

De la Précarité à la Mobilité :
Vers une Sécurité Sociale Professionnelle

From insecurity to mobility :
Towards an extended social security

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December 2004-
January 2006



Deep coordinated reform of

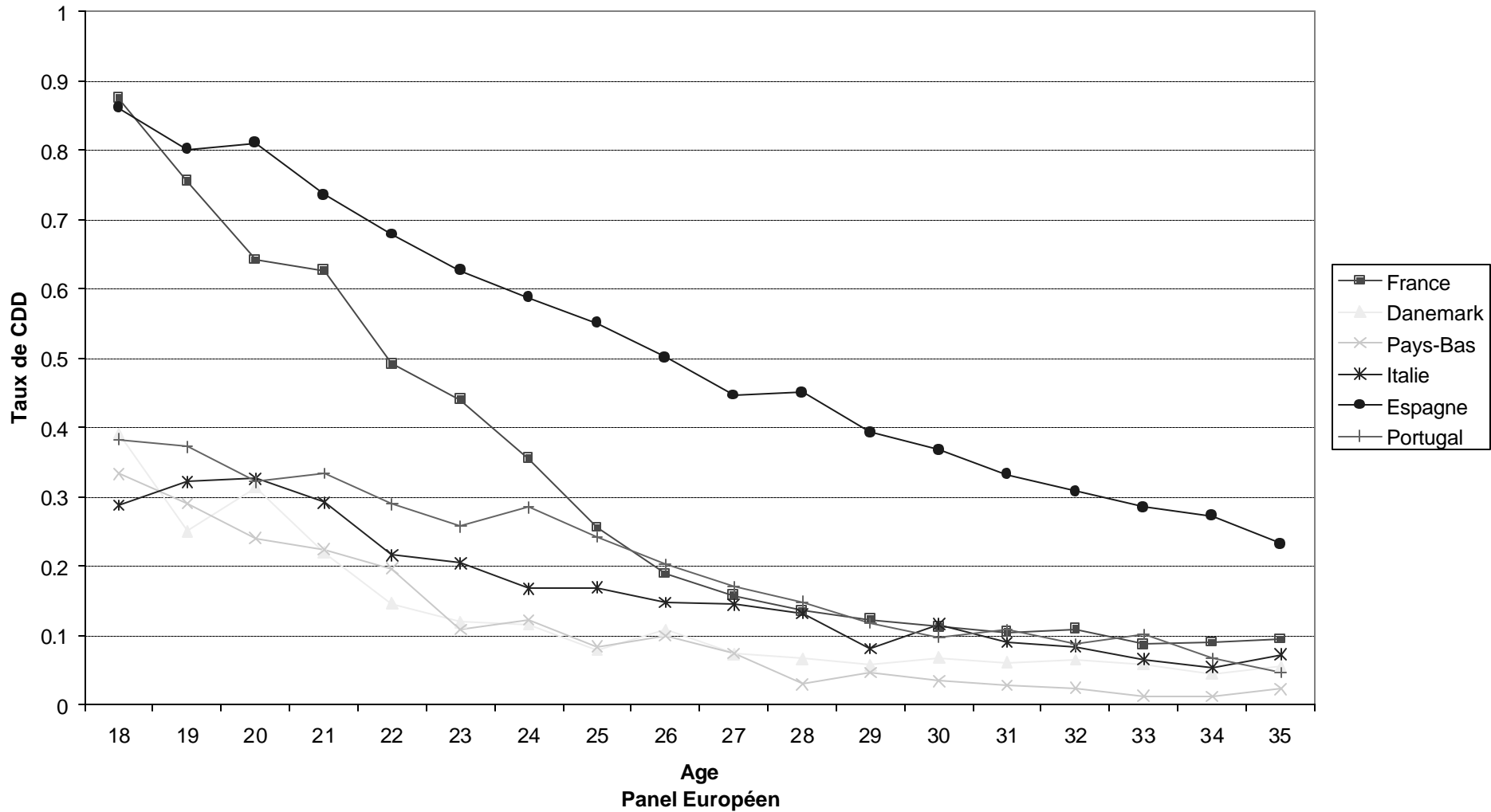
1. employment services
2. product market regulation
3. labor contract

