthagen 1998; Wilthagen and Rogowski 2002).

Transitional labour markets are based on the following assumptions.

1. The purpose of TLMs is to meet a full employment objective (calculated on the basis of an average of 30 hours per week throughout the working lives of individuals, along with equal employment rates and working hours between men and women) by introducing a set of tools to encourage risk-taking by workers, while simultaneously providing them with the prospect of relative economic security.
2. A starting assumption is that the era of fixed professional statuses and long-term job tenures is over; policies and researchers should rather focus on *transitions* between different employment situations. According to the authors, the most significant such transitions during a professional life cycle are the following: transition between initial education/professional training and employment, between part-time and full-time employment or between salaried employment and self-employment, as well as the transition between reproduction and care activities, and paid employment, between non-employment and employment, between disability and employment, and between employment and retirement.
3. In this context, the aim of social protection and labour market policies would be to facilitate these transitions and career paths, avoiding the confinement of individuals to precarious employment (career paths leading to exclusion) while promoting upward mobility or maintaining a situation that is satisfactory for the worker.
4. The main tool underlying the TLM would be the creation of new 'buffer institutions' (arising from new regulatory bodies, or better synergy between existing players and policies) between employment and non-employment, by means of institutional devices that would permit the individual a certain degree of financial security and retraining in new skills, while leaving room for care activities and socially useful work.
5. Given the growing heterogeneity of qualifications and individual preferences, as well as needs of companies, this also implies from the outset local level partnerships (at the sectoral or regional level) between policy-makers, companies, trade unions, educational institutions and service (i.e. care services) providers, aimed at ensuring a better match between needs and demands on the labour market. Depending on the circumstances, these partnerships would consist of the authorities, companies, trade unions and voluntary structures (non-governmental associations).

6. A key element of the TLM is the general implementation of labour market activation policies (understood as an individualisation of services provided not only to job-seekers, but also to individuals active on the labour market) with a view to providing better information and easing the access to the labour market (for instance, employment and training opportunities in order to promote mobility).

From an economic point of view, TLMs would thus require labour market regulatory bodies that would have the objective of assimilating the external effects of flexible employment, while attempting to reduce the transaction costs for workers.

In order not to make this portrayal oversimplistic, two additional remarks are necessary:

1. As may be apparent from the outset, the TLM approach is far from a ‘ready-made’ package of measures. It may rather be seen as an alternative way of designing labour market policies. Therefore, those trying to apply this conceptualisation to actual national or regional realities have to take on board path dependency in institutional configurations, and the actual balances of power between players on the labour market, as well as characteristics of the workforce. Different institutions may produce the same outcome in different countries, and, conversely, the same institutions in different countries may have different outcomes (Hall 1993).
2. The ‘local negotiated’ approach does not necessarily mean that the substantive rights guaranteed to workers by law are being questioned. New rights could be devised arising from citizenship in the context of TLMs (Wilthagen and Rogowski 2002).

‘Professional status’ and ‘social drawing rights’

The other proposals can be found in a small section of the book edited by Alain Supiot: *Au-delà de l'emploi (Beyond Employment)* (Supiot 1999). Rather than an alternative to TLMs, this proposal could be more adequately described as a complementary, legal version of labour market and social protection systems, deriving from analogous assumptions.

The starting point of this work is the observation of the growing complexity of labour law, mainly due to attempts to regulate the ever-increasing diversity of employment status and contracts, and of the risk for a large number of people of a gradual decoupling of labour market participation from social rights. Thus, this proposal aims at giving back to social protection and labour regulations a coherent and unified framework. Unlike transitional markets though, this would involve the formulation of new legal concepts.

In this section we will put the emphasis on the two notions of ‘professional status’ and ‘social drawing rights’.

The proposed changes would first recognise a unique *professional status* rather than the existing multiple statuses on the labour market. This professional status, made up of several levels, would allow for a link to be established between traditional employment contracts and simple universal rights. Four levels/statuses would therefore be envisaged, which may be represented as four concentric circles⁴. Each layer would provide entitlement to specific social rights.

