



ANNEXES: POLICY DOMAINS FOR THE 2007 SPRING COUNCIL TO DISCUSS

I. Putting the quality of jobs at the centre of the equation and leave no one behind

Unemployment is hitting specific groups of workers such as young and older workers, women, and migrants particularly hard. Some abuse this situation of exclusion by advocating a weakening of workers' rights which, in their opinion, constitute 'privileges' for the 'insiders' but barriers to entry for the 'outsiders'.

The ETUC strongly rejects this 'divide and rule' approach of using the unemployed to undercut key working conditions. Policy experience from many different member states as well as the recently updated OECD job strategy tells us that this policy does not work and has perverse effects: It substitutes regular jobs for low paid and insecure jobs without however increasing total employment numbers. At the same time, business profits and CEO perks benefit much from the weakened bargaining position of workers and trade unions.

The ETUC urges the Spring Council to discuss real and sustainable solutions to labour market segmentation. Instead of simply redistributing the 'misery' of unemployment and having more workers in precarious jobs, the way to go forward is to create more and better jobs for everyone

The ongoing discussion on job protection illustrates this vividly. We know that lowering job protection will not create more jobs but that it will artificially increase worker turnover at the cost of more insecure jobs, less investment in human capital and, in the end, deteriorating productivity and competitiveness. So, instead of allowing employers to organize a carousel of workers taking up each others' jobs over time, why not go for a real solution? Instead of increasing the number of vacancies to be filled in by groups at risk by making it easy for employers to fire workers, why not expand vacancies by creating more jobs? With Europe being confronted with the challenges of global competition and an ageing society, creating more and more productive jobs is the only way forward.

To do so, Europe needs an economic policy that sustains growth and job creation over the coming years (see also point below). Such a policy will not only provide more job openings and opportunities for the unemployed, it will also produce a 'chimney effect': Qualified workers now doing elementary jobs below their skills level will move higher into newly created, more productive jobs. In doing so, they will open up job space for the less skilled unemployed. To have this process run smoothly, the groups at risk need to have full access to training.

However, economic policy and training are not enough. If there's no social level playing field, business will be tempted to go for the 'easy way' out and address competition on the European Single Market by forcing the unemployed (even the skilled ones!) into precarious jobs. The ETUC overview on precarious work (attachment II) describes how widespread precarious work practices are nowadays in Europe. Hardly any single member state does not have a problem with one or the

other form of precarious work. The ETUC study also unveils the real causes for this: Precarious work practices are spreading, not because regular workers enjoy excess protection but because many member states are offering employers important loopholes in labour law (such as the possibility of a long sequence of fixed term contracts) as well as tax holidays if workers are engaged in insecure contracts or as bogus self-employed.

To address this, Europe needs to put job quality at the top of the policy agenda. Europe needs to get precarious work practice back under control and switch to policies promoting 'good work' instead.

II. A two-handed policy approach to push European unemployment down to 6% and lower

Much to the ETUC's satisfaction, and in striking contrast with the analysis of the European Central Bank, the ETUC notes that the Commission's annual progress report is not making the mistake of thinking that unemployment falling below 8% represents a danger to price stability. The Commission indeed points to the fact that there is no inflationary danger because structural unemployment has fallen as well.

But what if structural unemployment has been compressed even more? What if structural unemployment is actually even much lower than 8%? If so, then the opportunity to continue with robust growth and push unemployment further down should not be missed.

A thorough analysis of the European labour market by "The ETUC's analysis of the European labour market" indeed finds several indications pointing to a substantially improved functioning of the European labour market and to much lower level of structural unemployment. There is the stunning fact that one third of workers in Europe are overqualified for the job they are doing. And a growing proportion of part time workers –some 17 million workers- would like to have a full time job but is unable to find one. Both trends imply that a substantial reserve of skilled labour is available to support the process of growth through a process of workers upgrading themselves into more qualified/full-time jobs.

Does this mean that the ETUC is asking policy makers simply to support aggregate demand and then relax and watch how growth brings unemployment down? No, it does not. The ETUC is also aware of the opposite danger of 'overshooting', of a too rapid falling unemployment triggering inflationary dangers. To address this concern, the capacity of the labour market to support high and continuing growth needs to be expanded even further and the point at which growth would finally trigger inflationary pressures needs to be pushed further back. This should be done by pursuing the right set of structural reforms at the same time as growth is allowed to unfold itself. Those who are out of work for less than one year (more than half of total unemployment in Europe!) need enhanced training and education so that they can indeed match the new jobs that are being created. And with 25% of all part-timers doing so because of family responsibilities, investing in qualitative and affordable care facilities will increase available labour resources as well.

