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A review of developments in
European industrial relations



EUROPEAN FOUNDATION

for the Improvement of Living and Working Conditions

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EUROPEAN FOUNDATION
for the Improvement of Living and Working Conditions

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Foreword

The aim of the European Industrial Relations Observatory (EIRO) is to provide accurate and up-to-date information and analysis on developments in industrial relations. With the introduction of the euro single currency at the beginning of 1999, the Foundation is more than ever convinced that this kind of information is of vital importance to EIRO's target audience of social partners, national governments, the European Commission and other EU institutions. As economies become "Europeanised" and "globalised", national-level industrial relations practitioners and policy-makers increasingly need to know what is occurring elsewhere in Europe, while a European level of industrial relations is potentially being opened up by developments such as the EU-level social dialogue and European Works Councils. We believe that EIRO has already started to make an important contribution to meeting information needs and improving understanding in this area, and plan that this process will continue.

EIRO is a major project for the Foundation and is conducted with the full involvement of a Steering Committee, made up of representatives of the Foundation's Administrative Board and of the main EIRO target user groups. This involvement helps ensure the project's quality and relevance. The project is managed and executed by an experienced and expert team in the Foundation — in both the technical and content areas — while a network of leading industrial relations researchers across the EU Member States (and Norway) and at EU

level provides the information and analysis for the project.

1998 was the year when EIRO opened to the public, with the *EIROOnline* database being made available via the World-Wide Web from January onwards, having commenced operations in 1997. *EIROOnline*, the core of EIRO's operations, attracted a high and growing level of visits over the year, and was well received among both the primary target audience and the information community, receiving the 1998 Jason Farradane Award of the Institute of Information Scientists for "outstanding and original work". Publication of the bi-monthly bulletin, *EIROObserver*, continued in 1998.

This EIRO *Annual Review* provides an overview and summary of western Europe's main industrial relations developments in 1998, drawing on the *EIROOnline* database records entered during the year. The Review also provides a guide to using *EIROOnline*. We hope that the Review will be of both use and interest to those who are already familiar with EIRO, and introduce a new audience to the value of *EIROOnline*.

Clive Purkiss, Director
Eric Verborgh, Deputy Director

European Foundation for the Improvement of Living and Working Conditions

Introduction

Welcome to the 1998 *Annual Review* of the European Industrial Relations Observatory (EIRO), a major project of the European Foundation for the Improvement of Living and Working Conditions.

EIRO initiates, collects, stores, disseminates and provides access to information and analysis on developments in industrial relations in the 15 EU Member States, plus Norway, and at European level. EIRO is a network, made up of 16 National Centres and an EU-level centre (see p.113-114), from which information and analysis flows in to a central unit at the Foundation. This information is then processed and entered into a database, *EIROOnline*, which is made available through the World-Wide Web (at <http://www.eiro.eurofound.ie/>) as the main means of dissemination, alongside printed products – the bi-monthly *EIROObserver* and this *Annual Review*. EIRO exists primarily to serve the needs of a core audience of national and European-level organisations of the social partners, governmental organisations and EU institutions. Fuller information on the aims and operations of EIRO is provided on p.106-110.

EIRO opened to the general public, via the World-Wide Web, in January 1998, having already been collecting information for a year. Every month since February 1997 has seen a delivery of records on the most important events and issues in industrial relations across the EU (plus Norway), and their entry into the *EIROOnline* database. By the end of 1998, *EIROOnline* contained some 2,000 such records, with an average of 80 new records being delivered every month. Over the course of 1998, there were around 45,000 individual “user sessions” (separate visits) recorded on the *EIROOnline* website. These and other figures indicate that *EIROOnline* has quickly found an important place among the information sources used by its target audience. A notable achievement in 1998 was that EIRO won the UK-based Institute of Information Scientists’ Jason Farradane Award for “an outstanding piece of work in the information field”. The citation in support of the award stated that: “The award is made to Norman Wood and the EIRO team of the European Foundation for the Improvement of Living and Working Conditions, Dublin, for their outstanding and original work on the European Industrial Relations Observatory – a strategic paradigm for future developments in the European Union and internationally.”

This second *Annual Review* presents a snapshot of developments in European industrial relations in 1998. It provides a brief comparative overview of developments

across the EU Member States and Norway, and at the EU level, followed by a summary of the main events and issues in each of the individual countries concerned. The *Review* records an important year for industrial relations, which ended with the adoption by 11 EU Member States of the European single currency, and saw much discussion – and some action – related to the effects of EMU on industrial relations and to potential “Europeanisation”. Other dominant themes during 1998 included the persistence of unemployment despite economic growth, and the efforts to address this at all levels, notably based on the EU Employment Guidelines. Increasing social partner involvement in issues such as working time, work organisation and labour market and vocational training policy was also a feature of 1998, along with legislative developments in worker participation.

The *Annual Review* has, we hope, a value and interest of its own. However, it is also a guide to the contents of the *EIROOnline* database for 1998, and its usefulness is enhanced greatly if read in conjunction with the database. The text of the *Annual Review* contains numerous references to database records which provide fuller information on the issues in question, and all *EIROOnline* records for the year referring to each country are listed at the end of the individual national reviews. On p.107-110, we provide a guide to accessing and using the *EIROOnline* database. As well as in this paper version, the *Annual Review* can also be found in electronic form on the *EIROOnline* database, where the references to database records are direct hypertext links.

The *Annual Review* is based on individual country reviews of 1998 submitted by the EIRO National Centres. These reviews were coordinated and synthesised by the EU-level centre – ECOTEC Research and Consulting Ltd – which also provided the EU-level review. The whole was then edited and assembled by the central unit at the European Foundation for the Improvement of Living and Working Conditions. Special thanks are thus due to each of the National Centres, and especially ECOTEC Research and Consulting Ltd (notably Tina Weber).

We hope that this second *Annual Review* demonstrates the usefulness of *EIRO* and will encourage those who read it to access *EIROOnline* and its comprehensive and up-to-date set of reports on industrial relations in Europe.

Mark Carley, Chief Editor

EU-level developments and comparative overview

Introduction

The end of 1998 marked a milestone in the development of the European Union. On 1 January 1999, 11 Member States officially adopted the European single currency, the euro (the third stage of Economic and Monetary Union, EMU). Of the EU Member States, only Denmark, Greece, Sweden and the UK remain outside the "euro-zone", but it appears inevitable to many observers that at least most of these countries will join the single currency in the not too distant future. In 1998, the impact of EMU on industrial relations was assessed more widely than before and was the subject of keen debate for the social partners at European, national and regional levels.

Among the other key issues which dominated industrial relations in 1998 were the following:

- the persistence of high levels of long-term unemployment despite economic growth, coupled with the emergence of skill shortages in a number of sectors and occupations;
- the continued focusing of European and national labour market strategies around the EU *Employment Guidelines*;
- the increasing involvement of the social partners in the debate on changes in working time, work organisation and labour market and vocational training policy;
- developments in the area of worker information and consultation legislation; and
- debates over the "Europeanisation" of collective bargaining in the context of EMU.

The European Commission's 1997 convergence report showed that 14 countries effectively met the public finance criteria for EMU. Denmark and the UK were, at the time, not seeking entry into the single currency. In Denmark, this decision is subject to another referendum, which is unlikely to be held prior to 2000, despite widespread agreement in the governmental coalition in favour of entry. In the UK, the governing Labour Party published in March 1999 its strategy for possible eventual entry into the single currency. This is believed in some circles to be a prelude to the country's entry into EMU within the lifetime of the next parliament. The situation in Sweden is less clear. Although there have been discussions over the establishment of EMU "buffer funds" similar to the Finnish model, the 1998 national parliamentary elections returned a weakened Social Democratic Party to power, which relies on the support of the anti-EU Left and Green parties.

When the decision was made on which countries were to be invited to join the single currency on 1 January 1999, Greece was held to be too far outside the public finance

convergence criteria to qualify. The country has since made strides to close the gap on the required target figures and is hoping to join the euro-zone on 1 January 2001. However, the moves instituted to achieve this entry date have led to significant industrial unrest and to dissent among the social partners. While the government and employers' organisations are in agreement that the recent devaluation of the drachma should go hand-in-hand with increasing labour market flexibility in order to achieve the EMU public finance criteria, the trade unions have rejected this strategy, despite supporting entry into the single currency.

At the same time as the countries remaining outside the single currency grapple with the consequences and consider joining the euro-zone, the single currency has equally had an impact on industrial relations in the countries on the inside, albeit to a lesser extent than may have been expected. A pioneering step was taken by Belgian, Dutch, German and Luxembourg trade unions in September 1998 at a meeting at Doorn in the Netherlands, where they signed a joint declaration on collective bargaining goals. The declaration emphasises the need for close cross-border cooperation and lays down common bargaining guidelines. This and other initiatives at European level raised discussions over the possibility of an increasing Europeanisation of collective bargaining.

With the exception of Denmark, Greece, Portugal and the UK (plus Norway), the majority of Member States experienced a continuation of the period of increasing economic growth in 1998 - as shown by table 1.

Table 1. Basic economic and monetary indicators, EU and Norway, 1998 (%)

Country	Economic growth (% of GDP)	Inflation
Austria	3.3	1.2
Belgium	2.2	1.0
Denmark	2.4	1.8
Finland	5.0	1.5
France	3.1	0.7
Germany	2.8	0.9
Greece	3.0	4.5
Ireland	9.5	2.4
Italy	1.6	1.6
Luxembourg	5.5	1.0
Netherlands	3.7	2.0
Norway	2.5*	2.3
Portugal	3.0	2.8
Spain	3.7	1.8
Sweden	2.8	1.1
UK	2.5	2.8

* 3.0 excluding offshore sector.

Source: National and EU statistics collected by EIRO (estimates or part-year figures in some cases, with no final figures available).

Table 2. Unemployment rates, EU and Norway 1994-8 (%)

Country	1994	1996	1997	1998
Austria	n/d	5.3	4.4	4.5
Belgium	9.6	9.5	13.3	12.6
Denmark	8.0	6.8	7.4	6.3
Finland	n/d	15.6	14.5	11.5
France	12.7	12.4	12.3	11.5*
Germany	8.7	8.8	11.4	11.1
Greece	8.9	9.7	10.4	10.1
Ireland	14.6	11.7	13.0	7.1*
Italy	11.3	12.2	12.3	12.6
Luxembourg	3.5	3.3	3.6	3.1
Netherlands	7.2	6.4	6.4	6.5
Norway	5.4	4.8	4.1	3.2
Portugal	6.7	7.3	6.7	4.5
Spain	24.3	22.2	20.8	18.0
Sweden	n/d	9.5	9.1	7.5
UK	9.7	8.2	5.1	6.2*

* ILO definition.

Source: 1994-7 - Eurostat; 1998 - national and EU statistics collected by EIRO (estimates or part-year figures in some cases, with no final figures available).

In a number of countries, economic growth led to some reduction in the level of unemployment, while in certain sectors and occupations skill shortages began to emerge. According to the European Commission's 1998 *Employment in Europe* report, in Spain, Ireland, Finland, Luxembourg and the Netherlands the number of people in work had increased at a historically high rate and unemployment had come down significantly, although in the first three countries it remained high. In three other Member States – Germany, Austria and Sweden – employment had fallen since 1994 and in a fourth, Italy, it had remained unchanged. Unemployment had risen over this period in three of these countries, though in Sweden it had fallen markedly over the previous year, despite slow growth in employment.

However, unemployment and particularly the proportion of long-term unemployment remain high, leaving a significant number of individuals effectively excluded from the labour market – as indicated by table 2. The Commission's 1998 *Employment Rates Report* and the *Employment in Europe* report also stress the unfavourable performance of the European Union in terms of employment creation in comparison with the USA. In addition, and for the fifth year in the last six, there was no net addition to full-time employment in the Union (1997 figures). Employment creation has mainly been concentrated in part-time, fixed-term and temporary contract work.

The reduction in unemployment can partly be attributed to the "activation" of labour market policy, which was strongly advocated by the European Commission's 1998 *Employment Guidelines*. The Member States' subsequent National Action Plans (NAPs) for employment, on the

whole, reflected this emphasis, although in many countries it was argued that the NAPs merely restated existing national labour market policy initiatives. The 1999 *Employment Guidelines* have highlighted the importance of continuity and in particular called for a strengthening of the "adaptability pillar", as well as increasing efforts in the area of equal opportunities. Where initiatives in the area of equal opportunities exist, this is often in the context of schemes encouraging greater flexibility in working time at the local level to meet the needs of both employers and employees and fostering a better reconciliation of work and family life. In Denmark, the government chose an unprecedented means of delivering on its promises in relation to family policy, when it intervened in spring 1998 to end a week-long strike resulting from the breakdown of collective bargaining for many private sector employees. Going beyond the compromise positions reached by the social partners during the negotiations, the government provided for additional time off for family reasons in the settlement imposed by law.

There is, in a number of countries, an increasing emphasis on the assessment of the tax and social security burden on employers, with a view to reducing this in order to encourage job creation. At both European and national levels, greater labour market flexibility linked with the introduction of minimum standards of social protection is increasingly perceived as a new orthodoxy. This is, for example, the approach taken by the intersectoral European-level social partners in their framework agreement on the rights of employees on fixed-term contracts, which was reached in January 1999 (and formally signed in March).

Table 3. Political situation in the EU Member States and Norway

Country	Political situation
Austria	The Social Democratic Party (Sozialdemokratische Partei Österreichs, SPÖ) is the majority partner in a two-party coalition government with the christian democratic Austrian People's Party (Österreichische Volkspartei, ÖVP). National elections are due to be held in October 1999.
Belgium	The federal government is a coalition between socialist parties - the Parti Socialiste (PS) and Socialistische Partij (SP) – and christian democratic parties – the Christelijke Volkspartij (CVP) and Parti Social Chrétien (PSC). However, some tensions between partners, particularly at community level, are becoming visible with the approach of the general, regional and European elections in June 1999.
Denmark	A coalition government led by the Social Democratic Party (Socialdemokratiet), which also includes the Social Liberal Party (Det Radikale Venstre), won the general election in March 1998 with a parliamentary majority of one.
Finland	A "rainbow" coalition government of left- and right-wing parties - the Social Democratic Party (Suomen Sosialidemokraattinen Puolue) the conservative National Coalition Party (Kansallinen Kokoomus), the Left-Wing Alliance (Vasemmistoliitto), the Greens (Vihreä liitto) and the Swedish People's Party (Svenska folkpartiet) - was in power in 1998. Parliamentary elections are to be held in March 1999.
France	There is a "cohabitation" between a conservative President, Jacques Chirac, elected in 1995, and a socialist Prime Minister, Lionel Jospin, whose government is supported by a left-wing coalition made up of socialists, communists and ecologists, which was elected in 1997.
Germany	The September 1998 general election saw a substantial drop in the vote for the former ruling coalition, composed of the Christian Democratic Union (Christlich Demokratische Union, CDU), its Bavarian associate party the Christian Social Union (Christlich-Soziale Union, CSU) and the Free Democratic Party (Freie Demokratische Partei, FDP). After 16 years in power, the conservative/liberal government coalition was replaced by a new "red-green" coalition composed of the Social Democratic Party (Sozialdemokratische Partei Deutschlands, SPD) and Alliance 90/The Greens (Bündnis 90/Die Grünen), which gained a majority of 21 seats in parliament.
Greece	The Pan-Hellenic Socialist Movement (Panellino Socialistiko Kinima, PASOK) forms the government. The next general election is due in 2000.
Ireland	The government consists of a coalition between the centrist Fianna Fail party and the small right-of-centre party, the Progressive Democrats (PDs). The coalition has been in power since June 1997.

This framework agreement also demonstrates the prevailing trend for the social partners to become more actively involved in the formulation of policy, both at the national and at the European level. In 1998, the European sectoral social dialogue produced a first agreement leading to a draft Directive – on working time in the maritime sector. This agreement was welcomed by the European Commission and it has been argued that such developments are likely to continue in the context of the reorganisation of the dialogue at this level. Similarly at the national, regional and company levels, social partner organisations have become more and more involved in drawing up "employment pacts" aimed at safeguarding or creating employment, and are discussing changes in working time and work organisation as well as the organisation and funding of vocational training, to

ensure the adaptability of businesses to a changing environment. The new Social Democrat/Green German government, for example, was able to revive the idea of an employment pact, leading to a new national "alliance for jobs", which includes the formation of a tripartite body. Similar pacts and labour market policy reform agreements have also been reached at national and regional level in countries such as Denmark, Belgium and Italy.

Table 3 above gives an overview of the political situation in the various countries, outlining the parties in power and any major changes which occurred in 1998 or are expected in 1999.

The modernisation of work organisation was the subject of a Commission Communication on *Modernising the*

Country	Political situation
Italy	Following a political crisis caused by the opposition of the Communist Reconstruction Party (Partito della Rifondazione Comunista, PRC) to the 1999 Budget law, a new centre-left coalition government led by Massimo D'Alema came to power in October 1998. The new coalition is formed by the Ulivo centre-left grouping (which includes the Democratic Left), the centrist Democratic Union for the Republic (Unione Democratica per la Repubblica, UDR) and the Party of Italian Communists (Partito dei Comunisti Italiani), which was created by a split within the PRC.
Luxembourg	A coalition government of the Christian Social People's Party (Chrëchtlech Sozial Vollekspartei, CSV), and the Luxembourg Socialist Workers' Party (Lëtzebuergesch Sozialistesesch Arbechterpartei, LSAP) is currently in office. The next elections are due in June 1999.
Netherlands	A second "purple" coalition government, made up of the Labour Party (Partij van de Arbeid PvdA), the Liberal Party (Volkspartij voor Vrijheid en Democratie, VVD) and the social democratic Democraten 66 (D66) was formed after the general election in May 1998, which resulted in a left-wing majority in the second chamber of parliament.
Norway	Throughout 1998, a minority coalition government was in place, comprised of three centre parties - the Christian Democratic Party (Kristelig Folkeparti), the Centre Party (Senterpartiet) and the Liberal Party (Venstre).
Portugal	The Socialist Party (Partido Socialista, PS) is in government, while the President is also a PS representative. 1998 saw the country's first referenda. 1999 is sure to see intense political activity, because of parliamentary elections scheduled for October.
Spain	Conservative People's Party (Partido Popular, PP) government in power, with support of conservative nationalist parties from Catalonia and the Basque Country.
Sweden	In September 1998, parliamentary elections were held. The governing Social Democratic Party (Socialdemokratiska Arbetarepartiet) remained the single largest party and won 36.6% of votes, 8.7 points down from the previous election. However, for the party to remain in power it had to seek support from other parties. The result is a cooperation, though not a coalition, with the Left Party (Vansterpartiet) and Green Party (Miljöpartiet de Gröna), which are both anti-EU.
UK	The Labour Party, elected in May 1997, completed its first full year in government. This proved to be a very busy one as it implemented some of its promised industrial relations measures, which were both national and European in orientation.