Chapter 1: Job insecurity

 30 000 job separations every day in France

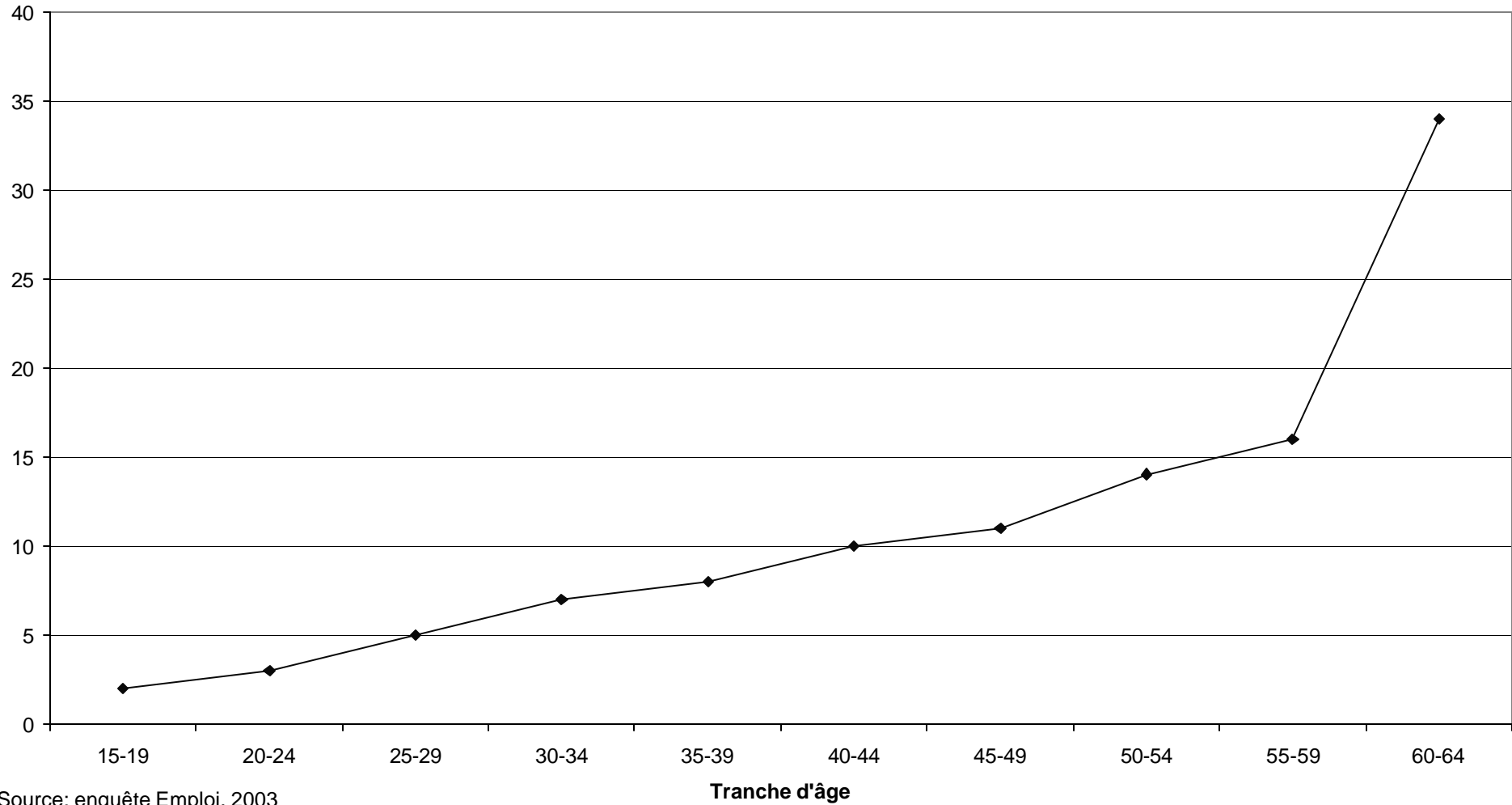
 Important for growth
But, costs associated with job losses