The European economy now finds itself in a situation which is similar to the mid-nineties. At that time, (euro area) unemployment stood as high as 11% and it was claimed that structural unemployment was similarly high. Nevertheless, from 1996 on, the economy entered a period of five years with 3% average growth, thereby pushing unemployment back to 8%. And instead of inflation spiralling upwards, inflation actually stayed limited to 1,7% on average. The ETUC labour market analysis paper shows that there is now a substantial amount of slack on the labour market, making it possible to repeat a similar process and to push unemployment down to for example 6% or even lower. If this would be achieved, it would also imply that European unemployment would again approach the level of unemployment in the US, something that has not been observed since the past three decades.

III. Real social dialogue and social partnership on Lisbon policy

Despite intentions and declarations to the contrary, and with the exception of around two countries where social dialogue is thoroughly engrained in society, the involvement of social partners in the Lisbon process has deteriorated and has now become worryingly poor. An overview from the ETUC (see attachment IV) concludes that meetings are pro forma gatherings where policy plans and conclusions are announced without much possibility for social partners to discuss, let alone amend the governmental plans.

This is not a coincidence but the result of structural flaws inherent to the New Lisbon Process. With reform or implementation plans to be made up in a very tight time frame and in the midst of the summer holidays, and with the Lisbon process being centralised in the hands of so called 'Mr or Mrs Lisbon' who have no experience or understanding of the dynamics of social dialogue, the conclusion that 'ownership' of the Lisbon process by the social partners is diminishing should come as a big surprise.

The ETUC invites the Spring Council to discuss this problem openly and to request the Commission to review the timing and the process of drawing up national plans. Drawing upon the experience of countries that do organize an intense process of social dialogue on the Lisbon agenda, the ETUC asks the Commission and the Council to recommend to member states the organisation of a continuous working group with social partners on the national Lisbon action plan. Also, governments would do well to constitute Lisbon working groups in which all ministers and not only finance ministers participate.



ANNEX II: PRECARIOUS WORK IN EUROPE: AN OVERVIEW FROM THE ETUC

Introduction

Beginning 2006, the ETUC addressed a questionnaire to the members of its collective bargaining committee, requesting information on the situation of precarious work in the different countries. The country overview in this report is based on the replies to this questionnaire. In addition, information from a study done by IRES-France has been used to complete the picture where necessary¹.

CHAPTER I: PRECARIOUS WORK: FACTS, CONSEQUENCES, CAUSES AND STRATEGIES

Excessive flexibility: Spreading throughout Europe

6 million temporary workers in Spain, 5 million vulnerable workers in the UK at risk being denied their employment rights, almost 3 million 'false' self-employed in Italy working for one single employer, 6 million workers in Germany in 'mini-jobs' gaining a maximum of only 400 euro per month, 80% of all new hirings in France on a fixed-term basis.

In the EU-25 as a whole, some 30 million workers (14.5%) are on a fixed-term contract in 2005, up from 2000 when the number of fixed-term workers was 25 million (12.6%). 37 million workers are now working part-time (up from 32 million in 2005), with one fifth of them declaring they are involuntary part time workers, a share that is rapidly increasing (from 15% in 2002 to 20% in 2005). Moreover, these figures are averages, hiding the fact that weaker groups (women, young workers, older workers, migrants) bear the blunt of atypical contracts and work practices.

These figures are alarming. They call into question the much heard claim that Social Europe is doing well, implying that social policy and worker rights can be put in the 'freezer'. They also refute the argument that European labour markets are rigid and inflexible'. If anything they show that there are situations of 'excessive flexibility' in European labour markets which need to be tackled urgently if Europe is to improve both its social as its economic outcomes.

Precarious work practice comes at a high price

Precarious work has serious consequences for workers involved as well as for the economy as a whole. Excessive worker flexibility:

- Makes employers think of employees as a commodity that can easily be dispensed with in case of business problems. As a result, employers will not be inclined to invest in training their workforce. There are indeed strong empirical indications pointing to this: Since 2000, and together with rising precariousness in European labour markets, there has been a significant fall in

¹ IRES, Les emplois précaires, enjeu de représentation syndicale ? Chronique internationale de l'IRES, no 97, novembre 2005.

the share of workers having received training from their employers, falling from 30.6% in 2000 to 27.3% in 2005, with the average number of training days falling as well (14.3 in 2000, 11.4 in 2005). In particular, the position of temporary agency workers is quite dramatic: Only 18% of these workers receive employer supported training (Source: Fourth Working Conditions Survey).