The broadest circle would grant access to universal rights, and would not be linked to any active presence on the labour market; healthcare and access to vocational training could be provided at this level. The second circle would embed rights based on non-professional work, for instance care provided to dependant persons and voluntary work. This could, for example, grant access to first pillar pension schemes. The third circle would consist of rights based on all types of work (salaried or not) for instance, health and social security provisions. The core circle would relate to rights more specifically linked to salaried work in proportion to the degree of subordination involved.

The second concept, that of *social drawing rights*, would consist of various entitlements accumulated by a worker in the course of his/her career. The use of those would not be linked to the presence of a risk, but rather would be left to the worker's decision. Similarly, and contrary to many existing national situations, the autonomy of these rights as regards employment contracts or specific employment situations would be considerably increased. This proposal is original in the appearance of social rights granted to 'work in general'.

In practice, social drawing rights would consist of a set of accumulated credits (time, training, parental leave, help with entering self-employment), looked at from the point of view of the entire professional life, and connected with the different professional statuses listed above. They would thus guarantee, according to the authors, tools capable of supporting and softening the different phases of professional life for everyone. This idea has a number of points in common with the concept of *activity contract* developed earlier in the Boissonnat report (Boissonnat (Rapporteur) 1995). According to Alain Supiot, this proposal would grant employees more freedom in terms of time (they would no longer be fully dependent on their employers' decisions) and would also pave the way to financing socially useful activities.

Security and flexibility: an intermediate level discussion

Whatever the extent of the reforms undertaken in the framework of these proposals, it is clear that the relationship (to varying degrees across European countries) between participation in the labour market on the one hand, and the corresponding social protection entitlements, on the other, would be affected. In this section, we discuss these approaches, while keeping the discussion within their normative framework. In other words, we will discuss the extent to which the means they propose would achieve the intended purposes.

4 The examples mentioned here are not explicitly provided by the authors.

These proposals seemingly share a number of (more or less) explicit assumptions on ‘what is to be achieved’. We could summarise these – albeit somewhat schematically – as follows.

1. The starting hypothesis is often that flexible employment patterns in line with an increase in the employment rate are considered to be necessary for the growth and competitiveness of European economies to ensure the sustainability of welfare states. In addition, this flexibilisation may be judged a positive trend in itself, insofar as it matches to some extent the individualisation of lifestyles and preferences.
2. Equality of opportunities is the main normative objective to be achieved/preserved. Although in most cases few in-depth developments seem to be dedicated to this notion in the literature, it may be understood as equal access to employment, or to educational opportunities. Lower quality jobs, although not a desired end, are sometimes seen as a lesser evil, to the extent that individuals will not remain stuck in such situations for too long. A particular stress is put on equality of opportunities between men and women
3. Security, understood both from a financial perspective (i.e. sufficient material means of existence) and a life-course perspective (i.e. opportunities for skills development), is also a desired aim. Although access to social protection is seen as a legitimate means of enjoying relative financial security for a limited period of time, in the event of interruptions in labour market participation such access has to be weighed against other considerations, such as improvements in employability. Therefore, for a limited period, a decrease in disposable income may be seen as a lesser evil to the extent that it allows for better employment opportunities at a later stage.
4. One of the main means proposed is a better interconnection between policies, and especially between labour market and social protection policies. Due to the very nature of flexibility, this collaboration involves a decentralisation of labour market-related decision-making processes (to company or local/geographical level), as well as more collaboration between hitherto distinct (or sometimes competing) agencies and organisations. Collective bargaining would be given a central role in such ‘negotiated flexibility’ (Ozaki 2000).

Most observers neither question the need for, nor the desirability of these assumptions. They also echo to some extent concepts such as *decent work* (ILO) and *quality of employment* (European Commission 2001) which, with different criteria, attempt to alleviate the most severe effects flexible employment might have on security for workers. However, it should be noted that the question of access to social protection is not necessarily included in the latter concepts.

