ECONSTOR
Make Your Publications Visible.

A Service of
ZBW
Leibniz-Informationszentrum Wirtschaft
Leibniz Information Centre for Economics

Favero, Fausto

Working Paper

Political economy of labor market policies for current labor market transformations in Europe

Working Paper, No. 180/2022

Provided in Cooperation with:
Berlin Institute for International Political Economy (IPE), Berlin School of Economics and Law

Suggested Citation: Favero, Fausto (2022) : Political economy of labor market policies for current labor market transformations in Europe, Working Paper, No. 180/2022, Hochschule für Wirtschaft und Recht Berlin, Institute for International Political Economy (IPE), Berlin

This Version is available at:
https://hdl.handle.net/10419/253645

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

WWW.ECONSTOR.EU

Mitglied der Leibniz-Gemeinschaft

Hochschule für
Wirtschaft und Recht Berlin
Berlin School of Economics and Law

Institute for International Political Economy Berlin

Political Economy of Labor Market Policies for Current Labor Market Transformations in Europe

Author: Fausto Favero

Working Paper, No. 180/2022

Editors:
Sigrid Betzelt, Eckhard Hein (lead editor), Martina Metzger, Martina Sproll, Christina Teipen, Markus Wissen, Jennifer Pédussel Wu, Reingard Zimmer

Political Economy of Labor Market Policies for Current Labor Market Transformations in Europe

Fausto Favero, Berlin School of Economics and Law (HWR Berlin)

Abstract:

Within the past decades, employment precariousness has emerged as an alarming phenomenon afflicting labor markets across Europe. While the spread of job insecurity can be traced to specific mechanisms and processes triggered by recent macroeconomic developments, evidence shows how mainstream practices in labor market policy hold some clear responsibilities. Policy prescriptions forwarded by the economic analysis of dominant political-economic paradigms have been consistently prioritizing objectives of flexibility and competitiveness as a way to secure growth and employment, yet this strategy proved to be the source of lower quality and more uncertain jobs for wider shares of the workforce, with a higher incidence among the lower skilled. After having documented and further contextualized these labor market issues, the present research will investigate whether the unprecedented social challenges brought by the Covid-19 pandemic were met by the European Commission with an innovative approach to active labor market management. Our findings suggest that the proposal by the Commission of a policy strategy centered on upskilling and reskilling through training schemes might not break with past trends of precariousness. Specifically, as in the case of flexicurity, the attempt to achieve win-win solutions in different, and possibly contrasting, policy agendas – in this case the upskilling of highly qualified technicians and the reskilling and relocation of displaced workers – configures as an effective focus for political agreement, while numerous unaddressed barriers prevent the achievement of real change.

Keywords: Labor Market Policy, Europe, Policy Paradigm, Welfare-state, Precariousness, Neoliberalism, Flexicurity, Recovery

JEL code: J08, J24, J58

Acknowledgements: This working paper is a revised and more concise version of my master's thesis submitted to the Berlin School of Economics and Law (HWR Berlin) in summer 2021. I wish to thank my supervisors Prof. Sigrid Betzelt and Mr. Ryan Woodgate for their extensive feedback and support, as well as Ms. Hamsa Srikanth for her punctual proofreading. I am also grateful for the financial support provided by the German Academic Exchange Service (DAAD) scholarship for my final semester.

Contact: faustofavero4@gmail.com

1. Introduction

A growing consensus among scholars sees precariousness as a specific and direct product of the neoliberal paradigm (Lazzarato, 2009; Ost, 2014). The growing evidence of the existence and relevance of this relationship is a significant source of claims of illegitimacy and inadequacy of mainstream approaches to labor market management. In the course of the current Covid-19 pandemic crisis, the gaps and the imbalances of our welfare systems and labor market policies were made more apparent; the abrupt disruption of the pathways for economic growth, employment and wellbeing that our society follows revealed the need for more resilient socio-economic systems.

These recent developments lead to greater expectations for a change of paradigm in the management of labor markets (ILO, 2021), one that would result in better social standards with regards to guarantees of job security, more accessible and inclusive opportunities of employment, and a higher quality of working conditions.

Notwithstanding the potential conjunctural nature of the present historical phase, the recent experience of the 2007-2008 global financial crisis shows how the above-mentioned conditions do not necessarily imply the imminent revision of the established paradigm.

The European Commission has by now issued a sufficient number of official statements and communications to allow us to draw the main features of its approach to active labor market policies for the recovery from the ongoing pandemic crisis.

The research question that will guide the present work is whether the approach of the European Commission to labor market management is set to shift trends of employment precariousness or if instead previous norms and practices will be essentially maintained.

Our hypothesis is that although the strategy of the Commission seems to have moved away from a rhetoric of austerity that characterized its programmatic stances following the European sovereign debt crisis, the most recent policy recommendations fail to recognize and address the fundamental drivers of precariousness in Europe.

In order to address the research question and test our hypothesis, we will conduct an in-depth review of academic literature that will provide us with the necessary elements to identify the main features of the current political-economic paradigm for labor market policies. We will dwell on the main scope – social, economic and political trends – with regard to the relation between labor market policy arrangements and precariousness. This inquiry will be

geographically limited to the European dimension, and we will restrict our focus to those issues that are most transversal across the different Member States.

Following this, we are going to outline the strategy envisioned by the European Commission for the active management of labor markets in the recovery from the Covid-19 crisis. Our final evaluation of the approach of the European Commission will be based on the lessons learnt from the reconstruction and critical analysis of previous policy conduct. The assessment will be carried under the scope entailed by the research question and therefore will converge mainly on the issue of precariousness.

2. Theoretical conceptualization

Paradigm shifts in policy arrangements are typically expected in periods of crisis, when periodical windows of opportunity for accelerated change are opened and the "politically impossible becomes politically inevitable" (Friedman and Friedman, 1982, p. 7). Nevertheless, policy failure does not necessarily lead to policy change. As Baumgartner (2013, p. 243) noted, "where the status quo policy can be demonstrated to be functioning reasonably well, or where there is no widely accepted alternative policy available, significant policy change is unlikely". This is because in many instances, endorsing innovative ideas can be politically risky and readjusting old ideas to the new environment might be a more viable solution (Mintrom, 2000).

Nevertheless, political-economic paradigms represent a useful epistemological tool to better grasp the complexity of phenomena of policy change through the analysis of the role of ideas and concepts in shaping policy behavior and actions (Hogan and Howlett, 2015).

We can define political-economic paradigms as sets of coherent and well-established ideas shared by a community of actors that dominate politics and policy in a certain period of time that facilitate the resolution of social, political and economic issues (Carson, 2004; Daigneault, 2014a). These systems of ideas comprehend collective goals, analytical frameworks that seek to interpret the workings of the economy and the society, narratives to justify the core assumption of the model, and economic/social policies and strategies to achieve the intended goals (Laybourn-Langton and Jacobs, 2018).

As a study of European employment policies, the present work will focus on paradigm shifts at the labor market policy level. Within this scope, we will analyze the structural features of neoliberalism as the current dominant political-economic paradigm.

Neoliberalism developed as a political-economic paradigm in the 1970s, with the support of narratives that could efficaciously address the then newly emerged European economic environment, characterized by an increasing degree of international market integration (Scharpf and Schmidt, 2000). The Keynesian full-employment target gave way to international competitiveness as the primary objective of policymakers. As a result, the main responsibility of governments was reduced to a compliant guarantee of stable economic conditions – low inflation targeting, balanced budgets, stable currency, central bank independence etc. – in order to enable the private market economy to flourish (Hay, 2004). The typical neoliberal strategies to pursue market competitiveness are institutional liberalization and flexibilization, giving a productivist redirection to social policy (Hemerijck, 2012).

Throughout our study, we are going to identify the relevant features of current practices in labor market management, and assess the current approach put forward by the European Commission for the recovery and transition of the EU economy. While doing so, we will maintain our attention on one particular labor market issue, i.e., precarious employment, and its linkages with the different policy arrangements.

The notion of precarious employment is a contested and multifaced one (Duell, 2004), as precariousness can take different forms depending on country-specific socio-economic structures and institutions. In general terms, we can understand precarious employment as the negation of a standard employment relationship with guaranteed and specified hours, a permanent contract, a clear and identifiable employer and the protection against dismissal (ILO, 2011a).

In recent times, the rise of precariousness has been fueled by macroeconomic developments that disregard the policy choice of individual countries. At a global level, though especially in the global north, labor markets have been shifting in recent decades from the manufacturing sector to the service sector in line with technological advancements. This process of "tertiarization" is characterized by the blurring of workplace boundaries, distance working, the combination of different types of flexibility, work statuses and tasks, and new systems of direct or indirect control in which digital and data technologies are being deployed (Standing, 2011). These traits of tertiary employment can directly source precariousness and insecurity from different angles, but they also cause heterogeneity and dispersion within the workforce which inevitably translates into disorganized and fragmented industrial relations, thus harming collective bargaining and reducing the chances of workers of challenging these developments (Traxler, 1996).

