

Forum: Economic and Social Council (ECOSOC)

Issue: Introducing Flexicurity as a means to protect the employer's and employees' rights

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INTRODUCTION

A lot of European countries continue to face chronic unemployment and slow growth. Meanwhile, non-European nations all over the globe enjoy the advantages and opportunities of globalization and are growing like never before. Scandinavian countries remarkably outperform mainland Europe regarding unemployment rates. The rest of Europe is considering fighting against unemployment with the recipes of the Danish flexicurity model. At first sight, Denmark does indeed combine high participation with decent social protection and a flexible labor market and doesn't seem to be having a hard time with maintaining its performance through the years.



Workers protest about working conditions and job stability in the early 1900s, USA

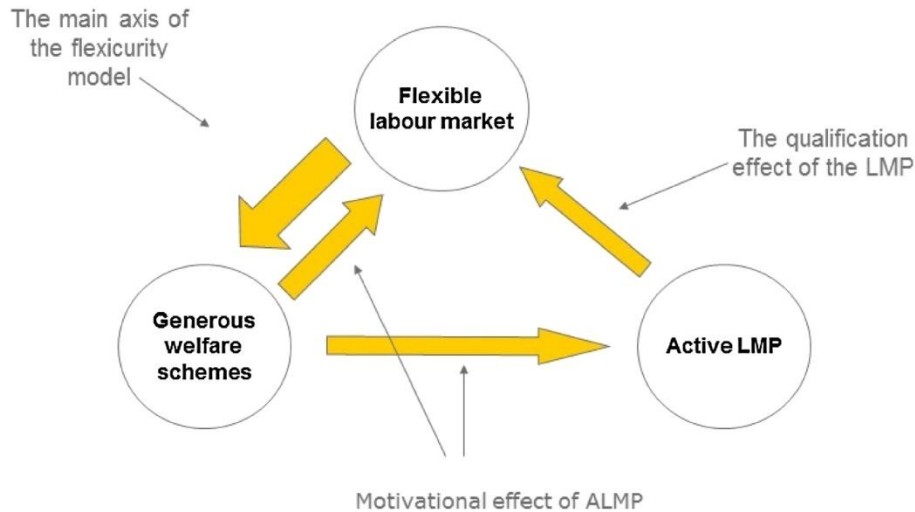
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Kessler-Harris, Alice. "Labor Movement in the United States." *Jewish Women's Archive*, www.jwa.org/encyclopedia/article/labor-movement-in-united-states

As we all know, the labor market has always been in conflict with the employees' security. On the one hand businesses wanted to be flexible regarding hiring and firing employees and would usually cost a lot of people their jobs as well as increase unemployment rates in the nation in which it occurred, as well as, consequentially, the world. On the contrary, there have been protests by employees and the working class regarding a substantial security that should be part of everyone's employment, to prevent the aforementioned severing instability that had effects both on the business and on society. This conflict went on for centuries upon centuries with almost no fruitful results. There has seemingly been no way to balance the two out and almost everyone has accepted that.

The term "Flexicurity" describes a welfare state model with a pro-active labor market policy. It was first coined by the socio-democratic Prime Minister of Denmark Poul Nyrup Rasmussen in the 1990s. The Danish prototype model is the first concept that effectively tackles the unstable and unbalanced relationship of businesses and employees.

Nations all over the globe have realized the model's potential in boosting regional, national and global economy and have tried to implement its application numerous times. It is certain that the model would help the economy if used correctly, but seeing as it opens up a whole new world on how international socio-economic affairs work and will definitely change the status quo, its application carries risks. It isn't something that can be applied easily; it needs preparation, dedication and international efforts. The topic has been brought upon the UN a few times in the past, and it is believed that the UN has made tremendous progress on how exactly it can be applied on such a scale. The model, however, remains on the shelf, as there are still many unclear points and issues in its use. Understandably, the UN could play a definitive role in resolving them and giving the world a chance to experience a revolution in the economic sector.



A visual presentation of how the model works

DEFINITION OF KEY-TERMS

Flexibility

Concerning the matter at hand, the term *flexibility* effectively encompasses two different models: on the one hand “numerical flexibility”, which refers to the idea of hire and fire contracts, where employees are fired more easily, as well as “functional flexibility”, closely linked to the concept of “knowledge society” or “lifelong learning” (LLL), whereby the European workforce is being prepared for a changing working life, where only a multitude of skills (polyvalence) will ensure employment.³

Security

In this specific topic security refers to “employee security”. Employees really want to have substantial safety regarding their stability when employed. They have shown time and time again that they need to know whether or not they are safe in a workplace and can work there freely, without being scared of losing their jobs unexpectedly. The system of flexicurity takes care of this issue as well, which is rather hard, seeing as it has never been fully tackled before in the past.

