
Flexicurity: Core Features of Portuguese Debate *

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Abstract

According to the OECD, Portugal is an example of a country with a very high rigidity in the labour market. At the same time, Portugal is an example of a country with a high percentage of workers with short-term contracts. These conditions have led to an ongoing public discussion concerning the need to introduce more flexibility while maintaining work security. In this paper we analyze the current situation concerning security and rigidity in the labour market and discuss the flexicurity in the Portuguese context.

Key words: flexibility, security, social protection, Portugal

Jel classification: J5, J53, J8, J81

1. Introduction

In the 1980s and 1990s, flexibility and security were perceived as negatively interrelated. Social protection policies and institutions set up to regulate the labour market became seen as constraints on economic growth and full employment, given that they hindered the adaptation process of companies undergoing rapid economic transformation, within a framework of globalisation and technological change driving the need for such organisational restructuring.

At the beginning of the 1990s, this perception resulted in the OECD recommending to member states that, in addition to the development of the appropriate macroeconomic policies and raising human resource qualification and skill levels, they reform their labour markets. Such reform was to take place across three fronts: firstly, increased flexibility in working patterns, secondly, increased flexibility in labour and salary costs in order to ensure they reflected the prevailing local conditions and human resource qualifications and finally, a review of employment security

* This paper developed another one presented with João Dias at the 8th ESA Conference, Glasgow Caledonian University, Scotland, 3rd – 6th September 2007.

provisions corresponding to a weakening of the extent of employment protection legislation (EPL) so as to foster the ease of both recruiting employees as well as laying them off (OECD 2006). The underlying perspective was that employment protection worsened labour costs, with a resulting drag effect on labour market dynamics impacting on both employment and unemployment.

However, and as the OECD itself has recently come to recognise (OECD 2004), the multiple theoretical and empirical studies dedicated to the analysis of the effect of employment protection legislation on unemployment have obtained ambiguous results (Nickell 1997, Baker *et al.* 2004, Belot and van Ours 2000, Bertola *et al.* 2002). Indeed, on the contrary they found that different countries, such as Portugal and the United States, with highly contrasting levels of EPL, could still attain high levels of employment and low unemployment (OECD, 2004, 2006). Furthermore, there is some empirical evidence suggesting that employment stability (at least up to a certain extent) can generate a positive effect on productivity (Auer, Berg and Coulibaly 2005, Storm 2007).

Out of the vast scientific, technical and political discussion surrounding the undermining of the fordist salary relationship and the search for alternative economic solutions to those set out by classic liberalism, both to promote economic dynamism and to ensure social cohesion, some 'concepts' or 'principles' have emerged among which 'flexicurity' (specifically for Wilthagen and Tros 2004) and/or 'the third way' (Giddens 1998, Gauté 2003) have become references for the current debate.

Originally used in connection to legislative reforms in the Netherlands, flexicurity became popular as a description of the Danish model, nominated by the OECD (2004) as a benchmark case of success. This model rests on a formula that combines flexibility (a high level of employment mobility due to a relatively unrestrictive level of EPL), social security (a generous unemployment benefit regime) and active labour market policies – what is known as the Danish 'golden triangle'.

Recently, flexicurity became a central theme on the European Union agenda as shown by the recent Communication from the Commission on "Towards Common Principles of Flexicurity: More and better jobs through flexibility and security", published last June. This communication stated that "The rationale for an integrated flexicurity approach is the need to achieve the objectives of the renewed Lisbon Strategy, in particular more and better jobs, and at the same time to modernise the European social models. This requires policies that address simultaneously the flexibility of labour markets, work organisation and labour relations, and security – employment security and social security"¹.

The work of the research team that supported this Communication presents the relationship between flexibility and security as a virtuous circle, enabling an articulated development with mutual gains. However, both the concept and the Commission's document have fallen far short of

¹ http://ec.europa.eu/employment_social/news/2007/juin/flexisecurity_en.pdf

achieving general consensus as highlighted by events at the Conference held in Lisbon under the auspices of the Portuguese presidency of the EU (Vielle 2007, Dornelas 2007, Auer 2007, Sciarra 2007)².