3. Theory and Practices of Labor Market Policy in Europe

3.1 Narrative analysis

Although Keynesian models of welfare states demonstrated strong resilience to the influence of neoliberal reforms in other policy areas throughout the 1970s and 1980s (Bonoli, 2010), from the 1990s onwards, neoliberal principles have been progressively applied to labor market governance (Bothfeld and Betzelt, 2011).

A range of new concepts and narratives were then developed and adopted both in academia and governmental statements to provide a new normative foundation for the persistent issue of unemployment and, in general, for the interplay between welfare states and the labor markets. These discourses allowed the emergence of a new paradigm in the area of social policy, where neoliberal convictions fueled reform towards an activating approach (Von Bandemer and Hilbert, 2005).

At the core of the activation paradigm, we find a fundamental redefinition of the issues of unemployment and labor market exclusion. In traditional terms – i.e. in Keynesian orthodoxy – unemployment was understood as the result of a lack of aggregate demand, the scarcity of financial resources and the presence of market failures, or, in other words, as a phenomenon imposed on individuals by structural forces (Moreira and Lødemel, 2014). Consequently, the protection from the risk of unemployment and the resulting loss of income was accepted as a collective responsibility implemented through the welfare state, and accordingly the entitlement to social protection for those excluded from the labor market was recognized as a social right (Keune and Serrano, 2014). The new narrative of activation attempted to undermine the latter assertion by problematizing social protection in economic terms – as a non-viable burden on governments budgets and a potential source of inflation and, perhaps more cogently, in moral terms, by arguing how it would drive "passive" and "dependent" behaviors and disincentivize job search, thus contributing to unemployment.

In other words, welfare assistance coupled with a lack of incentives to work, creates a "welfare wall", an obstacle, that makes work non-attractive (Daigneault, 2014b), and, with such a perspective, the responsibility for unemployment risks is reduced to the individual level (Keune and Serrano, 2014). Citizens are thus considered active when they are employed in regular paid work, as opposed to claimants to social security benefits who are labeled as passive subjects.

The activation paradigm further problematizes unemployment by stressing the concept of "employability". In a context of rapid social, technological and economic changes, proactive

adaptation of workers is considered as a necessity. It follows that workers, and especially job seekers, should develop functional skills according to the latest market needs, as well as attitudinal ones, for example by better managing work transition and availing themselves for increased mobility, in order to find their own niche in the labor market (Lindsay and Serrano Pascual, 2009). By explaining unemployment spells as a product of one's own lack of employability – i.e. a case of personal failure – rather than as a lack of opportunities or accessibility brought by the labor market, the conceptual paradigm once again stresses the individual responsibility of workers to navigate the turbulent market currents and to manage their way out of unemployment (Lindsay and Serrano Pascual, 2009).

In a context where unconventional forms of employment were spreading due to the deregulation "at the margin" of employment protection legislation (Bentolila et al., 2008), the insistence on the concept of employability was central for the redefinition of what "security" is and what it represents. The substitution of the meaning of security as social protection is the substitution of a key concept that legitimized welfare as a way to manage employment relations through collective solidarity in industrialized countries (Keune and Serrano, 2014). Having established flexibility as a self-evident necessity for modern economies to be competitive on global, ever-changing markets, individuals are considered responsible and secure citizens when they can self-insure against the risks of fragmented labor markets by means of high employability (Fernández Rodríguez et al., 2012). What follows is a redefinition of the role of welfare itself, which was no longer intended as a form of protection for individuals against the failures of the markets, but as a support device that helps individuals to adapt to the changes imposed by the market (Moreira and Lødemel, 2014). The semantic shift of the notion of security is one of the most impactful achievements of the activation paradigm, configuring it as the culmination of a narrative construction that denounces the evils of economic dependence, and praise the process of individualization.

3.2 Policy implications

The diffusion of the ideas and concepts at the core of the activation paradigm's interpretation of unemployment – unemployment as a problem of motivation and unemployment as a problem of employability – determined a marked shift in the approach to social policy and labor market integration.

The attribution of distortional effects to established welfare state programs justified a significant reduction of cash transfers for social security. Measures for social assistance were considered to be the source of "passive" attitudes, and policy agendas increasingly emphasized the need to

replace these with incentives towards activation and labor market participation (Daigneault, 2014b). In contrast with past welfare arrangements, these developments conferred a central role to active labor market policies (ALMP)[1] as economically viable instruments capable of enforcing the new distribution of rights and responsibilities between the State and the individual as it was characterized by the neoliberal analysis (Dingeldey, 2007).

The increased relevance of ALMP concerned in particular those programs directed at enhancing participation and benefit independence, and measures that conditioned benefit payments with compliance to virtuous behavior in terms of activation (Van Berkel and Møller, 2002). Indeed, the shift of focus from conventional labor market policies to ALMPs coincided with an intensification of supply-side ALMPs, and a phasing out of those targeting the demand-side, such as direct job creation and recruitment incentives (Moreira and Lødemel, 2014). In line with the above-mentioned tendency towards an individualization of the responsibility for unemployment risks, ALMPs are also increasingly geared towards the individual level in order to cope with the heterogeneity of needs and circumstances towards which activation policies are targeted (Van Berkel and Valkenburg, 2007). In this sense, the inadequacy of one-size-fits-all approaches designed to cover whole categories of social risks led to increasingly tailor-made policies and individual action plans (Bonvin and Farvaque, 2007), which were also associated with more efficient expenditures (Van Berkel and Valkenburg, 2007).

While flexibility and security had traditionally occupied opposite semantic fields, the new and ambivalent conceptualization of "security" could redefine the relationship between the two notions in such a way as to apparently resolve their conflictual standings (Keune and Serrano, 2014). At the beginning of the 2000s, flexibility was largely understood as an unquestionable policy goal in a modernized economy, while the effects of flexibility reforms on labor markets in terms of segmentation and social marginalization gave rise to pressing concerns about social cohesion (Burroni and Keune, 2011). In order to reconcile the two opposed quests for more flexibility and more security, "Flexicurity" emerged as a policy strategy. Flexicurity is an "integrated strategy to enhance, at the same time, flexibility and security in the labour market" (European Commission, 2007, p. 4), and its underlying assumption is not only that pursuing the double requirements of flexibility and security is possible, but that the deliberate integration of

[1] Active labour market policies include a variety of policy instruments that contribute to employment by improving employment opportunities and by facilitating the matching between job vacancies and jobseekers (European Commission, 2017).

the two complementary agendas can lead to their mutual reinforcement (Wilthagen and Tros, 2004).

Complementarities are indeed at the very heart of the flexicurity approach: security and flexibility here are not to be pursued separately, but rather by purposely seeking synergies in their joint implementation (Wilthagen and Tros, 2004), with a focus on complementing flexibility in the labor market with security through social protection and employability-enhancing ALMPs, in addition to the mutual reinforcement of deregulated product markets and flexible labor markets (Amable, 2009). In addition to economic complementarities, flexicurity also entails synergies on political grounds, as the political consent in one policy area is conditioned by the acceptance of joint policies in other areas (Brown et al., 2009; Orszag and Snower, 1998).

By proposing a framework for the realization of win-win solutions to the benefit of both workers and employers, the flexicurity concept could achieve the endorsement of several scholars, international organizations and governments, which amounted to a solid political legitimization at all levels. Among these, the EU has been a particularly fervent promoter of the nexus between flexibility and security[2] (Klosse, 2003). The Lisbon strategy[3] itself, with its combined goals of developing a dynamic and competitive economy while ensuring social cohesion, was largely inspired by underlying concepts of flexicurity (European Council, 2000). The European Commission remained rather vague and ambiguous regarding the concrete policy translation of the flexicurity policy approach (Keune, 2008), leaving the responsibility of identifying the precise balance and interaction between the flexibility and security dimensions to the member states' own judgement (Bekker and Wilthagen, 2008). Within the flexicurity approach, vagueness and ambiguity of underlying concepts are regarded as positive characteristics, if not essential features, since, as a conceptual framework and a comprehensive strategy, its purpose is to maintain the necessary flexibility to be able to provide guidance towards sometimes contradictory policy goals (Rogowski, 2008). Conceptual vagueness is also to some extent the reason behind the political success of flexicurity, as ambiguity can help foster political agreement (Bonoli, 2010; Jørgensen and Madsen, 2007).

[2] Early reference to the idea of flexicurity can be found in the 1994 Essen Priorities (European Council, 1994) and in the guidelines of the first EES (Council of the European Union, 1997)

[3] The Lisbon Agenda was the action and development strategy for the economy of the European Union between 2000 and 2010, whose objective was to make Europe "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion" (European Council, 2000, p. 1)

3.3 Policy assessment of the activation paradigm and the flexicurity approach

3.3.1 The Activation Paradigm

Universal trends of flexibilization, the expansion of conditionalities and sanctions, and the tendency to contractualize social policies have entailed the degradation of job security and working conditions for a considerable portion of the population. Paradigmatic policy changes have a direct effect on core issues of work, but also contribute to the reproduction and transformation of overarching social structures. Social citizenship, intended as the full and equal membership of society (Marshall, 1950), was founded and shaped by the characteristic institutions of the Keynesian welfare state. Social rights based on the status of citizenship rather than labor market performances allow for the process of de-commodification to occur. In Esping-Andersen (1990)'s classification of the welfare state regimes, de-commodification is said to occur "when a service is rendered as a matter of right, and when a person can maintain a livelihood without reliance on the market" (Esping-Andersen, 1990, p. 22).