A few questions

In the light of the above considerations, we now review the proposals summarised in the first section of this article. While some aspects of these approaches are unquestionably

attractive, they nevertheless raise many questions. These have been ordered according to two main dimensions: financial security and labour market trajectories.

From a financial security perspective

1. One of the aspects of TLMs and professional status/social drawing rights which requires clarification concerns the level and the suitability of replacement incomes both from an overall level, and according to the specific situations of male and female workers. It is clear from the start that for these approaches to attain their goal (i.e. favouring risk-taking and flexible strategies by workers) the level of the replacement income would have to be sufficient. From a gender perspective, this question arises in particular for periods during which family responsibilities are exercised. This must be tied to a clear and adequate definition of guaranteed rights on the one hand, and of rights acquired by participation in the labour market on the other. Indeed, compensation for these periods through social protection rather than by accumulating 'credits' through participation in the labour market appears to be a more suitable response to a number of situations (Vielle and Bonvin 2002).
2. In line with this, the question of the respective shares of universality and conditionality in social drawing rights (and criteria of access to social protection in the context of TLMs) should be clarified. A too narrow set of basic rights which would require considerable participation in the labour market (in terms of duration, working time and level of pay) in order to be eligible for more extensive rights (rights to leave, access to training, pension benefits), would simply reproduce the double standard applicable on the labour markets in some countries between insiders and outsiders. This is particularly true of traditional Bismarckian welfare states (continental/corporatist and Mediterranean). Another question is that of inequalities as regards needs and the targeting of certain rights which result from this, while avoiding the usual stigmatisation traps.
3. The exact nature of 'employment' and 'socially-useful activities' must be defined, including from a gender perspective. In particular, the aim is to see whether a 'professional status' would include care activities on the same footing as salaried employment (thus allowing care activities to accumulate drawing rights), or whether, on the contrary, these activities would only result from drawing rights previously accumulated.
4. At a more general level, another issue of possible relevance is the bias of such concepts of flexible life courses⁵ towards a 'part-time economy', such as increasingly seems to be the case in the Netherlands (where observers point out that 1.5 full-time job per household/couple is increasingly becoming the norm (Visser 2002)). Even if we assume an equal distribution of part-time jobs among women and men (already a far-fetched assumption), a potential consequence would be to

5 Especially, as explicitly stated in the TLM proposal 'full-time employment on the basis of 30 hours per week'.

put a stress on the *disposable income* of single-person households. In other words, the risk is to substitute for the male breadwinner model (a bias of numerous existing welfare arrangements whose existence is also invoked to advocate the need for reforms), a 'highly qualified and flexible couple model', that would exclude those individuals not engaged in long-term relationships – also a consequence of the individualisation of lifestyles.

From a labour market trajectory perspective

1. An approach based on 'drawing rights' combined with increased flexibility on the labour market does not clarify differences between 'chosen flexibility' and compulsory flexibility. In the case of women, who have a greater tendency to occupy flexible jobs such as part-time work, or younger, underqualified workers in the case of temporary work, there is a risk of seeing the gap widening between the people obliged to use up their drawing rights and those who can go on accumulating them. There is therefore a risk of inducing a precariousness among some categories of workers, in terms of opportunities to enhance career prospects (for instance by not being allowed time off for training, due to a lack of accumulated drawing rights).
2. A general introduction of TLMs, social drawing rights and the associated extension of flexibility on the labour market could generate an insecurity resulting from an absence of a clear timeframe (from a chronobiological perspective), and the need for workers permanently to be retrained (without necessarily having the guaranteed prospect of an improvement in working or employment conditions) which might in turn lead to burn-out problems (Madsen 2002). Not to mention the fact that it is fairly unlikely that all or even a significant majority of individuals would enjoy the ability to set up their own clearly determined professional career plans which they could then validate on a labour market that would offer all the corresponding opportunities.
3. Because research findings are lacking in this field, some caution is needed in anticipating the effects of vocational training on labour market outcomes. In any case such effects are not mechanical. Other factors play significant roles. For instance, the initial education of an individual will determine in turn the range of actual training opportunities he/she will have access to, not to mention other already well-known factors, such the actual availability of such 'upgraded' job opportunities, especially in those industries where low qualifications are the norm.