Source: EIRO.

organisation of work - a positive approach to change, issued in November 1998, calling on the social partners to take an active role in shaping this debate and taking practical initiatives. The important role to be played by the social partners was also emphasised by *Managing change*, the November 1998 report by the Commission's high-level expert group on the economic and social impact of industrial change (the "Gyllenhammar report").

The negative impact of a lack of consultation with social partner organisations was arguably demonstrated when a number of national-level policy reforms ran into trouble. In Denmark, for example, there was significant disagreement over the amendment of pensions legislation, which had been drawn up prior to consultation. Similarly in Greece, unilateral decisions

about labour market flexibility measures instituted by the government caused significant unrest in the industrial relations sphere. There were also examples where a failure by the social partners to reach agreement on joint action prompted political intervention. This was notably the case at European level in relation to negotiations on national worker information and consultation, a subject which was highlighted by the 1997 closure of Renault's Belgian plant and given further prominence in 1998 by cases such as the job losses and closures at Levi Strauss in Belgium and elsewhere. The Commission's hand was finally forced into taking the initiative in issuing a draft Directive on this issue after the Union of Industrial and Employers' Confederations of Europe (UNICE) had repeatedly rejected offers by the European Trade Union Confederation (ETUC) and the European Centre of

Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP) to enter into EU-level negotiations.

Worker involvement legislation received much attention throughout 1998, not only as a result of the debate over national-level information and consultation, but also through repeated efforts to make headway on involvement issues in the European Company. The draft European Company Statute has been the subject of Community legislative initiatives for well over 25 years and, despite efforts by successive Council Presidencies, its involvement provisions failed to make decisive progress in 1998, with the Spanish government rejecting an Austrian Presidency compromise proposal in December 1998.

Key trends in collective bargaining and industrial action

Despite a widespread continuation of the trend towards the decentralisation of collective bargaining, countries with traditionally strong national and sectoral bargaining largely retained bargaining at this level as the standard mechanism for setting pay and conditions. On the whole, across many EU countries there was an emphasis on setting pay and especially maximum pay increases at central or sectoral level, as part of a continuing policy of wage restraint, with agreements on working time and work organisation often reached at the local level. This is seen to allow companies and individual employees the greatest possible scope to meet their respective needs in terms of operational flexibility and the reconciliation of work and private life.

However, the years of enforced wage moderation in the run-up to the deadline for meeting the EMU convergence criteria began to create unrest in some countries, as trade unions felt that they had kept their side of the bargain while governments and employers had not delivered on theirs, in terms of public investment or employment creation. Restructuring and redundancies also remained prevalent despite years of wage restraint. Many trade unionists perceived businesses to have benefited from several years of steady economic growth, while this had not produced higher pay awards. In countries such as Germany and the Netherlands, unions thus called for an end to moderation in future. In addition, in some cases (such as Finland and the Netherlands) it was felt that an increase in the value of share options was pushing up salaries among high-earning managers, breaking with wage moderation,

while most ordinary wage earners were perceived to be left behind in the majority of sectors and occupations. In some sectors and occupations where skill shortages were becoming visible, wage drift did, however, occur (as in the Belgian chemicals sector, or Irish electronics). Moderation seemed, at least to some extent, to be abandoned in Denmark and Norway in 1998.

As many collective agreements were due for renegotiation in 1998, this underlying climate of unease contributed to an increasing proliferation of industrial action. The incidence of strike action was therefore higher in 1998 than in previous years. In Denmark, for example, negotiations in most of the private sector broke down, leading to a week-long strike affecting one-fifth of the national workforce. This dispute was ultimately resolved through government intervention. In other countries, including Austria and the Netherlands, industrial action was a particular feature of negotiations in the public sector, which had been starved of cash for several years as a result of budgetary stringency. As mentioned above, the year presented a differentiated picture in relation to pay trends, as some countries saw wages rise as a result of factors such as trade union pressure and increasing returns on share options, while in others wage moderation remained intact. On the whole, the year could be characterised as one of mounting unease in collective bargaining. A country-by-country analysis of bargaining trends is presented in table 4 on p. 16-19.

The overview provided in table 4 also confirms the trend towards an increasing widening of the bargaining agenda to include issues such as employment, training and "employability", flexibility and changes in working time. In the latter area, there are some examples of working time reduction, but in many countries and sectors progress in this area remains elusive as a result of a failure to resolve the argument on whether or to what extent hours cuts should lead to pay sacrifices. This widening of the collective bargaining agenda should be viewed in the context of persistently high levels of unemployment.

Industrial relations, employment creation and work organisation

Employment creation

In 1998, employment growth failed to keep pace with economic growth and, despite a decline in the rate of unemployment in many Member States, the proportion

made up by long-term unemployment continued to increase. This tendency raised increasing concerns about the exclusion of entire social groups. In addition, the trend continued towards a growth in part-time, fixed-term and temporary employment at the expense of open-ended full-time employment, as confirmed by the Commission's 1998 *Employment in Europe* report. Emphasis was therefore placed in many quarters on providing a minimum level of protection for those in "non-standard" employment and on active labour market measures to support the reintegration of disadvantaged groups. Many Member States emphasised the importance of the not-for-profit "third sector" in creating jobs for those returning to work from long-term unemployment. The private services and high-technology sectors were also regarded as potential sources of future employment, which needed to be exploited and supported through labour market and education and training initiatives.

The Commission continued with its employment strategy, as agreed at the special "Employment Summit" European Council meeting held in November 1997 in Luxembourg. In May 1998, it reviewed the Member States' National Action Plans (NAPs), drawn up in response to the 1998 *Employment Guidelines* (EU9805107N). These were on the whole considered to represent a significant achievement, in most cases involving the social partners in their preparation. At the same time, however, the Commission found that insufficient attention was being paid to the "adaptability" and "equal opportunities" pillars of the Guidelines, with most Member States focusing on the activation of labour market policy and measures to support small and medium-sized enterprises (SMEs). The 1999 *Employment Guidelines* strongly emphasised continuity in relation to the four key pillars of "employability", "entrepreneurship", "adaptability" and "equal opportunities" (EU9810130F). At the same time, the Commission called for more emphasis on: the reform of tax and benefit systems; the provision of lifelong learning; the reintegration of disadvantaged groups into the labour market; the employment creation potential of the services sector; and improved reconciliation of work and family life. The *Employment Rates Report 1998*, published at the same time as the draft *Employment Guidelines*, argued that EU employment rates have developed very unfavourably over the past 20 years compared with those of the USA. In particular, private services are seen as providing a potential for employment creation which is so far insufficiently exploited.

The development of provisions to encourage continuing vocational education and training and lifelong learning was another key area of debate at national and European level in 1998. Furthermore, a number of Member States instituted measures to limit the continuing trend towards early retirement by introducing part-time pension schemes. Workplace stress and the fight against undeclared work were other issues widely discussed in the framework of employment policy.

New forms of work organisation

In November 1998, the European Commission adopted a Communication on *Modernising the organisation of work - a positive approach to change* (EU9901146F). This Communication built on the Green Paper on *Partnership for a new organisation of work* which was published in April 1997 and was followed by a period of consultation with social partners and other organisations (EU9805105F).

The new Communication re-emphasises the increasing faith - and responsibility - that the Commission is investing in the social partners' organisations at all levels. It explicitly calls upon employers and trade unions to consider the best possible means of facilitating and complementing the adaptability pillar of the Employment Guidelines, as well as developing - at appropriate levels - a framework to advance the modernisation of work organisation. The Communication argues that the process of modernisation must be speeded up through a process of mutual learning from good practice. Partnership is perceived to be the best means of achieving this. Furthermore, it is argued that in achieving a better organisation of work, the potential benefits of this process for the achievement of a better reconciliation of work and private life should be borne in mind. The Commission calls upon the social partners to develop a set of common aims and objectives in relation to the modernisation of work organisation. It is argued that this process would benefit both sides, as it enhances productivity and therefore competitiveness while at the same time safeguarding and creating jobs. In doing so, these activities should take account of national labour market policies instituted in response to the Employment Guidelines.

Finally, the social partners are called upon to examine further ways of improving both flexibility and security. The latter was the approach adopted by ETUC, UNICE and CEEP in their framework agreements on part-time work and more recently fixed-term employment. The social partners at intersectoral level also declared their intention - in the context of the December 1999 Vienna European Council meeting (EU9812141N) - to work together in formulating joint objectives in relation to the adaptability pillar of the *Employment Guidelines*.

Working time was an important concern at European, national and company level. In November 1998, the Commission adopted a Communication outlining an extensive package of proposals for Council Directives to cover workers in the sectors currently excluded from the provisions of the EU Directive on certain aspects of the organisation of working time (93/104/EC) (EU9901144F). It is proposed that the Directive should be amended to cover all non-mobile workers, including doctors in training, and to apply general provisions to all mobile workers. At the same time a number of sector-specific measures are proposed. These proposals endorse

Table 4. Trends in pay and collective bargaining and other key industrial relations (IR) events/issues in the EU Member States, plus Norway, 1998

Country	Pay trends	Trends in collective bargaining	Other main IR events/issues
Austria	Metalworking pay agreements in October/November raised minimum pay by 3.7%, and had repercussions for all subsequent agreements. Continued preoccupation with amending pay scales, as automatic increments were reduced or scrapped, with entry pay raised in return. Removal of remaining differences between wage and salary earners was important issue in both law and bargaining, and harmonisation should be accomplished in 1999.	Centralised sectoral bargaining remained dominant.	Unemployment was primary national concern. Working time reduction widely discussed at national and sectoral level, with focus on potential new employment opportunities. However, progress remained elusive owing to disagreements on pay sacrifices involved. Debate postponed in sectors such as metalworking, while progress made in paper sector, where weekly working time was reduced to 36 hours (from 2001). Reduction of seasonal unemployment and Sunday working discussed, though with little progress. Agreement on legal changes to facilitate fight against undeclared work reached in January 1999, following disagreement between social partners on definition of undeclared work. Tax, and especially tax cuts for employers, became major issue and is set to dominate 1999 elections. Against backdrop of falling membership, inter-trade union cooperation agreements increased. New union, FGO, formed outside ÖGB fold. Industrial action largely limited to public sector.
Belgium	Wage increases remained within 6.1% margin set for for 1997-8. Actual rise in 1998 remained under 1.5%, but in some sectors with a high demand for labour (eg chemicals) settlements exceeded authorised margin. Social partners agreed on maximum 5.9% pay increase for 1999-2000, which was taken into account in new intersectoral agreement for this period.	Negotiation of two-year intersectoral agreements resumed with conclusion of deal for 1999-2000. Intersectoral accords on specific issues covered issues such as the euro and the admission of voluntary sector representatives to the Central Economic Council. At sectoral level, year saw continued application of 1997-8 agreements.	Bargaining focused on issues such as reduction and flexibility of working time, employment and minimum social assistance. NAP dominated employment creation/work organisation debate at national and regional levels (training, lower labour costs, job creation, worksharing, equal opportunities). Main issue at company level often workforce cuts and closures, sometimes resulting in agreements on working time and contract flexibility. Various high-profile closures, reorganisations and mergers. Organisational changes in main trade unions.
Denmark	Annual wage and salary increases reached 4.6% at end of year. With inflation under 2%, this meant significant increases in real earnings. Pay increases higher than in competitor countries, raising fears about Danish competitiveness. High increases widely attributed to results of government intervention to settle widespread private sector strike in spring 1998.	1998 saw sectoral bargaining in main DA/LO bargaining area. This broke down, leading to 11-day strike involving 500,000 workers and then government intervention. Settlement imposed by government for whole DA/LO area went beyond the areas of agreement achieved in negotiations. Subsequent local pay bargaining led to significant increases. Government's private sector intervention expected to have substantial impact in bargaining in other areas in 1999.	Year dominated by breakdown of private sector bargaining, strike and government intervention. Main issue involved was award of extra time off, especially for family care reasons. Labour market policy focused on increasing labour supply to reduce emerging bottlenecks, including tripartite agreement on labour market reform (especially more active policy for unemployed people). Early retirement curtailed and increasing efforts made to reintegrate excluded groups. Working time flexibility agreed in industry sector. Mixed fortunes for national tripartite consultation.
Finland	Central incomes policy agreement for January 1998-January 2000 provided for average labour costs to increase by 2.6% in 1998.	Central intersectoral incomes policy agreement in force, covering 98% of workforce. Bargaining increasingly decentralised to company level, especially on working time. Government extended opportunities for conclusion of local-level agreements to cover employers not organised in employers' organisations. Research programme into local-level bargaining, agreed as part of incomes policy agreement, launched in 1998, with results to feed into next round of negotiations.	Working time and stress at work major issues of debate. As part of incomes policy agreement, working groups started examining these issues, among others. In context of flexibility, tripartite working groups examined issues such as working hours banks and career breaks, and scheme combining partial pension with part-time work was tested. Discussions on modernising work organisation and position of "atypical" workers. Labour market policy focused on job creation in areas such as the not-for-profit sector, private services and high technology. Government made further cuts in taxes on labour. Little industrial action recorded.

<p>France</p>	<p>No statistics available, but wage negotiations rendered difficult by employer attempts to retain a margin of manoeuvre for working time negotiations prompted by 35-hour week law. Pay freezes and moderation common in company bargaining agreements on working time.</p>	<p>Bargaining dominated by new law introducing statutory 35-hour week from 2000 (2002 for small companies) and encouraging bargaining on issue. Employer opposition led to virtual breakdown in intersectoral bargaining. Sectoral bargaining slow except on working time, where it was dynamic. Company-level bargaining also dominated by working time. 35-hour week law extended use of "mandating" in company bargaining, allowing unions with no representatives in a firm to mandate an employee to conclude an agreement on their behalf.</p>	<p>Working time law dominated IR. Company agreements on 35-hour week focused on annualised hours, reorganisation of work and wage freezes/moderation, while sectoral agreements explicitly linked reduction and reorganisation of working time. Intersectoral agreement signed on early retirement in exchange for new recruitment. Government introduced measures for disadvantaged groups in labour market. Debate on reduced employers' social security contributions for low-paid workers, with decision postponed until 1999. CNPF employers' organisation changed name to MEDEF and shifted policy in more free-market direction. Rapprochement between CFDT and CGT union confederations. Strikes largely limited to transport sector and privatisation measures implemented without significant industrial action. High-profile action by unemployed groups led to increases in benefits.</p>
<p>Germany</p>	<p>Collectively agreed basic wages and salaries rose on average by 1.8% (1.7% in the west, 2.5% in the east), ranging between 1.3% in construction and 2.3% in retail and wholesale. With inflation at 0.9%, this meant a real pay increase of about 0.9%.</p>	<p>Tendencies towards decentralisation and creeping erosion of branch-level collective bargaining continued (eg proportion of private sector workforce covered by sectoral agreements fell, while company-level bargaining grew in coverage). However several new collective agreements concluded in emerging sectors such as industry-related services and new telecommunications. Unions sought greater Europeanisation of bargaining within EMU - eg agreeing a joint declaration on cross-border coordination with their Benelux counterparts.</p>	<p>Few major IR developments before September election. Bargaining dominated by pay, though employment issues continued to figure prominently. Bipartite and tripartite employment pacts signed at all levels from company upwards (though unions withdrew from east German pact), culminating in national "alliance for jobs", in form of standing tripartite body. Debate over NAP but not systematic social partner contributions. Working time reductions stagnated, but some progress on flexibility, notably through working time accounts. New government repealed some of its predecessor's labour law amendments. Membership of unions and employers' associations falling. Fewer employees covered by co-determination. Much debate on Europeanisation of bargaining, with unions in favour and employers opposed.</p>
<p>Greece</p>	<p>National General Collective Agreement 1998-9 provided for a 2.7% pay increase for the first six months of 1998, followed by 2% for the second six months, with adjustments if inflation exceeded 3.5%. Considerable trade union emphasis on maintaining workers' purchasing power.</p>	<p>Collective bargaining on the whole remained centralised, with two-year National General Collective Agreement signed. Autonomous bargaining continued to grow in importance, with more agreements and fewer arbitration decisions.</p>	<p>Year of increasing tensions in the industrial relations sphere (including general strikes) around issues of: privatisation; promotion of greater flexibility, either by agreement or, increasingly, by unilateral government decision (including controversial legislation); and union attempts to maintain purchasing power. Economic policy was constant area of disagreement, especially in context of devaluation of drachma and Greece's planned EMU membership. Unions took initiatives in several new areas (health and safety, women's representation in union bodies etc). First union for unemployed people created.</p>
<p>Ireland</p>	<p>Bargaining governed by 1997's P2000 central agreement, which allows for a 9.25% pay increase over three years. Majority of employers abided by the terms of P2000, but some wage drift in sectors with tight labour markets. Serious pay disputes in public sector.</p>	<p>Parameters set in P2000 centralised tripartite agreement largely adhered to in company bargaining, though evidence of wage drift in particular sectors. Suggestions that a new national agreement to succeed P2000 may differ substantially from present arrangements and allow greater flexibility.</p>	<p>Workplace social partnership, which is promoted by P2000, became major issue of debate but, despite some initiatives, is still rare. Statutory trade union recognition was prominent concern, and high-level group proposed voluntarist solution, but this was compromised by major dispute at Ryanair airline. Following 1998 report, statutory national minimum wage to be introduced in 2000. NAP mirrored many P2000 commitments and seen by social partners as primarily repackaging of existing policies. Public sector pay main source of industrial disputes.</p>
<p>Italy</p>	<p>Average hourly contractual wages increased by 2.4% in 1998. Wage moderation generally continued, in line with incomes policy set by 1993 central tripartite agreement. Wage demands major stumbling block in negotiations over key metalworking agreement at end of year.</p>	<p>Tripartite agreement signed in December confirmed two-tier (sector and company) bargaining system laid down by 1993 agreement, without amendments, despite prior proposals for greater decentralisation. Bargaining initially hampered by dispute over governments proposed legislation on 35-hour week. Important sectoral agreements subsequently reached in chemicals, public sector and agriculture, plus first agreement for temporary work agencies.</p>	<p>Employment creation was prominent concern of government policy and bargaining. Tripartite "social pact for development and employment" sought to create jobs through training and cuts in labour costs and tax. Tripartite employment initiatives agreed at local level. Government measures included new agency to promote employment in South and new national vocational training system, which involves social partners. Working time very important: Government proposed controversial 35-hour week law (unadopted at end of year); decree restricted use of overtime: sectoral agreements cut hours and introduced flexibility; some innovation in company agreements. Temporary agency work introduced, jobsharing promoted by government and teleworking introduced in public administration. Draft legislation issued on workplace employee representation, while first Rsu representative elections held in public sector. Unions facing representativeness problems as active membership dwindled. Various new rules on union representativeness adopted or proposed. Public sector employers joined private sector confederation, Confindustria.</p>

