

## A Fairer Labour Market for Europe: an ETUC vision (Resolution)

Adopted at the Executive Committee of 26 – 27 March 2019

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### Context

Too many European labour markets continue to be dysfunctional, despite a prolonged period of cautious recovery and economic growth. Employment rates have continued to rise incrementally but too often at a cost of poor quality and precarious forms of work which, as well as being detrimental themselves, also prohibit access to social protection and pensions entitlements when they end. The in-work at-risk-of-poverty rate has stabilised at a record high of almost 10%, leading to the establishment of an entrenched cadre of working poor across Europe. Active labour market policies which were scaled back or completely dismantled during the crisis continue to miss vulnerable groups of workers and, crucially, potential workers. These challenges have been exacerbated by the dismantling and decentralisation of collective bargaining.

Many of the labour market challenges thrown up by the growth of digital platform work relate to the extreme way in which they put workers in and out of work. Work—and therefore the pay associated with that work—is being measured more in terms of tasks rather than time. This undermines the fundamental principle of work in which a worker is paid for their *time*. For example, instead of a seven-hour shift at work in which some of time will be busier and some quieter, digital platforms are increasing work intensity over short bursts and thus enabling avoiding paying at all for the quieter spells. This can never be acceptable: work has a clear social function as well as economic.

In December 2017, the ETUC adopted a workers' definition of quality work<sup>1</sup>, encompassing good wages; work security via standard employment and access to social protection; lifelong learning opportunities; good working conditions in safe and healthy workplaces; reasonable working time with good work-life balance, and; trade union representation and bargaining rights. Yet, creating these jobs requires well-functioning labour markets with institutions fit for future challenges. The ETUC Labour Market Vision seeks to outline how we can achieve more of these jobs in the coming years by outlining the key challenges with a series of clear actions to tackle them.

### *Challenge 1: Less work, more workers*

Whereas employment rates have largely recovered from the crisis, volume of work still lags way behind. This means that there are fewer total hours worked across Europe, even as the working population grows. This raises an important question of how the work that is available is distributed – if supply of labour continues to grow beyond its demand working conditions inevitably suffer. There has been a slight reduction in average hours worked in a 'main jobs' since 2010. However, the reduction is very modest, at around 24 minutes per worker per week, and must be considered in the context of the growth of people with more than one job, where second and third jobs are rarely of decent quality.

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<sup>1</sup> <https://www.etuc.org/documents/etuc-position-defining-quality-work-etuc-action-plan-more-and-better-jobs#.Wor1b6jyUk>

The growth of involuntary part-time work has been the main driver for this, which disproportionately affects women. Despite the short reduction in average working hours in main jobs, women were still working more than six hours less on average in main jobs than their male counterparts in the second quarter of 2018<sup>2</sup>. Yet these averages cover wide divergences – e.g. in some CEE countries including Hungary labour shortages have led to (enforced) long hours for workers. Demands around working time and the work organisation were integral to the growth of the trade union movement over the last two centuries; they are once again rising rapidly up the political agenda.

Given the relative scarcity of good quality work available in Europe in recent years, there is now a strong case for exploring a reduction in what constitutes a full-time standard job—i.e. whilst opposing involuntary part-time work—with a view to a general trend of reducing it across Europe. This cannot be as an alternative to boosting investment and created more quality jobs and nor must it be allowed to reduce pay commensurately, which is already in a state of crisis after years of below-productivity wage developments.