“Knowledge Society”

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Bekker, Sonja, and Mikkel Mailand. “The European Flexicurity Concept and the Dutch and Danish Flexicurity Models: How Have They Managed the Great Recession?” Wiley Online Library, John Wiley & Sons, Ltd, 11 Sept. 2018, www.onlinelibrary.wiley.com/doi/full/10.1111/spol.12441.

³ Crouch, 1999

The term knowledge society refers to a society in which the creation, dissemination, and utilization of information and knowledge has become the most important factor of production. In such a society, knowledge assets (also called intellectual capital) are the most powerful producer of wealth, sidelining the importance of land, the volume of labor, and physical or financial capital. As mentioned before, this concept is closely tied to functional flexibility.

Lifelong Learning (LLL)

Lifelong learning is the "ongoing, voluntary, and self-motivated" pursuit of knowledge for either personal or professional reasons. Therefore, it not only enhances social inclusion, active citizenship, and personal development, but also self-sustainability, as well as competitiveness and employability.⁴

Welfare Model

A social welfare model is a system of social welfare provision and its accompanying value system. It usually involves social policies that affect the welfare of a country's citizens within the framework of a market or mixed economy.⁵ Flexicurity is generally placed under this category.

Employment – Unemployment

Employment is generally defined as the state of having paid work⁶. The opposite of employment is unemployment and it is when a person who is capable of working and actively seeking a job in the labor market is unable to get one. Unemployment and employment rates are very important and usually greatly contribute to a nation's GDP. The system of Flexicurity has shown that it is able to decrease unemployment and increase employment significantly.

Labor Market

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"Lifelong Learning." *Wikipedia*, Wikimedia Foundation, 19 May 2020, www.en.wikipedia.org/wiki/Lifelong_learning

5

"Social Welfare Model." *Wikipedia*, Wikimedia Foundation, 23 Apr. 2018, www.en.wikipedia.org/wiki/Social_welfare_model

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"Employment: Definition of Employment by Lexico." Lexico Dictionaries | English, Lexico Dictionaries, www.lexico.com/en/definition/employment.

A labor market is the place where workers and employees interact with each other. In the labor market, employers compete to hire the best, and the workers compete for the best satisfying job. It basically functions with a demand and supply of labor.

Active Labor Market Policy (ALMP)

Active labor market policies (ALMPs) are government programs that intervene in the labor market to help the unemployed to find work. Active labor market policies are prominent in the economic policy of the Scandinavian countries, although over the 1990s they grew in popularity across Europe. Notable examples include the New Deal in the UK and many welfare-to-work programs in the US.⁷