Country	Pay trends	Trends in collective bargaining	Other main IR events/issues
Luxembourg	Wage moderation, as agreed by social partners, generally continued. Most recent minimum wage rise was 3.3% from January 1997 and most recent index-linked rise for all pay was 2.5% from February 1997 (however, further increases due in early 1999).	Bargaining continued to occur at company and sectoral level, with no major changes in 1998.	After difficult negotiations over NAP, tripartite committee agreed: terms for review of working time legislation, stressing greater flexibility rather than reduction in statutory hours; new funding and schemes for employment creation; and introduction of six months' parental leave and six days' annual family leave. These agreements received heavy criticism from various quarters and NAP thus did not come into effect on 1 January 1999, as planned. Government and unions failed to agree on reform of public sector pensions, and subsequent legislation on issue prompted public sector strike. Proposed private sector pension reform met concerted union opposition and deferred for tripartite discussions in 1999. "Social elections" of employee representatives saw few surprises, beyond collapse in support for troubled FEP white-collar union.
Netherlands	Average collectively agreed hourly wage rates rose by an estimated 3.2% in 1998. Flexible and performance-related pay made up increasing share of pay. Share options were source of contention, as rise in share prices meant significant increases in many senior managers' incomes. This helped put pressure on prevailing pay moderation, with unions seeking higher rises for 1999.	Some tendency towards decentralisation of current, mainly sectoral bargaining structure. Employers in banking and healthcare sought separate company deals, while legislation allowed company-level agreements on more issues.	Key issues in bargaining included pensions, workloads, "employability" and flexible pay. Part-time work much debated, with legislation proposed to allow workers to vary hours. New "flexicurity" law gave employers more flexibility in dismissal and recruitment in exchange for greater security for flexible workers. Employment creation was key concern, with new government boosting job-creation schemes and promoting lifelong learning. Privatisation of social security system, and its integration with employment services, continued. Works councils law updated and amended. Numerous company reorganisations and job losses (though overall employment continued to grow). Significant strikes in transport and public sector (health, education and welfare). Four unions merged to form FNV Bondgenoten, the largest Dutch union.
Norway	Bargaining produced higher than expected wage increases, with pay growth for 1998 estimated at 6.25%, far higher than any other year during the 1990s (1997 figure was 4.3%). Growth in real pay estimated at 3.6%, the highest for two decades. Social partners and government revived cooperation on incomes policy at end of year.	1998 saw the two-yearly renegotiation of national sectoral collective agreements. Pay negotiations in private sector bargaining area covered by LO and NHO were conducted at industry level by affiliated federations and associations, though the two confederations held prior negotiations on issues including reform of further and continuing training.	Employment debate centred on promoting greater labour market participation, though some measures – such as early retirement and increased benefits for parents – went in opposite direction. LO and NHO agreed action plan on further and continuing training, including right to educational leave, while public committee made recommendations on such leave. LO and NHO started examining new working time arrangements at behest of metalworking social partners, while government announced review of overtime legislation. Public committee recommended some liberalisation of temporary agency work. LO and NHO approved new Basic Agreement for 1998-2001, including new provisions on concern-level union representatives. Break-up of AF professional union confederation continued, with further defections by member unions. Pay bargaining led to strikes involving transport, telecommunications and some public sector groups – in some cases resolved by compulsory arbitration.
Portugal	Collectively agreed pay increases averaged 3.3% overall.	Bargaining activity stable, with sectoral agreements still predominant (two-thirds of total, compared with around a quarter for company agreements). Bargaining centralised, with national and multi-district agreements making up 87% of total. Industry accounted for half of all agreements. Some development of bargaining content, especially on working time – around a quarter of agreements included some innovation in this area.	Social partners had significant input into NAP, which included new education/training agency (currently being created) and more active labour market policy. NAP implementation difficult in some areas. Bargaining orientated towards job creation remained rare. New legislation implemented aspects of EU working time Directive, while some working time flexibility introduced by law in public services and by agreement in sectors such as textiles and Oporto area retail. Large package of government employment law proposals focus of much debate, covering matters such as: part-time work; bogus self-employment; fixed-term contracts; definition of remuneration; sanctions for breaching labour law; paid holidays; health and safety representatives; and wages guarantee fund. Tripartite national social dialogue continued, often based on 1996-9 Social Conciliation Pact, but cooled later in year. Industrial action mainly in public sector and related groups, notably including "self-service" doctors' strike.

Spain	<p>According to trade union figures, collective agreements concluded in 1998 produced average pay increases around 2.6% (inflation stood at 1.8% at end of year).</p>	<p>Intersectoral bargaining on employment-related issues produced no agreements backed by all sides. At sectoral level, provincial bargaining still most important, but national bargaining gaining ground. Increasing dynamism of company-level bargaining. First steps towards rationalising bargaining structure following 1997 intersectoral agreement on subject.</p>
Sweden	<p>Average collective agreed wage increase was 2.6%. Furthermore, unlike previous years, the 1998 sectoral agreements took account of expected wage drift of about 0.5%. Average wage increases thus totalled around 3.1%.</p>	<p>Bargaining conducted mainly at sector level. 1998 saw renewal of most private and public sector agreements, and was unusual in that: export industries took the lead in bargaining: most agreements were concluded for three years (long by Swedish standards); there was little threatened or actual industrial action; and most deals were concluded before, or shortly after, previous agreements expired (under influence of 1997 procedural agreement for industry sectors). Central talks on skills development and "pact for growth" suggested that union and employers' confederations might be reviving their dialogue role, which had eroded since 1980s.</p>
UK	<p>Collectively agreed pay increases estimated at around 3.4%-3.7%. Average gross weekly pay of full-time employees rose by 4.6%.</p>	<p>New government announced greater role for autonomous social partner cooperation and voluntarism. NAP, alongside labour market measures, included statement that pay formation process should be improved, taking account of national economic situation. Bargaining on this issue was promoted, but official committee also started work on draft legislation. Pay formation was a key issue in subsequent "exploratory talks" between central social partners over possible "pact for growth", but talks had broken down by end of year (though signs of revival in early 1999). Bargaining brought breakthroughs in working time, with reductions accompanied by flexibility. Under pressure from Left and Green parties, government set up working party to examine possible statutory working time cuts. Most agreements covered skills development/training but left financing unclear, and doubts arose about government subsidies for the measures. Strike activity rare.</p>
		<p>Employment creation was a major focus of government policy, emphasising employability and labour market flexibility. CBI and TUC contributed to NAP, especially on employability and adaptability. Government promoted "partnership", but much debate as to meaning. Governments Fairness at work proposals on new individual, collective and "family-friendly" employment rights caused much debate and lobbying, especially over statutory union recognition: legislation will follow in 1999. Details of statutory national minimum wage, due to come into force in April 1999, finalised. Government implemented EU working time Directive (and parts of young workers Directive), with controversial points including: new "workforce agreement" mechanism, allowing working time flexibility deals to be signed by workers not represented by unions; and possible "individual opt-out" for employees from 48-hour weekly maximum. Government issued proposals for clearer framework for employee consultation on redundancies and business transfers. Strike levels low and falling.</p>

agreements reached by social partners in the maritime and rail sectors and take into account points of convergence in failed negotiations on working time in the road transport sector (EU9802182F). New legislative measures are to be adopted concerning the organisation of working time for mobile workers in road transport and self-employed drivers. These measures were under discussion by the Council of Ministers and other EU institutions at the end of the year.

At national and company level, there have been an increasing number of agreements aimed at retaining or creating employment through the reduction of working time. This is seen by many as an ideal way of creating additional employment, but the process is often slow because of disagreements over the pay reductions which may be involved.

Developments in representation and role of the social partners

Employee representation at the European and national levels

A long-awaited legislative initiative on employee information and consultation at national level was proposed by the European Commission in November 1998. The possibility of the introduction of an EU-level framework for information and consultation was first raised in the Commission's 1995 medium-term Social Action Programme. Calls for EU legislative action in this area became louder after the crisis sparked off by the 1997 closure of the Renault plant at Vilvoorde. Wary of the implications of the Renault affair on the perception of European integration in the run-up to EMU, Pádraig Flynn, the member of the Commission responsible for employment and social affairs, reaffirmed his commitment to take this issue forward.

Initially, the preference was clearly for joint action by the social partners and in June 1997, the Commission initiated a first round of consultations of the European-level social partners on the advisability of legislation in this area, under the procedure laid down in the social policy Agreement annexed to the Maastricht Treaty on European Union. While ETUC and CEEP welcomed this move, UNICE considered EU action in this area to be unwarranted because a European legal framework already existed in the shape of the Directives on collective redundancies (98/59/EC) and European Works Councils (94/45/EC). In November 1997, the Commission nevertheless opened a second round of

consultations on national employee information and consultation. In March 1998, UNICE reaffirmed its opposition to such negotiations, reportedly mainly as a result of strong opposition from its member organisations in Germany, Greece, Portugal and the UK (EU9803192N). It was widely argued that this opposition was also motivated by the belief that any Commission draft legislation in this area would not find the approval of the German and British governments. The Commission extended its deadline for UNICE, but despite the election of a new social democrat-led government in Germany, UNICE remained opposed (EU9810133N).

As a result, the European Commission issued a draft Directive establishing a general framework for informing and consulting employees in the European Community on 11 November 1998 (EU9812135F). The draft Directive is based on Article 2 (2) of the Maastricht social policy Agreement and is therefore subject to qualified majority voting in the Council. The basic aim of the proposed Directive, which would apply to undertakings with at least 50 employees, is to guarantee information and consultation rights for employee representatives on certain issues. It is argued that the Directive should enhance the impact of existing Directives on collective redundancies and transfers of undertakings, and should not prejudice the provisions of the European Works Council (EWC) Directive. The draft Directive defines carefully information and consultation, while allowing for considerable flexibility as to the exact shape and scope of the information and consultation arrangements to be instituted in each firm. The social partners at company level are granted a high level of freedom to agree structures which suit their needs, though minimum requirements apply should autonomous negotiations fail to lead to an agreement. In response to criticisms raised in relation to the perceived lack of "bite" of the EWC Directive, the draft text also lays down clear sanctions to be imposed in the event of breaches of the information and consultation requirements.

The Commission initiative was welcomed by ETUC, despite some misgivings in relation to the substance, but was rejected out of hand by UNICE. It remains to be seen whether the proposal will be able to gain the approval of a qualified majority in the Council. The British government indicated its opposition, but officially remains outside the Maastricht decision-making procedure until the Amsterdam Treaty takes effect. The position of the German government, which has the EU Presidency in the first half of 1999, may prove vital and some observers have noted widespread opposition to the draft in the new German administration.

The debate on worker involvement in the future European Company also remained on the agenda of successive meetings of EU Labour and Social Affairs Ministers in 1998. This debate has continued for nearly three decades since the European Company Statute (ECS) was first proposed in the early 1970s. The ECS seeks to allow the establishment of a new type of company,

incorporated under European rather than national law, and enjoying a number of tax advantages. Despite interest among the business community in this new form of company, successive proposals have failed to enter the statute book, largely as a result of seemingly insurmountable disagreements in relation to the nature of worker involvement in such companies.

The ECS was revived in 1997 with the publication of the "Davignon report" which made a number of recommendations in relation to worker involvement. The Davignon group proposed a flexible approach which gave priority to negotiated agreements on worker involvement in each European Company. This was embraced by subsequent draft texts put forward by the Luxembourg Presidency of the second half of 1997 and UK Presidency of the first half of 1998 (EU9803193N), but progress remained elusive. The main stumbling blocks were the arrangements for introducing possible board-level participation of employees in the European Company, and the voting arrangements within the special negotiating body (SNB) charged with negotiating with management the form that employee involvement should take in each European Company.

The Austrian Presidency of the second half of 1998 subsequently drafted its own compromise proposal, and was keen to make progress in this area, partly in an attempt to highlight the success of the Austrian model of social partnership. The Presidency sought to resolve disagreements on issues such as the manner in which existing employee involvement rights were to be safeguarded and in particular, the safeguarding of board-level employee representation. Key points for discussion were: the majority required in the SNB to take a decision on involvement arrangements; the question of consent to board-level representation by companies establishing the European Company; and the conditions to be attached to the conversion of an existing company into a European Company. It was the first item on this list which proved to be the latest stumbling block in the legislative minefield that is the ECS, with a political agreement blocked in December 1998 by the Spanish government (EU9812143N). Spain's objection was based on the fear that a minority of workers would be able to impose its traditions on a majority of the workforce, thus "jeopardising the preservation of a cultural model of industrial relations".

Negotiations on the ECS were set to continue under the German Presidency of the first half of 1999, but progress is likely to remain difficult. As outlined in an EIRO comparative study of board-level employee representation in Europe (TN9809201S), the concepts, structures and procedures covered by the term "board-level representation", and the position and role of the bodies on which employees are represented differ widely from country to country. Despite the emphasis by the Davignon report, and by subsequent draft proposals, on the negotiated approach, the nature and application

of back-up standard rules for worker involvement continue to pose significant difficulties, amidst fears that structures deeply ingrained in national traditions and industrial relations culture stand to be undermined. As argued by the EIRO study, "for the foreseeable future at least, the differing positions of the social partners make any European harmonisation of employee board participation appear rather unlikely."

In terms of EWCs, 1998 was arguably a relatively quiet year in terms of new activity. Relatively few Article 6 agreements, based on the Directive, were reported to have been concluded (the European Trade Union Institute recorded 57). Neither of the two EU countries which have yet to transpose the 1994 Directive did so in 1998, though a draft transposition law was issued in Portugal and remains before parliament. The Commission has thus decided to launch infringement proceedings against both Portugal and Luxembourg. The EWC Directive was "extended" to the UK in December 1997 and during 1998 the UK Department for Trade and Industry was in the process of drafting legislation for implementation by the December 1999 deadline.

In terms of EWC research and analysis, 1998 was rather busier. A study published by the European Foundation for the Improvement of Living and Working Conditions in March 1998 examined 386 voluntary Article 13 agreements – *Negotiating European Works Councils: an analysis of agreements under Article 13*, Paul Marginson, Mark Gilman, Otto Jacobi and Hubert Krieger (EU9803191F). The study found that the two-thirds of companies which had reached Article 13 agreements were based in France, Germany, the UK and the USA. The manufacturing sector was the most widely represented among voluntary agreements (particularly metalworking, chemicals, food, drink and tobacco). Significantly, the study found that there was a widespread preference for the establishment of joint management-employee bodies, even in countries with a tradition of employee-side-only representative structures.

A workshop on the practical experience of EWCs held by the ETUC in March 1998 (EU9803191F) demonstrated the strong engagement on the part of the trade unions with the EWC Directive, but also highlighted a variety of perceived problems in the operation of these bodies:

- a lack of definition of information and consultation, which means that there is a lack of clarity on the type of information to be provided to employee representatives;
- a lack of recognition of the important role played by trade union representatives;
- insufficient resources for translation and preparatory meetings;
- a prevalence of management controlling the agenda of meetings; and
- the limited competence of EWCs.

An EIRO comparative study highlighted the role of the social partners in implementing the Directive, provided examples of success stories and failures of EWCs and analysed the impact of EWCs on national industrial relations (TN9807201S). The latter was generally found to be rather limited so far. However, in future EWCs are seen as being likely to contribute to: a greater awareness of the internationalisation of company strategies; the creation of networks of employee representatives across boundaries; and a possible "centralisation" of company-level industrial relations. A study carried out for the UK Department for Trade and Industry on the costs and benefits of EWCs found that the level of awareness and impact of the EWC at company level was greater in countries which already had experience of works councils structures. While employers continued to be fearful of EWCs having the potential to lead to demands for European-wide collective bargaining, this was perceived to be some way off.

The role of the social partners

The year saw a continuation of the trend of giving increasing importance to the role of the social partners and the social dialogue in policy making. The European social dialogue process has increasingly become the focus in the EU social policy arena, partly as a result of the new competences granted to European-level representatives of employers and employees by the Maastricht social policy Agreement, notably allowing them to reach agreements which can take the place of legislation in some circumstances. The Commission is keen to foster this process, which has so far led at intersectoral level to the framework agreements on parental leave in December 1995 and part-time work in May 1997, both of which have been implemented by Council Directives (a draft agreement on fixed-term contracts was subsequently concluded in January 1999 - EU9901147F). At the sectoral level, an agreement has been reached on working time in the maritime sector (EU9802182F), which is also to be implemented via a Directive (EU9901144F).