- Acts like a 'bad job' trap. Upward mobility from precarious jobs is low, which reflects the limited access of employer supported training, as well as the barriers for flexible workers to engage themselves in lifelong learning because of low wages, long working hours and hierarchical work relations which work to de-motivate workers to increase their skills. Several studies indeed confirm this low mobility out of atypical jobs.
- Holds back innovation at the workplace: Flexible workers will show not much attachment to the firm and motivation to cooperate in introducing innovation in the workplace since increased productivity may directly cost them their job.
- Provides business with the wrong incentives to address competitive challenges. If business is offered the 'easy way out' (firing workers, cutting wages, working longer unpaid hours), they will tend to do so, and this at the expense of what is a really sustainable solution to competitiveness (product and work place innovation and productivity).

The (economic) perversity of precarious work is probably nowhere better illustrated than in the case of Italy, where the previous Berlusconi government introduced a wide variety of work contracts allowing employers to destabilise basic worker rights (Biagi labour law reform). At the same time the pace of hourly labour productivity increase has substantially fallen. Productivity has actually started declining in absolute terms over the last couple of years, thereby seriously damaging Italian cost competitiveness and this despite moderate nominal wage increases.

The real causes of precariousness

One peculiar explanation of the causes of precarious work is advanced by business in particular and is claiming that regular workers are too heavily protected insiders so that employers have no other choice than to reflect the full burden of global competition and flexibility on outsiders and new or weaker categories of workers.

However, the country cases reported in chapter II show that such a view is turning the discussion upside down. What business is actually doing is to make use and exploit the loopholes that exist in European legislation, national labour laws, taxation systems and collective bargaining practice:

- If no limits are set to fixed-term work, employers will maximize the use of these contracts, thereby preventing workers to enter open-ended contracts. In some countries, because of lack of adequate regulation, workers are kept for years and years on a temporary basis by the same employer for the same job. Or the same worker is offered the same job through 10 or 15 temporary work contracts over a period of one year!
- In many cases, tax and social security contribution systems organise and promote 'bad' employer behaviour. Employers offering temporary jobs, false-self employment 'contracts' or jobs paying minimum and poverty wages are

being rewarded by having to pay lower taxes, lower social security contributions or even receiving employment subsidies in the context of ‘active labour market policies’.

Governments and business motivate such schemes by arguing that these ‘exceptions’ are necessary to correct for lower productivity and skills levels of certain groups of workers. In practice however, the use of such schemes has become so widespread that the ‘exception has become the rule’: Workers that are sufficiently productive and sufficiently skilled are engaged through (subsidized) precarious work statutes which are then used to destroy regular jobs:

- One in three (33!) of workers in the EU-25 indicate that their duties are below their skills and that they could perform more demanding tasks (Source: Fourth European Working Conditions Survey). Workers engaged in low wage jobs are often trained workers. In Germany for example, two thirds of workers in a low wage job have ended a professional training.
- Experience in Germany’ 1-euro jobs), France (CNE-contract), Italy (‘parasubordinare’) learns that these exceptional schemes do not produce much net additional jobs. What happens is that regular jobs are substituted for by these new but insecure job schemes.

Some principles for a possible strategy for trade unions in Europe

A strategy of European trade unions should start from the principle that a modern labour market has nor room for precarious work. Taking inspiration from the country overview (chapter II), a number of interesting and ‘good practice’ approaches can be highlighted. These are based on the following principles:

- Ending the situation of rewarding ‘bad’ employment practices over the board. ‘Small job’ schemes should be carefully designed, well targeted and temporary schemes with a focus on upwards transition of workers.
- Promoting ‘good’ employer behaviour by offering fiscal/para fiscal incentives to those employers who do not resort to precarious work practices.
- Prioritising the non-respect or the poor transformation of the European social acquis (for example directive on fixed term work).
- Addressing gaps in labour law/collective bargaining practice, both at the European level as at the national level.
- Building systems of coordinated bargaining which ‘internalize’ the need to integrate groups of vulnerable workers, in particular through collective bargaining agreements which make sure all groups of workers (including unemployed at risk) have access to training and lifelong learning.
- Implement a macro-economic strategy combining stability oriented age formation and demand and growth supportive fiscal and monetary policies in order to create more jobs so that skilled workers can flow into productive jobs, thereby making decent jobs available for relatively disadvantaged workers (‘inverse ladder4 effects).