With the activation reforms' removal of those emancipating elements of welfare that shelter workers from market forces, and the insistence on the individual responsibility for participation to paid employment, the social contract based on the "European Social Model" (Scharpf, 2002) has been essentially altered (Van Berkel and Valkenburg, 2007). The access to citizenship is thus based on work participation and contribution to production, and its social and political dimensions are subordinated to the economic one (Serrano Pascual et al., 2012). By participating in the labor market, citizens essentially fulfil the moral obligations of contributing actively to the production of wealth (Van Berkel et al., 2002). These developments are evidence of a reversal of the process described by Esping-Andersen (1990), that is, a process of re-commodification. By conditioning benefits and tightening eligibility, re-commodification controls and inhibits the alternatives to participation in paid employment, and increases the exposure of workers to market pressures, forcing them to accept precarious jobs on the employers' terms (Pierson, 2002).

The process of commodification is, as its essence, a change of power dynamics that bends power asymmetries in favor of capital (Papadopoulos, 2005). In contrast with the politically salient nature of the process of diminishment of citizenship to the sole economic dimension, the management of the outcomes of this shift – precariousness, division of society in different segments, poverty, social isolation, social and political passivity – at the individual level inhibits their socio-political character from emerging (Kaga, 2012). The management of unemployment through incentives schemes and the enhancement of employability, with an emphasis on one's

attitude and sense of responsibility, as an alternative to collective mechanisms and policies, depoliticizes the relationship between capital and labor, and draws the attention on the divisions within the workforce instead (Etherington and Andersen, 2005). Policy strategies founded in the flexicurity approach further accentuate these dynamics of depoliticization by aligning social and economic concerns in presumptive win-win solutions, marginalizing social concerns as they are believed to be adequately addressable only once the priorities of economic development – competitiveness and employability in particular – have been reached (Hansen and Triantafillou, 2011).

One of the major labor market issues associated with neoliberalism and the activation welfare is precariousness of employment and job insecurity.

Precarious work *per se* has always been a known phenomenon of capitalist employment and therefore does not qualify as a novel development brought by neoliberal policies (Quinlan, 2012). Nevertheless, due to the neoliberal process of erosion of employment protection and the associated decline of standard forms of employment relations, precariousness and job insecurity are today predominant and distinctive features of neoliberal labor markets, as they are deliberately anchored in employment contracts and labor market conditions (Wilson and Ebert, 2013). Furthermore, workfare tendencies of welfare activation reforms increased pressures on participation, forcing workers to accept any type of work, regardless of the employment conditions (Pierson, 2002).

Through atypical contractual arrangements, employers cut labor costs and transfer risks and responsibilities on to workers (ILO, 2011a), who are therefore confronted with more uncertainties and insecurity.

The substantial growth of precarious employment and job insecurity since the early 1980s is in opposition with the Lisbon agenda core goal of not just "more", but also "better" jobs (European Council, 2000). The European Employment Strategy has made regular use of quantitative targets such as the employment rate to benchmark countries, while the same cannot be said of indicators for the quality of employment (Leschke et al., 2012). This goes to show how employment policies have been focused almost exclusively on job quantity aspects, without considering employment as a more complex reality and, in particular, neglecting the crucial aspects of job quality (Prieto, 2014).

While the evidence for a nexus between labor market deregulation and level of employment are at best mixed and rather weak, there seems to be a clear impact on the distribution of

unemployment and precariousness (Bertola et al., 2007; O'Higgins, 2010). A pattern observed in many countries is that precariousness is unevenly distributed by age (European Parliament, 2016). Insecure jobs are often regarded as a labor market entry problem, and the decrease of entry-level standard jobs coupled with the surge of atypical forms of employment results in longer and more uncertain transitions towards stable employment for young workers, who are often exposed to unemployment, skill obsolescence, and working poverty (Duell, 2004). These insecure prospects often delays the departure from families and often leads younger adults to seek a stable occupation by extending their stay within the education system (Rubery, 2011). Extended education, in a context of a withdrawing state support, is mostly financed through families' own resources (Anxo et al., 2010), and thus contributes to the reproduction of inequalities (Wall et al., 2001). Despite being a common feature in European labor markets, the problem of youth unemployment and precarious employment is not evenly distributed among member states (Duell, 2004; OECD, 2021a, 2021b). Although for full-time workers older than 55, standard employment still represents the dominant category (European Parliament, 2016), due to demographic and economic developments, older workers are now encouraged to rejoin or remain for longer periods in the labor market, and are increasingly confronted with precariousness (D'Amours, 2009). Precarious work is also a markedly gendered problem (Vosko et al., 2009), as men are more likely to find employment at full-time and permanent conditions than women (European Parliament, 2016). Other groups likely to be affected by precariousness are migrants (Porthé et al., 2009), disabled and workers in specific sectors, such as construction, agriculture and services (Duell, 2004).

One of the most transnational causes of the precariousness of employment is a low level of skills (Bonoli, 2012). This transversal incidence could be explained by the presence of concurrent pressures on low-skilled workers generated by wider macrotrends. A first macrotrend has to do with skill-biased technological change, in particular the processes of digitalization and automation. These developments produce job polarization by increasing the demand for higher skilled labor while limiting the employment option of low-skilled workers to low quality and precarious jobs, e.g. the surge of new precarious forms of jobs created by the platform economy (Bonoli, 2012; Goos et al., 2009). New green jobs created for a transition towards a carbon neutral and circular economy require specific sets of medium-high skills (ILO, 2011b); the ageing of the population entails similar opportunities for skilled long-term care workers (ILO and OECD, 2019). In other words, jobs created through current long-term macrotrends – digitalization, ageing of the population, greening of the economy – will mostly occur within the high-wage and high-skill shares of the labor market, while low-skill jobs will

be more exposed to the risk of job loss, with lower chances of availability of vacancies in similar occupations (Lund et al., 2021).

Considering the above, the consolidation of precariousness in European labor markets as a force that enhances differentiating structures of work (Wilson and Ebert, 2013) has produced damaging effects on the social fabric, leaving individuals and communities in uncertain conditions, preventing long-term life planning, eroding social rights and worsening inequalities along gender, age and class divisions.

The adverse effects stemming out from the incoherence of the activation paradigm are not limited to the social sphere. Processes of deunionization, job polarization and deregulation of employment protection serve the logic of wage moderation for greater economic competitiveness. The neoliberal paradigm advocates for wage moderation, since wages are seen mainly as a cost that, if cut, could increase competitiveness facilitating exports, and could lead to more investment due to the increase of profitability. Nevertheless, this supply-side emphasis neglects another important role played by wages, namely as a source of domestic demand.

Onaran and Galanis (2012) show how in most of European countries, aggregate demand is wage-led as opposed to profit-led, which means that an increase of the profit share has an overall negative impact on aggregate demand. This effect is the result of different marginal propensities to consume out of wages and out of profit, the degree of responsiveness of investment to profitability and the degree of responsiveness of exports and imports to changes of international price competitiveness (Stockhammer and Onaran, 2012). Although some small open economies with large export sectors such as the Netherlands or Austria might be profit-led (Hein and Vogel, 2007), because most of member states' trade relations happen within the EU, wage repression on an international level has much larger effects on domestic demand than on foreign trade (Stockhammer and Onaran, 2012).

Thus, growth strategies based on profit-led models resulted in dysfunctional export-led and debt-led accumulation regimes (Stockhammer and Onaran, 2013; Vidal, 2013), which largely reflect the interests of financial capital (Dukelow, 2021). These regimes produce a marked decoupling of labor productivity from real wages – meaning that economic growth is not reflected in higher household incomes – (ILO and OECD, 2015) and a reinforcement of the in-work recommodification of labor (Dukelow, 2021). Moreover, they result to be counter-productive from a macroeconomic perspective as they lead to stagnant growth and economic instability (Stockhammer and Onaran, 2013).

The normalization of precarious employment through demanding ALMPs and labor market deregulations thus entails a process of re-commodifying wage restrainment, which proves for a detrimental labor market policy approach which ultimately weakens consumer demands and hampers the growth of the economy. Similarly, the uncertainty of income security that is intrinsic to precarious employment adversely affects individual and household economic decisions and, by aggregation, limits the level of demand (Bertaux and Queneau, 2002). As put by Hamermesh (2001, p. 3):

> "The fluctuations in the "animal spirits" that are a major Keynesian motivation for business cycles arise in part from variations in workers' perceptions of their well-being. Presumably, more satisfied workers who are secure in their jobs have a reduced motive to undertake precautionary saving".

A rise in the propensity to save implies a fall in consumption, and this reduced demand leads to more unemployment. In this way, the precariousness generated by policy strategies of labor market flexibilization may backfire and ultimately contribute to higher unemployment.