Within the Portuguese context, flexicurity has only very recently been pushed up either in terms of the political agenda or public discussion. The theme was introduced within the context of a seminar held by the Ministry of Employment and Social Solidarity³. Henceforth, it became a controversial issue for social and political debate and was immediately opposed by the major trade union confederation – the CGTP-IN –, which promoted a ‘general strike’ to fight against it. While the reaction of this confederation may be in accordance with its traditional culture of opposition and confrontation, other actors and entities have raised objections to the importing of a concept that some consider being inherently “contradictory” and “a model that is far from clear as to just which objectives are being proposed”⁴. Furthermore, flexicurity came onto the political agenda within a particularly difficult context. It coincided with a review of labour laws (overhauling the Labour Code) and a project designed to bring about sweeping modernisation of not only the state’s actual administrative structure but also the state’s entire social policy scope (across the fields of health, justice, education, social security, etc.) and all at a time of a sharp tightening of public sector expenditure given the pressure to meet the criteria stipulated under the Growth and Stability Pact.

However, ever since the late 1980s, international reports on the Portuguese economy and its labour market regulatory framework have consistently emphasised the highly restrictive nature of employment protection legislation in place. Correspondingly, the OECD reached the conclusion that Portugal was the member state where the power of the employer to dismiss, particularly as regards dismissing individual employees, was most restricted by legal or conventional norms (OECD, 2004). Furthermore, employment quality indicators do not reflect the positive effects that are theoretically associated with such job security: good average salaries, feelings of security, high average levels of qualification, access to professional training and good career perspectives (Auer, 2005).

Throughout years, Portugal managed to turn in a high rate of economic growth and keep unemployment low. However, this happened within an exceptional macroeconomic climate. Since 2000, GDP growth has been significantly lower than the EU average and in six years the level of unemployment has almost doubled. In addition to this, Portugal is one of the member states with the highest levels of both labour market segmentation and average wage inequality.

The objective of this paper is to provide an analysis of the terms of debate on flexicurity in Portuguese society. Firstly, we will present a brief

² The conference was held by the Ministry of Employment and Social Security on September 13th and 14th 2007.

³ Flexisecurity in the European Context: Changes and Opportunities.

⁴ Fernandes, António Monteiro, ‘Palavras, palavras’, *Semanário Económico*, 2007.

overview of the concept of flexicurity and the main landmarks of the European agenda on this theme. Some final comments are then presented in conclusion.

2. Flexicurity: some conceptual problems

'Flexicurity' is an extremely recent concept. Its conception is attributed to the Dutch sociologist Hans Adriaansens and the Dutch Minister of Social Affairs, Ad Melkert (Labour Party). However, the popularity of the concept came about due to the level of interest in the Danish model, identified by the OECD as a case study of success in both economic and social terms. This success was put down to the interrelationship between high job security (either through the provision of high levels of unemployment benefit or through the development of active employment policies fostering both qualification levels and employability), with relatively flexible legislation. It is thereby characterised as a hybrid model given how it combines features of the Anglo-Saxon model (liberalisation of dismissal procedures) with others models particular to the welfare states of northern Europe (social and economic protection) (Madsen 2002, OECD 2006).

Furthermore, the theme continues to divide as there is no internationally recognised conceptual definition. As Bredgaard and Larsen (2007) highlighted, there are three differing approaches to the concept of flexicurity: as a political strategy, relating back to the definition resulting from the Dutch case given by Wilthagen and Rogowski (2002), as a type of labour market condition, in terms of the level of prevailing flexibility and security, as based on the Danish model and proposed by Wilthagen and Tros (2004), and as an analytic matrix featuring a combination of differing forms of flexibility and security. In the case of the 2004 matrix set out by Wilthagen and Tros, this includes the following four forms of flexibility: numerical flexibility, functional flexibility, working time flexibility and wage flexibility and a similar number of factors for security, job security, employment security, income/social security, combination security.

Further to these developments in approaches to flexicurity, there are other theoretical perspectives that have also been focusing on the issues raised by the flexibility and security duality within the framework of new labour market dynamics and the need to find means of restructuring wage relationships. The best known is the 'school of transitional labour markets' that has been centring its attention on the need to find protective transitional dynamics for labour markets (Schmid and Gazier 2002, 2005, Gazier 2003). The term "protected mobility and labour market security", put forward by Peter Auer represents another variation on the latter and which in addition to transitions and the need to protect them asserts the

crucial importance for labour market stability (Auer 2005, 2007, Auer and Gazier 2006).

There are still other differences in the way authors understand the relationship between the forms of flexibility and security. According to Wilthagen, this relationship is of a virtuous trade-off type. For others, the relationship is of a more complex and variable nature: it might be either of the trade-off (virtuously interlinking) type or complementary or vicious in nature (Leschke et al. 2006, Dornelas 2007).