CHAPTER II: COUNTRY OVERVIEW²

AUSTRIA

Many work contracts, mostly for workers under the age of 30, contain 'flexibility' clauses. These clauses transform wages into 'all-in' wages without overtime payment, give the employer the power to decide unilaterally on flexible hour schemes as well as the power to extract re-payment of training costs when the worker is leaving the job. On average, 18% of overtime is not being paid. A quarter of a million of workers are on atypical contracts, with three quarters of them being women. Many of these workers face a high risk of poverty.

BELGIUM

Main problems with precarious work

False independent workers are identified as a main problem. Although Belgian law or/and collective bargaining practice provides a framework to control the excesses of flexibility, there is no solution to the problem of so-called 'autonomous workers' in Belgium. This is a problem in particular when employers use workers from Central and Eastern Europe as so-called self employed, thereby avoiding to pay collectively agreed wages or even the statutory minimum wage as stipulated in the posted-workers directive.

There exists a well-defined framework for temporary agency work obliging equal pay and limiting the use of temporary workers to particular and exceptional situations. However, there is pressure from business to extend the use of temporary work and use it in general as a way to enter the labour market.

Interesting practice to control for excessive flexibility

Employer abuse of using chains of fixed-term contracts are controlled for by labour law: There is a maximum of 4 successive fixed-term contracts over 2 years with the same employer. After that, the fixed-term contracts is regarded as an open-ended contract.

Belgium labour law also blocks very small part time. A labour contract needs to provide at least one third of the weekly hours worked by a full timer. In practice this means labour contracts not less than 13 hours a week. This avoids abuse of employers writing out zero or two hour contracts and thereby keeping workers in a very dependant and weak position. On the other hand, it does not prevent employers from shifting the burden of fluctuations in business on to workers from the moment the employee has reached its minimum of 13 hours a week. A too standard practice is also to pay all hours worked over the minimum of 13 hours unofficially, thereby undermining government revenue and denying their workers with full access to social benefits.

² * marks information based on Ires study

NETHERLANDS*

In the Netherlands, the share of flexible workers (defined as fixed term contracts under one year and on-call contracts) has fallen from 10.3% in 1998 to 6.6% (460.000 workers) in 2003. On call workers take up 22% of this number, so representing around 1.3% of all workers. A number of them are 15-24 year olds combining studies with work.

The liberalisation of the temporary agency sector has led to some abuses. One in four temps' appears to be working for agencies not paying social security contributions or not paying collectively agreed wages.

Labour law is limiting fixed term contracts to a maximum of 3 contracts over a maximum of 36 months, after which the contract becomes open-ended. However, collective agreements can and are deviating from this by specifying more contract renewals and/or a longer period than 36 months.

Interesting practices

A substantial reduction of on-call workers has been achieved by installing minimum work sessions of 3 hours (up to 15 hours a week), by increasing contractual working hours to average number of hours worked over the past three months. Many of these on-call workers have received a part-time work contract instead.

Another measure is tackling the false self-employed workers by transforming each regular working relationship of 20 weekly hours over at least three months into a regular working contract.

Collective bargaining agreements, followed by the 'flex-wet' have installed a right for workers to request a reduction in working time as well as a right to reverse their previous choice.

Like the UK, the Netherlands have a high rate of part-time workers. However, unlike the UK, and thanks to the 'equivalent rights' approach, part-time work is not a synonym for precariousness.

Some trade unions (media, construction, services) have organised the self-employed and are seeking to include fixed minimum rates of compensation for the self employed in collective bargaining agreements.

GERMANY

Main problems with precarious work

Part time employment is increasing rapidly, from 19,4% of all workers to 14,2%. Behind this is the increase of the so called mini jobs (monthly income limited to 400 euros a month, working time however is not limited). Some 6 million people are now holding such a mini-job (for 1,4 million workers this is a second job). Half of them is gaining less than 8 euro an hour.

Temporary agency work is used by employers to undermine the bargaining position of trade unions: Wage demands considered too high (or wage concessions that employers consider too low) are sanctioned by resorting to temps'. Temps' are paid very low wages, sometimes as low as 5 euro an hour. In principle, German labour law imposes the principle of equal pay for equal work. In practice however, competition between trade unions has led to collective bargaining agreements using the possibility of deviating from the equal pay principle.