Two additional issues, although not directly linked to the above dimensions, may also be raised.

1. These approaches put a significant emphasis on the individualisation of preferences by male and female workers, by taking certain professions (especially freelance programmers, academics) as examples (Marsden 2001) for possible future employment patterns. It must be asked whether this does not produce an 'elitist bias' whose effect would be to apply blindly lifestyle, working and skills patterns

specific to those highly qualified segments of the active populations to all employees, while fulfilment of these patterns would require a high level of economic, social and cultural resources.

2. The procedural aspect of TLMs and social drawing rights, ultimately negotiated in the context of decentralised partnerships, raises the question of inequalities in negotiating power, either because trade unions are not evenly represented or widespread across sectors/regions in Europe, as is the representation of employers' interests, or the fact (which can already be observed) that industrial relations actors do not necessarily take account of the interests of male and female workers in the most marginal situations.

Reconciling flexibility and security: so simple a prospect?

Based upon the above discussion, we could try to establish a framework which would allow for a more precise definition in the future of the concept of security for workers⁶. There are three main dimensions.

- One dimension of security may be linked to the concept of *decommodification*. This has been described as one of the main functions of the welfare state (Esping-Andersen 1990 (1999)): decommodification is the extent to which individuals are offered alternative means of subsistence enabling them to avoid simple survival strategies. The extent of such decommodification varies not only according to welfare state traditions, but is already, and may be even more so in the near future, affected by new policies, such as active labour market or workfare provisions⁷. This dimension is collective since it involves wealth redistribution which alone can allow differences in conditions to be reduced (but not, however, eliminated).
- Another dimension concerns, in a complementary way, *employability*, which could be defined as the *ability of a worker to find employment at a given time in a given labour market segment*. This concept of employability has gained an increasing importance in recent policy proposals such as the Employment Guidelines promoted by the European Commission (2000). Although one may consider this dimension as merely individual, in line with human capital theories (Becker 1993), it is nonetheless important to understand that it is only partly so. It depends, of course, on the personal strategies implemented by workers, but also on skills acquired in and outside employment, and hence on vocational training policies pursued by companies and by governments. It is also linked to other factors such as social capital and resources (Bourdieu

6 Again, we stress that insofar as the concept of flexibility is evoked in this paper, it refers first and foremost to atypical employment patterns directly affecting the financial security of workers (i.e. the various temporary types of employment).

7 Which, could – *ex definitio* – *recommodify* some areas of the welfare state, for instance in the case of entitlement to benefits linked to compulsory acceptance of certain jobs or activities.

1980; Granovetter 1974, 1995; Korpi 2001)⁸. Finally, it is closely connected to human resource management policies pursued by companies, industries, and, more generally, to the availability of suitable jobs⁹.

- Decommodification and employability have to be seen in the light of a third, cross-cutting dimension: that of the *temporal nature of security*. In terms of *decommodification*, security can be guaranteed in the short term, for instance by granting replacement income in the event of the occurrence of a cyclical risk (such as the loss of a job, or to compensate for training periods) or in the long term in the context of the life cycle (in the event of the occurrence of a structural risk such as old age or disability). Similarly, with regard to *employability*, security may be understood as the ability to find a job in the *short term* (which may be underpinned by public job-creation and re-employment policies or by the acceptance by workers of lower quality jobs). In the *long term*, however, it involves the need not only to develop the worker's abilities, (i.e. the possibility of gaining access in one way or another to training courses, skills-enhancing jobs), but also actually to offer suitable jobs.