As Auer (2007) points out, while the pieces to the concept gain relatively consensual agreement, the term itself "remains a bit fuzzy", susceptible to highly differentiated interpretations and applications. For example, Keune and Jepsen (2007) accuse the European Commission of having developed a concept with the objective of promoting flexibility favouring the business dynamic without any gains in security for employees: "The Commission's flexicurity position also confirms its emphasis on economic instead of social goals and its re-conceptualisation of security from protection against risk to the capacity to adapt to change, and of solidarity from redistributive solidarity to competitive solidarity" (Keune and Jepsen 2007).

In criticism of the type of trade-off between flexibility and security that has been implemented in Europe, Ozaki (1999) and Tangian (2005) refer to the imbalances generated having resulted in a significant deterioration in the rights of workers, particularly in areas such as stability in both living conditions and earnings.

3. The European political-labour agenda on flexicurity

Flexibility and security in the workplace and the search for an appropriate balance has long been a core concern of the EU even while an imbalance in attention applied to the resulting economic and social problems has been to the detriment of the latter. This concern was explicitly set out in the Green Paper on *Partnership for a new organisation of work* (European Commission 1997). This document states that a balance between flexibility and security thus lies at the 'heart of the partnership for a new organisation of work', and requiring the development of political initiatives able to foster such balances, including: the flexibility and adaptability of skills, the transformation of labour law and industrial relations 'from rigid and compulsory systems of statutory regulations to more open and flexible legal frameworks', activating labour market policies, including job rotation, training and retraining, changes in taxation, to fine-tune taxation

with flexible work organisation (for example, abandoning flat rates, thresholds and ceilings) ⁵.

The objectives of flexibility and security and the search for a new balance in economic and social quality have also featured in the political proposals and decisions taken at the council summits held in Essen (1994), Florence (1996), Amsterdam (1997), Luxembourg (1997), Lisbon (2000) and Laeken (2001) and explicitly referred to in the European Employment Strategy of 2001. However, usage of the term flexicurity would only specifically take place in the *Integrated Guidelines for Growth and Jobs for 2005-2008*⁶, that re-focused the Lisbon Strategy (IG 21).

In spring 2006, the European Council meeting⁷ expressly ordered the Commission, in partnership with member states and social partners, to explore the development of common flexicurity principles. Subsequent to this mandate, the Commission launched a Green Paper on labour law for public debate⁸ in which it invited reflections on how labour laws might be modernised and, on 27th June 2007⁹, adopted the statement "Towards Common Principles of Flexicurity: More and better jobs through flexibility and security"¹⁰. The objective of this document was to identify the means to facilitate debate between EU institutions, Member States, social partners and others stakeholders, in order to enable the European Council to adopt, by the end of 2007, a set of common principles of flexicurity that should then inspire and contribute to the implementation of the Integrated Guidelines for Growth and Jobs and in particular the Employment Guidelines. The Commission invites: (i) the Member States to use throughout the next cycle of the Integrated Guidelines, their National Reform Programmes to report explicitly on their flexicurity strategies, (ii) the European social partners to engage in a dialogue at Community level, on the basis of the common principles of flexicurity approved by the European Council, and (iii) the social partners in their respective national contexts in 2008 to a Tripartite Social Summit to focus discussion on flexicurity.

The Commission document defined flexicurity as "an integrated strategy to enhance, at the same time, flexibility and security in the labour market". It further highlighted that flexibility "does not imply that open-ended contracts are obsolete" and is "not limited to more freedom for companies to recruit or dismiss", but "is about successful moves ("transitions") during one's life course: from school to work, from one job to another, between unemployment or inactivity and work, and from work to retirement". "Flexibility is also about flexible work organisations,

⁵ http://ec.europa.eu/employment_social/labour_law/publications_en.htm

⁶ "Promote flexibility combined with employment security and reduce labour market segmentation ..."

⁷ European Council 23/24 March, Presidency conclusions, No. 31.

⁸ European Commission (2006).

⁹ European Commission (2007).

¹⁰ European Commission (2006).

capable of quickly resolving the combination of work and private responsibilities". On the other hand, security, more "than just the security to maintain one's job is: about equipping people with the skills that enable them to progress in their working lives and helping them find new employment and about adequate unemployment benefits to facilitate transitions".