Germany has a large low wage sector. 2,5 million (full-time) workers are on poverty wages (below 50% of the median wage), with 64% of these workers having a degree or a professional training. The low wage sector also constitutes a trap: Even after five years, only one third of workers is able to escape from low wage employment to find a better paid job. This is the lowest upward mobility in Europe.

There exists a generation of 'trainees for free': 40% of them receive no pay.

Labour market policy is much behind this trend of more precarious work in Germany. Cuts in unemployment benefit systems, together with 'active' labour market policies force workers to take up jobs paying 30% below collective bargained wage agreements, as well as mini-jobs and 1-euro jobs drive workers into the sector of low paid, precarious jobs.

FRANCE

Main problems with precarious work

The majority of new hiring's (80%!) is done through fixed term contracts, with especially youngsters being hit by this. This overdependence on fixed term contracts creates problems with social rights such as holiday pay, sickness leave, maternity,).

Interesting practice to control for excessive flexibility

Temporary agency workers are known to have much less access to training. In France, a special levy is charged on temporary work agencies and these revenues are then used to provide temporary agency workers with training.

ITALY*

One of the drivers of Italian labour market reform introducing precarious work has been the European economic policy framework: With fiscal policy constrained by the Maastricht regime and with a devaluation of the national currency no longer possible in the monetary union, 'labour' is seen as the only factor of adjustment by policy makers.

As a result, and especially under the Berlusconi government (see Biagi law) Italy has indeed introduced a wide 'variety' of labour contracts, allowing business to force workers into insecure working conditions:

- ‘Collaboration’ contracts have formalised the so-called ‘parasubordinare’ a category between the statute of regular workers and self-employed. In many cases, these workers are doing the same job as regular workers but without (full) access to social security rights. In 1995, these ‘collaboration contracts’ have been made ‘official’ by charging social security contributions which are however substantially lower than the contributions to be paid on regular workers. The effect is that the number of ‘parasubordinare’ has been tripled from 1 million workers (1996) to 3 million workers (2004). A quarter of these workers are employed by the public sector. Ninety (!) percent of them are working for a single employer.

Self employed workers take up 27% of total employment in Italy, a figure that is substantially higher than in the rest of Europe

- The incidence of fixed term workers, taking up 12,3% of total employment, is similar to the European average. However, half of all new hiring’s are done through fixed term contracts and the share of fixed terms in total employment has been rising rapidly from 7,4% in 1995 and 10% in 2000.
- ‘Insertion contracts’ allow workers aged 18 to 29(!) years, long term unemployed between the age of 29 and 32 years, older unemployed over 50 years and female workers(!) in almost all regions to be hired at a wage level that is two categories lower than the level corresponding with the qualifications necessary for the job. The counterpart of employers providing training to these workers is practically absent.
- ‘On call’ contracts allow the employer to call upon the worker in function of business activity. If workers have to be permanently available, a special compensation is paid. However, no social security contributions are to be paid on this availability fee.
- Job-sharing: A contract through which two employees share the work. Dismissing one worker automatically dismisses the other worker, a modality which is highly problematic when the two workers in question are a couple.
- Part-time work has been increasing rapidly as well from 8,4% in 2000 to 12,8% in 2005. Reductions in social security contributions have been specifically targeted to promote employers who hire workers on a part-time basis, in particular young, female and older workers. The 2003 Biagi law also weakened the role and possibilities of trade unions to limit and negotiate the introduction of part time work in the enterprises.

Interesting practice

Italian trade unions try to negotiate collective agreements with employers which ‘stabilize’ and re-regulate the use of these forms of work. For example, in 2003, an

agreement was signed for the sector of call centres stipulating that the share of 'parasubordinate' workers should be gradually reduced from 80%(!) to 40%.

The new Prodi government is keen on ending the employers' abuse of this chaos of work contracts. A first offensive against the deregulation of the Italian labour market is the draft 2007 budget which includes a reduction in taxes on labour. The modalities of this tax cut are such that open ended contracts are advantaged over other forms of contracts. At the same time, the social contribution advantage that the statute of 'parasubordinate' enjoyed is being reduced, which in turn provides the financial room to cut the overall tax wedge on labour. In this way, the Italian government is rewarding 'good' employer behaviour and having 'bad' employers pay the cost of the flexibility they extract from workers. A second initiative will start beginning next year, with the opening of a tri-partite negotiation aiming to address the system of 'parasubordinate' and to fight informal labour.