BACKGROUND INFORMATION

History of Flexicurity

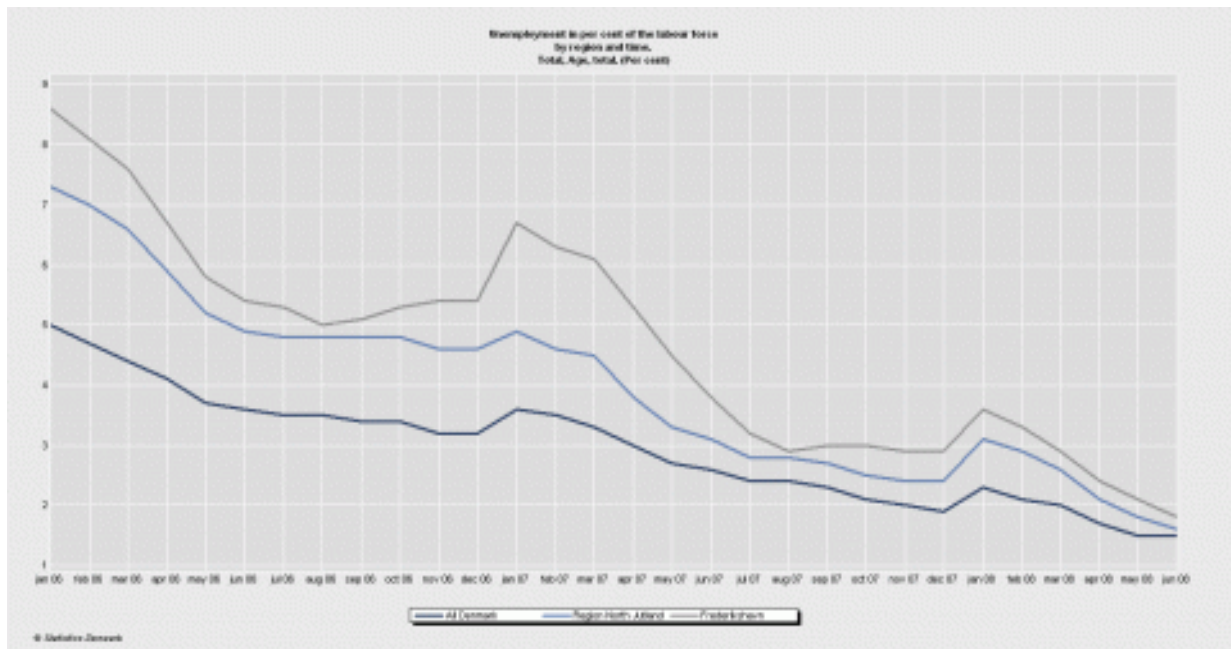
The system of Flexicurity has some history which made it into what it is today. Its history is still being written and so far has two main parts.

Denmark's approach

The Danish flexicurity model (which is also the original one), started forming around the 19th century. At the time there were negotiations held between employers and trade unions, which ended in 1899 with the September Compromise, which was a Constitution that ensured a profit and security-wise mutually beneficial state. The aforementioned Constitution became known as the Basic Agreement after its revision in 1960. During the 1990s, Danish policymakers turned up with a strategy in order to stop the very high unemployment rate at that time. In 1994, they created the first active labor market policy (ALMP). Although some believed that the natural unemployment rate had simply increased, the Danish government sought to improve the situation by implementing what came to be called the flexicurity model. For example, Denmark currently using the model has one of the highest taxation rates in the world. It can therefore be concluded that flexicurity favors the lower and middle economic classes.

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“Active Labour Market Policies.” *Wikipedia*, Wikimedia Foundation, 7 Nov. 2019, www.en.wikipedia.org/wiki/Active_labour_market_policies



(2006-2008) Unbelievable decrease of unemployment in Denmark

The nation of Denmark and its flexicurity model has been under several “investigations” and measurements by nations who are interested in applying the same model and are curious to see whether or not it works; and if it does, the way in which it does. The nation is a role model in the world of economics at this point, and seems to be putting no stop to its financial growth.

The European employment strategy

In the European Commission’s approach to flexicurity, the model is (or will be or is becoming the right tool to.....) about finding the right balance between flexible job arrangements and secure transitions between jobs, so that the number of jobs can be increased and the quality can be boosted. Usually, people view security and flexibility as two terms opposite to each other, two terms unable to function with one another. The European Commission’s system tends to differ: they believe and present them to be complementary to one another with the aforementioned approach to flexicurity.

Flexicurity is also seen as a way to preserve the European social model, while maintaining and improving the competitiveness of the European Union. Many believe that with the advances in technology and the change that is bound to come as a result, employment security will not be easy to maintain. It will not depend on workers’ jobs specifically, but on the means for them to stay in the labor market and make significant progress in their career.

Flexicurity has been adopted as part of the European employment strategy and the Lisbon Strategy for Growth and Jobs. In fact, the 21st guideline on the integrated guidelines for Growth and Employment, which was adopted by the European Council, states that Member States are called upon to “promote flexibility combined with employment security to reduce labor market segmentation, having due regard to the role of social partners”.⁸

The European Commission soon realized that flexicurity is not a system universally applicable. It had to be altered slightly each time, in order to fit the nation’s economic status quo and finally to be more effective. The states of the EU ended up doing just that by altering the model for themselves, along the lines of some commonly agreed basic principles. The principles of flexicurity were adopted on the 5th of December 2007 by the Employment and Social Affairs Council.

Between April and July 2008, the “Mission for flexicurity” took place. The participant nations were France, Sweden, Finland, Poland and Spain. The mission’s goal was to promote the implementation of flexicurity in the aforementioned participant nations and finally the sharing of the collected information and data with all the other participants in order to gain as much knowledge as they can to help the transnational application of the system. The European Council has concluded that flexicurity is an important means by which the modernization and adaptation ability of labor markets is significantly increased.