Part de contrats précaires, parmi tous les contrats



Many fixed term jobs for young workers

Ancienneté médiane de chômage



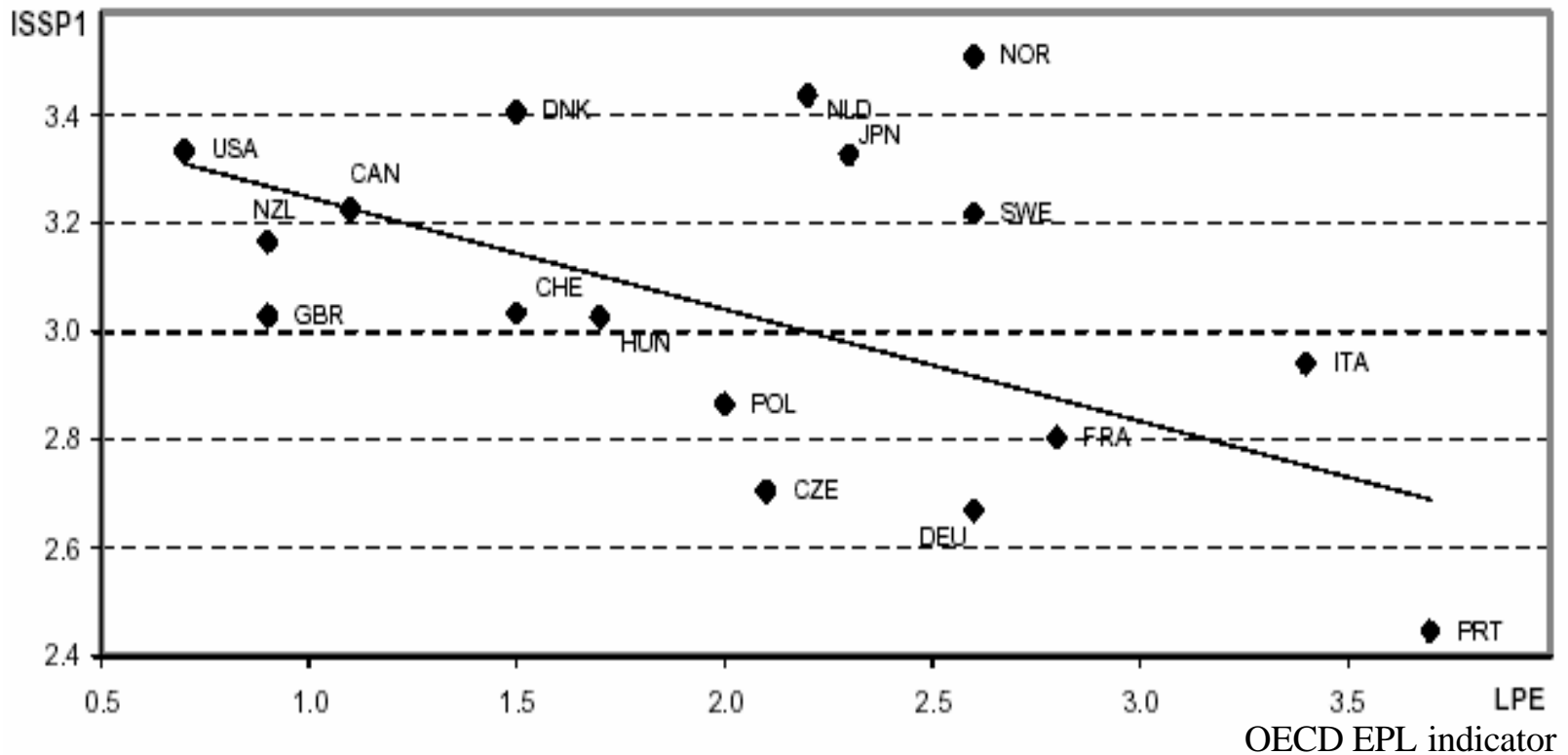
Median unemployment duration by age

Do you worry about the possibilities of losing your job?