SPAIN*³

Main problems with precarious work

Spain is the unfortunate 'champion' of temporary contracts. About one third of all workers have a fixed term contract, a share that has not gone down much despite the good economic performance of the Spanish economy which has more than halved unemployment from a level of 20% to 8% at present. In absolute figures, this concerns 5 million workers.

One consequence of the high incidence of fixed term work is that many fixed term workers have difficult access to unemployment benefits, since such access is restricted to workers with a minimal period of social security contributions of 12 months. Indeed, two thirds of fixed term contracts are contracts of 6 months duration or less.

The big rise in the share of fixed term work in the second half of the eighties is to attributed to active labour market policies, targeting a certain public (long term unemployed, female work force,...), and providing substantial tax cuts and tax advantages for employers taking on such workers on a temporary basis. In 1992 for example, half of temporary contracts were concluded in the context of such employment policies. In return, the fact that the relative incidence of temporary work did not really fall over the recent period of growth is to be found, again, in the Maastricht regime of fiscal policy. To consolidate public finances, only a quarter of vacant jobs in the public sector are being filled up with regular working contracts, with the rest of open places going to temporary work contracts.

Interesting practice

In May 2006, social partners and government concluded a social agreement with the intention of tackling the problem of precarious work. The agreement contains the following measures:

³ Also based on information received from UGT-E

- A limit to temporary work: After more than 24 months of fixed-term contracts in the same enterprise and for the same job over a reference period of 30 months, the contract is converted into an open ended contract.
- Employer bonuses (from 850 to 3200 euro) to be paid annually when target groups (women, youngsters, long term unemployed,) are offered an open-ended contract.
- Employer social security contributions are being cut, with a 5,5% contribution for open ended contracts and a 6,7% contribution for fixed term contracts.
- Involvement of social partners in Labour inspection services to follow up the illegal use of temporary contracts in firms and sectors where the share of fixed term workers is particularly large.

As a result of these policies, hundred thousands of temporary contracts are in the process of being transformed into open ended contracts before the end of this year.

Another interesting policy measure is the new legal statute for autonomous workers that are in the making. If at least 75% of total income of a self-employed worker is provided for by one single client, then the worker gets additional protection: A written contract then becomes obligatory and the rate of compensation is governed by 'agreements of professional interest'. These agreements are negotiated between employer and user associations on the one hand and autonomous workers' associations (with links to the trade union movement) on the other hand. Labour courts are authorised to intervene in case of conflicts or non-respect of the agreements.

UNITED KINGDOM

Main problems with precarious work

The UK has a high share of part-time workers. Unlike the Netherlands, UK part time workers have no or reduced access to essential social rights (pensions, maternity, unemployment benefits).

Low pay is widespread in the UK: Over 20 (28)% of UK population has an income lower than 60 (50)% of median income and the probability of transiting from a low paid job into a better paid one is one of the lowest in the European Union.

Temporary work is less widespread in the UK (around 6%) than in the rest of the EU. But at the same time temporary workers receive no protection so that their pay is on average some 17% lower compared to workers with open ended contracts. Access to additional pension schemes, sickness and holiday entitlements is also rather unlikely if one is a temporary agency worker in the UK. Even over the run of their full career, workers who once occupied a temporary job, earn on average a wage that is 12% (8,8%) lower for men (women).

This structure of part time, temporary contracts results in one third of workers not having sickness leave rights. (Half of UK firms do not pay anything during the first three days of sickness). Lack of decent legal protection or organised trade unions at

work is resulting in one in five workers or about 6 million workers in total being vulnerable to abuse from their employers in the UK.

Interesting practice to control for excessive flexibility

Clear regulation and criteria on distinguishing dependant workers from self-employed workers.

Introduction of a statutory minimum wage in 1999.

Limiting of trial period during which unfair dismissal cannot be contested by the worker from 24 to 12 months.

POLAND

Main problems with precarious work

The share of fixed term workers has risen enormously, from 4% in 1999 to 26% in 2005. 60% of youngsters are on fixed term contracts. There is a rapid growth in temporary agency work as well. Atypical workers such as these are excluded from training.

One tenth of the workforce is self-employed, with many of these depending on one single 'employer', especially in the health and social care sectors.

SLOVAKIA

Main problems with precarious work

The labour code allows the chaining of fixed term contracts over three years. Moreover, the labour law allows this over an indefinite time span 'if there are reasons to do so', which is like giving a blank cheque to employers willing to abuse the situation. For certain workers (nurses, care services, workers in small enterprises) the law does not set any limit. In Slovakia, a fixed-term contract can be ended immediately.