	Short term	Long term
Collective dimension: decommodification	Temporary income to protect people from the [higher] risks of precarious situations E.g.: unemployment benefits	Continuation of income in the case of structural or long-term events. E.g.: retirement pensions or disability benefit only marginally linked to past labour market records
Individual/collective dimension: employability	Re-employment, secondary status, fixed-term jobs, integration schemes in companies	Development of personal projects that are not necessarily immediately profitable in the short term on the labour market, skills development

It is therefore apparent that the compromises between flexibility and security cannot be summarised in a simple equation. In particular, the *temporal dimension of security* is important and often neglected. It would be a short-sighted perspective to consider that the aim of any trade-off is simply for a worker to find or to keep any job, or to receive replacement income for a limited period of time. A worker's timeframe, whether short- or long-term, constitutes his or her personal framework, enabling him or her to consider a 'real career' and also the possibility of a family, social and personal plans.

⁸ Many studies indeed stress the significant role played by informal strategies and networks in the job-finding process.

⁹ Especially through, as pointed out by some authors (Boyer 1986; Keller and Seifert 2003), the use of external flexibility strategies, in contrast with internal mobility policies.

It is doubtful whether responses to certain forms of flexibility (such as on-call work), that are exclusively devised in terms of – relative – economic security, would ever appear sufficient and adequate to compensate for the destructuring of the biological family and the associated social time. Moreover, several authors (Castel 1995; Klammer 2001; Schmid 1998) have suggested that it is precisely the expected prospect of a long-term, relatively stable timeframe that can enable an individual to develop strategies for the future, including risk-taking in the labour market, and active collaboration with (internal) flexibility strategies developed by employers. Thus, simply adapting social protection to new employment or life patterns, although an important aspect, would not necessarily prove in itself sufficient.

(Normatively) refounding the welfare state? A few reflections

A ‘soft consensus’ seems thus to have emerged in the field of European policy-making on the need to find a pragmatic compromise between the above-mentioned constraints. However, the lines of such compromises are seldom discussed by themselves. As observed earlier, there seems to be a scarcity of explanations for the prescriptive foundations of the welfare state, in particular for the reform proposals. While reference is made, depending on the case, to an increase in employment rates, equal labour market participation by men and women, activation of employment policies and a better adaptation of social protection systems to the economic needs of employers and preferences of employees, the basic question ‘What are the purposes of a welfare state?’ is seldom considered as such.

For example, even if there seems to be widespread agreement that ‘equality of opportunities’ might constitute an acceptable common ground for future policy designs, this notion has been very little discussed in detail, especially as regards its actual incarnations and practical outcomes. Does it mean that the security/flexibility trade-off will have to focus on providing individuals with jobs at all costs, assuming that even poorer quality jobs are better than unemployment? Does it mean on the contrary that there should be some guarantees on the quality of such jobs that have to be taken on board? If so, which ones? Furthermore, what is to be considered an acceptable definition of ‘security’ for individuals on the labour market? As we can see, many questions arise as soon we accept to open – even momentarily – the cover that usually remains closed under more technical approaches. Without such initial discussion, the legitimacy of objectives such as raising the employment rate or the activity rate¹⁰ as political priorities may be questioned and possible alternatives considered. We therefore now outline an example of such a normative approach which, although still work in progress in the particular field of European welfare state reforms, seems to be gaining increased attention among researchers.

10 This objective, presented by many including the European Commission, is often seen as mechanically inducing social integration through work.

Amartya Sen's approach is based on the concept of *capabilities* (Sen 1992, 1995). In this view, justice and equality are defined in terms of *effective liberties* (capabilities) which individuals should possess in order to perform *functionings*. A given functioning is described as one element, which is part of a good, fulfilled life (for instance to be in good health or to have an income that permits a fulfilling social life). Some basic functionings are essential to any human being (such as food, access to healthcare and education), others may vary according to the cultural/social context, or individual preferences.