Flexicurity’s established common principles

Upon the aforementioned common principles’ adoption, the European Council invited all member states to use them as guidelines for their variants of the flexicurity system. Their promotion in the Euro zone was officially announced in 2011 by the 2011 Euro Plus Pact.

The 8 common principles of flexicurity are:

- (1) Flexicurity is a way to fortify the usage of the Lisbon Strategy, make more and better occupations, modernize work advertises, and advance great work through new types of adaptability and security to build versatility, business and social union.
- (2) Flexicurity includes the purposeful mix of adaptable and solid legally binding plans, extensive long lasting learning procedures, successful dynamic work showcase strategies, and current, satisfactory and maintainable social insurance frameworks.
- (3) Flexicurity approaches are not around one single work market or working life model, nor about a solitary arrangement system: they ought to be customized to the particular conditions of every Member State. Flexicurity suggests a harmony among rights and

⁸ EC, 2005

obligations of all concerned. In light of the basic standards, every Member State ought to build up its own flexicurity courses of action. Progress ought to be successfully observed.

(4) Flexicurity ought to advance progressively open, responsive and comprehensive work markets defeating division. It concerns both those in work and those jobless. The dormant, the jobless, those in undeclared work, in flimsy business, or at the edges of the work advertise should be furnished with better chances, monetary motivating forces and steady measures for simpler access to work or venturing stones to help progress into stable and legitimately secure work. Backing ought to be accessible to every one of those in work to stay employable, advance and oversee changes both in work and between occupations.

(5) Internal (inside the undertaking) just as outer flexicurity are similarly significant and ought to be advanced. Adequate authoritative adaptability must be joined by secure advances from occupation to work. Upward portability should be encouraged, just as between joblessness or dormancy and work. High-caliber and beneficial work environments, great association of work, and constant overhauling of abilities are likewise basic. Social assurance ought to give motivating forces and backing to work changes and for access to new business.

(6) Flexicurity should bolster gender fairness, by elevating equivalent access to quality work for ladies and men and offering measures to accommodate work, family and private life.

(7) Flexicurity requires an atmosphere of trust and extensively based exchange among all partners, where all are set up to assume the liability for change so as to socially adjusted arrangements. While open specialists hold a general duty, the association of social accomplices in the plan and execution of flexicurity approaches through social exchange and aggregate haggling is of essential significance.

(8) Flexicurity requires a practical designation of assets and ought to remain completely good with sound and monetarily supportable open spending plans. It ought to likewise focus on a reasonable appropriation of expenses and advantages, particularly between organizations, open specialists and people, with specific consideration regarding the particular circumstance of SMEs.

Implications of its application

Flexicurity is most definitely a model that, if fully adopted, will change the economic status quo forever. It will change the way everything works, from transactions to open trade to legal frameworks and most of all, it will completely re-invent the labor market of each nation that chooses to adapt it. The model is quite innovative and much

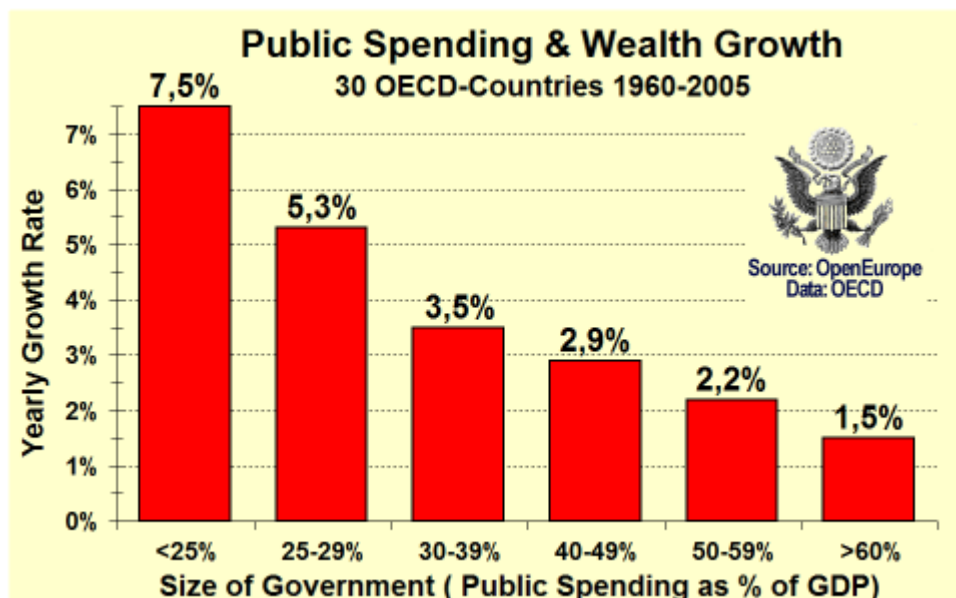
more different than anything we're used to. Change always comes with difficulty and always carries risks. There are a lot of measures that need to be taken in order for the system to be integrated fully into society. First of all, the nations need to be certain that the people do not disagree, which is plausible, seeing as they are used to the current system and might have found their way to make the most of it. Change carries risks for them, and the danger of them not accepting it creates risks for the nations.