Slovakian labour law also allows 'trading licences', thereby creating 'false independents'. Employees performing identical work in the same work place are then paid different compensation and have unequal access to social security.

Part time workers have a reduced dismissal notice of two weeks instead of two months. Conversion into full time contracts rarely takes place.

Interesting practice

To increase the respect of labour laws, government is considering higher fines, which are now limited to an average of 1 euro per case.

HUNGARY

There is general practice to employ workers as a small/semi entrepreneur. Ongoing legislation tries to make the distinction between workers and entrepreneurs clear. Recent legislation also forces firms that are borrowing workers from other firms to pay an equal wage.

SLOVENIA

Number of atypical workers (project workers, workers posted to another employer) is rising. For workers involved, this creates uncertainty, much less attachment to the company so less innovation. These workers also have less access to credit and loans.

ESTONIA

Much sickness related absence from work has to do with bad and unhealthy working week of sickness to firms themselves.

NORWAY

Main problems with precarious work

One tenth of workers are in temporary employment, mostly youngsters. Temps' high turnover results in employers showing no interest in upgrading their skills. There are also problems with access to housing loans. One fifth of workers is in part time.

Interesting practice The working environment act limits the use of temporary jobs to exceptional cases but the follow up of this principle is low in services sectors where trade union density is limited.

SWEDEN*

Main problems with precarious work

Since 1997 the use of fixed term contracts is no longer limited to certain specified cases (such as for example a temporary increase in activity or replacing permanent workers that are on leave or on sabbatical). However, workers can not be hired on a fixed term basis for more than 12 months over a period of three years while there's also a maximum of five persons per enterprise. Collective bargaining contracts can deviate from these rules. A contested reform in 2000 allowed local bargaining to agree upon these deviations, whereas before 2000, this deviation could only be done through centralised bargaining. Fixed term work increased from 14,4% in 1996 to 16% in 2000.

Another even more striking development concerns the increase in part time work since 2000, from 19,4% of all workers to 24,7% in 2005. Behind these figures hides, amongst other things, the problem that employers are abusing part-time work contracts by combining these with practices of 'on-call' work.

ANNEX III: OWNERSHIP BY SOCIAL PARTNERS OF THE LISBON AGENDA

Over the last months of 2006, the ETUC received written reports on how affiliates experienced the drawing up of the national implementation plans. Oral reporting was also done at the occasion of the ETUC's economic and employment committee in September 2006. The messages coming from (too) many countries are sobering. Affiliates from these countries report that discussion has remained limited to one meeting, that these meetings are pro forma, that the communication is only one way and that the remarks from trade unions are not taken into account by government. Also, several affiliates regret that the national action plan on employment, together with the role of the labour minister, has dissolved into a general 'action' plan that is administered by one ministry or one 'Mr.' or 'Mrs. Lisbon'.

An overview of rather negative experiences from 7 countries:

- Czech Republic: One meeting took place at the beginning of August. Government, Commission, trade unions and employer organisations attended this meeting. With a transition government in power, the impact of the Lisbon process was considered to be marginal.
- Germany: Time between the receptions of the draft implementation national plan was limited to one week. At the meeting with government and employers, trade unions had exactly ten minutes of time to make their remarks. Despite the concerns from DGB's on the danger of contractionary fiscal policy killing the recovery, government refused to discuss macro-economic policy. Other concerns from the trade union over the autonomy of collective bargainers to decide on opening clauses at enterprise level, the cost and desirability of corporate tax cuts, the pension and health insurance reform were also brushed from the discussion table. DGB also regrets that the national action plan on employment now has disappeared completely.
- Belgian trade unions report the non-respect of established procedures of social dialogue. Whereas the tradition and good practice in Belgium is to discuss and present a common opinion of social partners through the appropriate social dialogue councils, a mere hearing of social partners with the Commission was organised. This contrasts starkly with the recent past when the National Action Plan on Employment was commented and corrected by social partners themselves.
- France: No formal meetings of social dialogue have been held, instead a public "debate" with social partners was organised through the internet.
- Ireland: 'Lisbon' is not an issue in the national debate, nor has there been any consultation with the social partners on this. However, the Irish social partnership agreement addresses the Lisbon issues anyway.
- Poland: A meeting took place end of June to which trade unions were formally invited. However, communication at the meeting was a one way communication. Although the document was heavily criticised because of the social dimension being side tracked, the government did not take this criticism into account.
- Spain: With 'Mr Lisbon' depending on the prime minister, not even the labour ministers, let alone trade unions, have sufficient influence. Keeping the

contents of the Lisbon documents in balance is problematic; the opinion of social partners is not being taken into account. On top of this, the Commission has exclusively met government. Compared with the previous NAP on employment, where social partners and local governments were involved, there is a clear regression.