Sen considers that the various possible functionings for individuals should be regarded as so many 'baskets of goods' from which they should be able to choose. The well-being and security of individuals are therefore measured by the extent of the actual freedom they enjoy to choose between different opportunities or functionings. Correlatively, social justice and equality can thus be measured in terms of these actual and effective freedoms to access those functionings.

The major difference compared with other approaches (inspiring numerous policies) that look at equality from the standpoint of the redistribution of (or access to) resources (such as equality of opportunities) is that Sen considers the diversity of individual situations, in particular as regards *their ability to convert the resources they possess into functionings* (a disabled person will need more resources than the able-bodied to achieve an equal result, for instance to move from one point to another). Given equal resources, when faced with the same contingencies people do not have the same ability to overcome them. This allows for a re-examination of the traditional choice between work and income, a starting point that is widely used by neoclassical economists (Salais 2004). It has to be added that these inequalities in capabilities (or in 'converting abilities') are not necessarily to be seen as resulting from individual characteristics, but also from social factors (such as, for instance, the ability to access higher education).

Another crucial dimension of Sen's work is the concept of the *informational basis of ethical choice (or judgement)*, in other words the amount of information that is taken into account when the degree of social justice of a given situation is evaluated (for instance in the course of the policy-making process). The elements generally excluded from this information basis of ethical choice cover '*personal heterogeneities, environmental diversities, variations in social climate, differences in relational perspectives, distribution within the family*' (Sen 1999: 70-71). In other words, any judgement on equality implies a prior choice on what is relevant for equality between individuals. For instance, reductionist utilitarian approaches in practice do not in most cases deal with anything other than the aggregated incomes of individuals, considered as proxies of the satisfaction they draw from them without taking into account the effective freedoms they enjoy to convert these into actual functionings. This approach also differs from the Rawlsian concepts of justice based on an equal distribution of primary goods (initial capital) which do not take account of the inequality of real capacity to translate them into effective functionings (Sen 1992).

This approach could offer new perspectives for the analysis of the relations between flexibility and security. By adopting an approach based on capabilities, public policies might change their scope to a vision more oriented towards individual fulfilment. The

purpose of a welfare state would thus not necessarily be per se to guarantee uniform equivalent income (or even jobs at any price) to individuals at each moment of their lives, but rather to maximise at any time their freedom of choice between several fulfilment possibilities – different opportunities. In return, this broader horizon for fulfilment possibilities must be regarded as a condition of possibility and an added factor of flexibility (Castel and Haroche 2001; Supiot 1999).

This approach also gives some ground to criticisms of the traditional welfare state. A vision of security based exclusively on granting a ‘decommodifying’ allowance does not take into account personal inequalities in converting this allowance into functionings (for instance, all recipients of the minimum income do not have the same ability to use it to improve their condition). In this respect, certain aspects of new active labour market policies can be seen as more helpful in developing their capabilities because they could provide more tailored opportunities to workers, for instance in training (Lødemel and Trickey 2000; Vielle and Bonvin 2002). However, maintaining freedom of choice remains a key issue, particularly in activation policies: once a constraint is introduced, the capabilities of individuals are reduced, and hence their security of existence. From this point of view, in the context of an approach in terms of capability, reforms based on *workfare* or *learnfare* involving a constraint are more difficult to justify.

Another consequence is that the focus of public policies should shift from a purely quantitative vision of labour market and social protection policies (for instance measured in terms of mechanical employment rates or replacement rates), or from the concept of human capital, to a more qualitative vision of the individual. It goes without saying that the emphasis on capabilities does not justify that a policy developing only one aspect of them (for instance, specialised professional training) could abandon income security. Income security remains justified since it permits the accomplishment of the necessary basic functionings for a fulfilled individual life, and is also necessary for the gradual development by a person of his or her individual capabilities.