However, if it is applied and accepted by the general population, the nations need to be ready for unexpected threats to the government due to disagreement and they need to be absolutely sure that their current socio-economic standings can support such a major change in one of the most important sectors of the nation.

European need for flexicurity

The European stagnation has been going on for longer than 10 years at this point. None of Europe's incredible ventures have yielded the advantages guaranteed at the dispatch. The foreseen supports from the Lisbon Agenda, the Enlargement and the Common Currency all neglect to appear. The sentiments concerning the causes and the remedies for Europe's stagnation contrast most generally among economists and politicians.

The political elite naturally trust Europe's poor development and the disappointment of prior plans must be remedied by significantly greater government activity, so that new and better plans are expected to spare Europe from its existential emergency. Europe's government officials have not taken in the exercises from history. They neglect to comprehend that focal arranging, for example, the Lisbon Agenda, are just liable to exacerbate the situation, and that liberating the economy from government impedance is the better way to achieve prosperity and happiness.



Graph showing the relationship between government size and growth rate

Since the distribution of various uncovering studies, financial specialists progressively understand Europe's moderate development is identified with its large open area and the extreme open impedance with the economy. Among financial experts the common opinion is that Europe's corrupted government assistance state and its demotivating tax structure are killing incentives, undoing the economy from the motor of progress. In doing so, Big Government is barring Europeans from the massive productivity gains globalization brings about. Economists are likewise alert that Europe's obsolete social models are unsatisfactory for adapting to maturing populations and caution for a potential breakdown of the unfunded pension schemes.

Realism regarding application

Undoubtedly, all of the above information seem very promising, but it all boils down to the question: "Is such a large-scale change even implementable?" Well, to answer that, the area in which the flexicurity model needs to be implemented. Currently, the only serious party involved is the European Union with members such as Germany, Sweden, Poland and France really willing to adopt the system. A change on that scale, although a formidable challenge, is one the European Union could face. However, there has been talk about a global application of the system of flexicurity. Although it is possible that that will bring many benefits to the future global community, it is next to impossible to achieve.

The truth is that a worldwide application is impossible for two main reasons. First of all, conflicts of interest. Some nations may not want to adopt the system and may want to use it against their enemies who want to adopt it by exploiting it. Such intentions could easily spark tensions and these tensions could even lead to war. The second reason is far simpler: Some nations simply cannot support such a change in the economic sector with their current resources. Flexicurity is a risk that they simply cannot afford. Such an issue cannot be solved by pouring funds into the nation, as governments of Less Economically Developed Countries (LEDCs) would likely use said funds for themselves.

Flexicurity sure is an amazing social model. It is everything a nation may need for sustainable economic and social growth. Its application may be difficult, but the combined efforts of the UNECOSOC can definitely stand up to that challenge and achieve the issue's complete resolution.

MAJOR COUNTRIES AND ORGANIZATIONS INVOLVED

Denmark

Denmark is by far the most important nation involved. It currently stands as the best example of the potential of the flexicurity model. It is the land from which the concept originated. It has helped the European Union numerous times and is willing to do so in the future. Its economy is blooming thanks to flexicurity and it presents a proud example of its full correct application.

France

France is one of the most active European nations involved with the issue. It has participated in every trial of flexicurity and has already established its own policies regarding the model. It is ready for the measures that are going to be taken to apply it and its interests are, as always, aligned with those of the European Union.

Sweden

Sweden is also extremely active, and like France, has already drafted its own policies for when the time comes. It is supportive of the model and will help the European Union in its application whenever as long as they get the chance to apply it as well.