However, good practice does exist, although it appears to be relatively rare:

- Italy: In Italy, the debate centred on the stance of fiscal policy, with the Commission urging the government to stage a fiscal contraction. Trade unions however were asking for measures to stimulate growth and were highly critical of the claim that fiscal sustainability would be a sufficient basis for growth. Trade unions expressed the wish to remain involved in the discussions on governmental policy and several meetings to this effect indeed took place.
- Netherlands: A tri partite meeting with the Commission took place in the morning, with a bilateral Commission-government meeting in the afternoon.
- Estonia: Joint meeting with the Commission in June with a constructive discussion taking place and with room to discuss openly the positive and negative points of governmental policy.
- Finland: An afternoon meeting took place with the Commission, government and employers. The discussion at the meeting was good and reflected the national policy discussion. The Lisbon process is also discussed during the rest of the year in the national economic commission.

What lessons can be drawn from this? One main lesson is that the poor state of social partner consultation on Lisbon is not a coincidence but the result of structural flaws inherent to the New Lisbon process:

- National plans need to be made up according to a very tight time schedule that, moreover, takes place in the midst of summer holidays...
- Labour ministers, who do understand and have experience with the process of social dialogue find themselves at the fringe of the Lisbon process.
- This is because national action plans on employment no longer exist so that employment measures are 'drowned' in a big action or reform plan.
- Labour ministers also have less of a central role because new Lisbon has given the process in the hands of 'Mr' or 'Mrs Lisbon' who in practice happen to be technical experts working for the prime minister or the finance minister.
- All in all, it appears that the agenda behind the 2005 reform of the Lisbon process of getting finance ministers in the driving seat of the Lisbon process has at least partly succeeded.

In any case, if Europe is serious about social partnership of the Lisbon agenda, then things need to change. Good experience of a limited number of member states can show the way. These concerns:

- Establishing a permanent working group with social partners to discuss the Lisbon process throughout the year instead of limiting the discussion to one single seminar.

- Changing the time table to allow a real process of intense social dialogue to unfold itself.
- Constitute at the level of government a working group in which all ministers and not only finance ministers participate.
- Bring the national action plans on employment back into focus.



ANNEX III: OWNERSHIP BY SOCIAL PARTNERS OF THE LISBON AGENDA

Over the last months of 2006, the ETUC received written reports on how affiliates experienced the drawing up of the national implementation plans. Oral reporting was also done at the occasion of the ETUC's economic and employment committee in September 2006. The messages coming from (too) many countries are sobering. Affiliates from these countries report that discussion has remained limited to one meeting, that these meetings are pro forma, that the communication is only one way and that the remarks from trade unions are not taken into account by government. Also, several affiliates regret that the national action plan on employment, together with the role of the labour minister, has dissolved into a general 'action' plan that is administered by one ministry or one 'Mr.' or 'Mrs. Lisbon'.

An overview of rather negative experiences from 7 countries:

- Czech Republic: One meeting took place at the beginning of August. Government, Commission, trade unions and employer organisations attended this meeting. With a transition government in power, the impact of the Lisbon process was considered to be marginal.
- Germany: Time between the receptions of the draft implementation national plan was limited to one week. At the meeting with government and employers, trade unions had exactly ten minutes of time to make their remarks. Despite the concerns from DGB's on the danger of contractionary fiscal policy killing the recovery, government refused to discuss macro-economic policy. Other concerns from the trade union over the autonomy of collective bargainers to decide on opening clauses at enterprise level, the cost and desirability of corporate tax cuts, the pension and health insurance reform were also brushed from the discussion table. DGB also regrets that the national action plan on employment now has disappeared completely.
- Belgian trade unions report the non-respect of established procedures of social dialogue. Whereas the tradition and good practice in Belgium is to discuss and present a common opinion of social partners through the appropriate social dialogue councils, a mere hearing of social partners with the Commission was organised. This contrasts starkly with the recent past when the National Action Plan on Employment was commented and corrected by social partners themselves.
- France: No formal meetings of social dialogue have been held, instead a public "debate" with social partners was organised through the internet.
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