I worry a great deal I worry to some extent I worry a little

I don't worry at all”

Feeling of job security



EPL is negatively correlated with the feeling of job security

	ECHP	ISSP1	ISSP2
EPL	-0.1876 (0.0096)	-0.1987 (0.0180)	-0.0575 (0.0174)
Unemp. Benef	0.8423 (0.0604)	0.6296 (0.1099)	0.3393 (0.1050)

Table 1 : Impact de la rigueur de la législation de la protection de l'emploi (LPE) et de la générosité de l'indemnisation du chômage (IC) sur les diverses mesures du sentiment de sécurité de l'emploi

ECHP « How satisfied are you with your present job or business in terms of job security? Using the scale 1 to 6, please indicate your degree of satisfaction in each case. Position 1 means that you are not satisfied at all, and 6 that you are fully satisfied

ISSP1 “Do you worry about the possibilities of losing your job? I worry a great deal – I worry to some extent – I worry a little – I don’t worry at all”

ISSP2: “How much you agree or disagree that this statement apply to your job? My job is secure; Strongly agree – Agree – Neither agree nor disagree – Disagree – Strongly disagree”.



Propose deep change in the regulation of the employment relation

Basic idea: protect individuals instead of protect jobs
(flexicurity)

- employment services (to move between jobs)
- product market regulation in service industry (to favor job creation, especially for young people)
- labor contract

Chapter 2. Improving Public Employment Services

- French Public employment services poorly organized
- too many actors not well coordinated (unemployment benefits, job search, vocational training)

Unemployment benefits: social partners (UNEDIC)

Job search assistance: social partners (UNEDIC),
Public agency (ANPE), Private agencies,

Vocational training: social partners, private agencies, public agencies,
regions (22 regions in France), Ministry of labour.


Sanctions: Ministry of labour


Performances of Private agencies are not properly evaluated


⇒ Many reforms in

- Denmark
- Netherlands
- Australia
- Germany
- UK
- Switzerland

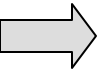
Proposals

-  Creation of a single counter for unemployed workers
 - reception
 - profiling
 - centralisation of information
 - relation with private agencies in charge of job search assistance