3.3.2 The Flexicurity Approach

Flexicurity was originally conceptualized as an adaptive policy approach that could reverse the above-mentioned detrimental trends in labor markets and lead to better and more secure jobs for everyone (European Commission, 2007). As previously stated, this adaptiveness was made possible by the conceptual ambiguity of the whole approach. On one side, this open-endedness guaranteed a strong political legitimacy to the overall flexicurity narrative, especially at the supranational level, as all the main relevant actors at the European level supported the approach as a valid guideline for labor market reforms (BusinessEurope, 2007; Council of the European Union, 2007; ETUC, 2007; European Commission, 2007; European Parliament, 2007). On the other side, Keune and Serrano (2014) highlight how behind this consensus, their views on how to translate abstract ideas into concrete policies are rather different. The European Parliament for example warned about the lack of the "job" dimension of security, in addition to the "employability" one, in the Commission's view, as well as the expansion of education and training programs as a precondition to successful flexicurity applications (European Parliament, 2007). The positions of the European Trade Union Confederation (ETUC) and BusinessEurope are even more contrasting, if not incompatible, as they disagree on most measures that should be taken to balance flexibility and security (BusinessEurope, 2007; ETUC, 2007; Keune and Serrano, 2014). Thus, despite being portrayed as a useful feature, ambiguity and openness of semantics and guidelines can be seen as a flaw or, even worse, a threat. The fact that radically different reform models based on opposite and irreconcilable positions could be recognized

under the heading of 'flexicurity' questions the usefulness of the concept. Moreover, as the ambivalence is resolved once the conceptualization is turned into policy at the national level, the precise balance and the interlinkages between security and flexibility are defined by (different degrees of) imbalanced power relations in specific country settings (Fernández Rodríguez et al., 2012). Thus, the implemented outcome will most resemble the view of the actors with greater capacity to impose their power (Serrano Pascual, 2009). In other words, the concept of flexicurity is in its essence political (Barbier, 2007): the more unequal class power relations are, the less likely it will be for policy-makers to reach balanced compromises between flexibility and security (Crouch, 2014).

Another obstacle related to the diffusion "from above" – i.e. by means of promotion of narratives and concepts from international/supranational bodies – of flexicurity and its specific policy conversion at national level has to do with the crucial role of policy complementarities, which configure both as a goal and a precondition to the success of the overall approach (Wilthagen and Tros, 2004). The complementarities found in the pioneer models of flexicurity like Denmark, but also in Austria and the Netherlands (European Commission, 2007), have been achieved as a result of political dialogue and compromises between social representatives over trade-offs and conflicts. The conditions that allowed these negotiations and institutional compromises to happen fit in wider legacies of institutional complementarities which gradually emerged as a result of country-specific historical processes (Thelen, 2004).

The debate over flexicurity at the European level tends to undervalue the importance of the role of industrial relations and political conditions, potentially distorting the approach to a generalization of transferable best practices (Barbier, 2007). On the contrary, "artificially implemented" institutional complementarities are a rare phenomenon (Burroni and Keune, 2011), as coherence within types of capitalism usually emerges *ex post*, among policies and institutions that were established in different periods of time (Amable, 2016). This can be observed for example in the detailed reconstruction of Streeck and Yamamura's (2003) of the origins of the Japanese and German coordinated systems of capitalism. Thus, the ambivalent support of the European Commission for the flexicurity approach, in absence of a clear analysis of preconditions or monitoring instruments, led to incoherent institutional arrangements (Amable, 2009) that lacked substantive flexibility-security balances and ultimately perpetuated the status quo set by the activation paradigm: policy measures mostly fostered flexibility, while social security aspects were addressed by means of work-first policies to enhance participation (Bekker et al., 2008; Méda, 2014; Tangian, 2007).

4. Analysis of the Policy Strategy for a Labor Market Transition

4.1 The approach of the European Commission for the recovery

We are now going to examine the main features of the approach for the management of labor markets proposed and supported by the European Commission to recover from the pandemic crisis and navigate transitions. Accordingly, in light of the lesson learnt from the previous analysis, we will assess to which degree the adopted strategy adheres with observed trends of precarization and commodification or, on the contrary, if it instead breaks with the detrimental norms of the recent past.

At present moment, the public health crisis caused by the Covid-19 pandemic is still an ongoing emergency across Europe. In this phase, the priority of the European Commission is to support member states' efforts to protect jobs; the temporary Support to mitigate Unemployment Risks in an Emergency (SURE) mechanism provides financial assistance to affected countries, supporting short-time work schemes, temporary furloughs and other similar measures that preserve employment during the pandemic (European Commission, 2020a). As the health crisis will begin to recede, the EU is strongly committed to manage a recovery process that will lead its economy towards a more resilient and dynamic future. With regards to employment and labor market management policy, this means that the focus will eventually shift from protecting jobs to supporting workers in the transition to the future digital and green economy (European Commission, 2021a). The European Commission intends to take the 20 Principles of the European Pillar of Social Rights (EPSR) as guidelines to ensure that the future transition of the economy will be socially fair and just (European Commission, 2021b). In this regard, in March 2021, the European Commission issued an action plan for an effective integration of the EPSR into the EU recovery strategy. The action plan anticipates future actions of the Commission and encourages a series of measures for member states to take, with the overall objective to achieve three main targets by 2030: The first goal is to ensure that at least 78% of the population (20 to 64 years old) are in employment. Second, at least 60% of all adults should participate in training on a yearly basis. Finally, the Commission also aims for a decrease of at least 15 million for people at risk of poverty or social exclusion.

The foreseen roadmap to achieve these goals for the transition is outlined in more detail in the Skills Agenda for sustainable competitiveness, social fairness and resilience (hereafter Skills Agenda), adopted in July 2020. The Skills Agenda acknowledges the pressures on labor markets

and workers brought by ongoing macrotrends and the challenges entailed by the twin green and digital transitions, and sets skills as the central issues for a European-wide strategy capable of delivering transformative change (European Commission, 2020b). We can isolate two main thematic components within the proposed strategy.

The first component provides a framework for the governance of the workforce's skills shift. Current technical and digital skills gaps, if not properly addressed, would hamper the economy's growth and competitiveness, as new jobs created for the green and digital economy would not be matched by adequate labor supply. Thus, workers should be upskilled to better navigate technology-rich environments, while those whose skillsets had gone obsolete should be reskilled for the transition to different sectors. Up-skilling and reskilling opportunities should be offered for all level of skills and professional areas, and their design should guarantee inclusive access to workers regardless of gender, racial or ethnic origin, religion, age, disability or sexual orientation. Any geographical setting, including rural and peripheric areas, should be covered by the training programs. With such a comprehensive coverage, each participant should be directed towards a specifically targeted training path based on the intersection between the skills needed for jobs in demand and the preliminary mapping of individual skillsets. In order to identify the skills needed for the twin transition, the European Commission anticipates a close collaboration among the many actors that share responsibilities for skills policies (ministries, training providers, firms, social partners etc.). Joint action is also instrumental for the development of the skills themselves during the training programs and their application at the workplace.

The second component of the Skills Agenda defines another dimension of the strategy envisioned by the European Commission, i.e. the adoption of a lifelong learning approach. In order to install a culture of lifelong learning, the European Commission advocates the establishment of "individual learning accounts" to enable everyone to participate in learning, overcoming known obstacles such as lack of time, costs, and lack of awareness. This instrument would provide guidance, validation, and transparency for training opportunities, and a system of individual entitlements to training – that workers can accumulate and choose how and when to use –, thus empowering adults and older age workers with reskilling and upskilling options throughout their careers or during periods of unemployment.

The ambitious targets set by the European Commission will require a substantial mobilization of investments in skills policies. The recovery strategy, and in particular the new financial means provided by the Next Generation EU (European Commission, 2020c), in this sense

provides an unprecedented opportunity and will support and unlock member states' efforts in skills investments.

4.2 Analytical assessment of the approach adopted by the European Commission

The up-skilling and reskilling centered strategy of the European Commission is justified by the skill focused character of the employment challenges posed by the unfolding macrotrends and the imperatives of the twin transition.

Several aspects of the Skills Agenda suggest that the approach could fit well within the established orthodox paradigm. The provision of training is an example of acceptable form of state intervention within neoliberal economics, as its intromission is justified by the existence of market failures, i.e. specific situations where market mechanisms fail to allocate resources efficiently (Arrow, 1951; McNabb and Whitfield, 1994)[4]. Furthermore, under the orthodox theory of "marginal productivity" (Clark, 1908), investment in education and training is a prescriptive approach for the reduction of inequality—in particular wage inequality—as income differences are seen as a reflection of differences in productivity, skills and effort among different segments of the population (Macfarlane et al., 2019). We can also notice how the European Commission, by explicitly including every industrial sector and territory, characterizes its proposal as a rigorously horizontal policy, which means that the distortions attributed to public intervention would be minimized and competitiveness preserved (Nabli et al., 2007).

