



European Economic and Social Committee

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Facing the crisis: CALL for good work in Europe 9 October 2012

Panel 1: Precarious work in Europe – a challenge for the EU

The need for a social union with fundamental social rights

The EU's ambition is to develop into a competitive knowledge-based economy with more and better jobs and greater social cohesion. The Lisbon treaty explicitly states that the EU wants to achieve this by, inter alia, combating social exclusion, promoting economic and social progress for its citizens and guaranteeing the social rights set out in the 1961 European Social Charter, the 1989 European Community Charter of the Fundamental Social Rights of Workers and the 2000 EU Charter of Fundamental Rights.

The Committee urges the EU institutions to maintain European social standards with more conviction. The lack of decisiveness in this area has led to a growing number of working poor, rising inequality, an ever greater fear for the future and at the same time, a rise in citizens' distrust in one another, social institutions and government – not just national governments, but also the EU institutions, as demonstrated by the rise in Euro-scepticism in a number of Member States.

The path of “fiscal consolidation through austerity above all else” is thus not only socially questionable; but it also undermines the prospect of a sustainable economic recovery. Care should be taken to ensure that the measures taken in response to the crisis do not counter the objectives of stimulating demand and employment during and after the crisis and cushioning social impacts.

In February 2012 the Committee called for a social investment pact to tackle the crisis and invest in the future over the long term. In the context of economic governance, the Committee recommended making sustainable investments in

skills, infrastructure and products and promoting investment in the social economy, social enterprise and social services.

The Committee sees that safeguarding and promoting employees' rights and basic social rights will have a positive impact on overall economic productivity.

Precarious work

The labour markets are changing rapidly. Businesses have various types of work arrangements, which are increasingly resulting in new forms of employment, including precarious jobs.

Eurofound's latest European working conditions survey shows that most employees still have permanent jobs but that the number of temporary contracts is increasing. The main mechanisms for getting around collective agreements seem to be subcontracting, outsourcing and pseudo self-employment under minimum working conditions. Many of them are temporary, casual jobs with low pay, limited social security benefits and little legal protection for employees. Use of these models has increased steadily in recent years.

It is perfectly understandable that employers do not immediately start offering workers permanent contracts when the economy slowly starts to emerge from a crisis. Temporary employment can even constitute a welcome addition to the job supply and at the same time help to reduce social exclusion, by providing work for groups that would otherwise find it hard to enter the job market. But this must not lead to exploitation.

A more serious problem is that permanent jobs with decent working conditions are also being converted into precarious jobs based on insecure, temporary contracts with little social security and legal protection in the public as well as the private sector. This development is highly expensive not only for individuals but also for society on the whole.

According to World Health Organizations' report, employment and working conditions have powerful effects on health and health equity.

Flexicurity

Flexicurity may be a way of meeting businesses' need for flexible work, but only on condition that the associated security is comparable to that provided by a permanent job.

Flexicurity negotiated between social partners may be an important tool in the section of the labour market where demand for flexible work is logical, understandable and justified. New forms of employment are more likely to be introduced successfully if the social partners reach collective agreements on following proper consultation, which will only be possible in a climate based on trust.

Not only society but also workers themselves have changed significantly. Not all people are looking for a job for life nowadays. What workers want above all is the certainty that they will be able to find appropriate work throughout their working life, not in the form of insecure, precarious work but in a form that gives them greater security.

This can easily be achieved through internal flexibility: rather than wrapping an external "layer" of flexibility around the company, permanent staff is used flexibly within it. Collective agreements between social partners are the best way of realising this form of flexibility.

We also need to look for an effective method for employees with temporary contracts, minimal social protection and a weak legal position, who must also have a guaranteed right to things like sick pay, accrual of pension rights, unemployment benefits, paid leave and parental leave. This could be achieved by the shared responsibility between the social partners and government.

Young people

Given that youth unemployment had reached alarming levels even before the crisis broke out, the Committee has already declared it one of the most threatening problems in the European labour market. It increased dramatically across the board and currently stands at an EU-wide average of almost 21%.

Younger workers tend to have more non-standard employment contracts than other age groups.

This is one possible explanation for the particularly severe deterioration of the labour market situation of young people during the crisis.

The Committee recommends that the first job should guarantee a set of minimum employment standards, which must not differ from those offered to more senior workers. A ban on any form of age discrimination is of key importance.

The Committee warns against too many impermanent solutions offering few long-term prospects when it comes to integration in the job market. Instead of settling for precarious employment and insecure employment contracts, measures should be taken to guarantee that fixed-term employment and poorly-paid positions with little social security do not become the norm for young people.

Working poor

According to Eurostat the percentage of "working poor" in the EU-27 in 2008 was 8.6%.

In-work poverty is linked to low pay (defined as 60% below the average), low qualifications, low job security, low pay for some self-employed workers, and (often involuntary) part-time employment. This type of poverty is also linked to the economic status of other household members.

Younger employees (aged 18-24) and single parents (mostly women), are at significantly greater risk of in-work poverty than the average population.

Addressing in-work poverty at a political level simultaneously involves employment, welfare and social insurance, and family policies.

New ways of combining social protection and jobs should be explored and introduced in order to secure decent incomes for all workers and thus create the conditions to enable them to meet their basic needs (housing, healthcare and education for themselves and their children, etc).

The Committee welcomes the fact that the Commission is addressing the issue of minimum wages and/or decent job quality. However, the Committee is critical of equating minimum wages with decent pay. Decent pay, rather than minimum wages, should be the yardstick for "ensuring decent job quality".

Self-employed work

The greater part (82%) of the workforce in Europe in 2010 consists of employees (that is, workers with a contract characterised by a relationship of subordination) and up to 15% of the workforce is self-employed (that is, they are their own bosses).

In Europe, there is currently no straightforward definition of self-employment or of self-employed workers.

The Committee has done a specific analysis of the "economically dependent self-employed work", an intermediate category of workers in between employees and the self-employed.

Analysis cannot be separated from issues of "bogus self-employment", a reality which can be testified in a number of EU countries. There are undeniably cases of workers who are formally self-employed (with both parties defining their relationship in these terms) but who work under the same conditions as employees.

These cases tend to fit the mould of employers qualifying work as self-employment to avoid the application of labour and/or social security legislation. In fact, in many cases the switch to economically dependent self-employed work is not strictly a voluntary choice, but rather one that has been imposed by external factors such as outsourcing of production or the company restructuring, resulting in layoffs.

The rights of economically dependent self-employed workers seem to be related to social protection, or labour law. It seems that in countries where this group is not defined as employees, a growing sector of European workers risk being left without protection.