The social dialogue at the European sectoral level has become increasingly productive and focused, a trend which is likely to be emphasised by the recent reorganisation of its structures. After an intensive period of consultation following the publication of a *Communication concerning the development of the social dialogue process at Community level* in September 1996, the Commission adopted a *Communication on adapting and promoting the social dialogue at Community level* in May 1998 (EU9806110F) which, among other measures, set in train a reorganisation of the sectoral social dialogue. The Communication includes a Commission Decision providing for the establishment of new "sectoral dialogue committees" to replace the existing joint committees, informal working groups and

non-structured discussion groups. By early 1999, almost all sectors with an existing dialogue had applied to set up new committees, with a few new sectors also seeking to join the dialogue (EU9902150F). The reorganisation has led to some restructuring of the social dialogue and is expected by the Commission to provide a renewed impetus and focus, particularly along the lines of the adaptability pillar of the Employment Guidelines. Among the other issues due to be discussed in the various sectors are vocational education and training, the fight against undeclared work, health and safety and child labour.

Hand-in-hand with the reorganisation of the sectoral social dialogue process has gone a reassessment of the representativeness of the European social partner organisations by the Commission.

As outlined above, the social partners are also playing an increasingly important role in the debate on labour market policy and work organisation at the national, regional and company levels. At the same time, many social partner organisations are facing a decline in membership and a recasting of organisational structures at home. Union mergers occurred or were planned in Belgium, Finland, Germany, Netherlands and Portugal, while in Austria unions signed an increasing number of cooperation agreements, and in France there was a rapprochement between the CFDT and CGT confederations. Union recognition issues were high on the agenda in Ireland and the UK. There were also instances of the formation of union organisations for new groups, such as Greece's first union for unemployed people, or the opening of traditional union structures to new groups, such as self-employed people in the Dutch construction sector. On the employers' side, changes included: France's CNPF confederation changing its name to MEDEF as part of a change in approach in a more free-market direction; and Italian public sector employers joining the main Confindustria confederation.

Industrial relations and the impact of EMU

As mentioned above, 11 countries joined the single currency on 1 January 1999. While the UK and Denmark did not seek to join the euro at this stage, Sweden and Greece failed to meet the convergence criteria.

In the light of the imminent arrival of EMU, trade unions in particular began to engage themselves more actively with the impact of the single currency on industrial relations in 1998. Particular emphasis was placed on the

possibilities for cross-border coordination of bargaining policy. In September 1998, a joint statement was signed by a number of unions from Belgium, Germany, Luxembourg and the Netherlands in the Dutch town of Doorn (DE9810278F), highlighting the increasing momentum towards joint action in this field. The Doorn declaration claims that the economic growth and wage restraint of recent years has produced too few results for workers in terms of job creation. A study by the German Institute for Economic and Social Research (Wirtschafts- und Sozialwissenschaftliches Institut, WSI) has found that employees' share in national income has continually declined in many Member States. The unions participating in the Doorn meeting called for a change in this trend, stating that workers should be able to benefit fully from economic growth and that increased purchasing power is likely to result in job creation. The unions therefore committed themselves to the aim of achieving collective bargaining settlements which correspond to the sum total of the evolution of prices and the increase in labour productivity. A further aim of the Doorn declaration is cooperation in the reduction of working time and the achievement of an increase in purchasing power. To this end, the participating organisations agreed to inform each other regularly on developments in bargaining policy. This agreement has rightly been viewed as a pioneering step in the "Europeanisation" of collective bargaining.

The ETUC and its affiliated European Industry Federations have also been at the forefront of calling for coordinated action in area of collective bargaining. So far, the momentum has been fairly slow, but a number of individual industry federations have set out their own strategies.

In March 1998, European Regional Organisation of the International Federation of Commercial, Clerical, Professional and Technical Employees (Euro-FIET), which brings together trade unions representing private sector services and white-collar workers across Europe, launched a strategy paper on the impact of EMU on collective bargaining (EU9809128F). The paper emphasised the need to recognise the social dimension of EMU and to coordinate bargaining strategies at sectoral level across the Union. Euro-FIET foresees that EMU will have a significant impact on a number of sectors in which its members are organised, not least in banking and insurance. In this sector, more contact and exchange is being sought with European and national-level authorities to discuss the impact of the euro on employment. It is argued that job losses should not be accepted as a consequence of the euro and that

comprehensive training and retraining programmes must be put in place to prevent large-scale redundancies.

Euro-FIET reiterates the widespread perception that a single currency will potentially mean greater pay transparency across Europe and thus greater competition. It is argued that this may lead to downward pressure on pay and working conditions. To counteract this trend, Euro-FIET believes that steps need to be taken towards a "European system of collective working relations". Its aim is therefore to coordinate bargaining strategies on wages, working time and education and training.

Another European Industry Federation, the European Metalworkers' Federation (EMF) adopted a political resolution on "collective bargaining with the euro" at its third collective bargaining conference, held in December 1998 (DE9812283F). Innovatively, the resolution contains a number of guiding principles for national collective bargaining in order to prevent downward competition on wages and working conditions. According to the new "European coordination rule", national collective agreements should seek at least to offset the rate of inflation and ensure that employees' incomes reflect a balanced participation in productivity gains. The EMF is thus seeking to renew a "solidaristic" bargaining policy at European level, through an instrument which recognises national differences in economic developments and bargaining systems but also defines common guidelines for non-competitive national bargaining policy. As the president of EMF, Tony Janssen, put it: "The European metalworkers' unions need not have the same demands, but all demands must go into the same direction."

Conclusions and outlook

EMU seems sure to have an increasing influence on industrial relations over the coming years and the development of common bargaining strategies in relation to EMU is likely to become more prevalent. Similarly, joint social partner actions at European, national, regional and company level in relation to the modernisation of work organisation and working time will undoubtedly remain a feature in 1999, as they were in 1998. The enlargement of the European Union is also likely to remain a preoccupation as social partners are increasingly establishing links with their counterparts in the accession states (EU9808123F).

Comparative Studies: 1998 Records

January	<i>Study</i>	The EU parental leave agreement and Directive: implications for national law and practice	TN9801201S
April	<i>Study</i>	Collective bargaining and continuing vocational training in Europe	TN9804201S
May	<i>Study</i>	Flexibility of working time in Europe	TN9805201S
July	<i>Study</i>	The impact of European Works Councils	TN9807201S
September	<i>Study</i>	Board-level employee representation in Europe	TN9809201S
November	<i>Study</i>	Teleworking and industrial relations in Europe	TN9811201S

EU Level: 1998 Records

January	<i>Features</i>	Big pay gap remains between men and women	EU9801176F
		ETUC calls for social clauses in trade agreements	EU9801177F
	<i>News</i>	High-level expert group launched to discuss industrial change	EU9801178N
		ETUC launches proposals for new social Action Programme	EU9801179N
		Social partners deliver their opinions on the Davignon report	EU9801180N
		European maritime social partners agree on working time aboard ships	EU9801181N
		Commissioner Flynn launches major new industrial relations database on the Web	EU9801201N
February	<i>Features</i>	Social partners propose draft Directive on working time in the European maritime sector	EU9802182F
		UNICE opens door to negotiations on rights of fixed-term contract workers	EU9802183F
		Industrial relations in Poland: the emergence of a new model of labour relations?	EU9802184F
	<i>News</i>	ETUC concerned about Commission proposal on free movement of goods	EU9802185N
		Anniversary celebrations at ETUC and UNICE look to the future	EU9802186N
		Commission highlights importance of good quality childcare	EU9802187N
		EU/US symposium welcomes sectoral codes of conduct on labour standards	EU9802188N
Council Presidency confirms the end of duty-free sales	EU9802189N		
March	<i>Features</i>	Progress in the sectoral dialogue in the public services	EU9803190F
		European Works Councils: the experience so far	EU9803191F
	<i>News</i>	UNICE rejects negotiations on information and consultation	EU9803192N
		UK Presidency tables compromise proposal for European Company Statute	EU9803193N
		ECJ rules on discrimination based on sexual orientation	EU9803194N
Finance ministers delay decision on reducing VAT on labour-intensive services	EU9803195N		
April	<i>Features</i>	Commission targets undeclared work	EU9804197F
	<i>News</i>	Social Affairs Council extends part-time work Directive to the UK	EU9804101N
		Commission launches second-phase consultations on sectors excluded from working time Directive	EU9804102N
		Negotiations on fixed-term contracts commence	EU9804198N
		Over 4,000 workers die in work-related accidents across EU	EU9804199N
May	<i>Features</i>	Health and safety seminar raises the issue of a gender perspective	EU9805103F
		Commission issues Communication on Social Action Programme 1998-2000	EU9805104F
		Progress on new forms of work organisation – a role for the social partners?	EU9805105F
	<i>News</i>	High Level Group on industrial change presents interim report	EU9805106N
		National Action Plans for employment reviewed	EU9805107N
		ETUC response to UK Presidency's new European Company Statute proposal	EU9805108N

June	<i>Features</i>	Cardiff summit debates next steps in employment strategy	EU9806109F
		The European social dialogue – impasse or new opportunities?	EU9806110F
	<i>News</i>	Commission adopts Annual Report on equal opportunities	EU9806111N
		Commission issues maritime employment protection proposals	EU9806112N
		Commission recommends adoption of homeworking Convention NAPs and business transfers Directive among Council agenda items	EU9806113N EU9806114N
July	<i>Features</i>	The European social dialogue in commerce: an expanding agenda	EU9807115F
		Euro-FIET adopts resolution on achievement of Social Europe	EU9807116F
	<i>News</i>	UNICE adopts position on international labour standards	EU9807117N
		Social affairs ministers reaffirm commitment to eliminate sex discrimination	EU9807118N
		UNICE rejects the inclusion of social criteria in procurement	EU9807119N
		Employers may re-evaluate decision not to negotiate on national information and consultation ECJ rejects UEAPME's case against the parental leave Directive	EU9807120N EU9807121N
August	<i>Features</i>	The sectoral social dialogue in transport: Working time firmly on top of the agenda	EU9808122F
		European social dialogue: preparing for accession	EU9808123F
		Building the European social dialogue in construction	EU9808124F
	<i>News</i>	Commission adopts proposals to update Directives on freedom of movement Workers' employability to be priority for training aid	EU9808125N EU9808126N
		September	<i>Features</i>
Euro-FIET gears up for EMU	EU9809128F		
<i>News</i>	UNICE responds to second-stage consultations on sectors excluded from working time Directive		EU9809129N
October	<i>Features</i>	Draft Employment Guidelines for 1999 emphasise continuity	EU9810130F
		Social partners in footwear sector extend charter on child labour to cover retail	EU9810131F
	<i>News</i>	ETUC urges action to stem tide of global economic crisis	EU9810132N
		UNICE decides against negotiations on national information and consultation rights	EU9810133N
December	<i>Features</i>	Codes of conduct and adherence to international labour standards	EU9812134F
		Commission tables draft Directive on national information and consultation	EU9812135F
		Social dialogue in postal services leads to agreement on promoting employment	EU9812136F
	<i>News</i>	Cleaning industry social partners demand action against illegal work	EU9812137N
		Social partners in the sugar industry sign joint declaration on training	EU9812138N
		ETUC and UNICE respond to new Employment Guidelines	EU9812139N
		UNICE welcomes Commission Communication on social dialogue	EU9812140N
		Vienna summit reaffirms employment as priority	EU9812141N
		Social Affairs Council agrees health and safety Directives	EU9812142N
		European Company Statute proposal blocked by Spanish resistance	EU9812143N

National reviews

AUSTRIA

Introduction

The first half of 1998 in particular was characterised by unexpectedly buoyant economic growth. In the second half of the year, growth slowed from over 4% in the first two quarters to 2.7% in the third quarter, with a final annual rate of 3.3%. However, these high economic growth rates failed to translate into significant increases in employment. Indeed, contrary to the previous year's predictions (AT9712165F), unemployment did not decline to 4.3% but rose to 4.5% from 4.4% in 1997. Inflation was reduced to 1.2% and the overall public deficit stood at 2.2% of GDP.

Projections for the period until 2002, by forecasters at the Austrian Institute for Economic Research (Österreichisches Institut für Wirtschaftsforschung, WIFO), expect an average annual growth rate of real GDP of 2.8%. Unemployment over the same period is forecast to decline to 3.7%. Inflation is expected to remain steady at 1.2% or 1.3%. The budget deficit is expected to remain unchanged in 1999 and to decline thereafter to 1.4% in 2002. Nevertheless, public debt is forecast to remain above the Maastricht convergence target of 60% of GDP.

A survey carried out at the end of 1998 found 45% of Austrians to be facing 1999 with optimism, compared with 37% in the previous year. The number of those with a sceptical outlook remained stable at 30%, while the percentage of pessimists decreased from 24% in 1997 to 17% in 1998.

Despite some turbulence in the relationship between the coalition partners in the Austrian government, the two-party coalition between the majority partner, the Social Democratic Party (Sozialdemokratische Partei Österreichs, SPÖ), and the minority christian democrat Austrian People's Party (Österreichische Volkspartei, ÖVP) remained stable. The only elections to take place in 1998 were those for the presidency, which returned the incumbent. The date for the federal elections remains set at October 1999, after some debate whether to hold them earlier in the year. One of the key issues for discussion in the election campaign is likely to be the question of tax reform, which already began to take centre stage in 1998.

Among the key events in industrial relations was the negotiation of agreements in the metalworking sector which raised minimum wages and salaries by 3.7% (AT9810108N). These agreements became a yardstick for all subsequent agreements and remain controversial (AT9811110F). However, this and other key issues debated at national and sectoral level – such as the organisation of working time and the fight against

undeclared employment – were overshadowed by unemployment as a primary national concern.

Key trends in collective bargaining and industrial action

The standard for increases in minimum wages and salaries was set by a number of key agreements reached in the metalworking sector in October and November 1998. As mentioned above, these agreements provided for an increase of 3.7% in minimum wages and salaries and had significant repercussions on all agreements negotiated subsequently.

Industrial action in 1998 occurred mostly in the public services, including state-owned companies (AT9805183F). This involved, for example, the railways (AT9809101F), teachers (AT9809104N), postal services (AT9806196N) and the courts (AT9805190N).

As in 1997, there was a continued preoccupation with the reform of wage and salary scales. Automatic two-yearly increments were either diminished or reduced in number, or scrapped altogether. In return, entry wages and salaries were raised. The aim of such reforms was to make jobs more attractive to young workers, with lifetime incomes supposed to remain unaffected. The removal of any remaining differences between wage and salary earners also remained a concern in 1998, both for the legislator and in collective bargaining (AT9801160N). It is anticipated that a full harmonisation in their status may be accomplished in 1999.

Another key area of debate in 1998 was the intended introduction of legislative changes aimed at facilitating the fight against undeclared employment (AT9810106F). As a result of disagreement between the social partners over the definition of undeclared employment, progress in this debate remained elusive until January 1999, when agreement on the new measures was finally reached (however, the resulting bill was facing difficulties and an uncertain future in parliament in early 1999).

One of the predominant issues of debate in 1997, the problem of youth unemployment, was superseded by the debate on tax reform. This was partly the result of an easing of demographic pressures, but was also due to the introduction in 1997 of a variety of measures aimed at improving the employability of young people. Part of the package of labour market policy "activation" measures announced in the National Action Plan (NAP) for employment, in response to the EU *Employment Guidelines*, was also an assessment of the tax and social security framework in which the labour market operates. Tax reform aimed at reducing the burden on businesses thus became a major issue of debate in 1998 (AT9809102F). It was intended that the level of tax concessions should be agreed prior to the 1999 general elections. While economists had argued that any tax

concessions of less than ATS 20 billion would be inconsequential, the Federal Ministry of Finance (Bundesministerium für Finanzen, BMF) insisted that a maximum of only ATS 10 billion was available. Ultimately, the government set itself a target of ATS 30 billion.

Industrial relations, employment creation and work organisation

Employment rose by 22,000 to 3.077 million and is expected to increase by another 24,000 in 1999. Much of this growth is thought to have occurred in part-time service sector employment (of between 12 and 36 hours per week) and in temporary agency work. The latter is expected to increase by 50% in 1999, from the current level of about 30,000. Approximately 60% of all temporary agency work is in manufacturing. Not included in these employment creation figures is the number of employees in so-called "limited part-time employment" (geringfügig Beschäftigte - AT9705115N), ie those earning less than ATS 3,880 gross per month or working less than 12 hours per week. The number of workers in such employment relationships rose from 170,724 at the end of 1997 to 184,354 at the end of 1998, an increase of 8%, despite the introduction of new regulations intended to make it less attractive (AT9711144F).

Despite the unexpectedly high economic growth rates in the first half of 1998, unemployment stood at an annual average of 237,794 in 1998, 4,356 more than in 1997. Unemployment is expected to remain static in 1999.

The Public Employment Service (Arbeitsmarktservice, AMS) expects the number of persons formally unemployed at least once during a calendar year to rise to 716,600 in 1999 from 705,000 in 1997. Approximately 88% of job-seekers find employment within six months, with 12% unemployed for longer. In 1998, long-term unemployment rose, as did the unemployment rates of women and of older workers. The labour market situation of young people improved compared with 1997. If the employment targets set by the NAP are to be reached (AT9901120F), the AMS estimates a shortfall of ATS 3 billion over and above the funds already allocated to the NAP. One third of this sum could be raised within the AMS.

The issue of working time was hotly debated at national level, as well as in different sectors, without much significant progress being made, particularly in relation to the reduction of working time in favour of job creation. It has been argued that if overtime hours were converted into full-time employment, the NAP's job creation target of an additional 100,000 jobs would be realised and exceeded instantly. While these issues are ever-present in collective bargaining as well as in the political debate, no progress was made towards resolving them in 1998. The main reason for this lack of progress is that reduced

working time, especially reduced overtime, would mean losses in income, which workers remain unwilling to accept. In the autumn, working time was to be included in the manufacturing collective bargaining agenda (AT9810107F) but was then deferred (AT9812115F).

Collective agreements permitting night work by women are a concern in manufacturing industry, while Sunday (AT9811111N) and public holiday employment (AT9811113N) remains an issue in the commerce sector. In the seasonal industries such as tourism and construction, bargaining focused on the question of how to reduce overtime during the high season in favour of a shorter duration of seasonal unemployment.