As for the adherence to the activation paradigm, the proposal of the European Commission surely comprises some of the key patterns that we have identified in Section 3. We can, first of all, recognize a clear emphasis on the supply side as the main area of policy intervention in the labor market. Although the European Commission have also included hiring incentives among its recommendations for an effective active support to employment, it is then specified that these should be temporary measures limited to the first stages of crisis management, in order to avoid deadweight losses, i.e. subsidizing jobs that would have been created anyways once the recovery is underway (European Commission, 2021c). In addition, we can also notice how, ultimately, the responsibility to overcome labor market's hurdles rests on the shoulders of

[4] Knowledge and skills are different from conventional goods, and can be considered as public goods (non-rivalrous and non-excludable) (Stiglitz, 1999). For this category of goods, markets usually do not provide an efficient level of production and distribution, thus requiring and justifying an intervention of the State (Greenwald and Stiglitz, 2012).

workers, which must acquire "right" skills – including transversal ones related to adaptability and mobility – in order to be able to weather the greater labor market forces that are brought by the digital and green transitions. The framing of job transitions at an individual scale is further integrated by the range of individual services for orientation and assistance, as well as the instrument of individual learning account, which one has to autonomously manage throughout the course of one's life.

Notwithstanding this evidence, investments in human capital and learning, when universally accessible, have relevant de-commodifying effects (Room, 2000), and increases in standards of living are usually related to the acquisition of knowledge (Greenwald and Stiglitz, 2012). After all, training and other forms of social investments are a core policy component of approaches based on an enabling type of activation welfare that represent the alternative to workfare-based models.

The potential deviation of the European Commission's approach from orthodoxy critically depends on the role and the influence that the State – and the markets – will play in the design and implementation of training programs. In a context where the changing nature of crisis will seemingly entail destructive and irreversible consequences (Laybourn-Langton, 2020), crisis management must abandon alleviating and mitigating approaches and move towards long-term approaches based on preparedness and prevention (Islam and Verick, 2011; Tcherneva, 2021). Thus, the current role of the state, limited to the correction of market failures is inadequate, and a more active role in shaping infant industries and driving innovation is needed in order to develop an industrial landscape where environmental, economic and social goals are achieved (Mazzucato, 2015).

With this perspective, the relationship between public and private spheres in what the European Commission calls "joint action" appears to be a theme of major concern. Surely, the provision of training is increasingly becoming dependent on the private sector, since, as the Commission highlights, firms know best which trainings are required to readily develop skills that are required by the constant evolution of technology and market trends (Lund et al., 2021). Nevertheless, at the same time the creation and distribution of skills is today an issue of public concern. As we have previously seen, possessing skills is increasingly emerging as a prerequisite for effective citizenship, as poor or inadequate education are major drivers for social exclusion – affecting European countries transversally – that limit one's future prospects to the alternation of low-wage, precarious employment and periods of joblessness. Governments thus need to play a more incisive role in the governance of training programs,

steering the processes of reskilling and upskilling pursuant to what Mazzucato (2015) calls "mission-oriented" strategies. Public agencies would then need to be well-resourced and authoritative (Crouch et al., 2004), in order to coordinate and connect different interests and knowledge under a collaborative leadership (Olsson et al., 2006). Crouch et al. (2004) draw our attention to a relevant issue, namely the profound differences between the policy objective of upskilling the unemployed, especially the low-skilled, in order to integrate them in the labor market, and the one of reskilling the higher skilled segments of the workforce in order to address the bleeding edge of technologic innovation. Empowered public agencies cannot be seriously committed to the two mandates at the same time, therefore a distinction of separate administrative structures and policy strategies would be required in order to deliver successful results on both agendas.

Another known issue to consider, known as the "Matthew Effect", describes how individuals with higher education and wages generally have better access and are better equipped to rip the benefits out of training and other social investment programs (Choi et al., 2020). This well documented phenomenon (Andrén and Gustafsson, 2004; Lechner et al., 2011; Winter-Ebmer, 2006) is typically ascribed to low attractiveness and accessibility due to economic preferences, family or household-related barriers, non-cognitive skills as well as personality traits (Bonoli, 2012; Cedefop and ETF, 2020; EIGE, 2017; Fourarge et al., 2010). Without appropriate supporting policies, upskilling programs intended to decrease inequality, or at least to "rise a tide that lifts all boats", run the risk of achieving the opposite and exacerbate existing inequalities (Choi et al., 2020). Since firms' participation in collective upskilling programs is voluntary, pressures from governments to weight competitiveness with more inclusiveness by means of incentives can be easily resisted, as employers can convincingly threat to step out at a firm level while still supporting the overall program through their representatives (Bonoli and Emmenegger, 2021). This would allow companies to free ride on their competitors' investments in skills and/or carry their own autonomous training programs. Therefore, also from the point of view of inclusiveness, collective skill systems depend on attentive public policies and solid cooperative institutions (Emmenegger et al., 2019).

As acknowledged by the European Commission itself, dynamic cooperation is a necessary element for the establishment of collective policies that aim to achieve positive results in multiple, competing policy areas. At the same time, lessons learnt from the analysis of the flexicurity case have shown that cooperation cannot be taken for granted. In particular, for those countries where institutional arrangements follow non-coordinated forms of capitalism (Hall,

2007), cooperation cannot simply be enforced, as obstacles to institutional development do not only entail cultural and historical traditions, but also deeply rooted political choices and powers (Ryan, 2000). The vagueness of the dispositions drawn in the European Commission approach, disregarding crucial issues and challenges such as the one we have reported above, creates room for uncommitted attempts to deliver policies that contest the *status quo.* In an economic context characterized by the expansion of automation and digitalization, this would most probably mean an accommodation of the firms' preferences to involve in training programs the higher skilled workers who are met with less risks and are involved in more complex tasks (Brunello and Wruuck, 2020).

Besides the need for specificity in the dispositions drawn by the European Commission in its approach, the overall ALMP centered strategy might suffer from poor implementation due to the lack of dedicated legislative instruments. Although the plentiful resources made available to member states through Next Generation EU will seemingly allow them to overcome one of the greatest obstacle to social investment, i.e. the boundaries of fiscal discipline (De la Porte and Heins, 2016), there are still some clear limitations that can be stressed. Rainone and Aloisi (2021) highlight how among the different principles of the European Pillar of Social Rights, the Action Plan of the European Commission primarily focuses on those that relate to labor market aspects, with little being said about the theme of quality of work; as it currently stands, the approach of the European Commission is rather unconcerned about the possibility that the agenda for economic growth and employment in the recovery could imply an impairment of working conditions and an increase of precariousness (Franklin, 2021). Whereas the rhetoric of inclusive growth forwarded by the European Commission places the priorities of the social cohesion agenda at the same level as those for the digital and climate transitions (European Commission, 2020d), Member States are legally bound to allocate funds to the latter two – respectively 20% and 37% – in their Recovery and Resilience Plans, while similar conditionality clauses are not applied for social investments nor the maintenance of social standards (Rainone and Aloisi, 2021).

5. Conclusions

In Europe, within the span of the last decades, precarious work has gone from being a marginal exception in labor markets, to becoming an established and predominant feature. While macroeconomic developments of late capitalism and technological advancements undoubtedly constitute global driving forces for the spread of precariousness, policy developments in the field of labor market management have actively exposed – rather than

buffered – workers to market forces and risks, prioritizing the pursuit of international competitiveness. The process of re-commodification sustained by the convergence of active labor market policy approaches towards workfare and demanding models and the resulting wage suppression are dysfunctional elements of our socio-economic systems. Social marginalization, inequality, restrained domestic consumption, and political unrest, are some of the outcomes that prove a one-dimensional policy strategy focused on competitiveness to be self-defeated.

This paper investigated whether the novel approach proposed by the European Commission for labor market management could sustain a future reversal of these trends, on the premises that the social economic disruption brought by the Covid-19 pandemic crisis might represent a catalyst for a change of policy paradigm.

Our initial hypothesis was that despite the fact that the European Commission has seemingly abandoned the rhetoric of austerity that distinguished the programmatic policy documents following the European sovereign debt crisis, the current proposal is an inadequate attempt to address and correct the dysfunctional mechanisms placed by current mainstream labor market policies. Based on the results of our analysis, we can now sufficiently confirm our initial assumptions.

Our reconstruction of the origins and the development of the activation paradigm in European welfare states shows how policy systems centered around active labor market policies have been promoted as frameworks capable of delivering win-win solutions, thanks to the leveraging of potential policy complementarities between labor market flexibility and the security of workers. While this rhetoric was built on a system of ideas and narratives that suggests how social cohesion could be achieved once the economy is sufficiently competitive, the collected evidence indicates how the resulting policy adaptations delivered rather fragile institutional arrangements, with important vulnerabilities to biased pressures that reflect unbalanced power distributions. These asymmetrical policy configurations were made possible by a generic and ambiguous supranational leadership, and the lack of monitoring and legislative leverages over essential elements for the guarantee of social concerns.

The policy framework proposed by the European Commission for the recovery from the Covid-19 crisis and the transition towards a digital and green economy does not appropriately consider these past experiences, and thus similar dysfunctional dynamics could repeat.

