

1. SOCIAL EUROPE MEANS BETTER QUALITY OF JOBS AND COLLECTIVE SOLUTIONS

2007 was a year of economic growth, job creation and fall in unemployment levels. Economic forecasts regarding 2008 were also positive, but these have now been reviewed downwards following the financial turmoil in the USA and its likely impact on the European economy. In other words, the sustainability of the good news in 2007 remains to be confirmed – or otherwise – and the outcome will inevitably influence Europe's response to the urgent need to invest in the quality of jobs.

For the last ten years, social progress has not kept pace with the developing single market. While the social dimension at European level has stalled, action has been pursued at national level in accordance with the general trend to liberalise and deregulate labour markets, introduce greater flexibility, and overhaul welfare states, especially in relation to pensions, retirement and unemployment benefits.

We are also confronted with ever more short-term pressures being applied by financial investors, the most rapacious of these being the hedge funds and private capital companies which use traditional companies as vehicles for speculation, rather than growth through investment in new technologies. This new 'casino' or 'locust' capitalism is a threat to secure employment and innovation, to sustainable growth, to the trade unions' ability to negotiate, and to social dialogue and social partnership.

Workers are increasingly vulnerable and in many member states economic and social gaps are increasing in the face of globalisation. The share of wages and salaries in the economy has declined, pointing to an undermining of the value of wage- or salary-earners' jobs. This trend clearly underlies the widening inequality and reflects a policy of keeping real wage growth below productivity growth. Though it is an approach actively recommended by policymakers, including the European Commission, its effect is counter-productive in both economic and social terms.

It is urgent to halt this trend as well as the competitive wage dumping policies. Robust collective bargaining strategies must be strengthened and overall domestic demand relaunched.

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THE EUROPEAN UNION NEEDS A NEW DEAL...



The European Union needs to acknowledge the link between the high quality products and services, which are what Europe should compete with, high quality workers with access to lifelong learning and career progression, high quality work giving workers influence over decisions in the workplace, and stable employment relations, a high standard of health and safety and innovative and negotiated forms of work organisation. These framework conditions are part of the answer to meeting the challenges of the changing world of work, reconciling work, family and private life, and easing transitions in a lifecycle approach. What is abundantly clear to the trade union movement is that, if Europe wishes to face the challenges of global competition and an ageing workforce, it is vital to combine productivity with innovation.

It cannot be sufficiently repeated that the targets already agreed upon in the context of the Lisbon process must be achieved. For example, the European Union and its member states must combine forces and put in place the framework conditions required to reach the 3% of GDP target for R&D spending, a level entailing the pursuit of an ambitious research and innovation agenda. The new challenges in the area of climate change and environmental protection represent a new opportunity for the EU as a whole and an area in which it can energetically take the lead, in relation to its most direct competitors.

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Despite the external and internal challenges, Europe *can* make choices. It is not by allowing the destruction of its social model, social *acquis*, principles and values that it will find ways to confront and challenge the new social and economic realities. The eradication of poverty, the improvement of the social situation, the promotion of the quality of jobs and a fairer income distribution are all matters of policy choice. This is very apparent within the European Union where countries with very different social systems have the same ability to compete, the same rates of economic growth, yet very different social outcomes. It is more than ever essential to say ‘no’ to those who want to turn what should be a productive policy debate into an ideological debate, by their description of the European economy as a ‘sick old man’, unable to grow and to compete because of its ‘excessive’ welfare provision and its ‘over-protected’ workforce.

Europe does not have to give up its tradition of a social model in order to have good economic performance, and experience shows that social Europe is a factor of productivity. The European Union should reappraise the role of the European Social *Acquis*. It contains a number of essential principles that constitute an adequate response to labour market principles, as well as the promotion of flexible solutions. It needs to be better implemented and monitored at the different levels.

The EU also needs to go on the offensive for ‘smart’ growth, by raising investment in education and training, enabling Europe to become a major science centre of the world, at the leading edge of creative work, combining full employment and strong welfare, as well as sustainable production and lifestyles.

The ETUC’s 11th Congress, in May 2007, confirmed quality of jobs and employment as one of the main priorities for trade union action across Europe.

After the creation of 18 million new jobs over the past decade, it is widely accepted that the quality of many of these jobs leaves a lot to be desired and that labour market segmentation is increasing. As described in the European Social Partners’ Joint Analysis of Labour Market Challenges, the share of atypical work – such as part-time and fixed-term work and self-employment – has risen, jeopardising Europe’s possibilities of reaching the Lisbon goals. Part-time work – and in particular involuntary part-time work – is on the rise, while temporary agency contracts are contributing to the creation of a casualised workforce.

Workers in temporary employment contribute less to productivity, receive less employer-supported training and are more prone to work-related accidents. They also risk becoming stuck in temporary employment. For example, just over half of those who began work on a temporary contract have an open-ended contract after six years, compared with more than three quarters of those who started out with an open-ended contract. At the same time, temporary workers’ access to the collective rights guaranteed by collective bargaining or by law is much more difficult, placing them at a disadvantage compared to those other workers who enjoy what should be the rule in Europe’s labour markets, namely, open-ended contracts.

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There are also substantial differences in terms of both gender and educational attainment when it comes to the prevalence of fixed-term and part-time jobs. Both these forms of atypical work are, predominantly, the preserve of women. What is more, as the educational level rises, so the rate of part-time employment falls. The fact that part-timers are, for the most part, women with low qualification levels raises serious questions about their ability to earn wages sufficient to guarantee an adequate income.

On average, workers with low or medium educational levels also have bigger shares in fixed-term employment than those with tertiary education. Apart from the greater insecurity and lower monthly incomes, some countries often grant atypical workers no or only restricted access to social security benefits. Meanwhile, part-time employment is in some cases a means of combining work and care activities, an instance of phased-in early retirement for older workers, or, for young workers, an opportunity to combine work with studies.

