Is there an Ideal Labor Code in our Open World?
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The New York Times moved its headquarters to London on the grounds of too rigid French labor laws, showing that the issue of the adequacy of our Labor Code with the aspirations of employees and the needs of businesses should thus be revised in the light of globalization. The competition between countries covers many aspects including taxation, infrastructures, education and quality of labor, and labor legislation. There is little doubt that this competition has a restraining effect on workers' protection. A race to the bottom could result in a shocking social situation in terms of universal values. We should not forget that labor legislation was historically instituted to counter the abuses of capitalism, abuses that have far from disappeared in the world. At the same time, comparing systems in different countries is healthy and can help to move towards a more transparent and consistent legislation without giving up our own values.

In this regard, France stands in the middle of the road and continues to adjust its labor code little by little, as demonstrated by the Macron law, with a desire to reconcile the adaptability of the production apparatus to varied and changing contexts and the legitimate desire to protect the employee against the vagaries of the economy. Does this compromise lead to the best or the worst of both worlds? This protean query can quickly be reduced to a demand for simplicity in all directions. When used as a magic door-opener the word "simplicity" will open no doors at all other than leading to a titanic work where the search for simplicity does not deliver a message on the trade-offs that should be made in different dimensions with attention to all individual cases. A more fruitful way is to ask what are the issues we should concentrate on and probably the expectations of reform in the coming years.

The first issue is probably to limit the uncertainty of the labor tribunal benefits for the company or the employee in case of dismissal. The Macron law contains new supervisory provisions for these benefits in the case of unfair dismissal in SMEs and VSEs. This reduced uncertainty for companies should logically result in higher average benefits. The issue of the compliance of the new provisions to the constitution remains to be solved, in particular, whether the principle of full reparation for the damage is respected. Comparison with foreign experience on this point would be valuable.

Second, serious questions remain regarding the various forms of employment contracts. The shortcomings of the dualism of the labor market between workers well protected by permanent contracts and a fringe of exposed workers moving on from one temporary contract to the next were denounced long ago and make France look very much like the countries of southern Europe. Powerful voices are urging France to adopt a single labor contract, while others point out that the massive recourse to short-term contracts reflect an adaptation to technological changes and volatility in demand. The number of contracts of less than a month has indeed increased by 88% in the first decade of this century. This concerns in particular the contracts that can be renewed without limitation and no waiting period between two consecutive contracts. The sectors involved are numerous, ranging from hotels and restaurants to leisure, entertainment and education, to the moving

industry, construction and engineering activities abroad. In fact, side by side with a stable workforce, we are witnessing the resurgence of a form of wages, which has long existed in the country: the day laborers, who as their name suggests were hired by the day. In the case of France, the oddity is that these "day/week laborers" are not necessarily hired on a temporary basis. Is this duality of the labor market really harmful for growth, for the development of French companies, for France's attractiveness, for the engagement of employees in their companies and for the development of their human capital?

Finally, the right level for collective bargaining in terms of wages and working time is still debated. Should agreements take place at company level like in Germany or should branch or national inter-professional agreements be preferred? As shown by Christian Dustmann from LSE, the real turning point in Germany did not occur in the wake of the Hartz reforms in the early 2000s but during the previous decade when priority was given to company agreements over branch agreements. Wage moderation ensued which greatly helped restore German competitiveness until then damaged by the reunification. The French system on the other hand seems characterized by the disconnection between salary and productivity increase. For example, in 2014, wages in the private sector increased by 1.3% in a zero inflation situation, while the increase in labor productivity fell well below 1%. It is as if the gains of the CICE [tax credit for competitiveness and employment] had been used to increase wages, as the corporate margin rate has not recovered. Is the relatively centralized nature of collective agreements, the fact that the extension or widening of measures rests with the Minister of Labor –making an agreement cover employers and employees who did not participate in its conclusion– likely to have fostered such a situation?

Here are some questions to the panelists and the public and which are obviously far from exhausting the subject.