The European Commission pledges to support large investments towards the upskilling of workers to enable them in future technology-rich workplaces, and for the re-skilling and reallocation of those who will be dismissed due to the sectoral green and digital transition of the economy. A policy strategy based on substantial investment in human capital to improve the employability of the workforce can be generally considered to be more mindful of the long run effects than workfare strategies that emphasize a fast integration into employment. Nevertheless, the upskilling and re-skilling of the lower skilled and the unemployed – i.e., those that are most vulnerable to precariousness and its consequences – is a process that entails specific obstacles and requires close attention and an active participation of representatives of those interests that are in contention with those produced by the markets. Collective programs for skill development are necessary measures to achieve more quality jobs and the security that would guarantee fair expectations about future prospects for everyone, but they will prove insufficient if not matched with constructive social dialogue with trade unions and a stronger role of the state in enforcing labor rights.

The scope of our study did not allow to investigate in detail which would be the prerequisite elements for a supranational approach that would allow for and support an appreciable shift of paradigm in labor market management, deviating from the state of precariousness fostered by activation practices. Future research should investigate these issues, mindful of the enduring political obstacles to social integration provided by institutional heterogeneity in the European Union. Moreover, further work could explore the reasons why the neoliberal paradigm proved to be rather resistant to change through crisis, managing to endure—with some modifications—severe downturns such as the global financial crisis and, as our conclusions corroborate, the Covid-19 pandemic crisis.

References

Amable, B., 2016. Institutional complementarities in the dynamic comparative analysis of capitalism. Journal of Institutional Economics 12, 79–103.

Amable, B., 2009. Structural reforms in Europe and the (in)coherence of institutions. Oxford Review of Economic Policy 25, 17–39.

Andrén, T., Gustafsson, B.A., 2004. Income Effects from Labor Market Training Programs in Sweden During the 80's and 90's. International Journal of Manpower 25, 688–713.

Anxo, D., Bosch, G., Rubery, J., 2010. Shaping the life course., in: Anxo, D., Bosch, G., Rubery, J. (Eds.), The Welfare State and Life Transitions. Edward Elgar, Cheltenham, United Kingdom, pp. 1–77.

Arrow, K.J., 1951. An extension of the basic theorems of classical welfare economics, in: Neyman, J. (Ed.), Berkeley Symposium on Mathematical Statistics and Probability. University of California Press, Berkeley, California, pp. 507–532.

Barbier, J.C., 2007. From political strategy to analytical research and back to politics, a sociological approach of `flexicurity'., in: Jørgensen, H., Madsen, P.K. (Eds.), Flexicurity and Beyond. Finding a New Agenda for the European Social Model. DJØF Publishing, Copenhagen, Denmark, pp. 155–188.

Baumgartner, F.R., 2013. Ideas and Policy Change: Ideas and Policy Change. Governance 26, 239–258.

Bekker, S., Wilthagen, T., 2008. Europe's Pathways to Flexicurity: Lessons Presented from and to the Netherlands. Intereconomics 43, 68–73.

Bekker, S., Wilthagen, T., Kongshøj Madsen, P., Zhou, J., Rogowski, R., Keune, M., Tangian, A., 2008. Flexicurity – a European Approach to Labour Market Policy. Intereconomics 43, 68–111. https://doi.org/10.1007/s10272-008-0244-0

Bentolila, S., Dolado, J.J., Jimeno, J.F., 2008. Two-tier employment protection reforms: the Spanish experience (No. 4/2008), CESifo DICE report. Center for Economic Studies, Munich, Germany.

Bertaux, N., Queneau, H., 2002. The social economics of job security. Forum for Social Economics 32, 1–19.

Bertola, G., Blau, F., Kahn, L., 2007. Labor market institutions and demographic employment patterns. Journal of Population Economics 20, 833–867.

Bonoli, G., 2012. The postindustrial employment problem and active labour market policy. ESPAnet, Edinburgh, United Kingdom.

Bonoli, G., 2010. The Political Economy of Active Labor-Market Policy. Politics & Society 38, 435–457.

Bonoli, G., Emmenegger, P., 2021. The limits of decentralized cooperation: promoting inclusiveness in collective skill formation systems? Journal of European Public Policy 28, 229–247.

Bonvin, J.-M., Farvaque, N., 2007. A capability approach to individualised and tailer-made activation, in: Van Berkel, R., Valkenburg, B. (Eds.), Making It Personal - Individualising Activation Services in the EU. Policy Press, Bristol, United Kingdom, pp. 45–66.

Bothfeld, S., Betzelt, S., 2011. Activation and Labour Market Reforms in Europe: Challenges to Social Citizenship - Introduction, in: Betzelt, S., Bothfeld, S., (Eds.), Activation and Labour Market Reforms in Europe. Challenges to Social Citizenship. Palgrave Macmillan, London, United Kingdom, pp. 3–14.

Brown, A.J.G., Merkl, C., Snower, D.J., 2009. Incentives and Complementarities of Flexicurity (No. 1526), Kiel Working Paper. Kiel Institute for the World Economy, Kiel, Germany.

Brunello, G., Wruuck, P., 2020. Employer Provided Training in Europe: Determinants and Obstacles (No. 12981), IZA Discussion Paper Series. IZA, Bonn, Germany.

Burroni, L., Keune, M., 2011. Flexicurity: A conceptual critique. European Journal of Industrial Relations 17, 75–91.

BusinessEurope, 2007. Commission communication "Towards common principles of flexicurity" (Position Paper). BusinessEurope, Brussels, Belgium.

Carson, M., 2004. The power of political ideas: Policy paradigms, institutions, and actors, in: Ahrne, G. (Ed.), From Common Market to Social Europe? Paradigm Shift and Institutional Change in European Union Policy on Food, Absestos and Chemicals, and Gender Equality. Stockholm University, Stockholm, Sweden, pp. 25–61.
Cedefop, ETF, 2020. The importance of being vocational. Challenges and opportunities for VET in the next decade. Cedegop, ETF, Luxembourg. https://doi.org/10.2801/009305
Choi, Y.J., Huber, E., Kim, W.S., Kwon, H.Y., Shi, S.-J., 2020. Social investment in the knowledge-based economy: new politics and policies. Policy and Society 39, 147–170.
Clark, J.B., 1908. The distribution of Wealth: a Theory of Wages, Interest and Profits. Macmillan Press, London, United Kingdom.
Council of the European Union, 2007. Towards common principles of flexicurity - Council Conclusions (No. 16201/07). Council of the European Union, Brussels.
Council of the European Union, 1997. Council Resolution of 15 December 1997 on the 1998 Employment Guidelines (No. 31998Y0128(01)). Council of the European Union, Brussels, Belgium.
Crouch, C., 2014. Class Relations and Labour-Market Reforms, in: Keune, M., Serrano, A. (Eds.), Deconstructing Flexicurity and Developing Alternative Approaches, Routledge Advances in Sociology. Routledge, London, United Kingdom, pp. 27–47.
Crouch, C., Finegold, D., Sako, M., 2004. Conclusions and Policy Implications, in: Are Skills the Answer? The Political Economy of Skill Creation in Advanced Industrial Countries. Oxford University Press, Oxford, United Kingdom, pp. 219–250.
Daigneault, P.-M., 2014a. Puzzling about policy paradigms: precision and progress. Journal of European Public Policy 21, 481–484.
Daigneault, P.-M., 2014b. Three Paradigms of social assistance. SAGE Open 4, 1–8.
D'Amours, M., 2009. Non-Standard Employment after Age 50. Relations industrielles 64, 209–229.
De la Porte, C., Heins, E., 2016. A New Era of European Integration? Governance of Labour Market and Social Policy Since the Sovereign Debt Crisis, in: De La Porte, C., Heins, E. (Eds.), The Sovereign Debt Crisis, the EU and Welfare State Reform. Palgrave Macmillan, London, United Kingdom, pp. 15–41. https://doi.org/10.1057/978-1-137-58179-2_2
Dingeldey, I., 2007. Between workfare and enablement ? The different paths to transformation of the welfare state: A comparative analysis of activating labour market policies. European Journal of Political Research 46, 823–851.
Duell, N., 2004. Defining and assessing precarious employment in Europe: a review of main studies and surveys (Discussion Paper). Economix, Munich, Germany.
Dukelow, F., 2021. Recommodification and the Welfare State in Re/Financialised Austerity Capitalism: Further Eroding Social Citizenship? Social Policy and Society 20, 125–141.
EIGE, 2017. Gender, skills and precarious work in the EU: Research note. European Institute for Gender Equality., Vilnius, Lithuania.
Emmenegger, P., Graf, L., Trampusch, C., 2019. The governance of decentralised cooperation in collective training systems: a review and conceptualisation. Journal of Vocational Education & Training 71, 21–45.
Esping-Andersen, G., 1990. The Three Worlds of Welfare Capitalism. Princeton University Press, Princeton, New Jersey.
Etherington, D., Andersen, J., 2005. Flexicurity, workfare or inclusion? The politics of welfare and activation in the UK and Denmark. Centre for Labour Market Research, Aaalborg University, Aalborg, Denmark.
ETUC, 2007. The Flexicurity Debate and the Challenges for the Trade Union Movement. European Trade Union Confederation, Brussels, Belgium.
European Commission, 2021a. DG Employment, Social Affairs and Inclusion - Strategic Plan 2020-2024. European Commission, Brussels, Belgium.
European Commission, 2021b. The European Pillar of Social RIghts Action Plan. European Commission, Brussels, Belgium.
European Commission, 2021c. An effective active support to employment following the COVID-19 crisis (EASE) (Commission recommendation No. C(2021) 1372 final). European Commission, Brussels, Belgium.