As processes towards implementing flexibility and security, "drawing on experience and analytical evidence", the European Commission identified four components to be brought about by supportive and productive social dialogue:

- (i) *"Flexible and reliable contractual arrangements* (from the perspective of the employer and the employee, of "insiders" and "outsiders") through modern labour laws, collective agreements and work organisation.
- (ii) *Comprehensive lifelong learning (LLL) strategies* to ensure the continual adaptability and employability of workers, particularly the most vulnerable.
- (iii) *Effective active labour market policies (ALMP)* that help people cope with rapid change, reduce unemployment spells and ease transitions to new jobs.
- (iv) *Modern social security systems* that provide adequate income support, encourage employment and facilitate labour market mobility. This includes broad coverage of social protection provisions (unemployment benefits, pensions and healthcare) that help people combine work with private and family responsibilities such as childcare".

Flexicurity was also subject to analysis at the so-called informal meetings of European ministers of employment and social affairs, organised by the Austrian EU presidency at Villach (January 2006), Finnish EU presidency at Helsinki (July 2006), German EU presidency at Berlin (January 2007) and the Portuguese EU presidency at Guimarães (July 2007) and Lisbon (September 2007).

4. The characteristics of the Portuguese situation: core features to the ongoing debate

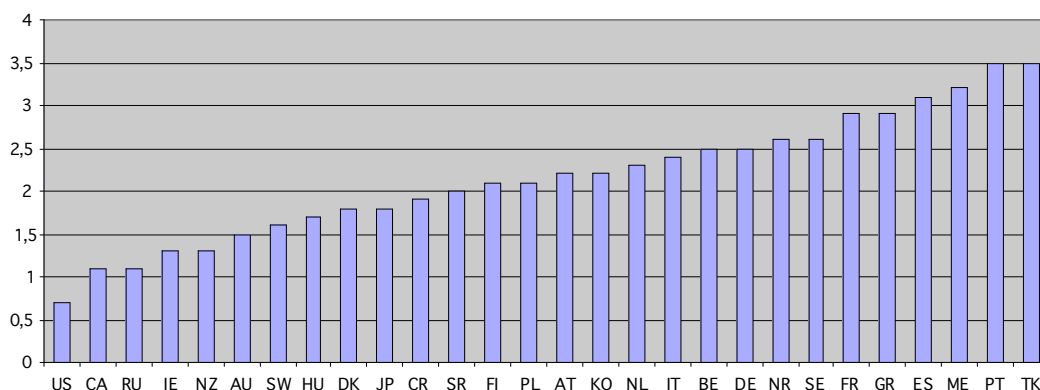
The debate on flexicurity in Portugal has been marked by the broader EU agenda but in any case, for some time issues relating to flexibility and security have been drawing attention from political decision makers and

social partners. Two key factors have justified that attention. The first relates to the studies produced by the OECD evaluating, classifying and comparing member states in terms of the level of protection created by employment protection legislation (EPL). The second factor derives from the economic and social structural shortcomings that have in turn been subject to recommendations issued both by the OECD and by the European Council within the scope of the open coordination and monitoring system set up by the European Employment Strategy.

4.1 External flexibility: Portugal's comparative situation

The first comparative evaluation of employment legislative practices carried out by the OECD, focusing on the greater or lesser extent of freedom attributed to the employer in contracting and dismissing employees, was carried out in the late 1980s. This study placed Portugal on top in terms of the overall level of employment legislation strictness (4.1). However, it came in for extensive criticism in terms of both the methodology applied and the weighting of indicators. While later reports have indeed taken into consideration that criticism, Portugal's performance only slightly changed, with its overall positioning remaining unaltered (see figure below).

Figure 1. Overall strictness of EPL in 2003 (scale 0-6)