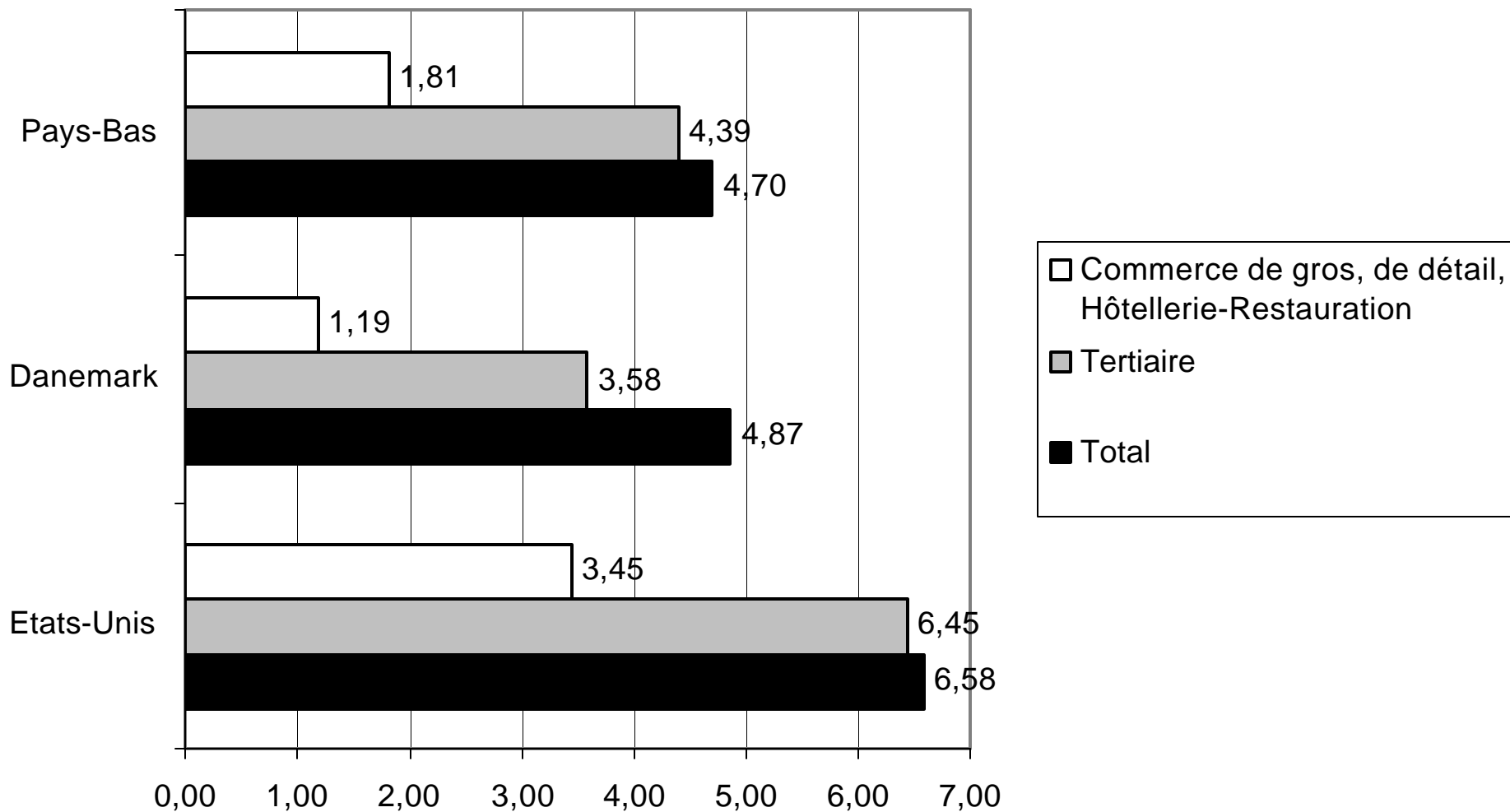
-  Regulation of private agencies
 - payments based on verifiable performances
(rate of entry into employment, job duration, payment in 3 parts)
 - invitation to tender (more competition)

-  Generous system with mutual commitment
 - Profiling used to offer different job search assistances
 - Obligation to accept job or training
 - Modification of sanctions (graduation)

Chapter 3. Product market regulation



Low employment rate in service sector (retail trade, restaurants)



France: 2,3 millions unemployed workers
 21 millions jobs
 16 millions jobs in the private sector

Proposals: change in product market regulation

Retail trade:

Loi Royer (1973), Loi Raffarin (1996):

public authorization to open supermarket (more than 300 m²)

introduced to protect small shops in town


Negative effect on employment, on productivity, price increase

(Marianne Bertrand and Francis Kramarz, QJE, 2003)