The level of part-time employment remained practically unchanged over 1997, with 28.4% of women working part-time, compared with 4% of men.

Developments in representation and role of the social partners

The year proved to be one of significant change in the area of employee and employer interest representation. Membership of the Austrian Trade Union Federation (Österreichischer Gewerkschaftsbund, ÖGB), which encompasses almost all trade union members in Austria, declined by a further 2.4% in 1997, according to official figures published at the end of June. This decline occurred despite a membership drive which resulted in the recruitment of 70,000 new members. A continued decline in membership is expected in 1999. The single largest trade union within the ÖGB, the Union of Salaried Employees (Gewerkschaft der Privatangestellten, GPA), which suffered the greatest losses in absolute terms and the second largest in percentage terms, began to think about ways of organising employees in smaller firms, though so far, it seems, to little avail.

The ÖGB's main response to the decline in membership has been to focus on cost-cutting. Steps were thus encouraged that may lead to mergers among its 14 component unions. A number of cooperation agreements among trade unions have already been reached (AT9806192F). The latest such agreement, finalised in August 1998 and effective from 1 September 1998, was between the Agriculture and Food Trade Union (Gewerkschaft Agrar-Nahrung-Genuß, ANG), the Construction and Timber Trade Union (Gewerkschaft Bau-Holz, GBH) and the Union of Chemical Workers (Gewerkschaft der Chemiewerker, GdC). The agreement is aimed at "cooperation at all levels and in all areas in the medium term." Together, the ANG, GBH and GdC organise approximately 250,000 workers, two-thirds of them belonging to the GBH. This brings together a larger membership than the cooperation agreements previously announced between: the Trade and Transportation Trade Union (Gewerkschaft Handel, Transport, Verkehr, HTV), the Hotels, Restaurants, Personal Services Trade Union

(Gewerkschaft Hotel, Gastgewerbe, persönlicher Dienst, HGPD) and the Railway Employees' Trade Union (Gewerkschaft der Eisenbahner, GdE), which together have approximately 195,000 members; or between the Textiles and Garments Trade Union (Gewerkschaft Textil und Bekleidung, TBL) and the Union of Metal, Mining, and Energy Workers (Gewerkschaft Metall-Bergbau-Energie, GMBE) with a total of 230,000 members (AT9801161N). However, neither of them approaches the GPA's membership of 300,000, many of whom receive salaries enabling them to pay fairly substantial membership contributions. More cooperation agreements are expected in 1999 in the run-up to the ÖGB's 14th congress.

The year also saw the founding of a new trade union which is not part of the ÖGB (AT9805185N). The Austrian Free Trade Union (Freie Gewerkschaft Österreichs, FGÖ) is an offspring of the electoral success of right-wing populism during the last 10 years. It focused its membership drive especially on the police force, and elected a police officer as its chair. The anticipated application to the Federal Conciliation Office (Bundeseinigungsamt) for the right to conclude collective agreements (AT9705113N) was never made. No information is available, but it is thought that an insufficient number of members is the reason for the FGÖ's restraint.

On the employers' side, the Austrian Chamber of the Economy (Wirtschaftskammer Österreich, WKÖ) changed its pension and promotion regulations from the beginning of 1999, but only for new employees. The cost of running the organisation is about ATS 2.4 billion out of a total budget of about ATS 8.2 billion (1997). Of the latter, ATS 6.6 billion is drawn from members, which was the background to a challenge from the Federation of Austrian Industry (Vereinigung österreichischer Industrieller, VÖI) to reduce the burden on enterprises (AT9805187N).

Legislation governing the operation of company supervisory boards was changed with the aim of ensuring that information is provided at regular intervals. In Austria, one-third of the seats on a company supervisory board are occupied by works council delegates (TN9809201S). Supervisory boards are intended to oversee the work of the management board and are also responsible for authorising strategic decisions. As a result of the new legislation, at least one session of the supervisory board is to be held during each quarter, and management is to provide an annual report detailing all its goals for the future. No individual is in future allowed to hold more than five supervisory board positions in enterprises. Trade unionists and sympathetic managers have been complaining about a gradual sidelining of employee representatives. Important strategic decisions, they claim, are being made between management and investment bankers, or are agreed before the meeting

even opens. As a result, the role of works council delegates is seen to be reduced to devising social protection plans for employees affected by management decisions.

Two new European Works Councils were formed by Austrian companies (ATB Austria Antriebstechnik AG and Vogel & Noot AG) in 1998. These were the country's first two agreements to be based on Article 6 of the EWC Directive (AT9901126N). Another interesting development was the siting of its European headquarters in Austria by a large Canadian manufacturer explicitly opposed to works councils (AT9812119N).

During its Presidency of the European Union, Austria attempted to finalise an agreement on the European Company Statute but failed due to a veto by Spain (EU9812143N). During the Presidency, the Austrian social partners intensified their efforts to establish the Austrian form of social partnership as a model for the EU at large. For the time being, though, they have shown satisfaction with the existing consultations at Commission level.

Industrial relations and the impact of EMU

Austria is one of the countries which joined the single currency in January 1999. The social partners' preparations for EMU have so far focused primarily on consumer protection, with employment protection a distant second, and industrial relations being unaffected in substance. However, calls are increasingly being voiced for a greater European coordination of wages policy, social standards, and especially of taxation policy, as a necessary corollary to EMU. Employment protection in the aftermath of the introduction of the single currency was an issue discussed in the banking sector, but management continued to emphasise that in the short run no redundancies should be expected. It is argued that the threat to employment is from electronic banking rather than from EMU (AT9901121F). However, a study by Creditanstalt, a subsidiary of Bank Austria, made public in January 1999, sees only a few industries as losers from EMU, foremost among them the banks. Others expected to be affected negatively are the food industry (which was already battered by Austria's accession to the EU in 1995), insurance, retail, wholesale and manufacturers of furniture and sports equipment. As the likely impact of EMU on employment is so far seen to be limited, there has therefore only been a low level of social partner activity on this issue.

Conclusions and outlook

The persistence of the phenomenon of unemployment growth was among the key concerns in a year characterised by relative economic buoyancy. The problem of youth unemployment was overtaken on the list of labour market policy priorities by the desire to

lower the tax burden on enterprises and by the institution of measures for the reintegration of disadvantaged groups. The reduction of working hours in favour of job creation was hotly debated, but continued to stumble over the issue of the proportional loss of incomes. The fight against undeclared employment also ranked highly on the political agenda, although progress in these debates was slow as a result of the social partners' difficulties in agreeing on what constitutes

undeclared employment. Reorganisation among social partner organisations continued apace to compensate for the decline in membership in the case of the unions, or to meet members' complaints about costs in the case of the employers. These trends, as well as the debate on how to fight unemployment, are set to continue to feature strongly in the industrial relations arena in 1999 – a year which is sure to be dominated by the federal general elections to be held in October.

Austria: 1998 Records

January	<i>Features</i>	"Distribution option" for pay rises proves popular	AT9801155F
		Limited implementation of annual working time model in construction	AT9801156F
		Apprenticeship remains key issue in 1998	AT9801159F
	<i>News</i>	Measures to further women's careers	AT9801157N
		Employee protection in small firms	AT9801158N
		Unions seek further harmonisation of labour law	AT9801160N
		Trade unions reorganise	AT9801161N
February	<i>Features</i>	Decentralised regulation of women's night work	AT9802163F
		Austria draws up national action plan on employment	AT9802164F
	<i>News</i>	New trade union clears first hurdle	AT9802166N
		Stalemate in negotiations in tourism sector	AT9802167N
		Controversy surrounds eligibility of foreigners to stand as worker representatives	AT9802168N
		Austrian minimum pay rates rise by 1.7% in 1997	AT9802169N
		Decline in sick leave continues in 1997	AT9802170N
March	<i>Features</i>	Survey reveals extent of stress at work	AT9803171F
		Equal opportunities measures cause controversy	AT9803172F
	<i>News</i>	Constitutional amendment promotes equal opportunities for women	AT9803173N
		Agreement signed on women's night work	AT9803174N
		Youth employment measures agreed	AT9803175N
April	<i>Features</i>	Difficult negotiations in construction industry	AT9804177F
		Austrian survey reveals patterns of parental leave	AT9804178F
	<i>News</i>	Pay agreement in construction industry	AT9804179N
		Measures to complement Austrian National Action Plan on employment	AT9804180N
		Amendments to Chamber of Labour Act proposed	AT9804181N
		Austria introduces new rules on eligibility for unemployment insurance	AT9804182N
May	<i>Features</i>	Protests spread across Austrian public services	AT9805183F
		New agreement under negotiation for insurance office staff	AT9805184F
	<i>News</i>	New trade union founded	AT9805185N
		Progress in 1998 tourism industry pay round	AT9805186N
		Austrian manufacturers count the cost of representation	AT9805187N
		Unions table 25 demands for works constitution reform	AT9805189N
		Settlements concluded in Post Office and courts	AT9805190N
		Disputes hit medical services	AT9805191N
June	<i>Features</i>	Trade union reorganisation in Austria: negotiating the obstacles	AT9806192F
		Works councils oppose electronic surveillance	AT9806193F
		All to play for with sectoral agreement in football	AT9806194F
	<i>News</i>	Prominent trade union leader questions wage restraint	AT9806195N
		Unrest continues in postal services	AT9806196N
July	<i>Features</i>	New training measures to absorb 1998 and 1999 school leavers	AT9807197F
	<i>News</i>	Negotiations continue over civil service reforms	AT9807198N

September	<i>Features</i>	Three-way dispute on Austrian railways	AT9809101F
		Tax reform plans: between employment, incomes and convergence	AT9809102F
		Widening the options: aims of the autumn pay round	AT9809103F
	<i>News</i>	Teachers' dispute continues	AT9809104N
		Agreements in tourism almost achieve national coverage	AT9809105N
October	<i>Features</i>	Draft legislation seeks to curb illicit work	AT9810106F
		New items appear on bargaining agenda	AT9810107F
	<i>News</i>	Pay round in manufacturing sectors completed	AT9810108N
November	<i>Features</i>	Social partners discuss severance pay and holiday entitlements	AT9811109F
		Sectoral agreements for crafts enterprises under threat	AT9811110F
	<i>News</i>	Sunday working controversy resurfaces	AT9811111N
		New salary rates agreed in commerce	AT9811112N
		Holiday working controversy	AT9811113N
December	<i>Features</i>	Working time talks often postponed in 1998 bargaining round	AT9812115F
		The impact on work of next-generation mobile phones	AT9812116F
	<i>News</i>	Public service employment reform concluded	AT9812117N
		Sparks fly in the electricity generation industry	AT9812118N
		Industrial relations controversy in Austrian "automobile cluster"	AT9812119N

BELGIUM

Introduction

The increase in Belgian GDP was lower than anticipated in 1998 and is likely to average 2.2%. It is also now assumed that a forecast of 2.6% growth in 1999 is too optimistic. The budget deficit decreased from 1.9% of GDP in 1997 to 1.5% in 1998, and a further decline is forecast for 1999. Unemployment stood at an average of 12.6%, with jobless rates consistently higher in Wallonia and Brussels than in Flanders. This constitutes a reduction from the previous year and a further improvement is envisaged for 1999. The rate of inflation remained low at about 1% and is set to decline further. Wage increases were moderate, and are expected to remain so, under the influence of the “wage norm” (see below).

The government coalition of socialist and christian democrat parties remained unchanged in 1998, despite tensions being evident between the partners, particularly at community level. This may be significant in relation to the impending general, regional and European Parliament elections in June 1999. Conflicts of authority between federal bodies and the federal government are multiplying. The Prime Minister's main aim is to keep the current government in office until the elections, whatever happens.

Key trends in collective bargaining and industrial action

A number of important intersectoral collective agreements on specific issues were signed in 1998, including a National Labour Council (Conseil National du Travail/National Arbeidsraad, CNT/NAR) collective agreement on the euro single currency (BE9812159N) and an agreement on the inclusion of voluntary sector representatives in the bipartite Central Economic Council (Conseil Central de l'Economie/Centrale Raad voor het Bedrijfsleven, CCE/CRB) (BE9807149N).

In 1998, pay increases were still governed by the “wage norm” of 6.1% for 1997-8, including indexation and pay scale increases, set by the government after the social partners failed to reach an intersectoral agreement for this period. In 1998, the actual rise remained under 1.5%. However, a number of sectors with a high demand for labour exceeded the authorised margin – an example was the chemicals industry

For 1999-2000, the social partners within the CCE/CRB agreed in 1998 that the maximum level of pay increase over the two-year period should be 5.9%. This formed the basis for the pay provisions of an intersectoral collective agreement for 1999-2000 which was

concluded in November (BE9811252F) without serious and far-reaching intervention by the government. The agreement also contained provisions on matters such as reductions in employers' social security contributions (in return for job-creation activities), training, working time reductions and union representation in SMEs, and occupational classification.

At sectoral level, 1998 saw the implementation of the two-year agreements signed in 1997, which stressed the development of flexibility and the reduction of working time.

At company level, the main concern among employees remained job retention and creation. This was particularly true in the industrial sector, in the light of events such as the closure of Levi Strauss Belgium (BE9810250F), and the takeover of Cockerill-Sambre by the French company, Usinor (BE9812158N).

Collective bargaining in general focused on the following issues:

- the reduction of working time. Within companies, this demand was generally made with a view to protecting jobs. However, it was not without problems – for example, problems surrounding working time cuts at Uniroyal highlighted a lack of legal clarity in this area (BE9806145F). Government-backed initiatives – such as the “Vande Lanotte plan”, which provides cuts in employers' social security contributions for firms in difficulty or restructuring, that create or save jobs through agreed working time reductions – met with limited success;
- the provision of minimum social assistance. The problems relating to the transfer from unemployment benefits to social assistance were added to the bargaining agenda, largely as a result of the increasing importance of the unemployed workers' movement, which is backed by the trade unions (BE9804140F); and
- employment. 1998 saw the continuation of the policies agreed in 1997 involving the reduction of labour costs, the redistribution and sharing of work, flexible working and measures for socially excluded groups.

Notable strikes in 1998 involved various companies in the automobile industry (BE9808241N), prison officers (BE9802133N), Uniroyal (see above) and cash transport security guards (BE9802132F)

Industrial relations, employment creation and work organisation

The debate in this area was dominated by negotiations on the Nation Action Plan (NAP) for employment, in response to the EU *Employment Guidelines*

(BE9804141N). The Belgian NAP has as its central aims the improvement of vocational integration and thus the achievement of increased "employability". According to an agreement on cooperation between the state and the regional bodies responsible for employment, training and employment services, unemployed people will increasingly be involved in training programmes and other measures aimed at improving employability and "adaptability" (BE9810249F). The 1999-2000 intersectoral agreement also emphasises the importance of training and allows sectors to allocate a higher percentage of the payroll to vocational training.

Another government policy objective is the lowering of labour costs. A number of employment measures and programmes provide for reductions in employers' social security contributions. The question of a reduction or exemption from contributions for employers has produced a debate between trade unions and employers. The debate has focused on the questions of how to put social security funding on a sound footing and organise alternative financing, and how to ensure job creation in exchange for cuts in contributions.

Increasing emphasis is being placed on job creation, especially in the service sector. This has included schemes such as: "local employment agencies" (Agences locales pour l'Emploi/Plaatselijke werkgelegenheids-agentschappen, ALEs/PWAs), bodies attached to local authorities offering jobs for a few hours a week in private homes or local associations, which entitle unemployed people to earn additional sums on top of their benefits; and "Smet jobs", which offer part-time work in firms or associations, with pay made up of unemployment benefits and an additional contribution from the employer. However, a number of these initiatives, which are based on work for benefits, have been strongly criticised by the trade unions, particularly those representing voluntary sector workers (BE9807148F).

In order to encourage company adaptability, the government has been introducing measures to develop flexibility through worksharing. The aim is to achieve a better redistribution of work and to allow for a better reconciliation of work and family life. The latter is to be achieved through improved provision for parental leave, career breaks and more flexible working time arrangements. Plans have been adopted by companies, offering a range of work redistribution measures, including easier access to part-time work. In relation to equal opportunities policy, the social partners have committed themselves to reviewing potentially discriminatory occupational classification systems. The social partners have also recommended that increasing emphasis be placed on the development of jobs for the care of children and older people.

In Flanders, the regional government has allocated a sizeable budget for labour market policy measures. The

main aim is to encourage a lowering of labour costs and work redistribution policies. New jobs have been created in the social sector and several specific training programmes have been set up. The Flemish employment plan emphasises employability and the transition from passive to active measures (BE9803230N). This plan has been adopted by the social partners.

In the Walloon region, no formal agreement on the regional employment plan was concluded by the social partners, although they did agree on the main elements of the plan (BE9803135F). Employment policy is linked to economic development policies. The plan is aimed at training and the collective redistribution of work, and seeks to back local economic initiatives by complementing traditional industries.

In the Brussels region, emphasis is being placed on vocational training and the development of company-level training and of community jobs. The Brussels employment plan also emphasises equal opportunities in employment and non-discrimination in recruitment (BE9803136N).

Flexibility in working time organisation and in employment contracts is increasingly prevalent in Belgium, especially when seen in a longer-term perspective. The 1998 annual evaluation report on Belgian employment policy (*Federal employment policy. Evaluation report 1998*, M Jadot, Federal Ministry of Employment and Labour, Brussels, November 1998) (BE9812254F) found that the number of part-time workers had doubled since 1983 (now forming 17% of the working active population) and that the number of temporary workers had increased by 25% between 1990 and 1997.

It is significant that changes in working time and contract flexibility are frequently part of sectoral or company-level negotiations triggered by reorganisations in specific companies or sectors. The goal is often to reduce the number of direct or "uncushioned" redundancies. Examples during 1998 included Opel Belgium (BE9803229F), Ford Genk (BE9809244N), Monsanto Antwerpen, L'Oréal and Excel Logistics. The major BACOB bank also reached an agreement on a voluntary work schedule of four nine-hour days. More than half of the employees signed up for this option.