European Commission, 2020a. Supporting Member States to help protect people in work and jobs (Fact Sheet). European Commission, Brussels, Belgium.
European Commission, 2020b. European Skills Agenda for Sustainable Competitiveness, Social Fairness and Resilience. European Commission, Brussels, Belgium.
European Commission, 2020c. Europe's moment: Repair and Prepare for the Next Generation (Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions No. COM(2020) 456 final). European Commission, Brussels, Belgium.
European Commission, 2020d. Annual Sustainable Growth Strategy 2021 (Communication from the Commission to the European Parliament, The European Council, The Council, The European Central Bank, The European Economic and Social Committee, the Committee of the Regions and the European Investment Bank No. COM/2020/575 final). European Commission, Brussels, Belgium.
European Commission, 2017. European Semester Thematic Factsheet: Active Labour Market Policies. European Commission.
European Commission, 2007. Towards common principles of flexicurity: more and better jobs through flexibility and security (Communication from the commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions No. COM(2007)359final,). European Commission, Brussels, Belgium.
European Council, 2000. Presidency Conclusions – Lisbon European Council, 23 and 24 March 2000. European Council, Lisbon, Portugal.
European Council, 1994. Presidency counclusions – Essen European Council, 09 and 10 December 1994. European Council, Essen, Germany.
European Parliament, 2016. Precarious Employment in Europe: Patterns, Trends and Policy Strategies (No. IP/A/EMPL/2014-14). European Parliament - Policy Department A: Economic and Scientific Policy, Brussels, Belgium.
European Parliament, 2007. European Parliament Resolution of 29 November 2007 on Common Principles of Flexicurity (No. 2007/2209(INI)). European Parliament, Brussels, Belgium.
Fernández Rodríguez, C.J., Martín Martín, P., Serrano Pascual, A., 2012. Flexicurity and the semantic transformation of the concept of security: the modernisation of the Spanish social protection. Int. J. Society Systems Science 4, 150–166.
Fourarge, D., Schils, T., de Grip, A., 2010. Why Do Low-Educated Workers Invest Less in Further Training? (No. 5180), IZA Discussion Paper Series. IZA, Bonn, Germany.
Franklin, P., 2021. Quality jobs as well as jabs: protecting health by tackling precarious work (Policy Brief No. 2021.04), Covid-19 impact series. European Trade Union Institute, Brussels.
Friedman, M., Friedman, R.D., 1982. Capitalism and freedom. University of Chicago Press, Chicago, Illinois.
Goos, M., Manning, A., Salomons, A., 2009. Job Polarization in Europe. American Economic Review 99, 58–63.
Greenwald, B., Stiglitz, J.E., 2012. Industrial Policies, the Creation of a Learning Society, and Economic Development (Paper presented to the International Economic Association/World Bank Industrial Policy Roundtable in Washington, DC, May 22-23, 2012). International Economic Association, World Bank, Washington D.C.
Hall, P.A., 2007. The evolution of Varieties of Capitalism in Europe, in: Hancké, B., Rhodes, M., Thatcher, M. (Eds.), Beyond Varieties of Capitalism: Conflict, Contradictions, and Complementarities in the European Economy. Oxford University Press, Oxford, United Kingdom, pp. 39–88.
Hamermesh, D.S., 2001. The Changing Distribution of Job Satisfaction. The Journal of Human Resources 36, 1.
Hansen, M.P., Triantafillou, P., 2011. The Lisbon strategy and the alignment of economic and social concerns. Journal of European Social Policy 21, 197–209.
Hay, C., 2004. Common trajectories, variable paces, divergent outcomes? Models of European capitalism under conditions of complex economic interdependence. Review of International Political Economy 11, 231–262.

Hein, E., Vogel, L., 2007. Distribution and growth reconsidered: empirical results for six OECD countries. Cambridge Journal of Economics 32, 479–511.
Hemerijck, A., 2012. Two or Three Waves of welfare state transformation?, in: Morel, N., Palier, B., Palme, J. (Eds.), Towards Social Investment Welfare States? Ideas, Policies and Challenges. The Policy Press, Bristol, United Kingdom, pp. 33–60.
Hogan, J., Howlett, M., 2015. Reflections on Our Understanding of Policy Paradigms and Policy Change, in: Hogan, J., Howlett, M. (Eds.), Policy Paradigms in Theory and Practice Discourses, Ideas and Anomalies in Public Policy Dynamics, Studies in the Political Economy of Public Policy. Palgrave Macmillan, Basingstoke, United Kingdom, pp. 3–18.
ILO, 2021. Resolution concerning a global call to action for a human-centred recovery from the COVID-19 crisis that is inclusive, sustainable and resilient (No. ILC.109/Resolution I), International Labour Conference Resolutions.
ILO, 2011a. Policies and regulations to combat precarious employment. International Labour Organization, Geneva, Switzerland.
ILO, 2011b. Skills for Employment Policy Brief - Greening the global economy: the skills challenge, Skills and Employability Branch Policy Brief. International Labour Organization, Geneva, Switzerland.
ILO, OECD, 2019. New job opportunities in an ageing society (Paper prepared for the 1st Meeting of the G20 Employment Working Group). International Labour Organization, Rome, Italy.
ILO, OECD, 2015. The labour share in G20 economies (Report prepared for the G20 Employment Working Group). International Labour Organization, Antalya, Turkey.
Islam, I., Verick, S., 2011. The Way Forward, in: Islam, I., Verick, S. (Eds.), From the Great Recession to Labour Market Recovery. Issues, Evidence and Policy Options. Palgrave Macmillan, International Labour Organization, Hampshire, United Kingdom, pp. 252–271.
Jørgensen, H., Madsen, P.K., 2007. Flexicurity and beyond – Reflections on the nature and future of a political celebrity., in: Jørgensen, H., Madsen, P.K. (Eds.), Flexicurity and Beyond: Finding a New Agenda for the European Social Model. DJØF Publishing, Copenhagen, Denmark, pp. 7–34.
Kaga, M., 2012. 'Domestic Work is Real Work' Repoliticizing the Discourse on Gender, Citizenship, and Global Injustices (DPU Working Paper No. 147). University College London, Development Planning Unit, London, United Kingdom.
Keune, M., 2008. Between innovation and ambiguity The role of flexicurity in labour market analysis and policy making (working paper No. 2008.04), ETUI-REHS. European Trade Union Institute, Brussels, Belgium.
Keune, M., Serrano, A., 2014. The Power to Name and Struggles over Meaning. The Concept of Flexicurity, in: Keune, Maarten, Serrano, Amparo (Eds.), Deconstructing Flexicurity and Developing Alternative Approaches, Routledge Advances in Sociology. Routledge, London, United Kingdom, pp. 1–26.
Klosse, S., 2003. Flexibility and Security: A Feasible Combination? European Journal of Social Security 5, 191–213.
Laybourn-Langton, L., 2020. Change only through crisis? Reflections on strategies for paradigm shift in an age of coronavirus and environmental breakdown (Working Paper No. 06/2020). Forum for a New Economy, Berlin, Germany.
Laybourn-Langton, L., Jacobs, M., 2018. Paradigm Shifts in Economic Theory and Policy. Intereconomics 53, 113–118.
Lazzarato, M., 2009. Neoliberalism in Action: Inequality, Insecurity and the Reconstitution of the Social. Theory, Culture & Society 26, 109–133.
Lechner, M., Wunsch, C., Miquel, R., 2011. Long-run effects of public sector sponsored training in west germany. Journal of European Economic Association 9, 742–784.
Leschke, J., Watt, A., Finn, M., 2012. Job quality in the crisis - an update of the Job Quality Index (JQI) (Working Paper). European Trade Union Institute, Brussels, Belgium.
Lindsay, C., Serrano Pascual, M.A., 2009. New Perspectives on Employability and Labour Market Policy: Reflecting on Key Issues. Environmental and Planning C Government and Policy 27, 951–957.