Instead: subsidies to small shops

 Many other barriers to entry in service industry: Law, health, transportation

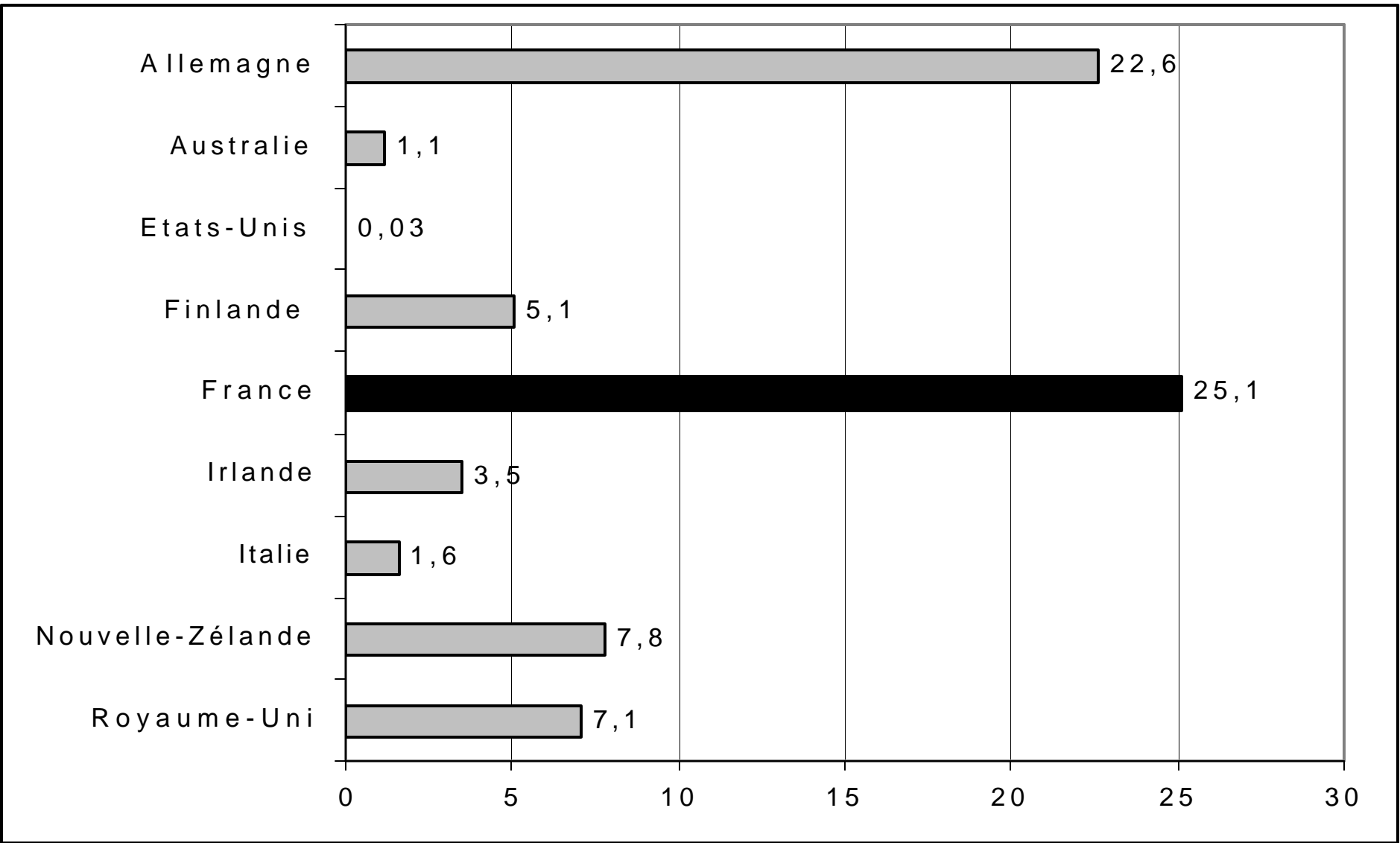
Chapter 4. Single labor contract

 Strong EPL in France

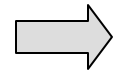
 Firing for economic causes

- Complex procedures
- Important intervention of the State (Ministry of labor)
- Employers have to try to keep the workers in the firm (provide training...)
- Long delay
- Weak role of trade unions (only on the procedure)
- Problem with the definition of economic causes:
can « safeguard » the competitiveness of the firm, but cannot fire to « improve » the competitiveness of the firm.