For the moment, collective reductions of working time remain on the agenda of union representatives in the 1999 sectoral bargaining round which will implement the 1999-2000 intersectoral collective agreement. Working time reductions to 32 hours a week without loss of pay are explicitly among the demands of the Belgian General Federation of Labour (Fédération Générale du Travail de Belgique/Algemeen Belgisch Vakverbond, FGTB/ABVV) and the union for white-collar workers affiliated to the Confederation of Christian Trade Unions (Confédération des Syndicats Chrétiens/Algemeen Christelijk Vakverbond, CSC/ACV).

Flexibility in the form of time off in order to take care of children or other family care responsibilities is increasingly supported by the government via a scheme providing individual payments: each month this results in about 1,000 requests for such time off.

Developments in representation and role of the social partners

The two largest Belgian union confederations – the socialist ABVV/FGTB and the christian ACV/CSC – saw significant organisational changes in 1998. The ABVV/FGTB merged several of its regional organisation into larger units. These regional organisations are responsible for organising members on an intersectoral basis and for part of the administrative work connected to unemployment benefits. The ACV/CSC saw the merger of its building and woodworking union (Centrale chrétienne du Bois et du Bâtiment/Christelijke Centrale Hout en Bouw, CCTBB/CCHB) and its “various industries” union (Centrale chrétienne de Diverses Industries/Christelijke Centrale van Diverse Industrieën, CCDI) into a new building and industry union (CSC-Bâtiment et Industrie/ACV-Bouw en Industrie), with 258,000 members. The ACV/CSC held its four-yearly statutory congress in November (BE9811253N), during which some important decisions were made concerning the position and role of union activists and union officials. A “charter for the activist” adopted at the congress contained a number of decisions on training, support and guidance for those representing the union at enterprise level. Another important step was a call for more collaboration between CSC/ACV’s blue-collar industrial unions and its white-collar union, with a view to a possible integrated organisation at company level.

The intersectoral collective agreement for 1999-2000 contains an important new provision on the long-standing issue of union representation in small and medium-sized enterprises (SMEs). A recent experiment with “pooled” union representation on a regional basis for the SMEs in the retail sector will be evaluated for possible implementation in other sectors.

Two important protagonists in Belgian industrial relations over the past decade announced their retirement at the end of 1998: Willy Peirens, president of the ACV/CSC and Wilfried Beirnaert, director of social relations and top negotiator at the Federation of Belgian Enterprises (Fédération des Entreprises de Belgique/Verbond van Belgische Ondernemingen, FEB/VBO)

The year saw few specific developments in terms of international-level employee representation. When companies reach new agreements on the creation of European Works Councils (EWCs), Belgian unions generally support the initiative. However, in the cases of the two most important company closures in Belgium in the recent years – Renault in 1997 and Levi Strauss in

1998 – a number of commentators have evaluated the experience of EWCs as rather negative. In neither case did informing the EWC and holding an extra round of consultation have a positive impact on the key issue: the decision whether or not to close a factory. The most important positive aspect of EWCs for unions seems to be that transnational trade unionism thereby becomes more of a reality, and one that is increasingly closer to the rank and file. International union work was in the past limited to contacts at the highest levels of the organisation; it is now slowly becoming an issue involving activists and employees at all levels. A scientific evaluation of the workings of EWCs is underway in Belgium, in which both employee and employer representatives have been asked for their opinions. The results of this research will provide more information which might be valuable for the future positioning of the social partners.

Industrial relations and the impact of EMU

The law of 30 October 1998 (published in the *Moniteur Belge* on 10 November 1998) defines the details of the euro’s implementation in Belgium. It covers conversion, pricing, continuity of consumer contracts and company capital, relations with public administration and company stock.

As for industrial relations and the euro, a collective agreement was signed on 17 July 1998 in the National Labour Council (BE9812159N). This agreement covers salaries and social benefits in monetary terms and defines the methods of conversion to be used for workers and those on social benefits. Firms have to inform their workers and are allowed to use the Belgian franc as a reference until 2001. The issue has been fleshed out and clarified by royal decrees.

Conclusions and outlook

An appropriate label for 1998 might be “a year of closures and reorganisations”. Several significant and far-reaching mergers occurred in the important banking and insurance sector (BE9806238F), postal services were reorganised, the automobile industry was once again subjected to serious reorganisation (BE9808241N), and the closures at Levi Strauss and Lee Europe attracted much attention.

Workers and unions usually found themselves in a difficult position: alternatives to closures, such as collective working time reductions or work redistribution, were generally not accepted by the management of the companies concerned. What was left for the unions to negotiate, was usually – following Belgian bargaining traditions – a decent social plan accompanying the closure. These plans include traditional financial guarantees and compensations for the loss of income,

and a number of measures helping employees to look for other job opportunities.

If 1999 resembles 1998, there will be further demands for a more socially integrated Europe alongside a common monetary policy at the European level. Within the framework of the European efforts to create more jobs, a positive Belgian initiative which could serve as an

example deserves a mention. In the social and medical care sector, the governments of the regions and the federal government took important steps to create better working conditions, and an important financial injection was provided to create more jobs in the sector. By the end of 1998, this had resulted in the creation of approximately 10,000 additional jobs (BE9901259N).

Belgium: 1998 Records

January	<i>Features</i>	Social partners denounce recommendations by Higher Council for Employment	BE9801129F
	<i>News</i>	Pioneering sectoral agreement at Electrabel: 35-hour week and job creation	BE9801130N
		Joint declaration on jobs in Belgian not-for-profit sector	BE9801131N
February	<i>Features</i>	Armed attacks on cash transport sector jeopardise working conditions	BE9802132F
		Belgium revises its consumer prices index	BE9802228F
	<i>News</i>	Working time reductions agreed in Belgian companies	BE9802133N
March	<i>Features</i>	Walloon region makes contribution to Federal Government's employment plan	BE9803135F
		Opel Belgium: more flexible work organisation reduces redundancies	BE9803229F
		Higher Council for Employment issues controversial report	BE9803230F
		Educational reorganisation causes unrest	BE9803231F
	<i>News</i>	Brussels-Capital region releases its employment plan	BE9803136N
		Belgian labour court rules against French company over redundancy procedures	BE9803137N
		Flanders finalises contribution to Belgian national jobs plan	BE9803230N
Aldi dispute apparently resolved: part-timers to work longer hours	BE9803231N		
April	<i>Features</i>	Survey reveals members' views of their union	BE9804139F
		Unemployed people demonstrate against tougher sanctions and benefit cuts	BE9804140F
		Prolonged union protests in the "social sector" lead to promises for the future	BE9804233F
	<i>News</i>	Government draws up National Action Plan on employment without social partners	BE9804141N
		Union at Volkswagen plant files complaint over recruitment discrimination	BE9804142N
May	<i>Features</i>	Normalising night work in Belgium: legislation establishes equality of men and women	BE9805143F
	<i>News</i>	Election of employee representatives postponed for a year?	BE9805144N
		Social partners strongly support march against child labour	BE9805236N
		Social identity card marks new step in fight against social fraud	BE9805237N
June	<i>Features</i>	Confusion reigns over working time reduction	BE9806145F
		Mergers in banking cause serious concerns about employment	BE9806238F
	<i>News</i>	Print union calls on employers to refuse orders from extreme right	BE9806146N
		Unions launch environmental campaign in Walloon companies	BE9806147N
		"Wildcat" strike breaks out at Volkswagen Belgium	BE9806239N
July	<i>Features</i>	Active use of unemployment benefits – initial results and union unease	BE9807148F
	<i>News</i>	Central Economic Council to incorporate representatives of non-profit sector	BE9807149N
		National agreement signed on workplace video surveillance	BE9807150N
August	<i>Features</i>	Greater working time flexibility at Volkswagen plant in Brussels	BE9808152F
		Uncertainties of the informal economy: a Belgian perspective	BE9808240F
	<i>News</i>	Social calm restored in Belgian automobile sector at last?	BE9808241N
September	<i>Features</i>	New statute helps improve industrial relations climate in education in Francophone Belgium	BE9809153F
		"Wage standard" is main point of controversy in forthcoming intersectoral negotiations	BE9809242F
	<i>News</i>	Claimants' protests open Belgian autumn	BE9809154N
		Unions protest at working conditions in road transport sector	BE9809243N
		Saga of automobile industry restructuring continues at Ford-Genk	BE9809244N

October	<i>Features</i>	Training brought centre stage in employment policy	BE9810249F
		Levi Strauss closures hit crisis-ridden Belgian textile industry	BE9810250F
		Confederation of Christian Trade Unions holds four-yearly congress	BE9810253F
November	<i>Features</i>	Major reform of long-term unemployment rules proposed	BE9811155F
		National intersectoral agreement received with acclaim	BE9811252F
	<i>News</i>	Walloon public transport strike-bound	BE9811156N
		Confederation of Christian Trade Unions holds four-yearly congress	BE9811253N
December	<i>Features</i>	Belgian labour market policy "unrealistic", says report	BE9812254F
	<i>News</i>	Usinor takes over Cockerill-Sambre, under union supervision	BE9812158N
		Move to euro to have no impact on pay and social benefits, agree Belgian social partners	BE9812159N
		Belgian federal and regional governments take joint action against youth unemployment	BE9812255N
		Levi management reaches agreement with unions on closure of Belgian plants	BE9812256N
		Leading companies pressurise government on financial participation	BE9812257N

DENMARK

Introduction

For Denmark, 1998 was a year which marked the end of a period of continuous economic growth which had begun in 1993. The rate of economic growth dropped from 3.4% in 1997 to 2.4% in 1998, and a further decline to 1.6% is forecast for 1999. At the same time, the government budget surplus increased from 0.5% of GDP in 1997 to 1.2% of GDP in 1998 - ie from DKK 4.5 billion to DKK 14 billion. The rate of inflation remained almost constant at 1.8%, compared with 1997. Despite the decline in economic growth figures, the number of jobless continued to decline, with the average rate of unemployment ranging around 6.3% in 1998.

The slowdown in economic growth manifested itself in a balance of payments deficit of DKK 13.5 billion in 1998, the first such deficit since 1989. The competitiveness of Danish companies is perceived to have been weakened, and, at the end of 1998, the employers' organisations representing the manufacturing and the building/construction sectors expressed pessimism with regard to future prospects for economic and employment growth.

The previous minority coalition government led by the Social Democratic Party (Socialdemokratiet), which also includes the Social Liberal Party (Det Radikale Venstre), won the general election in March 1998 with a majority of one in the parliament (Folketinget). Despite this marginal majority, the government is widely expected to remain in office for an entire term, ie until early 2002. However, the turbulence accompanying the passing of a reform of the early retirement scheme at the end of 1998 (see below) weakened the government, thus making the prospects of a premature election more likely.

Key trends in collective bargaining and industrial action

The key event in Danish industrial relations in 1998 was the breakdown of the main private sector collective bargaining round in April, which led to a major strike that was ended by government intervention. For the first time in 13 years, negotiations between the member organisations of the Danish Employers' Confederation (Dansk Arbejdsgiverforening, DA) and the Danish Federation of Trade Unions (Landsorganisationen i Danmark, LO), ended in industrial action. Approximately 450,000 employees, rising to nearer 500,000 in the final days of the dispute, were affected by the 11-day general strike, which lasted from 27 April to 8 May. Just under a fifth of the Danish workforce was thus directly involved, and in its latter stages the dispute had increasingly serious knock-on effects for the rest of the labour

market, including the public sector. In a move unprecedented when compared with the tradition developed since the inception of Danish collective bargaining legislation in the 1930s, the government intervened to end the dispute after a week of industrial action (DK9805168F).

The breakdown of the 1998 collective bargaining round was attributed to a number of factors inherent to the Danish system of collective bargaining (DK9807178F), and in particular the organisation and internal politics of the employers' side. Traditionally, the bargaining rounds for virtually all Danish collective agreements have been held at the same time in a two-yearly cycle. However, during the 1995 collective bargaining round, DA first effected a break in this rhythm of collective bargaining. The 1997 bargaining round in the private sector concentrated on the duration of agreements, with a return to a common expiry date a major issue, causing conflicts between DA's largest affiliate, the Confederation of Danish Industries (Dansk Industri, DI), and its other member organisations. The internal disputes are seen to have contributed to the souring of the industrial relations climate prior to the 1998 private sector bargaining round. DA sought in 1998 to maintain a tight grip on sectoral bargaining by giving the lead role to DI (DK9801147F).

Another reason suggested for the breakdown of negotiations was the economic and political environment surrounding the talks. While employees perceived companies to be faring well as a result of the prolonged period of economic growth, employers were becoming increasingly worried about a change in the economic climate and the impact of greater competition. In many of the countries where the key competitors for Danish businesses are located, pay increases were on a downward trend. This made wage moderation imperative for employers, especially in the eyes of export-sensitive Danish businesses. Employer and trade union expectations were therefore diametrically opposed even prior to the start of bargaining.

The bargaining round was complicated further by the proximity of the general election, which had been called for 11 March. Coming at a time when it seemed that bargaining in the vital industry sector had broken down (DK9803158F), the volatile political climate around the election contributed to an increase in the unions' demands. While, until then, demands for more holidays had been given relatively low priority, some of the unions' chief negotiators at this juncture began to attach more importance to the demand for the introduction of a sixth week of annual paid holiday (five weeks are guaranteed by law).

All these factors are seen to have contributed greatly to the raising of workers' expectations for the outcome of the bargaining round. The bargaining parties accepted a joint mediation proposal for the whole DA/LO bargaining

area after the election (DK9804163F). However, in the subsequent membership ballot, the content of the deal was insufficient to persuade a majority of union members to vote "yes" to the proposed settlement (DK9804166N). This original settlement included: pay increases; provisions for improvements to pension arrangements; improvements in sickness and maternity benefits; a reduction in working hours for shiftworkers; the introduction of more flexible working hours; and additional time off (one or two extra days off per year). It has been argued that this settlement, which would otherwise have been perfectly acceptable to both parties, was rejected as a result of the factors described above.

After more than a week of industrial action, without the prospect of any immediate new bargaining solution, the government decided to intervene and enact legislation to end the dispute (DK9805168F). Political intervention has been part of the Danish collective bargaining model since the 1930s, but in 1998 the government broke with the tradition of staying as closely as possible to the proposed settlement agreed by both parties during the negotiations (but rejected by the members). The settlement finally imposed included one additional day's leave per year for all workers, plus two additional days off for family reasons, rising to three. It has been argued the government added these provisions on to the negotiators' proposals during the dispute partly in order to fulfill some of the family policy promises which had been an important item on the political agenda in 1998 (DK9806172F). It was also argued that the government adopted this course of action to help secure a "yes" vote for the Amsterdam EU Treaty in the referendum held on 28 May, only a few weeks after the end of the industrial dispute. Whatever the motivations, the new rules are likely to have a significant effect on bargaining outside the DA/LO area in 1999, including in the public sector.

The actual pay increases for around 85% of the workers covered by the DA/LO area settlement are set by subsequent company-level bargaining. As a result of the nature of the settlement at central level, employers were unable to moderate increases in wages and salaries in local bargaining during the course of the year. Towards the end of 1998, the annual rate of increase in wages and salaries reached 4.6%, compared with the previous year. Employers argued that the competitiveness of Danish companies had been damaged further as a result (DK9811193N). With the rate of inflation remaining below 2%, employees were able to enjoy significant increases in real earnings.

Industrial relations, employment creation and work organisation

In many ways, Denmark has been a pioneer in terms of job creation in the 1990s. In the early years of the decade, a period characterised by high rates of unemployment in Denmark, the main objective of labour

market policy was to reduce unemployment through the introduction of leave schemes, early retirement programmes and so on. During the latter part of the decade, Denmark almost became a victim of its own success. Unemployment had been reduced to around 6% and the number of long-term unemployed and young unemployed people had declined significantly. From 1997, and with increasing emphasis in 1998, it therefore became necessary to look at ways of increasing the supply of labour, as bottlenecks were beginning to emerge. In addition, increasing importance has been attached to the integration of disadvantaged groups into the labour market and to improving employment opportunities for individuals with a reduced ability to work. This can involve "flexi-jobs" with special terms for people with a disability, illness or reduced ability to work, whereby employers receive a wage contribution depending upon the employee's ability to work. Such jobs may be introduced by voluntary "social chapters" in collective agreements. An objective of the Danish National Action Plan (NAP) for employment (DK9805171N), in response to the EU *Employment Guidelines* is to create between 30,000 and 40,000 flexi-jobs before the year 2005.

The main keyword in the Danish debate on job creation is "flexibility". With falling rates of unemployment and increased time off being introduced by collective bargaining, it is becoming increasingly important for working time to be planned flexibly at the local and company level. The possibility of introducing such flexible working time arrangements was enhanced in 1998 by a collective agreement in the industry sector providing for a degree of annualisation of working time (DK9803158F). Previously, working time had to average 37 hours per week over a six-month period. This reference period can now be extended to one year, providing that there is a local agreement on the issue.

In September 1998, the central social partner organisations and the government reached an agreement on the content of the third labour market reform of the 1990s (DK9810187F). The objective of this tripartite agreement was to ensure the availability of skilled labour in times of low unemployment, in order to meet emerging skill shortages in a number of sectors. The elements of the reform include provision for job offers to be made earlier to unemployed people, for the quality of job offers to be improved, and for greater emphasis to be placed on helping the most vulnerable groups. The commitment to training and education for unemployed people is also strengthened. In addition, the period during which an unemployed person can claim unemployment benefits has been reduced from five to four years.

In November, the labour market reform was followed up politically, in connection with the state Budget settlement for 1999. The main element in this settlement was an adjustment of the early retirement benefit scheme with

the clear objective of delaying retirement from the labour market (DK9812187F). The trend towards an ever-lower average age of retirement, which had fallen to around 61 years, was to be reversed. Therefore, the rules were tightened so that, in the future, a person who retires at the age of 60 will be worse off financially.

Developments in representation and role of the social partners

Following the industrial dispute which resulted from the failure to reach an agreement in the main private sector bargaining round, LO argued that these difficulties could have been avoided if effective tripartite negotiations had taken place between employers, trade unions and the government prior to the inception of bipartite collective bargaining.