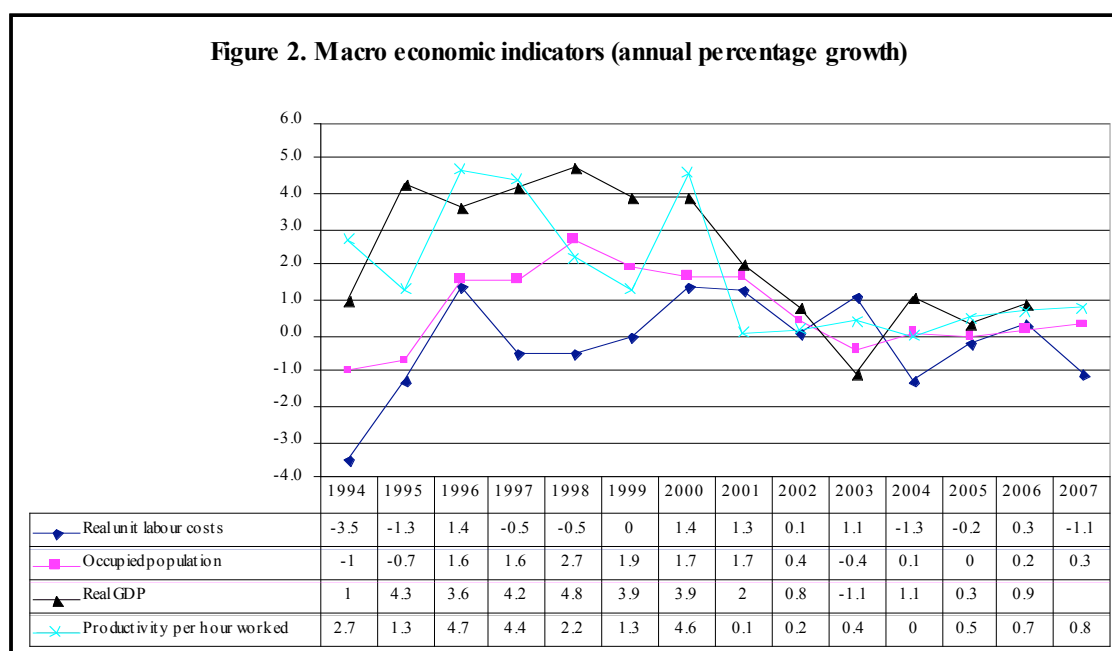


Source: OECD 2004:129.

In this comparison of various countries, Portugal turns out to demonstrate employment rigidity one and a half times greater than the EU15 average. Furthermore, the country has also displayed greater stability in prevailing flexibility and security than is the case in the majority of OECD member states. However, breaking down the indicators into their respective components shows that it is in terms of dismissal at the individual level (as a rule, for disciplinary reasons) that drags Portugal furthest away from the EU average which are otherwise broadly attained as regards the

protection granted to temporary employment contracts or collective redundancy procedures. The results from the 2003 evaluation (version 2) are: 4.2 for individual dismissal, 2.8 for temporary employment and 3.6 for collective dismissal.

The Portuguese case would indeed generate a certain level of controversy within international economic studies. As mentioned, the OECD studies attributed Portugal with the highest level of EPL but a recent study by the European Central Bank analysed real salary elasticity over 1994-2001 and found the Portuguese labour market to be one of the least rigid in the Eurozone (ECB 2005). This conclusion is consistent with national economic analysis (Centeno 2005). These studies draw attention to salary deflation in new contracts and provide evidence as to the adjustment of the labour market through price and not through the overall volume of employment. As set out in the table below, Portugal has generally experienced a historic tendency to increase employment.



Source: EC (2006), Employment in Europe 2006 – Statistical annex.

4.2 Destabilising “internal labour markets” and the segmentation of the labour market

The aforementioned analyses reveal the existence of profound contrasts in the Portuguese labour market connected to the development of highly differentiated means of labour market integration and which in turn has generated highly segmented employment terms and conditions (among others, Kovács 2006, Dornelas 2006, Pedroso 2005).

In fact, the social and political conditions characterising the period following the April 1974 Carnation Revolution favoured the late establishment of what may be termed a 'Fordist salary relationship' across Portuguese society, even if based on a fragile economic base. Hence, due to legislative developments or arising from collective bargaining, highly protective norms for "internal labour markets" came into being. These internal markets, which took deepest root in state owned enterprises, featured very high levels of protection for contracted employees, endowing them with a great deal of certainty as to their professional life cycle, particularly in terms of career development and forecast earning levels set for their respective professional qualifications. Even though trade unions power has been waning and with an average level of membership (around 17%) significantly below European averages, these norms have remained relatively immune to change. In line with a high level of EPL, Portugal presents one of the highest average levels of employment tenure within the EU: above 12 years in 2005, against 10.74 for the EU15¹¹ (Auer 2007) and this length of employment tenure has been rising: 12.01 in 2003 and 12.7 in the first quarter of 2007 (CLBRL 2007).

However, tensions in the working of the labour market have led to new forms of regulating its operations and challenging the established norms. A significant part of job renewal, particularly in sectors displaying the greatest levels of employment creation (the service sector), has come from an increasing rate of external flexibility, very commonly associated with labour cost reduction strategies.