 Strong judicial insecurity



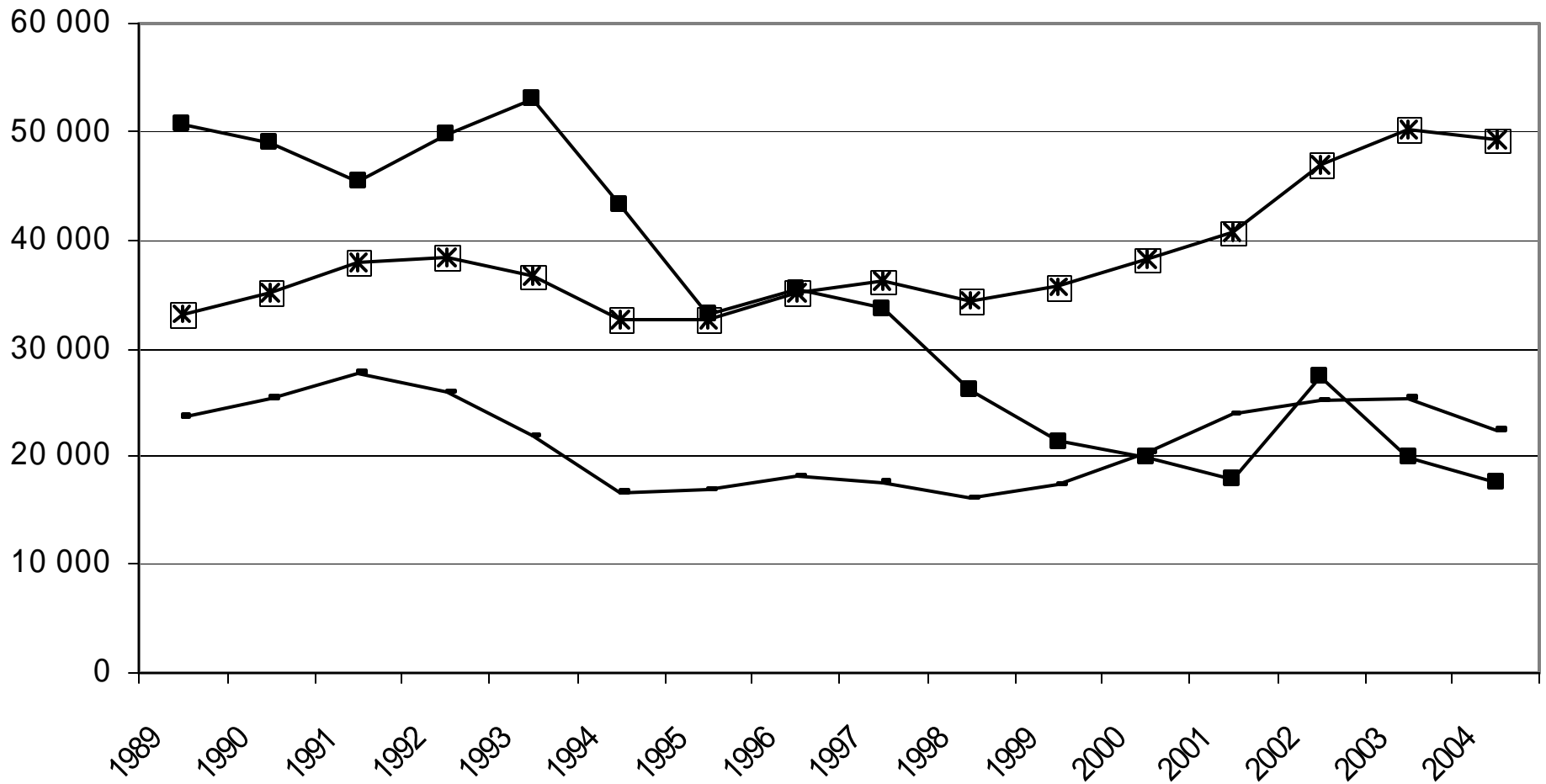
Percentage of layoffs giving rise to legal proceedings in the end of the 1990's. Source : *OECD*



The Law is more and more circumvent

- Layoffs for economic causes = **2** percent of separations (divided by 3 in 15 years)
- Collective layoffs = **0.5** percent of job separations
- 70% of recruitings are fixed term jobs (should be the exception according to the law).

LICENCIEMENT ECONOMIQUE
 AUTRE LICENCIEMENT
 DEMISSION





Entries into unemployment after a layoff for economic causes, for quit (démission) or for layoff for personal reasons (autres licenciements). Source: DARES, Ministère du travail.