Two sets of clarifications are needed in the context of Sen’s work, especially in the perspective of future policy-making; these are being worked on by researchers:

- First, there is a trend questioning the basic *capabilities and functionings* that must be assured by welfare states and labour market policies. Given the emphasis on individual features in Sen’s work, some researchers question whether there could be a list of universal capabilities which could be considered as fundamental rights. With respect to social protection policies, the debate should be continued in this direction, identifying all the functionings that would then constitute the objectives to be fulfilled by welfare states, mindful of individual diversity, and in particular, differences between men and women.
- Secondly, there is a risk that policy proposals based on capabilities could adopt individualist terms. However, effectively achieving full social and/or professional participation, which one could consider as a basic capability,

would require *combined capabilities* (Nussbaum 2000). This means the development not only of individual capabilities, but also of collective/institutional capabilities that can make the former possible. To put it differently, internal capabilities (linked to the individuals) are to be considered separately from institutional capabilities, which can enable individuals to convert their internal capabilities into effective functionings. For instance, a job-seeker with access to social security benefits is faced with an important set of institutional constraints, in particular in the context of the intensification of activation policies (need to comply with many formalities, possibility of sanctions, limits to the activities that he or she can undertake, possible quotas imposed on the official responsible for supervising his or her placement, contractualisation of conditions for granting benefits, etc.). These institutional constraints limit the job-seeker's capabilities, notably from the point of view of expressing his or her individual preferences. Hence social protection systems or employment policies devised solely in terms of individual incentives may limit job-seekers' current capabilities and their future development. It is therefore necessary not to limit social policy aims solely to the development of internal capabilities, but to include institutional capabilities which could provide the environment that facilitates their effective application. Maintaining and strengthening workers' collective capacity for negotiation and deliberation (in particular that of flexible workers) in the area of labour law and social security would appear to be a decisive element in *combined capabilities*.

As can be seen from this limited presentation, the idea of capabilities has at least the merit of initiating a necessary discussion on the founding principles and purposes of the present missions of welfare states as well as possible reform proposals. However, as this theoretical framework was initially devised in the context of development policies, its practical nature should be examined further. When applied to the analysis of social protection in northern European countries, it may produce some ambiguities, given its general nature (Standing 2002). Another shortcoming of the capability perspective is that so far, at least in the European context, it does not provide any explanation of the structural factors underpinning inequalities among individuals. In-depth research into the field of capabilities is currently being conducted by several teams who are endeavouring to implement it in a more objective way in public policy evaluation instruments (Kazepov 2002; Lewis 2002; Salais 2004; Standing 2002).

Conclusion

The aim of this paper has been to introduce a few elements into the current debate on welfare state reform, from the point of view of reconciling atypical trajectories on the labour market with some form of security for workers. While we do not question the need for reforms, nor the importance of recent proposals such as that of transitional labour markets, we find it important to be aware of the possible shortcomings or misinterpretations they might lead to. Especially as far as security is concerned, one should remain attentive to a possible continuation (or even worsening) of existing problems

such as the lack of financial security for atypical workers, or a possible dualisation between highly trained and flexible workers, fully benefiting from the flexible provisions that are currently being proposed, and the overprecarious segments of the workforce, particularly women, who could not access such opportunities. In this field as in many other, the devil seems to lie in the detail, that is, in the actual policy provisions that will be derived from those proposals. In this context, we have put a particular stress on the importance of the temporal dimension of security (that is, the ability for individuals to undertake long-term projects), which, as pointed out by several authors (see also Klammer, in this issue), seems to be an important precondition of the success of any flexibilisation policy. At another level, we have stressed that an important cause of concern should be the scarcity in the current academic debate of normative reflections on the actual purposes of flexibility/security compromises and welfare state reforms. While at this stage Amartya Sen's capability approach does not provide any definitive answer on the topic, we suggest that it could set a precedent for a much-needed discussion on the directions reforms of the welfare state should adopt. In the context of the continued development by the European Commission of the open method of coordination, especially in the field of labour market policies, a real discussion on the actual meaning and purpose of the quantitative indicators being promoted would prove of undoubted value.

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