United States of America

The USA is one of the strongest economies of the modern world. Of course, they have heard of the concept of flexicurity but don't seem to like the model and generally stand against its implementation.

European Council (EC)

The European Council has been the lead organ in guiding the Union through the officialization of everything and is a very important organization. It has drafted a lot of resolutions on the matter and has provided a lot of help. It should definitely be considered as the executive organ of the European approach.

Organization for Economic Co-operation and Development (OECD)

The Organization for Economic Co-operation and Development is an intergovernmental economic organization with 37 member countries, founded in 1961 to stimulate economic progress and world trade.

European Trade Union Confederation (ETUC)

The ETUC is probably one of the most effective organizations involved with the topic. On the one hand, it has not been as active as the European Council. On the other hand, in the time that it's been here it has provided two very helpful and effective resolutions. Its interests lie with the interests of the European Union.

TIMELINE OF EVENTS

DATE	DESCRIPTION OF EVENT
1899	The creation of the September compromise, which laid grounds for a profitable and secure state. It was the first step towards flexicurity.
1960	The aforementioned Constitution was revised and renamed as "Basic Agreement".
Early 1990s	Danish policymakers establish policies to combat the rise of unemployment.
1994	The first ALMP was coupled by the policymakers and was aimed at reducing structural unemployment.
1994-1996	Labor Market reforms, major policy shift in Denmark.
2005	Promotion of Flexibility is promoted officially by the European Council.
5 th December, 2007	The principles of flexicurity were adopted by the Employment and Social Affairs Council.

2006-2008	Dramatic decrease in unemployment rates in Denmark. The global spotlight is now on Flexicurity.
2010s	Numerous economic crises occur in Europe and the flexicurity model is tried out and passes with flying colors. During this time, it also gains popularity among economists and starts getting discussed as a term
2020	The European Union has already spoken about flexicurity even under the current COVID-19 crisis. They have stated that they will be defining and initiating the final steps of applying flexicurity on a large scale for good.

RELEVANT UN RESOLUTIONS, TREATIES AND EVENTS

European Trade Union Confederation resolution in Brussels, 27/06/2007

This resolution by the ETUC is regarding the common principles of flexicurity.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52007DC0359&from=EN>

European Trade Union Confederation resolution in Brussels, 17-18/10/2007

This resolution is one of the few that has tried to resolve the matter and is proposing a lot of measures that represent the European Union's point of view on the matter.

<https://register.consilium.europa.eu/doc/srv?l=EN&f=ST%2015497%202007%20INIT>

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

It is quite obvious that the European Union has tried time and time again to resolve the issues regarding flexicurity's applicability. There are a lot of official and unofficial

attempts over the course of 20 years and they are finally getting to the last part of their implementation plan.

The UN hasn't been involved at all, and at a crucial time like this, an intervention by the UN would be beneficial and helpful to the situation. It is time that the UN recognizes the model of flexicurity's potential and takes action to ensure its materialization.

POSSIBLE SOLUTIONS

The topic of flexicurity has a lot of issues that need to be faced, clearly making it an interdisciplinary topic. There are a few measures that are quite obviously needed, but creative solutions are something the UN is open to at this time.

Expand on the common principles of Flexicurity

The common principles of flexicurity are what the entire model depends on. If we manage to enforce those principles and build on them with universally agreed upon treaties to edit them, it is sure that Flexicurity's application process would become a lot easier when the time comes, as not only will we have a more specific definition of the model, we will also be in agreement of said definition and in favor of it, which renders the European Union a united front and as such, it is extremely probable that its combined efforts will not fail and will widen economic horizons further than ever before.

Raise awareness in the UN and in the worldwide scene

This may sound as a generic solution, however the topic of Flexicurity is going to be extremely important to a lot of people in the near future and at this point, only economists know about it. The sooner people understand what it is, the sooner the nations can get their support in implementing it. Additionally, by bringing the topic to the UN's attention, possibilities open up regarding the way it will be applied. The help of the UN is valuable and obtaining it would make the application a lot easier for everyone involved.

Invest more resources in studying the Danish model and learning from it

The Danish model is working remarkably for Denmark. People are happy, unemployment is extremely low, social inclusion is high and the economy is booming. Learning from Denmark can be useful, as they have seemingly perfectly applied the flexicurity model in their nation. This is a secondary solution, however, and should be proposed only as a last resort.

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