

Europe

Nordic vision could lead Macron's France in wrong direction

Denmark's 'flexicurity' labour model where it is easier to hire and fire cannot easily be replicated

Global Insight



Macron wants to reduce segmentation and create more, higher quality jobs © Reuters

SEPTEMBER 11, 2017 by: Alan Beattie

One expression pops up repeatedly in discussion of Emmanuel Macron's plans to change the French labour market: the "[Nordic model](#)".

The president apparently wants to replace the traditional system of employment regulations designed to give employees job security. Instead, France will move towards Danish-style "[flexicurity](#)" where it is easier to hire and fire, but the state helps and supports workers to move from employer to employer.

It sounds good in principle. But labour market experts warn that the kind of co-operative relationships between unions and management embedded in the Nordic model are largely absent from France and cannot simply be wished into being.

In countries such as Denmark, a co-ordinated union movement negotiates wages by sector and then works at company level to improve productivity and maintain job quality. Unions play a role in providing training and job search for those laid off.

As Stefano Scarpetta, director of employment and labour at the Organisation for Economic Co-operation and Development, says: "Danish unions regard themselves as responsible for the unemployed as well as existing workers, and for skills as well as jobs."

The French system is in sharp contrast. Although France's economy has high productivity, it generates too few jobs and has high unemployment. A classic example of a "two-tier" labour market, it has a core of well-protected employees and a periphery of lower paid insecure workers, many self-employed.

By making it easier to dismiss workers and hence create more incentive to hire new ones, Mr Macron wants to reduce that segmentation and create more, higher quality jobs.

But parts of the labour movement stand in his way. The second-biggest trade union association, the Confédération Générale du Travail (CGT), is planning protests on September 12 to oppose the proposals it calls a "declaration of war".

Union membership in France is the [lowest in western Europe](#) – less than 8 per cent of all workers, compared with 67 per cent in Denmark. Yet [more than 90 per cent](#) of employees are covered by collectively negotiated sectoral agreements.

As in Denmark, unions exercise power at a company level for medium and large-sized firms. Unlike in Denmark, they tend to focus on the interests of those in work, demanding higher wages and preventing lay-offs even at the cost of lower overall employment.

Nor is the history of industrial relations conducive to a collaborative culture. France has a long tradition of labour militancy and use of industrial action to achieve wider political goals. Although militancy has declined, [strikes took up](#) 149 working days per 1,000 workers between 2009 and 2015, against an EU average of 38.

The union movement has also been divided by political rivalry. The CGT was for a long time affiliated to the French Communist party. The two more moderate main groupings, the Confédération Française Démocratique du Travail (CFDT) and Force Ouvrière – the latter created as an anti-communist alternative to the CGT – have declined to join Tuesday's protests.

For many labour market economists, French unions are simultaneously too strong and too weak to support a Nordic-style system. They bargain aggressively on behalf of a small minority and can block lay-offs at company level. But they are too fragmented, and have too few members, to co-operate and take responsibility for management.

Without the collaboration of employees and without state action to retrain and assist dismissed workers, Mr Macron's plans risk nudging France not towards Scandinavia but a liberalised UK model.

Britain has a high employment rate, thanks to state subsidies for workers to take jobs, but a weak skill base and a tendency for employees to find themselves stuck in low-paid positions. If

France heads the wrong way, Mr Macron's expansive ambitions will go unfulfilled.

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