### ACTIONS

- The ETUC and its affiliates will continue to pursue policies to boost investment into the real economy to increase the availability of high-quality job opportunities, including promoting the policy tools necessary for boosting labour productivity – especially in the provision of high quality and accessible skills acquisition.
- The ETUC and its affiliates will continue to lobby for increasing investment in the public sector to boost jobs in these important areas and also to address the declining pay and conditions that many workers there have endured since the crises.
- The ETUC will launch a debate among affiliates, initially within the Employment and Labour Market committee but in close collaboration with the other relevant committees including the Collective Bargaining and Wage Co-ordination committee, on more worker control over working time and work organisation to achieve better working time arrangements. This allow the subsequent development of policy with the ambition of gradually reducing working time for full-time standard work (without reduction in income) as a feature of high-quality jobs. This is already a major priority for certain European sectoral federations and so lessons can be learned.
- The ETUC will explore in greater depth what role, if any, minimum income schemes can have in protecting workers with unreliable work patterns. The ETUI will be requested to support this exploration in partnership with the ETUC Employment and Labour Market committee in 2019. These discussions will be linked to those on passive labour market policy – i.e. unemployment benefits and some relevant social protections. The ETUC will explore the potential advantages and disadvantages of European minimum standards for national unemployment insurance systems and for a framework directive on a European minimum income scheme.

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<sup>2</sup> <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

## *Challenge 2: Technological innovation*

Digitalisation can be utilised to reduce working hours but this will not be automatic – it will only happen by developing and enforcing collective agreements and/or appropriate legislative frameworks. Technological advances and the rise of digitalisation have already had massive ramifications for European labour markets, companies, work organisation and working conditions.

This has great potential to release people from monotonous and arduous work but will prove ruinous to many communities if it is not managed carefully so that labour market institutions and social security systems reflect the challenges and priorities of the future, rather than old ones. The lessons of deindustrialisation are clear. Reformed social safety nets must be dynamic and designed through social dialogue with the explicit purpose of protecting people from the excesses of market transitions. There must be no place in this discussion for economic competitiveness.

An overarching issue is the extensive use of self-employment contracts in order to circumvent the employment and social security obligations that employers should observe. This phenomenon is not exclusive to digital platforms, yet they are overrepresented in this field to the extent that virtually all labour offered in these platforms is performed under self-employment contracts. Even more, limitations to the right to bargain collectively of self-employed workers denies them a guarantee of quality conditions.

This represents a turning back of the clock decades, if not centuries, on hard-won workers' rights. The organisation of work is a social affair and cannot be decided on the pure basis of the efficient allocation of capital. A fundamental principle of capitalist relations of production is that capital takes the risk and reward<sup>3</sup>. The ETUC will never accept the risk being transferred to the shoulders of workers, while the reward remains firmly in the hands of employers and their capital. Labour share of output has been in decline over many years. Labour platforms claim that they do not tolerate discrimination in the workplace, yet there is evidence that this is not the case. Disconnection from the app of workers who have undertaken industrial action, and reduction of assignment of tasks to workers based on gender and race are some examples of these discriminatory practices.

Finally, the gender gaps that already exist in labour markets on pay and on access to standard employment contracts can be exacerbated by digitalisation of the economy, in particular IT giants. As was stated in the recent exploratory opinion from the European Economic and Social Committee for the European Parliament on the 'digital gender gap'<sup>4</sup>, a multidisciplinary approach must be pursued that brings together different aspects of innovation and increases digital literacy of girls and the number of women in STEM and ICT studies. Women's participation in technical and high-level jobs must be promoted by overcoming educational and professional barriers, as well as guaranteeing digital lifelong learning for women.

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<sup>3</sup> A current ETUC project is developing the concept of the "personal work relationship" which is intended, in the context of self-employment, to define the personal scope of application of labour law as applicable to any person that is engaged by another to provide labour, unless that person is genuinely operating a business on her or his own account. This concept will be integrated as it develops.

<sup>4</sup> <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/digital-gender-gap-exploratory-opinion-european-parliament>

## ACTIONS

- The ETUC will continue to promote the demands articulated in the 2016 resolution ‘towards fair digital work<sup>5</sup>’ and the 2017 resolution ‘tackling new digital challenges to the world of labour, in particular crowdwork<sup>6</sup>’
- The ETUC Employment and Labour Market committee will explore what role technological innovation is having on the quality of jobs being created.
- The ETUC will continue to fight exploitative forms of platform work and highlight in particular the deleterious effect that the non-payment of social contributions is having to welfare state sustainability in all forms of non-standard work. This includes pushing for new legislative tools where necessary and working to organise platform workers to benefit from collective bargaining, as well as workers’ participation, in particular national and European works councils.
- The ETUC will work closely with national affiliates and colleagues in the ETUI on the labour market and digitalisation challenges over the coming years to contribute to, and benefit from, from any policy implication of their ongoing work in the field of platform work and digitalisation.