Lund, S., Madgavkar, A., Manyika, J., Smit, S., Ellingrud, K., Meaney, M., Robinson, O., 2021. The future of work after COVID-19. McKinsey Global Institute, Chicago, Illinois.
Macfarlane, L., Laybourn-Langton, L., Jacobs, M., 2019. The Times thay are A-Changing? Exploring the potential shift away from the neoliberal political-economic paradigm (Working Paper No. 02/2019). Forum for a New Economy, Berlin, Germany.
Marshall, T.H., 1950. Citizenship and social class and other essays. Cambridge University Press, Cambridge, United Kingdom.
Mazzucato, M., 2015. From Market Fixing to Market-Creating: A new framework for economic policy (Working Paper No. 2/2015). ISIGrowth, Sussex, United Kingdom.
McNabb, R., Whitfield, K., 1994. Market Failure, Institutional Structure and SKill-formation. International Journal of Manpower 15, 5–15.
Méda, D., 2014. Quality of Employment. An Alternative to Flexicurity?, in: Keune, M., Serrano, A. (Eds.), Deconstructing Flexicurity and Developing Alternative Approaches, Routledge Advances in Sociology. Routledge, London, United Kingdom, pp. 173–195.
Mintrom, M., 2000. Explanations of Policy Change, in: Mintrom, M. (Ed.), Policy Entrepreneurs and School Choice. Georgetown University Press, Washington D.C., pp. 35–78.
Moreira, A., Lødemel, I., 2014. Governing activation in the 21st century. A history of change., in: Moreira, A., Lødemel, I. (Eds.), Activation or Workfare? Governance and Neo-Liberal Convergence, International Policy Exchange. Oxford Univ Press, Oxford, United Kingdom, pp. 289–326.
Nabli, M.K., Keller, J., Nassif, C., Silva-Jauregui, C., 2007. The Political Economy of Industrial Policy in the Middle East and North Africa, in: Nabli, M.K. (Ed.), Breaking the Barriers to Higher Economic Growth: Better Governance and Deeper Reforms in the Middle East and North Africa. World Bank, Washington, DC, pp. 135–166.
OECD, 2021a. Temporary employment (indicator). OECD Statistics.
OECD, 2021b. Youth unemployment rate (indicator). https://doi.org/10.1787/c3634df7-en
O'Higgins, N., 2010. The impact of the economic and financial crisis on youth employment: Measures for labour market recovery in the European Union, Canada and the United States (No. 70), Employment Working Paper. International Labour Organization, Geneva, Switzerland.
Olsson, P., Gunderson, L.H., Carpenter, S.R., Ryan, P., Lebel, L., Folke, C., Holling, C.S., 2006. Shooting the Rapids: Navigating Transitions to Adaptive Governance of Social-Ecological Systems. Ecology and Society 11.
Onaran, Ö., Galanis, G., 2012. Is aggregate demand wage-led or profit-led? National and global effects (No. 40), Conditions of work and employment series. International Labour Organization, Geneva, Switzerland.
Orszag, J.M., Snower, D.J., 1998. Anatomy of Policy Complementarities. Swedish Economic Policy Review 5, 303–343.
Ost, D., 2014. Does Neoliberalism Marginalize Labor or Reincorporate It—And Is There a Difference? Comparative Politics 46, 355–376.
Papadopoulos, T., 2005. The Recommodification of European Labour: Theoretical and Empirical Explorations (No. 3), The European Research Institute Working Paper Series. European Research Institute, Bath, United Kingdom.
Pierson, P., 2002. Coping with Permanent Austerity: Welfare State Restructuring in Affluent Democracies. Revue Française de sociologie 43, 369–406.
Porthé, V., Benavides, F.G., Vázquez, M.L., Ruiz-Frutos, C., García, A., Ahonen, E., Agudelo-Suárez, A., Benach, J., 2009. Precarious employment in undocumented immigrants in Spain and its relationship with health. Gac Sanit 23, 107–114.
Prieto, C., 2014. From Flexicurity to Social Employment Regimes, in: Keune, M., Serrano, A. (Eds.), Deconstructing Flexicurity and Developing Alternative Approaches, Routledge Advances in Sociology. Routledge, London, United Kingdom, pp. 47–67.
Quinlan, M., 2012. The "pre-invention" of Precarious Employment: The Changing World of Work in Context. The Economic and Labour Relations Review 23, 3–24.
Rainone, S., Aloisi, A., 2021. Time to deliver? Assessing the Action Plan on the European Pillar of Social Rights (Policy Brief No. 2021.08), European Economic, Employment and Social Policy Series. European Trade Union Institute, Brussels, Belgium.

Rogowski, R., 2008. Governance of the European Social Model: The Case of Flexicurity. Intereconomics, Review of European Economic Policy, Warwick School of Law Research Papers 43, 82–91.
Room, G., 2000. Commodification and decommodification: a developmental critique. Policy and Politics 28, 331–351.
Rubery, J., 2011. Reconstruction amid deconstruction: or why we need more of the social in European Social Models. Work, Employment and Society 25, 658–674.
Ryan, P., 2000. The Institutional Requirements Of Apprenticeship: Evidence From Smaller EU Countries. International Journal of Training and Development 4, 42–65.
Scharpf, F.W., 2002. The European Social Model. JCMS: Journal of Common Market Studies 40, 645–670.
Scharpf, F.W., Schmidt, V.A., 2000. Introduction, in: Scharpf, F.W., Schmidt, V.A. (Eds.), Welfare and Work in the Open Economy. Diverse Responses to Common Challenges, Welfare and Work in the Open Economy. Oxford University Press, Oxford, United Kingdom.
Serrano Pascual, A., Fernández Rodríguez, C.J., Artiaga Leiras, A., 2012. Ingenierías de la subjetividad: el caso de la orientación para el empleo. Revista Española de Investigaciones Sociológicas 138, 41–62.
Serrano Pascual, M.A., 2009. The battle of ideas in the European field: the combat to defeat unemployment and the struggle to give it a name. Transfer: European Review of Labour and Research 15, 53–70.
Standing, G., 2011. Why the Precariat is Growing, in: The Precariat: The New Dangerous Class. Bloomsbury Academic, London, United Kingdom, pp. 26–58.
Stiglitz, J.E., 1999. Knowledge As a Global Public Good, in: Kaul, I. (Ed.), Global Public Goods: International Cooperation in the 21st Century. Oxford University Press, New York, New York, pp. 308–325.
Stockhammer, E., Onaran, Ö., 2013. Wage-led growth: theory, evidence, policy. Review of Keynersian Economics 1, 61–78.
Stockhammer, E., Onaran, Ö., 2012. Rethinking wage policy in the face of the Euro crisis. Implications of the wage-led demand regime. International Review of Applied Economics 26, 191–203.
Streeck, W., Yamamura, K., 2003. The Origins of Nonliberal Capitalism: Germany and Japan in Comparison. The Journal of Asian Studies 62, 629–632.
Tangian, A., 2007. European flexicurity: concepts, methodology and policies. Transfer: European Review of Labour and Research 13, 551–573.
Tcherneva, P.R., 2021. The Job Guarantee: Structural Change and Economic Democracy. Bard College, Annandale-on-Hudson, New York.
Thelen, K., 2004. How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States, and Japan. Cambridge University Press, Cambridge, United Kingdom. https://doi.org/10.1017/CBO9780511790997
Traxler, F., 1996. Collective Bargaining and Industrial Change: A Case of Disorganization? A Comparative Analysis of Eighteen OECD Countries. European Sociological Review 12, 271–287.
Van Berkel, R., Møller, I.H., 2002. The concept of activation, in: Van Berkel, R., Møller, I.H. (Eds.), Active Social Policies in the EU: Inclusion through Participation? The Policy Press, Bristol, United Kingdom, pp. 45–72.
Van Berkel, R., Møller, I.H., Williams, C.C., 2002. The concept of inclusion/exclusion and the concept of work, in: Van Berkel, R., Møller, I.H. (Eds.), Active Social Policies in the EU: Inclusion through Participation? The Policy Press, Bristol, United Kingdom, pp. 15–44.
Van Berkel, R., Valkenburg, B., 2007. The individualisation of activation services in context, in: van Berkel, R., Valkenburg, B. (Eds.), Making It Personal. Individualising Activation Services in the EU. The Policy Press, Bristol, United Kingdom, pp. 3–24.
Vidal, M., 2013. Postfordism as a dysfunctional accumulation regime: a comparative analysis of the USA, the UK and Germany. Work, Employment and Society 27, 451–471.
Von Bandemer, S., Hilbert, J., 2005. Vom expandierenden zum aktivierenden Staat, in: Blanke, B., Von Bandemer, S., Nullmeier, F., Wewer, G. (Eds.), Handbuch Zur Verwaltungsreform. VS

Verlag für Sozialwissenschaften, Wiesbaden, Germany, pp. 26–35. https://doi.org/10.1007/978-3-531-90340-8_4
Vosko, L.F., MacDonald, M., Campbell, I., 2009. Gender and the contours of precarious employment, Routledge IAFFE advances in feminist economics. Routledge, London, United Kingdom.
Wall, K., Aboim, S., Cunha, V., Vasconcelos, P., 2001. Families and Informal Support Networks in Portugal: The Reproduction of Inequality. Journal of European Social Policy 11, 213–233.
Wilson, S., Ebert, N., 2013. Precarious work: Economic, sociological and political perspectives. The Economic and Labour Relations Review 24, 263–278.
Wilthagen, T., Tros, F., 2004. The concept of 'flexicurity': a new approach to regulating employment and labour markets. Transfer—European Review of Labour and Research 10, 166–186.
Winter-Ebmer, R., 2006. Coping with a structural crisis: evaluating an innovative redundancy-retraining project. International Journal of Manpower 27, 700–721.

Imprint

Editors:
Sigrid Betzelt, Eckhard Hein (lead editor), Martina Metzger, Martina Sproll, Christina Teipen, Markus Wissen, Jennifer Pédussel Wu, Reingard Zimmer

ISSN 1869-6406

Printed by
HWR Berlin

Berlin April 2022