



Ministerie van Sociale Zaken en
Werkgelegenheid

Flexibility of the Labour Market

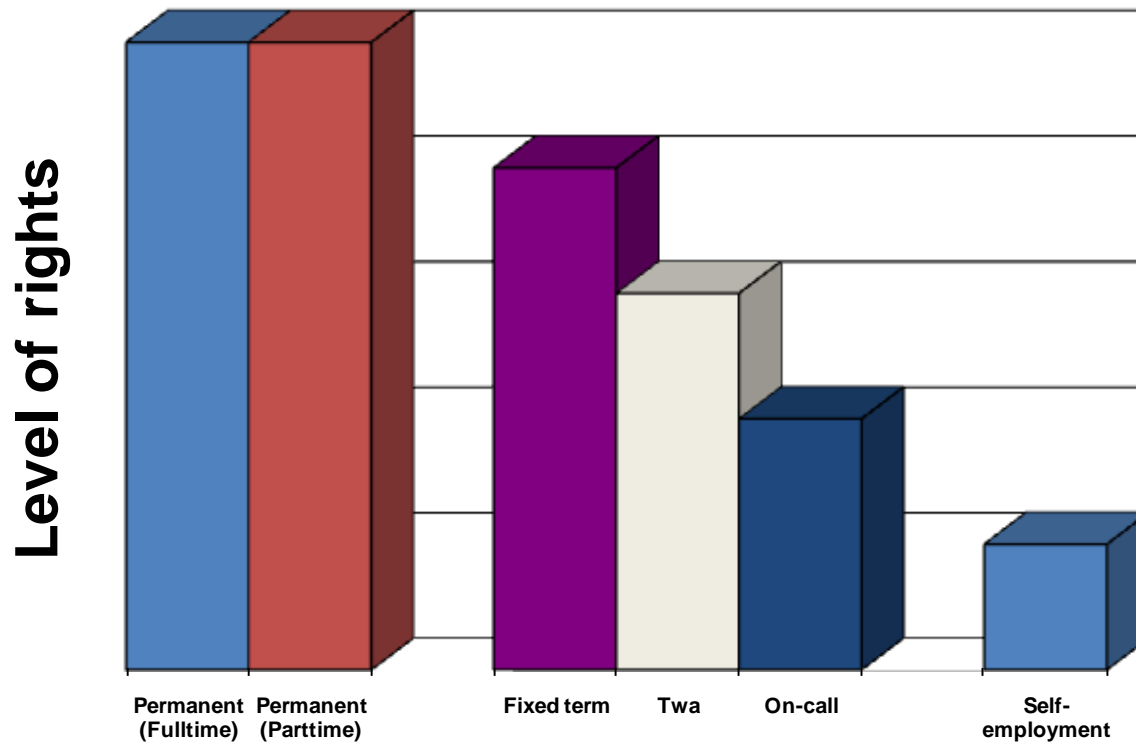
Expectations and future
challenges

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Labour contracts and rights





Policy concerns

Study stresses three important concerns. Translated into policy goals:

1. *Decreasing gap insiders-outsiders*
2. *Strengthening ability for absorbing economic shocks*
3. *Promoting long-term employability of ageing workforce*



Labour market elderly – policy challenges

High rights and level of protection for the elderly...:

- *High firing costs*
- *Steep wage-tenure profiles*
- *Long unemployment benefit entitlements*

...contribute to unfavorable labour market outcomes...:

- *Long unemployment duration*
- *Little investment in human capital*
- *Low participation rates*

...and possibly to a suboptimal allocation of labour:

- *Low mobility*

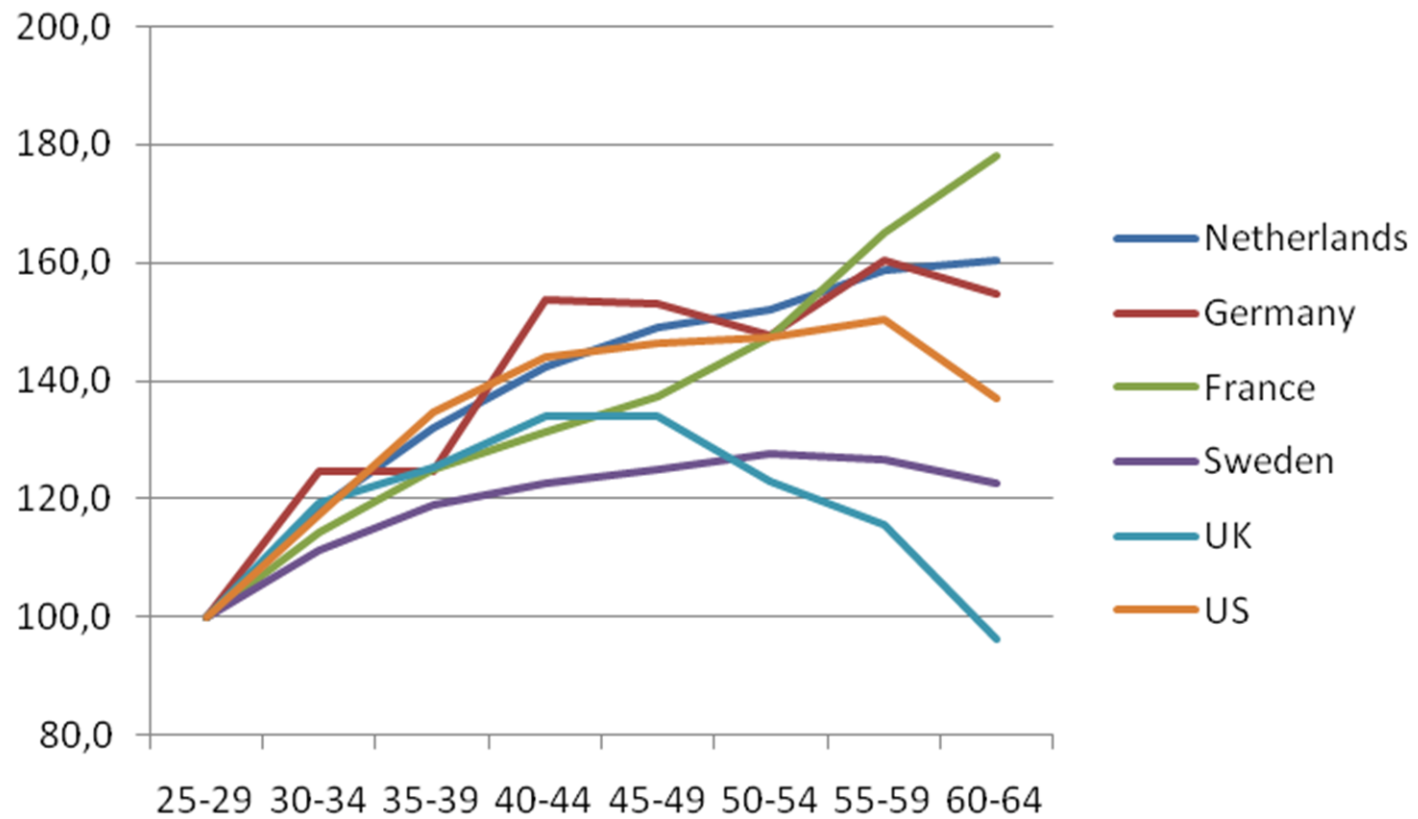


A Golden Cage





Wage-tenure profiles





Labour market elderly – policy options

Refining the incentives of our labour market institutions...:

- *Wage formation:*
 - Performance related pay
 - Less steep wage-tenure profiles
 - Regular reassessment of wage value
- *EPL and UB*

...and stimulating long-term employability:

- *Training*
- *Health*
- *Mobility*

All with one primary goal: ...



'Uncaging the ageing'