### *Challenge 3: Labour market segmentation*

The social context of European labour markets continues to be profoundly affected by the diversification of the workforce across all Member States. This is a cause for celebration, yet for too many groups of workers too many barriers remain to accessing quality job opportunities. Much more needs to be done in this regard by the EU, by Member States and by social partners. Social dialogue and collective bargaining are the best institutions for tackling segmentation and making labour markets inclusive for all. Gender pay gaps persist, youth unemployment and NEET rates remain high across many countries and workers with a migrant back ground continue to face discrimination and find themselves trapped in low-quality work (a form of labour market segmentation).

Many of these problems stem from the structural reforms that have been implemented across Europe—often at the initiation of the Commission—particularly under the auspices of the European Semester, which still excludes trade unions in many Member States. The text in the Social Pillar on ‘adaptable and secure employment’ was a very positive start in this regard – however the 2018 revision of the Employment Guidelines did not follow this political lead. This was a missed opportunity.<sup>7</sup>

Segmentation continues to blight labour markets across Europe both horizontally as women, ethnic minorities and young workers are disproportionately represented in low wage sectors of the economy, but also vertically as white men dominate the senior roles across sectors.

## ACTIONS

- The ETUC will continue to work to mainstream into employment policy the challenges faced by under-represented groups of workers. This will be achieved by bringing closer together the work of the Employment and Labour Market committee with that of the Women’s committee, the Youth committee and the Mobility, Migration and Inclusion committee.

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<sup>5</sup> <https://www.etuc.org/en/document/etuc-resolution-digitalisation-towards-fair-digital-work>

<sup>6</sup> <https://www.etuc.org/en/document/etuc-resolution-tackling-new-digital-challenges-world-labour-particular-crowdwork>

<sup>7</sup> See 2018 ETUC position on the revision here: <https://www.etuc.org/en/document/etuc-position-proposed-employment-guidelines-revision>

This will include exploring with colleagues working on these themes in the ETUI the common threads in diversity and inclusion policy with affiliates and identify the gaps that need further development at the European level.

- The ETUC will identify which other groups of workers require specific attention to facilitate their active inclusion in European labour markets. This includes exploring the potential for specific policy on the inclusion of disabled workers and older workers (50+), collaborating with the ETUC Education and Training committee where appropriate. The gender dimension will be mainstreamed within Youth and Migration.

#### *Challenge 4: the use of Active Labour Market Policies*

Many of the mentioned labour market challenges underline the importance of both social dialogue and well-funded, democratically accountable, active labour market policies (ALMPs). ALMPs are an essential feature of well-functioning labour markets in a social market economy. Indeed, there is a strong case to be made that ALMPs are *the* distinctly 'European' labour market innovation.

ALMPs involve a variety of instruments and measures such as public and private employment services, in-work incentives, incentives to start up a business, job-sharing, job rotation, training, or special assistance for disadvantaged groups in the labour market. They can be used as part of a strategy to reskill and upskill workforces who want to develop themselves and provide space for transitions into new roles in the labour market.

However, they can do much more. When designed and maintained with adequate funding and democratic accountability they can provide crucial protections for workers—and indeed business—at moments of financial difficulty by reallocating resources to adapt to business cycles.

According to recent analysis by the OECD<sup>8</sup>, public spending on ALMPs significantly reduces unemployment, even in the short term. After one year, an increase in ALMP spending of 1% of GDP would reduce the unemployment rate by almost 2 percentage points compared with less than half a percentage point for public spending overall. Even modest increases in active labour market spending can make a significant contribution to reducing unemployment in the short term. It also implies that an increase in active labour market spending could partially pay for itself by reducing the overall cost of unemployment benefits.

