Labor Market Reforms and the Role of Education in Flexicurity Societies

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Abstract

We argue that the Marxian Reserve Army Mechanism is not a process of social reproduction that is sustainable in a democratic society in the long-run. We then develop a macrodynamical framework where such mass unemployment is overcome by an employer of 'first' resort (providing employment-, but not job-security), added to highly flexible and competitive (re)-production processes. This flexicurity system is characterized by high factor mobility, where fluctuations of employment in industry are made socially acceptable through a second public labor market where the remaining workers get meaningful occupation and sufficient income. There is thus no unemployment in such a society.

The paper considers labor markets with skilled and high-skilled workers as well as professional and political elites as starting point of a treatment of heterogeneous labor in the industrial, the public and the political sector. We base the investigation of social stability of such structures on an educational sector by distinguishing between the general schooling system and tertiary education. We discuss how adequate skill formation is made compatible with equal opportunities on primary/secondary schools and with the encouragement of talented students to develop their special talents for high-skilled employment. Furthermore it is reflected how underachievement can be avoided. Education is regarded as a main tool to develop an inner cohesion in a competition-based democratic society. Furthermore the relationship between Human Rights – equal opportunities in a democracy – the labor market and the school system needs improvement. Here, the role of the media will also be discussed.

We show that the resulting social structure of accumulation represents a variety of capitalism that allows for social cohesion due to the assumed socio—economic structure in the labor markets as well as in the educational system, though this social structure remains a profit-seeking one in the industrial part of the economy. One should stress in this regard, that our flexicurity concept is a very open one, both with respect to microeconomic details as well as with respect to finding the best mix between economic flexibility and social security.

Keywords: Flexicurity capitalism, Skills, Education, Social Cohesion

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