Correspondingly, Portuguese society now displays major differentiation in the field of employment. A recent study on the creation and destruction of employment over the last seven years found that in each quarter, over 20% of companies contracted and dismissed workers simultaneously, with around three persons recruited for every two leaving the company (CLBRL 2007). However, while in these seven years, 77% of those employed did not register any interruption to their employment situations, the remaining 23% experienced relatively short periods of employment. Hence, employment relations (between an employee and employer) throughout this period lasted for an average of only thirteen months and over half of this employment was in effect for periods lower than thirteen months. In the case of younger workers (aged 20-30), the average period of employment drops as low as nine months.

This greater job volatility takes on greater incidence among those on lower earnings and temporary, fixed term contracts. In 2004-2005 these rates of job destruction are almost three times greater than those observed for employees with permanent contracts, and companies paying the lowest levels of salaries (falling within the 1st quintile) have rates of job creation and destruction around twice as high as other companies. Furthermore, employees on temporary, fixed term contracts receive on average only 72% of the wages paid to permanently contracted employees. This wage gap takes on particular significance among older

¹¹ Only Greece slightly exceeded the Portuguese average employment tenure.

members of the work force (aged over 45): while professional experience becomes a more visible asset among those on permanent contracts and takes effect in terms of rising salary levels, those workers on fixed term contracts see their average levels of earnings regress (CLBRL 2007).

What these findings show is that there is a high level of churn in certain segments of the labour market and while one section of the active population moves job on a regular basis, many of these have experienced intermittent unemployment for varying periods of time. Analysis of such turnover in employees in the same period finds that 88% move from a situation of employment to that of unemployment and only around 13% leave employment and go on to receive unemployment benefits. Furthermore, on average around a half of periods of unemployment last for periods in excess of 392 days and around a quarter of those becoming unemployed remain out of work for over two years (CLBRL 2007).

This reality, as a rule not commonly referred to in debates on the Portuguese labour market, reveals that employment transformations are destabilising internal labour markets and to a certain extent bringing about a 're-marketing of labour' in which greater job insecurity is but one symptom (Gautié 2003). Hence, while employment status differentiation, undergoing very strong growth in recent years, certainly results from legal aspects (types of employment contract), it is particularly due to the social rights underpinning status and that incorporate not only means of attributing value to qualifications but also to remunerating labour as well as the set of collective mediation processes forming the respective framework (Supiot 1994, Lefresne 2005).

The most consensual position on social protection policies is that they have not targeted the overcoming of discriminatory social rights, especially in access to employment, and without the scope to combat job insecurity or any incentives to move out of the informal into the formal economy (Pedroso 2005). Furthermore, the level of public investment in both passive and active employment policies, specifically in professional training, has evidently been lacking. In both cases, state expenditure, evaluated as a percentage of GDP, is distinctly below European Union averages (Dornelas 2006).

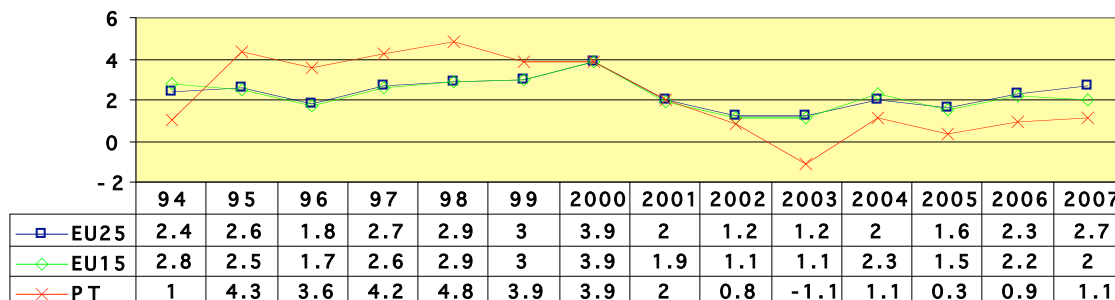
4.3 Structural employment weaknesses and recent trends

The weaknesses of the Portuguese labour market have long since been diagnosed and subject to analysis whether in the recommendations handed down from the OECD or in National Employment Plans. The most important deal with the general low level of education and training, even if there have been certain improvements in recent years, and with the presence of groups facing their own special problems in accessing the labour market (the young, females and immigrant communities). These weaknesses interact with an economic structure undergoing change but

still dominated by a development model based broadly on low value added activities, low levels of innovation and knowledge and low levels of R&D investment. These economic model characteristics complement a business structure in which micro and small companies dominate (over 90% of total numbers), many with poor management capacity but an important weighting in terms of job creation/destruction.