It has been argued that the tripartite system of concertation, which has always characterised the Danish model of industrial relations, has been somewhat neglected since 1993 by a government unwilling to relinquish too much of its own power (DK9712154F). One exception in this area was the introduction of the labour market reform in the autumn of 1998 (see above). The key social partner organisations, LO and DA, were involved in consultations on this reform from the beginning and were able to identify much common ground, thus demonstrating the potential of the social dialogue at the level of labour market policy-making. At the time, the government was arguably almost surprised that the social partners were able, as it were, to deliver the goods.

The introduction of the reform of the early retirement benefit scheme, on the other hand, demonstrated the difficulties encountered in instituting a key policy reform without the close involvement and consultation of the social partners. In this case, parliament had a reform fully prepared before consulting the social partners. Although there was a significant degree of appreciation within LO of the need for policy changes in this area, the way in which they were arrived at led to much dissatisfaction and ultimately gave the reform a bumpy ride to the statute book.

The restructuring of the LO union confederation around six cartels (DK9801148F) experienced some difficulties, with the General Workers' Union (Dansk Specialarbejderforbund, SiD) deciding to withdraw 87,000 members from the Cartel of Employees in Trade, Transport and Service (Handel-, Transport- og Servicekartellet, HTS) (DK9806176N). There was something of a breakthrough for the independent trade union movement outside the three main confederations (DK9802153F) when the Danish Christian Trade Union (Den Kristeligt Fagforening, DKF) concluded a collective agreement with restaurant owners in Nyhavn, Copenhagen (DK9811195N). There was also some restructuring on the employers' side, including a merger

of employers' organisations in the transport sector (DK9812100N).

Industrial relations and the impact of EMU

Denmark meets the criteria for joining EMU, and both the government and the non-socialist opposition parties are in agreement that joining would be an advantage for Denmark both politically and economically. Nevertheless, as a result of a "no" vote in a national referendum on joining the single currency, Denmark currently remains outside "euroland". However, the launch of the euro in January 1999 restarted the debate on Danish participation, and it is now more likely that a debate with a subsequent referendum will be moved forward. Such a referendum is, however, unlikely to take place before 2000.

Conclusions and outlook

The Danish economy currently appears to be standing at a crossroads, where it is looking increasingly difficult to retain the momentum of economic growth and a labour market policy which has seen unemployment almost halve from 12.4% in 1993 to 6.3% in 1998. With increasing evidence of a shortage of labour in certain sectors, there has been a tendency for wages and salaries to increase much more rapidly in Denmark than in its neighbouring countries. The government tightened the reins in 1998 and hopes that pay and competitiveness will find a balance which will ensure that the balance of payments will again become positive. It is hoped that the introduction of tough new measures, which are likely to have a negative impact on employment, can be avoided.

A solution to the problem could be on the horizon, should agreement be reached between the social partners and the government on a new joint declaration which binds the parties to a tight economic policy aimed at securing competitiveness through wage moderation. It is also hoped that this will help to maintain a high level of employment. LO opted out of the previous joint declaration of 1987 after the government intervention in spring 1998 (DK9805169N), not because of its opposition to such tripartite cooperation, but in order to speed up the conclusion of a new binding agreement. An important question in 1999 will be whether the government and DA are interested in re-entering such an agreement.

A difficult collective bargaining round can be expected in 1999 in those areas not covered by the 1998 settlement (DK9812198F), not least in the public sector. Here, the government has set the agenda with its private sector intervention in 1998. Public sector employees are likely to demand the same extra time off and are unlikely to take into consideration that the economic situation has deteriorated since spring 1998.

Denmark: 1998 Records

January	<i>Features</i>	1998 collective bargaining commences in industry	DK9801147F
		Danish LO celebrates 100 years of existence	DK9801148F
	<i>News</i>	Unskilled male workers will still be in demand	DK9801150N
		1997 was a relatively peaceful year on the Danish labour market LO members set out priorities for 1998	DK9801151N DK9801152N
February	<i>Features</i>	The practice of closed-shop agreements under pressure	DK9802153F
	<i>News</i>	Public conciliator postpones major private sector conflict	DK9802155N
		Trade union proposes flexible legislation on leave	DK9802156N
		Technicians see agreement on overtime payment as outdated	DK9802157N
March	<i>Features</i>	Breakthrough in industry sector on brink of conflict	DK9803158F
	<i>News</i>	Danes seem ready to say "yes" to the Amsterdam Treaty	DK9803159N
		Social partners hold joint conference on vocational training and development	DK9803160N
		EU improves health and safety in Denmark – counter to common belief	DK9803161N
April	<i>Features</i>	Social partners accept joint mediation proposal for 1998 bargaining round	DK9804163F
	<i>News</i>	Redundancy during parental leave approved by High Court	DK9804164N
		Trade unionist appointed as new Minister of Labour	DK9804165N
		1998 bargaining round ends in major conflict	DK9804166N
May	<i>Features</i>	Parliament intervenes to end major conflict	DK9805168F
	<i>News</i>	LO opts out of the 1987 joint statement and for a social contract	DK9805169N
		Conflict drains trade unions' cash balance	DK9805170N
		Danish National Action Plan for employment submitted	DK9805171N
June	<i>Features</i>	Improved conditions for families with small children top the agenda	DK9806172F
		Employers rejoin Danish health and safety system	DK9806173F
	<i>News</i>	New centre promotes social cohesion and responsible companies	DK9806174N
		Road-haulage employers seek to abolish closed-shop agreement Trade union cartel faces unknown future	DK9806175N DK9806176N
July	<i>Features</i>	LO evaluates the 1998 collective bargaining round	DK9807178F
	<i>News</i>	Early retirement once again on the agenda	DK9807179N
		European Commission questions Danish implementation of Directives through collective agreements	DK9807180N
		Clerical employees are "stressed and burned out "	DK9807181N
September	<i>Features</i>	Third reform of labour market policy is underway	DK9809177F
	<i>News</i>	Trade union demands a sixth week of paid holiday	DK9809184N
		More flexible holiday planning in industry	DK9809185N
		Denmark experiences relatively high wage increases	DK9809186N
October	<i>Features</i>	Tripartite agreement reached on content of new labour market reform	DK9810187F
	<i>News</i>	People taking voluntary early retirement call for more flexibility	DK9810188N
		White-collar workers want more training	DK9810189N
		LO surveys shop stewards	DK9810190N
November	<i>Features</i>	The shop steward of the future – LO conducts major survey	DK9811191F
		Cooperation found to be central to the Danish shop steward system	DK9811192F
	<i>News</i>	Employers demand tax cuts	DK9811193N
		Government employees demand more holidays and higher pay Breakthrough for alternative trade union movement	DK9811194N DK9811195N
December	<i>Features</i>	New early retirement rules cause controversy	DK9812197F
		Difficult collective bargaining round in prospect	DK9812198F
	<i>News</i>	Transport employers' organisations amalgamate	DK9812100N
		Employers' costs are reduced 300,000 workers change jobs in six months	DK9812101N DK9812199N

FINLAND

Introduction

Finland's recovery from the economic recession of the early 1990s was consolidated further in 1998. GDP increased by almost 7% in the first half of the year compared with the same period in 1997. However, by the end of the year growth figures had already slowed considerably, and the rate of increase for the entire year was expected to be slightly less than 5%.

Despite a rapid growth in employment, by the end of 1998 unemployment was falling at a lower rate than had been achieved at the beginning of the year. According to official labour force statistics, the rate of unemployment in the first quarter of the year fell by 1.6%, whereas in the third quarter of the year, the decline was less than 1%. Unemployment thus fell to 11.5% in 1998, and is anticipated to fall further to 10.5% in 1999.

The rate of increase in consumer prices remained at around 1.5% in 1998. The public deficit was reversed and there was a surplus in public funds.

A "rainbow" coalition government of left- and right-wing parties – the Social Democratic Party (Suomen Sosialidemokraattinen Puolue) the conservative National Coalition Party (Kansallinen Kokoomus), the Left-Wing Alliance (Vasemmistoliitto), the Greens (Vihreä liitto) and the Swedish People's Party (Svenska folkpartiet) – remained in power. Parliamentary elections are due to be held in March 1999.

Key trends in collective bargaining and industrial action

The industrial relations sphere remained relatively stable throughout the year, which can largely be attributed to the two-year central incomes policy agreement covering the period from January 1998 to January 2000 (FI9801145F). The agreement covers 98% of wage earners and provides for wage increases which raise average labour costs by about 2.6% in 1998 and 1.6% in 1999. Many management staff received disproportionate increases in benefits as share options increased considerably in value (FI9804158F). This was seen in some quarters as undermining the agreed wage moderation.

The labour market "peace obligation" which applies during the period of validity of the central agreement was evidently observed, as no major strikes took place in 1998 – though there were disputes over contracting-out in Helsinki public transport (FI9802149F) and over pay and bargaining rights for some firefighters (FI9802152N).

Special working groups started negotiations on several labour market issues, as agreed in the incomes policy agreement (see below). This process will continue throughout 1999.

Collective bargaining is becoming increasingly decentralised to company level (FI9812186F), especially in the area of working time (FI9803153F). This process was acknowledged by the government's decision to extend opportunities for the conclusion of local-level agreements to cover employers not organised in employers' organisations (FI9810180N) – a move that aroused strong opposition in the labour movement (FI9810179F). A research programme into local-level collective agreements, agreed by the social partners in the incomes policy agreement, was launched in June 1998 and the results will be available well before the expiry of the agreement (15 January 2000), allowing them to be used in the next round of negotiations. Trade union organisations have argued that local-level agreements require "rules of the game" (FI9809178N) which outline minimum conditions, negotiated within the framework of agreed models.

Industrial relations, employment creation and work organisation

The social partners have become actively involved in discussions on modernising workplace organisation. For example, the tripartite National Workplace Development Programme (FI9707122F) has to date launched 245 projects. These already cover a total of 400 workplaces and 20,000-25,000 employees. The aim for 1999 is 280 projects covering 500 workplaces and 35,000 employees. The aims of the current Programme include developing the organisation and structure of work to support lifelong learning and the acquisition of multiple skills. It is seen as essential that all work, including part-time and temporary jobs, should contain elements which support learning and vocational development. A decision on continuation of the Programme is due in 1999, and the Ministry of Labour has already proposed its continuation to the Ministry of Finance.

A social partners' investigation into workloads began during spring 1998 on the basis of the framework set out in the incomes policy agreement. This issue raised an intensive debate, as several surveys indicated increased levels of stress at work (FI9811182F).

The social partners' working group on working time published its report in June (FI 9806167N). A sub-report entitled *Practical working hours arrangements* presented flexible working time arrangements already implemented in various sectors. The Ministry of Labour was working on a guide to different models for flexible working hours and the flexible arrangements permitted under current employment legislation. Generally, the issue of working time was a subject of some disagreement among the social partners – see below.

In relation to flexible working, by October 1998 the use of the "job alternation" sabbatical leave scheme had increased by 40% since 1997 (F19709131N). As agreed in the incomes policy agreement, a new scheme combining a part-time pension and part-time work is being tried out from the beginning of July 1998 until the end of 2000. The age threshold for participants has been lowered by two years to 56 years, while from April 1999 unemployed people can also combine part-time work with a part-time pension if they have been in full-time work for a total of 12 months during the 18-month period preceding the start of the part-time work. A joint working group of the Ministry of Labour and the social partners considering more time-efficient ways of working began work in spring 1998 with an examination of questions relating to "working hours banks" and career breaks. There was also discussion of introducing an element of flexibility into the Annual Holidays Act.

The social partners are monitoring the numbers of people in "atypical" work. Both the Ministry of Social Affairs and Health and the Ministry of Labour have commissioned reports and initiated research projects into the increase in fixed-term employment and its implications for unemployment and exclusion from the labour market. A number of measures have been taken in this area:

- the Study Leave Act was amended in 1997, extending the right to study leave to all employment relationships which have lasted at least three months, with the aim of giving people in temporary jobs better access to study opportunities;
- the Act on the Job Alternation Leave Experiment was amended from the beginning of 1998, providing a limited extension to part-time workers of the right to this sabbatical leave;
- an assessment is being conducted of whether the "training insurance" system, the third phase of which is being implemented, could improve the training opportunities open to workers in temporary jobs;
- a "job rotation model" to assist people in their acquisition of skills is to be launched in the near future in cooperation with the social partners. This would rely partly on publicly funded training and would contribute to supporting training opportunities for people with atypical employment contracts;
- the National Workplace Development Programme (see above) includes part-time and temporary work; and
- trade unions believe that the inclusion of employees on fixed-term and temporary contracts in company training schemes will require the integration of in-house staff training with publicly funded labour market training. The Ministry of Labour will examine this question when implementing the national lifelong learning strategy.

There has been a concerted effort in relation to employment creation initiatives on the part of a variety of actors.

At the local level, a total of 26 partnership projects have been launched with European Social Fund (ESF) funding and support from the Ministry of Labour. A monitoring report on the progress of the partnership projects, published in spring 1998, compares the results of Finland's partnership projects with the experiences of Ireland. In Ireland, partnership began to bear fruit relatively slowly, one or two years after the launch of the projects. Similarly in Finland, the best results will require time to emerge. The partnership projects have led to the creation of networks, and unemployed people themselves have been given an opportunity to influence their chances of finding employment. The social partners have participated in several projects, and there have been many projects in the not-for-profit "third sector". Preliminary estimates suggested that by the end of March 1998, the partnership projects had created jobs for around 1,000 individuals. Particular attention has been given to elaborating a system of assessment for the partnership projects.

At the political level, the reform of Finnish labour market policy identified the third sector as a potential source of new jobs and "activation" measures, particularly for those unemployed people facing the threat of exclusion from the labour market (F19805161F). A new form of support was introduced in early 1998 – a "combination subsidy", aimed at creating new employment opportunities in voluntary organisations and other not-for-profit bodies for those who have been unemployed for a minimum of two years. Job creation is also being assisted through "employment-policy project support" aimed especially at third-sector organisations, which can be used to cover the organisation and administration costs of job-creation projects.

The combination subsidy aims to create 10,000 jobs every year. By the end of June 1998, it had created 3,500, but the pace picked up after a slow start and the target appears achievable. By June 1998, employment-policy project support had been granted to over 200 job-creation projects.

Job-creation initiatives have also been targeted at knowledge-intensive production sectors. The emphasis in Finland's industrial and business structure is shifting towards such sectors and product groups, while technology-intensive services continue their steady growth. Ensuring the growth of these knowledge-intensive sectors is one of Finland's key goals. This involves increasing public funding for technology, with a target of spending 2.9% of GDP on research and development (R&D) in 1999. The consistent national policy of public R&D funding can be seen as constituting a structural change in the economy and employment.

Growth has been swiftest in areas requiring a high level of technological expertise, while technology has also been successfully applied in improving the competitiveness of more traditional sectors.

Approximately 30,000 new jobs have been directly created in high-technology sectors since 1997, with around 30,000 more created indirectly. An extensive information technology industry training programme has been launched to secure the rapid availability of labour for the new high-technology sectors, partly funded by the ESF.

In recent years, services have made a major contribution to the improvement of the employment situation in Finland. In 1998, employment in the service sector was already approaching the peak level of the beginning of the decade. The improvement has been particularly strong in the private services sector, which has now recovered from the recession. The growth in jobs in private services is expected to continue sustaining the strong improvement in the overall employment situation and raising the sector's share of the Finnish economy to levels found in other countries. If this trend is to continue, action will need to be taken to internationalise services and increase both supply and demand for consumer services.

The Central Organisation of Finnish Trade Unions (Suomen Ammattiliittojen Keskusliitto, SAK) has called for an improvement of private services (FI9810181N) through reforms in the taxation of labour and the reduction of VAT on services, as well as a maintenance of core employee terms and conditions in a context of increased competition and contracting out.

Many of these ideas were taken on board in June 1998, when the Economic Council, chaired by Prime Minister Paavo Lipponen, discussed a Ministry of Trade and Industry working group report on the development of the private services sector. This report and its recommendations are to be used in formulating further action to improve the operating environment of the private services sector. The proposals include cutting income tax and reducing indirect labour costs, improving the functioning of the labour market, raising the level of skills and human resources, removing market obstacles and promoting internationalisation.

The government decided in November 1997, in connection with the incomes policy agreement (FI9801145F), to reduce taxes on labour further in 1998 and 1999 by a combined total of approximately FIM 5.5 billion. The reduction in social security contributions included in this sum amounted to around FIM 1.3 billion in 1998. The legislation dealing with income tax and social security contributions for 1999 was passed in spring 1998; the cuts are equivalent to about 3.5% of the total payroll. The reduction in income tax from the start of 1999 is to be compensated by an FIM 700 million

increase in the annual yield from the taxes on electricity and carbon dioxide emissions.

The government's programme contains the target of removing all social security contributions levied on employers which provide for benefits not related to earnings. However, the state of public finances has not so far permitted a reduction in these contributions. In the event that the contributions can be reduced, a number of initiatives aimed at different target groups have been suggested: support for small businesses; reducing the contributions in respect of older workers; or reducing the contributions in respect of low-paid workers. All the models proposed would face major technical obstacles, as the current payment system for social security contributions has not been designed to handle the variety of detailed data on individuals necessary for creating a graduated system.

Developments in representation and role of the social partners

The year saw little change in the structure of representation of the social partners. The main exception came in December 1998, when four service sector trade unions affiliated to SAK signed a letter of intent concerning a merger (FI9812188N). The merger of the Union for Commercial Employees (Liikealan ammattiliitto); the Hotel and Restaurant Workers' Union (Hotelli- ja Ravintolahenkilökunnan Liitto), the Caretakers' Union (Kiinteistötyöntekijäin Liitto) and the Technical and Special Trades' Union (Teknisten ja Erikoisammattien Liitto) will create a 200,000 strong union, which will be the second largest in Finland.

The EU Directive on European Works Councils (EWCs) was implemented in Finland in 1996. Generally, EWCs appear to be fitting well into the national industrial relations system, which is characterised by an increasing number of multinationals, as well as a growing role for local-level agreements.