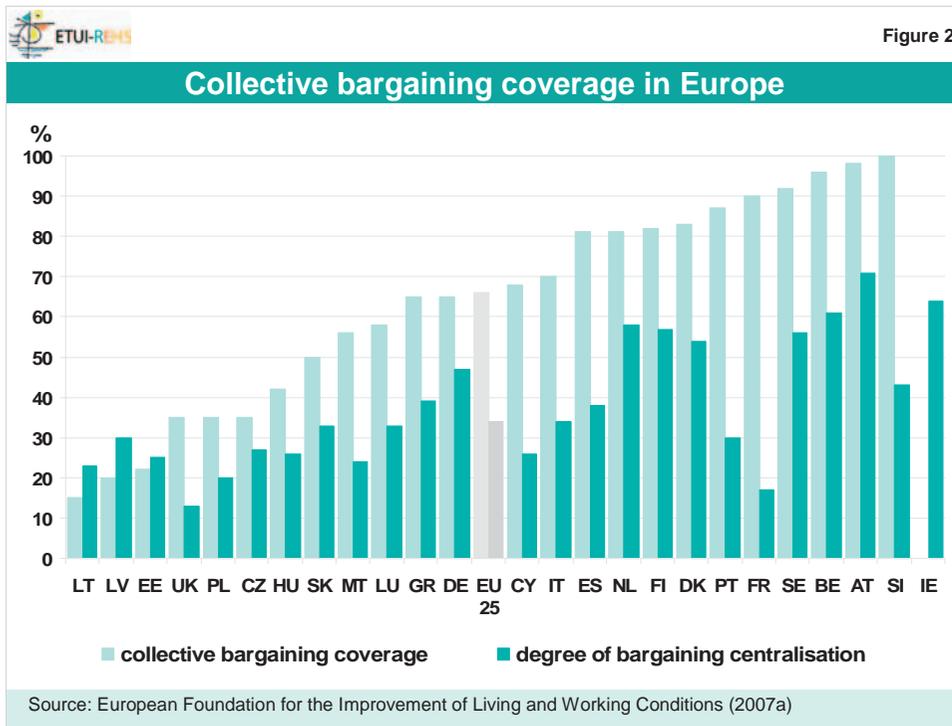
The evidence thus shows that limiting the prevalence of involuntary part-time work and fixed-term work is less a question of liberalising labour law than of improving gender equality, promoting intergenerational solidarity, strengthening the rights of all workers and improving support mechanisms such as care facilities for children and the elderly.

Despite the fact that women have by now closed the education gap, the majority of women are still found on the lower end of the skills and pay scales. Investing in training and lifelong learning for women is still not seen as an economically viable investment. The gender pay gap still averages around 15% in the EU25, but in some countries it is higher than 20%. The increase in female employment has been mostly in highly feminised jobs and sectors, such as public and private services, and women tend to have more precarious employment conditions.

Exploring the full potential offered by the workforce implies that jobs must be compatible with skills and expectations, displaying an appropriate match between reward and effort, autonomy and control over work, exposure to risk and unsafe working conditions, job security, job turnover, flexibility, and social dialogue. Among other things, these are all important determinants of good health, wellbeing and satisfaction at work. Adapting work practices and working conditions by ending discriminations, creating barrier-free workplaces, and promoting positive and negotiated flexibility for employees, will help workers maintain their health, motivation and capacity to work.

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... INCLUDING A STRONG SOCIAL AGENDA



Yet we must be aware of the fact that the promotion of employability is not enough. Workers, if they are to feel prepared to take risks or to accept change, need to feel secure. Social protection systems must play that role and provide individuals with opportunities for education, rehabilitation and adjustment by offering more security to the tens of millions of European workers who change job or risk losing their job each year. The ETUC considers that this will be possible only in the presence of the universal and well-funded welfare provision required for high-quality living conditions and including, among other things, unemployment benefit and active labour market policies.

In the context of the European social model, the role played by social partners, and particularly by trade unions, in improving the social and economic situation, should not be undermined. Trade unions have a positive impact on workers' possibilities of succeeding in working life, as well as on the achievement of social and economic cohesion in working life and of predictable rules for both business and workers. Where trade unions are present productivity tends to be higher than in workplaces where they are absent. Workers are more content/satisfied with their employment at workplaces where trade unions are present than at those where they are not. Collective bargaining sets the terms and conditions of employment for the majority of workers within the European Union.

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Job protection is for workers a significant tool, not because it ‘protects jobs’ which in fact it does not, but because it can offer a means of securing worker’s rights and may also act as leverage for negotiations on severance packages and social plans in cases of redundancy. In other words, it redresses the imbalance of power between employer and employee and prevents unilateral and illegitimate erosion or denial of workers’ rights.

With strong social partners, unemployment is lower and less persistent, wage distribution fairer, and access to training better. While collective arrangements are good for workers of both sexes, they can entail important advantages for women insofar as they promote a general tendency towards shorter working hours for both women and men, more flexible work options under secure conditions, better protection for non-standard workers, and a reduction of the pay gap.

Support for strong social partners, social dialogue and collective bargaining is an obvious choice in the effort to reduce social and economic gaps in the European Union. Attention should also be paid, in this regard, to the role workers’ representation structures, in particular EWCs and transnational collective bargaining, could play in shaping a more qualitative and more productive social reality throughout Europe.

Our attention in the next few months will be turned to Europe’s capacity to construct a European social policy agenda able to contribute to finding common and coordinated answers to the tremendous social, economic and environmental challenges posed by the European integration process, the ageing of the workforce, technological progress and globalisation.