What is equally certain is that such restrictions did not prevent Portugal from registering real economic growth significantly above EU averages during the latter half of the 1990s (see the graph below), driven in large part by state investment in infrastructures and the development of the service sector. The nature of this type of growth was positively reflected in job creation. The employment system proved able to absorb excess rural labour, inactive social categories in addition to actually also producing an important inward migratory flow, in this case from Africa, Eastern European countries and Brazil.

Figure 3. Real GDP growth: EU25, EU15 and



Source: EC (2006), Employment in Europe 2006 – Statistical annex.

In the meantime, the failure to modernise and reconvert the productive system reproduced and extended features of prior labour markets. Thus, even if in 2006 Portugal was able to achieve an employment rate (67.9%) close to the benchmarks set by the EU for 2010 (70%) and actually do 2% better in the case of women (62%) and 0.1% better in the case of older workers (50.1%), an important proportion of this employment was, however, on temporary fixed term contracts, representing 20.6% of the total, when the EU average stood back at 14.7% (EU15) and 14.3% (EU27).

Any evaluation of Portuguese labour market segmentation has also to take into account the self-employed that in general terms are placed in a more exposed position within the labour market than employees on permanent contracts. The two categories total around 35% of employment in the first quarter of 2007 and proportions that tend to rise or fall in accordance with the economic conjuncture running counter to the unemployment rate. In practice, it is above all these categories that in periods of crisis are subject to the impact of labour market adjustments.

The progressive relocation of companies to countries with more competitive labour costs, in conjunction with a cut back in state investment due to budgetary contention in 2003 combined with the objective of getting the budget deficit back below the 3% limit imposed by the Growth and Stability Pact as from 2005 and the general downturn in economic growth rates dating back to 2001, have together significantly worsened employment conditions: the unemployment rate has more than doubled in the last six years to reach a level (8.4%) above the European Union average in the first quarter of 2007, real salaries have fallen for the majority of workers and the long term unemployed now represent around 50% of the unemployed and 4% of the active population.

The segmentation of the labour market is further demonstrated by the continuance of a significant volume of informal sector labour. This type of work is directly connected with the extent of the parallel economy, estimated by the OECD to reach 22% of GDP, placing Portugal up among the EU member states with the highest incidence of this phenomenon. This type of economic activity is closely associated with groups experiencing difficulty in accessing the labour market: older workers "pushed" out by companies within the context of modernisation, the long term unemployed, immigrants and at risk young citizens.

4.4. Flexicurity, the political agenda and the reaction of social partners

As mentioned before, the debate on flexicurity was initiated by the Ministry of Employment and Social Solidarity in late 2006. The speech was extremely cautious in tone. However, the political discourse had already been pre-empted in the request for a fairly extensive report on the current state of labour relations and the labour market – the Green Paper on Labour Relations. This study was set the specific objective of "fostering the debate and preparation of decisions on labour reform strategies in Portugal" and had already opted in favour of the flexicurity approach concluding as to its supremacy over the concepts of flexibility¹² and adaptability, and correspondingly for a "simultaneous approach to both the different possible forms of flexibility and the different means of ensuring the security of employees, dependent on the choices made as regards their respective flexibility" (Dornelas *et al.* 2006: 195).

Two core fields were identified as priority with the debate intended to promote profound change. The first covered models of employment. In effect, this sought to provide an answer to the proliferation of 'atypical' forms of employment and focus on the existence of a "grey zone" defined by the coexistence of both typical and atypical forms of employment in conjunction with illegal subordinate but economically dependent forms of

¹² Concept developed by the OECD focusing on the aforementioned external flexibility.

employment. The second field attracting attention was that of a need for a change in the agenda and role of social partners in both collective bargaining and in society. The question posed came out of a perspective of fostering a greater involvement of the social partners in agreements reached as to themes on the agenda (for example, flexicurity), in addition to passing them down to lower levels, that is, interlinking them with sector and company bargaining processes.

The presentation of this paper to social partners in June 2006 did not raise significant negative reactions from them. In declarations to the press, a CGTP-IN representative did, however, declare that the document approved pointed towards greater flexibility in labour relations.