The ETUC supports strengthening investment in ALMPs, which should include social partners at national and local levels in the design, implementation and evaluation. Spending on ALMPs is especially important during economic downturns, yet the evidence from Member States is that they were cut as part of austerity drives to reduce fiscal deficits and adhere to EU Economic Governance. This represents a critical tension in the European model: where economic freedoms meet social rights.

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<sup>8</sup> Labour Market Resilience: The Role Of Structural And Macroeconomic Policies. Economics Department Working Papers No. 1406: [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP\(2017\)38&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP(2017)38&docLanguage=En)

ALMPs cannot be delivered on the cheap, yet the investment is worthwhile. The Member States that fared best during the years of crisis, and continue to do so, are those that maintained and expanded ALMPs and in which social partners are integral. The picture on expenditure across EU is unclear due to a shortage of accurate and timely data<sup>9</sup>, as well as differences in how ALMPs are structured and delivered.

Finally, ALMPs are misconceived by European policy-makers. They are narrowly interpreted as being about “getting the unemployed back to work”. In September 2018 the unemployment rate across the EU was a little over 8%, while the rate of ‘economically inactive’ (i.e. neither employment nor officially unemployed and seeking work) was over 25%. Labour market slack—i.e. underemployment—continues to be a major challenge to workers across Europe in a context of precarious arrangement and a lack of hour available (see above section). In short there is far more work to be done for ALMPs that address those furthest from the labour market.

### ACTIONS

- The ETUC will push the European Commission to bring forward a plan of action to implement the European Pillar of Social Rights including with initiatives relating to ALMPs to encourage labour market transitions and access to skills and training, delivered as well-financed public services.
- The ETUC Employment and Labour Market committee will explore how ALMPs can be used to activate the economically inactive by creating a standing item on the agenda ‘Trade Union Inquiry on Active Labour Market Policies’ which will invite guest speakers to map current knowledge of reaching the inactive and explore ways in which ALMPs can be designed to work *before* workers become unemployed, inactive or underemployed.
- The ETUC, particularly via its Youth Committee and affiliated organisations will continue supporting the implementation at national level of the European Youth Guarantee. The involvement of social partners in the design, implementation and assessment of such policies is key to ensure that quality offers are granted to its participants.
- The ETUC Employment and Labour Market committee will explore how it can support colleagues in achieving the objectives of the ETUC Resolution on Undeclared Work<sup>10</sup> in so far as it relates to the economically inactive people that need to be integrated into European labour markets.
- The ETUC will elaborate a political statement on what both ALMPs and PLMPs should seek to achieve and how they should interact.

### **Conclusion: Quality jobs for all and the fair allocation of opportunities**

With good employment rates, now is the time to press the European Commission to focus single-mindedly on the quality of employment being generated by European labour markets. This requires a variety of policy levers including boosting investment in the right parts of the economy, including the public sector, and preventing the use of work patterns that tend towards the precarious, such as zero-hours contracts and some platforms.

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<sup>9</sup> See annex below

<sup>10</sup> <https://www.etuc.org/en/document/etuc-resolution-undeclared-work>

The EU must articulate a proactive vision of how labour markets should function in the future. Firstly, to implement institutional arrangements that facilitate the growth of high-quality employment by boosting investment in the real economy and creating jobs with social value.

Secondly, the high-quality jobs that can then be created must be allocated efficiently and fairly so that all people in Europe have a fair chance accessing opportunity. Europe has no future if it is not socially-oriented and it cannot be socially-oriented without fair and democratically accountable labour markets. The role of social dialogue and collective bargaining to protect workers from the excesses of employers' desires for flexibility and risk-transfer is therefore essential. Work must continue to build the capacity of trade unions to contribute meaningfully to this debate. It is important that the quality of employment also takes on board the social and environmental impact of work. The labour market should be focused on delivering sustainable jobs and, where possible, jobs that make a positive contribution to social value.

More democracy at work is an essential goal. It is crucial that workers have a say in employer decision making in both public and private sectors through more information, consultation and participation. Thanks to workers' participation it is often possible to avoid dismissals, to cushion excessive executive pay schemes and better anticipate change and deal with restructuring.