Segmented labor market:

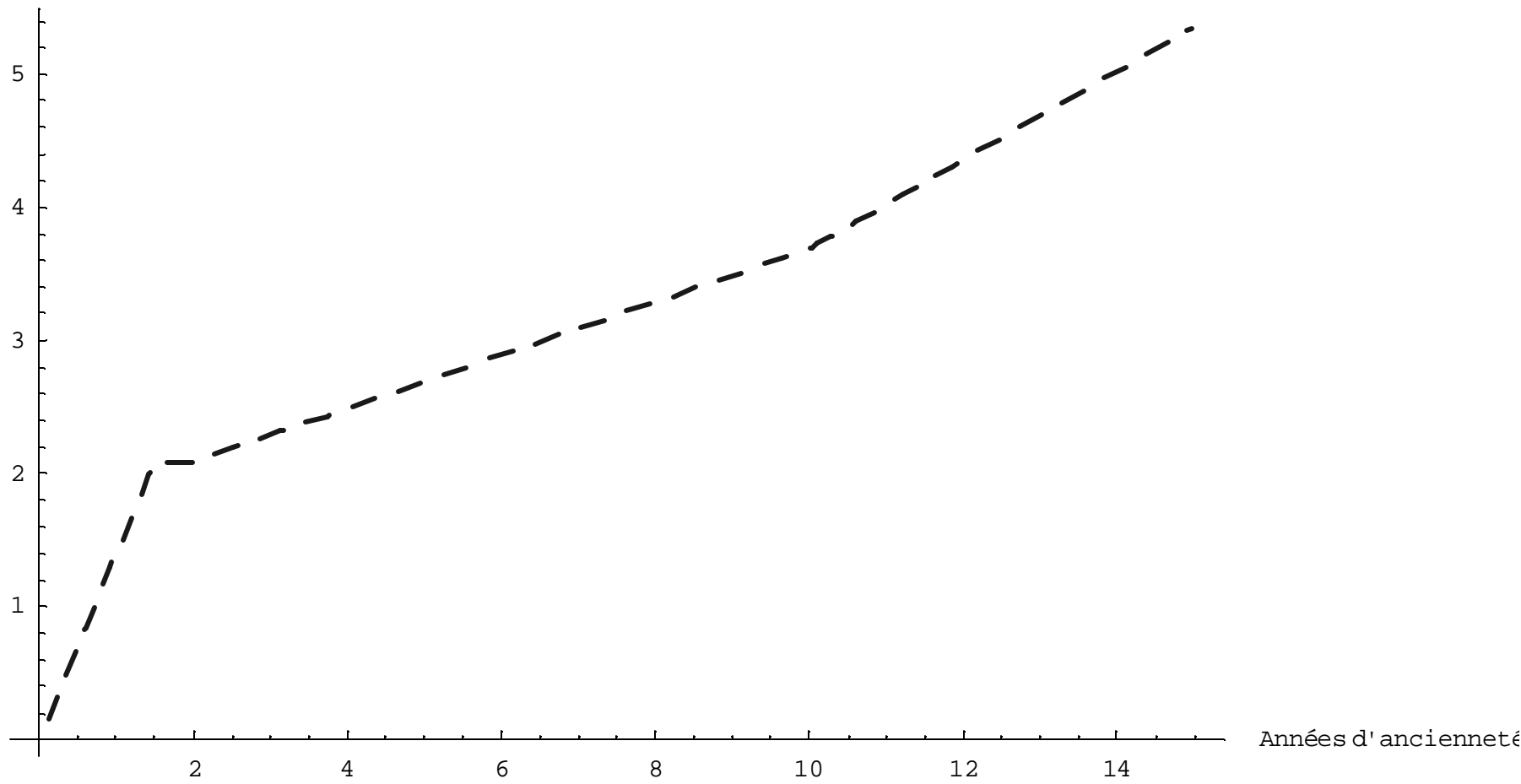
- many recruitings in fixed term contracts
(young workers, women, immigrants...)
- Complex system, unfavorable to low skilled workers, workers in small firms with no trade unions...

Proposal : single contract

-  1. Regular contract (no fixed term)
 - the control on the economic cause of layoff cannot be related to the performance of the firm (the employer keeps all the right to manage the firm)
 - no obligation to keep the employees in the firm if there are new recruitments to operate new tasks.

-  2. Layoff tax
 - difference in the social value and the private value of the job
 - experience rating (in the US), tax used to finance public employment services
 - 1.6 percent of the wages paid to the fired workers = 0.3 percent of GDP.

Coût du licenciement



Layoff costs (in monthly wage units) and seniority (in year)