Subsequently, a commission of experts was appointed by the government in November in order to draw up proposals for the reform of labour laws and the Danish model was brought forward for public discussion. Even though, in press interviews, the minister of employment has been highly cautious and constantly emphasised that it is not possible to import models and that whatever solution was found would have to involve the active participation of social partners, the position of those social partners and public opinion in general began to harden negatively. This was particularly the case of the CGTP-IN.

Following a speech by the President of the Republic coming out in favour of flexicurity, this latter confederation went public with a declaration accusing the government of defending a European Commission initiative that was neo-liberal in outlook "seeking the destruction of the European social model and the rights of workers" and that this "is expressed in Portugal by the clear intention of the Government to carry out a review of labour legislation corresponding to the demands of employers". The statement then added that invoking the Danish model represented a media fraud given that they were such distinct realities. Portugal not only did not have Danish levels of social protection but also that the Government was itself seeking to weaken those existing through the recent approval of the Social Security legislative package¹³. "In truth, the objective is to make dismissal more flexible and to deregulate the labour market, increasing still further levels of instability". The declaration ended with a call for a campaign of opposition that might include a general strike. This was indeed to take place, on May 30th 2007.

The second more representative trade union confederation, the UGT, also came to defend the impossibility of implementing a flexicurity model shaped on the Danish model in Portugal due to the low qualification level attained by Portuguese workers. This confederation would go so far as to criticise flexicurity as proposed by the European Commission in its Green Paper "Modernising labour law to meet the challenges of the 21st century" given that it considered the increased external flexibility to be connected

¹³ Among other reforms that have been undertaken by the Socialist Government was the reform of the social security system that resulted in agreement by all social partners apart from CGTP-IN and which enabled the viability of the system in the medium term.

to demands from employers. Anyway, UGT did accept that forms of internal flexibility might be achieved through collective bargaining.

Employers also failed to come to a common, unanimous position on flexicurity. According to the President of the Confederation of Portuguese Industry (Confederação da Indústria Portuguesa – CIP), the entire debate was premature given that the economic and social conditions that had led to the success of the Dutch and Danish models were not yet to be found in Portugal. However, its vice-president did highlight the advantages of a model focused on employment security rather than that of job security. In turn, the President of the Portuguese Trade and Services Confederation (Confederação do Comércio e Serviços de Portugal – CCP) maintained that the flexicurity model might be developed in Portugal but that it would demand profound changes.

However, while employers may be divided as regards the issue of flexicurity this is not the case as regards the reform of labour laws. In the presentation of a public document addressed to the Ministry of Labour, employer associations proposed a broad range of measures that they considered could not be left out of the ongoing review of the Labour Code. The most important measure targeted a change to the Constitution of the Republic, with the alteration of the norm (in article 53) that endows a guarantee of employment security and a prohibition on dismissals without due cause. Among the other measures proposed were greater flexibility in the length and organisation of working schedules, greater geographic mobility among employees, open recourse to hiring on fixed term contracts, extending the length of provisions for overtime and limiting the extent of trade union rights within companies.

5. Final remarks

There is currently a strong trend pushing for progress on the introduction of flexicurity across the range of EU member states. Factors stated in justification of this dynamic relate back to a crisis in the European social model caused by the absence of socially efficient and supranational legislation within a framework of new conditions for international competition and the transformation in European demographic structures. The most visible expression of this crisis comes with the strong imbalances in labour markets as a consequence of the growth in social inequality and the progressive economic and social marginalisation of important segments of the population.

In the Portuguese case, these trends have already impacted at an above EU level average showing the inefficiency of employment and social protection policies for labour market access and managing professional career structures, particularly for the less qualified workers. One positive aspect to the debate on flexicurity was to provide a higher profile to this issue, sometimes overlooked in discussion on introducing flexibility to labour legislation.

As has been highlighted, flexicurity is an open concept that enables highly differentiated social changes, depending on the national institutions and more specifically on the capacity of social actors to reach commitments as regards both the definition of objectives and the sharing of responsibilities for the application of measures designed to renew past commitments. Where it is not possible to reach a consistent understanding on such matters, the risk is run that the debate will be transformed into some mere justification for an added level of flexibility in dismissals for some trade off in raising the level of expenditure on social policies connected to a more active job search of those unemployed. The low level of confidence and dialogue between the social partners, in conjunction with economic difficulties and budgetary restrictions ensure that we may safely forecast serious difficulties in the implementation of flexicurity in Portuguese society.

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