Industrial relations and the impact of EMU

The government and the social partners in Finland have fully endorsed EMU. In 1997, negotiations between the social partners led to an agreement on "buffer funds" aimed at protecting workers against economic fluctuations within EMU. In 1998, the idea of company-specific "balance-sheet buffers" was launched by the Employers' Confederation of Service Industries (Palvelutyönantajat, PT) (FI9901189F). These buffers would be accumulated in periods of economic upswing and used for the benefit of employees when enterprises are facing hard times.

Conclusions and outlook

Working time was one of the key issues of debate between the social partners in 1998 (FI9807169N). The positions on both sides are very clear, as the trade unions would like to cut working time (FI9808174N) or at least use flexible working time arrangements that would assist in facilitating a more balanced reconciliation of work and family life. Particular criticism was levelled against the increase in paid and unpaid overtime work (FI9812187N).

By contrast, the employers reject any ideas of general reduction of working time. Instead they are prepared to introduce more flexible working time arrangements at company level, which could benefit both parties (FI9809177N). This debate has become more intense with the approach of the parliamentary elections in March 1999, and working time is likely to be an important issue in the elections. This is also true of debates over the issue of stress at work, which were prominent in autumn 1998 (FI9811182F).

Finland: 1998 Records

January	<i>Features</i>	Second incomes policy agreement for employment is signed	FI9801145F
	<i>News</i>	The Finnish Ship's Officers Union stays outside the incomes policy agreement	FI9801147N
		Lawyers reject incomes policy agreement	FI9801148N
February	<i>Features</i>	Contracting-out leads to public transport strike	FI9802149F
	<i>News</i>	Doctors reach agreement in line with EU working time Directive	FI9802150N
		Lawyers approve the incomes policy agreement	FI9802151N
		Firefighters' strike ends	FI9802152N
March	<i>Features</i>	Local bargaining on flexible hours increasing	FI9803153F
	<i>News</i>	National programme for older workers launched	FI9803155N
		Continued cuts in bank staff	FI9803156N
April	<i>Features</i>	Share options for executives provoke wage earners	FI9804158F
	<i>News</i>	SAK takes a reserved position on the MAI agreement	FI9804159N
		Teachers laid off in municipalities	FI9804160N
May	<i>Features</i>	Finnish response to the EU Employment Guidelines	FI9805161F
	<i>News</i>	Unions disagree on reductions in working hours	FI9805162N
		Mass redundancies in Leonia finance group	FI9805163N
June	<i>Features</i>	Labour market reform facing stiff opposition	FI9806165F
	<i>News</i>	Solution reached in Leonia redundancies dispute	FI9806166N
		Social partners publish joint report on working time	FI9806167N
July	<i>Features</i>	Union survey suggests that a quarter of Estonians are willing to work in Finland	FI9807168F
	<i>News</i>	TT and STTK disagree sharply on working time	FI9807169N
		Paid overtime increases by 6%	FI9807170N
August	<i>Features</i>	Social partners mainly satisfied with government Budget	FI9808172F
	<i>News</i>	SAK claims Supreme Court plays increasingly political role	FI9808173N
		SAK and STTK propose hours cuts as part of next government's programme	FI9808174N
September	<i>Features</i>	Complicated wage systems cause most problems in SMEs	FI9809175F
	<i>News</i>	Employers suggest longer working time	FI9809177N
		Local-level agreements "require rules of the game"	FI9809178N
October	<i>Features</i>	Employment Contracts Act reform runs into difficulties	FI9810179F
	<i>News</i>	Government bill extends flexibility provisions to unorganised employers	FI9810180N
		SAK seeks improvement of private services	FI9810181N
November	<i>Features</i>	Stress symptoms increase among employees	FI9811182F
	<i>News</i>	Fixed-term contracts becoming widespread	FI9811183N
December	<i>Features</i>	TT survey finds that company-level agreements will increase	FI9812186F
	<i>News</i>	STTK demands limits on overtime	FI9812187N
		Service sector unions sign letter of intent to merge	FI9812188N

FRANCE

Introduction

Economic conditions in 1998 were favourable. However, these began to deteriorate in the fourth quarter under the impact of the global financial crisis. According to the latest estimates from the National Institute of Statistics and Economic Studies (Institut National de la Statistique et des Études Économiques, INSEE), GDP grew by 3.1% in 1998, the rate of inflation stood at 0.7%, and the budget deficit was reduced to around FRF 250 billion.

The total public spending deficit is below the maximum fixed by the Treaty of Maastricht.

The number of jobs increased by 390,000 (+1.7%), of which 290,000 were in the market sector. The number of unemployed people, by the ILO definition, corrected for seasonal variations, was 2.96 million at the end of 1998, an unemployment rate of 11.5% compared with the 12.3% recorded for December 1997.

The recovery of the labour market has promoted the growth of non-traditional forms of work, such as part-time and fixed-term contracts, and temporary agency work. The growth within the last-named category was substantial, with the volume of temporary agency work growing by 35% during the first half of 1998, compared with the first half of 1997. Temporary agency work represents the equivalent of 423,000 full-time jobs. The average length of temporary work assignments was 1.8 weeks. The growth in employment should thus be viewed with caution, as it is of a precarious nature.

In 1998, France experienced a "cohabitation" between the conservative President, Jacques Chirac, elected in 1995, and a government led by the socialist Prime Minister, Lionel Jospin, supported by a parliamentary "gauche plurielle" ("plural left") coalition, consisting of socialists, communists, and ecologists, elected in 1997.

Key trends in collective bargaining and industrial action

The issue of working time reduction dominated industrial relations at national level in 1998, and was inextricably linked to collective bargaining, job creation policies and the introduction of new forms of work organisation. As announced during the tripartite conference on employment, pay and working time held in October 1997, a guidelines and incentives law on the reduction of working time (loi d'orientation et d'incitation relative à la réduction du temps de travail) came into effect on 13 June 1998 (FR9806113F). It provided that:

- the length of the statutory working week will be reduced from 39 hours to 35 hours as of 1 January 2000 for companies with more than 20 employees, and as of 1 January 2002 for other businesses (the statutory working week determines the threshold beyond which the legal overtime rules apply);
- between now and the dates mentioned above, employers' organisations and trade unions are encouraged to negotiate on the ways in which the reduction of working time will actually be carried out at sector and company level; and
- companies which, through a collective agreement, reduce working time by at least 10%, while creating or saving at least 6% of jobs, before the deadlines set out in the law, are entitled to state-funded aid.

The law thus provides a double incentive for the social partners to bargain on working time reduction. Moreover, the government has agreed to take the results of these negotiations into account when drafting a second law, due in late 1999, which will establish the details of the new legal system for working time.

An analysis of the collective agreements reached during the first eight months of the law's application identifies a number of significant trends (FR9901151F). After a slow start, the number of company-level agreements signed accelerated from October 1998 onwards, with the total reaching 1,306 by the end of December, and exceeding 2,000 by early February 1999. These agreements cover almost 400,000 employees, while the law applies to approximately 13 million, about 9 million of whom work for companies with more than 20 employees. The key characteristics of the agreements are that:

- the organisation of working time is increasingly being defined on an annual basis;
- the reorganisation of work has been far-reaching, including the use of shiftworking, the extension of the length of use of facilities or of opening hours, and flexibility in working hours; and
- there has been no reduction in wages but a commitment to wage freezes or "moderation", extending most often over 18 months or two years.

The dynamism of sectoral bargaining on working time has surprised observers, given employers' usual preference for decentralised negotiations. Of the 175 main sectors, 90 had begun the negotiating process and 40 had reached agreements by early February 1999. These agreements covered 6.3 million employees.

The content of the agreements varies greatly from case to case. The metalworking industry deal, signed only by some of the minority unions in the sector, has been widely seen as an attempt by the employers to nullify the contents of the law (FR9808129F). By contrast, the agreement in the textiles industry was, very unusually, signed by all the unions (FR9810137N).

One common feature of sectoral agreements is the establishment of a clear link between reduction and reorganisation of working time, by combining various methods – such as varying the length of the working week, imposing maximum levels of overtime, introducing individual “time savings accounts”, providing extra days off or increasing the use of part-time working.

The issue of working time complicated bargaining in other areas. The main employers’ organisation, the National Council of French Employers (Conseil national du patronat français, CNPF), which was strongly opposed to the 35-hour week legislation, announced its wish to “freeze” the dialogue between employers and unions after the October 1997 tripartite conference. This resulted in a virtual break in negotiations at national intersectoral level. There was one important exception: in late 1998, CNPF (which had now become MEDEF, see below) agreed to negotiate the renewal of a 1995 intersectoral agreement on the early retirement creation scheme (Allocation de remplacement pour l’emploi, ARPE), which was due to expire. A new agreement was subsequently signed by MEDEF and all the trade union confederations in December (FR9901150F). The deal allows employees who have paid pension contributions for 40 years to take early retirement, with an obligation for companies to hire staff to fill an equivalent number of jobs.

Except in relation to the reduction of working hours, sectoral bargaining was generally slow (though statistics are not yet available). In particular, pay negotiations were largely fruitless, as employers wished to maintain a margin for manoeuvre in this area for the negotiations on the reduction of working time and its consequences for pay. Employers in some industries threatened to terminate, or actually terminated, sectoral collective agreements, again in order to increase their margin of negotiation on working time (FR9802194F).

Company-level bargaining was active in 1998, though principally around the working time issue.

With regard to industrial action, since 1996 (FR9801190N) the volume of strike activity has been exceptionally low. This trend continued into 1998, but there is not yet any statistical information available to support this. It is interesting to note, that the government extended its privatisation programme (most notably to France Télécom and large banks) without triggering off much industrial action. Where there was industrial action, it was mainly concentrated in the transport sector – airlines (FR9806114F), railways (FR9805110N) and road haulage (FR9809128F).

The spectacular activities of unemployed groups, which got off the ground in December 1997 and January 1998 (FR9801189F) led to an improvement in unemployment benefits and guaranteed minimum social benefits. Another wave of action which began in December 1998

was rapidly defused by government concessions (FR9812148N).

Industrial relations, employment creation and work organisation

As indicated above, the passage of the law on the reduction of working time, and the collective bargaining that it generated were the key features affecting employment creation and work organisation. However, significant measures were taken in three other areas of employment policy:

- the abovementioned agreement on the ARPE “early retirement for jobs” scheme. Although it creates no new jobs, it does guarantee that employment levels are maintained, and promotes the reorganisation of work (as the company is not obliged to recruit replacements for exactly the same jobs);
- the government started to implement an employment scheme for young people. State funding is granted for five years to innovative projects in not-for-profit sectors, which allow unsatisfied social needs to be met. At the end of 1998, 150,000 young people had been taken on under this programme, whose overall objective is to create employment for 350,000 over five years; and
- a law aimed at fighting social exclusion was passed in July 1998 (FR9806116F). It includes a set of measures aimed at fostering the return to work of those groups in the greatest need, such as unqualified young people, long-term unemployed people and people with disabilities.

The body of employment policy measures were adapted or developed to form the National Action Plan on employment, responding to the EU Employment Guidelines (FR9805107F).

A wide-ranging debate opened on the possibility of broadening exemptions for employers from paying social security contributions on low wages, in order to promote job creation to benefit low-skilled workers (FR9809129F). A decision on this matter was postponed until 1999.

Developments in representation and role of the social partners

The year was marked by three key developments in this area. First, the law on working time has led to far greater flexibility in the use of “mandating” in collective bargaining. This process enables trade unions with no representative in a company to mandate an employee to negotiate a collective agreement in its name (FR9807123F). Despite the marked reluctance of some unions, they have all used mandating to reach agreements on the reduction of working time. This is a major innovation in the rules of collective bargaining.

Second, the European dimension in industrial relations is growing in importance. The creation of European Works Councils (EWCs) has continued. Restructuring and merger operations have sparked off cross-border joint action by unions and workers' representatives within multinationals, as at Renault (FR9803195N) or around the Hoechst/Rhône-Poulenc merger (FR9812146F). Furthermore, the government created a Committee for Social Dialogue on European and International Issues (Comité du dialogue social pour les questions européennes et internationales), which will allow the social partners to be consulted on the social and economic aspects of EU and international matters (FR9812149N).

Third, there were significant developments within employers' organisations and trade unions. The announcement of the law on the reduction of working time in October 1997 brought about the resignation of Jean Gandois, the president of the CNPF employers' organisation, who had been a supporter of active intersectoral bargaining. His successor, Ernest-Antoine Sellière, represents a tendency focused on free market economics and the promotion of business interests. The subsequent transformation of the CNPF into the Movement of French Enterprises (Mouvement des entreprises de France, MEDEF) in October symbolises these new priorities (FR9811140F). The changes affecting trade unions have been equally profound (FR9811139F). They have particularly manifested themselves in the rapprochement of the two largest confederations, the French Democratic Confederation of Labour (Confédération démocratique française du travail, CFDT) and the General Confederation of Labour (Confédération générale du travail, CGT), which will facilitate the latter's admission into the European Trade Union Confederation. Their joint discussions have revolved around the search for a new way in which to combine the union functions of protest, proposal and negotiation.

Industrial relations and the impact of EMU

The consequences of EMU were central to discussions among employers and among unions – for example, they participated in a working group which drew up a report on the impact of the introduction of the euro single currency on various aspects of industrial relations in France (FR9810200F). However, it is difficult to evaluate the practical consequences of this on industrial relations in 1998. As noted above, it was especially the *Employment Guidelines* arising from the November 1997 "Employment Summit" European Council meeting in

Luxembourg that had a direct impact on employment policy. European-level framework agreements and EU Directives have great importance in principle, in that they constitute a new source of law; however, given their limited content, they have had only indirect consequences on national law, apart from the creation of EWCs.

Conclusions and outlook

The new law on working time and the subsequent collective bargaining dominated the year in industrial relations. There were tense conflicts over the strategies of the various protagonists. The announcement of the new law was the opportunity for – or a factor that provoked – a distinct change in employers' strategy. The prospects opened up by the negotiations led to markedly different choices being made by the various unions. Despite their diversity, working time agreements have introduced profound innovations, in terms of both procedures – for example, "mandating" – and content – for example, the reorganisation of work and production. The government justified the law with the aim of creating jobs. The fact that the first wave of agreements was concluded late in the year meant that no noteworthy employment effects were recorded in 1998, but the favourable economic conditions provided an alternative motor of job creation.

In evaluating the efficiency of the reduction of working time in terms of job creation, 1999 will be decisive. Economic conditions will be less favourable, while the government will have to come to a decision on key issues regarding social protection, such as slowing down the increasing cost of sickness insurance, balancing the pensions systems in the long term, and exemptions for employers from paying social security contributions on low wages. It is probably in this field that the main risk of industrial action will lie.

Industrial relations in 1999 will be dominated by the framing of the second law on the move to the 35-hour week, which will have to resolve several key issues: the way overtime is dealt with; the impact on the SMIC statutory minimum wage; and special measures for managerial staff.

Lastly, 1999 will enable an initial evaluation to be made of the impact of EMU on the way in which labour markets work, particularly in terms of the ways in which labour costs are calculated. Unlike neighbouring countries, this matter is currently marginal to social debates in France.

France: 1998 Records

January	<i>Features</i>	Widespread protests by unemployed people: towards a new form of social movement?	FR9801189F
	<i>News</i>	Strikes in France in 1996: return to normal levels?	FR9801190N
		Worker buyout at shoe factory	FR9801191N
		Civil service negotiations deadlocked	FR9801192N
February	<i>Features</i>	Sectoral agreement terminated by banking employers	FR9802194F
	<i>News</i>	Demonstrations and industrial action continue in education sector	FR9802197N
		Government responds to action by unemployed groups	FR9802199N
March	<i>Features</i>	Government presents plan to prevent and combat social exclusion	FR9803100F
	<i>News</i>	After Vilvoorde: Renault EWC agreement amended	FR9803195N
		Breakdown of sectoral negotiations on minimum pay rates	FR9803196N
		35-hour week law enters the home straight	FR9803197N
April	<i>Features</i>	Works council survey reveals major differences in practice	FR9804101F
		New proposals on the prevention and resolution of industrial disputes	FR9804102F
		Working time bill soon to become law	FR9804103F
	<i>News</i>	CIC to be sold to mutual benefit banking group	FR9804104N
		Department store sectoral collective agreement is terminated	FR9804105N
		National Front unions ruled unlawful	FR9804106N
May	<i>Features</i>	French National Action Plan on employment adopted	FR9805107F
	<i>News</i>	Reforms proposed for higher education	FR9805109N
		Industrial action hits SNCF	FR9805110N
		No role for unemployed associations in management of unemployment insurance	FR9805111N
June	<i>Features</i>	35-hour working week law adopted	FR9806113F
		Air France pilots strike	FR9806114F
		Eurocopter lands on a 35-hour week	FR9806115F
		Law against exclusion progresses	FR9806116F
	<i>News</i>	State debt to supplementary pension agencies under examination	FR9806117N
		AGF, Allianz and Athéna set up combined dialogue structure	FR9806118N
		Court rules on works council consultation	FR9806120N
July	<i>Features</i>	Family allowance benefits for all reinstated	FR9807121F
		Collective bargaining in 1997 examined	FR9807122F
		Debate over mandating employees to conclude collective agreements	FR9807123F
	<i>News</i>	3,550 job losses in state-run arms company	FR9807124N
		Government and unions sign agreement on primary school teacher careers	FR9807125N
		GAN acquired by Groupama	FR9807126N
		Strike hits Disneyland Paris	FR9807127N
August	<i>Features</i>	Agreement in metalworking: for or against the 35-hour working week?	FR9808129F
September	<i>Features</i>	Borders blockaded on day of cross-border industrial action in road transport	FR9809128F
		Debate on lowering social security contributions is relaunched	FR9809129F
		35-hour week agreement signed in the sugar industry	FR9809130F
		1996 works council election results published	FR9809131F
October	<i>Features</i>	Working group reports on industrial relations implications of transition from franc to euro	FR9810200F
		EDF-GDF agreement on part-time work annulled by the courts	FR9810201F
	<i>News</i>	Redundancy programme agreed at Perrier	FR9810135N
		Metalworking working time agreement will not be extended	FR9810136N
		Unions and employers in the textile industry agree on the 35-hour week	FR9810137N
		Levi Strauss France trade unions join in European action	FR9810138N

November	<i>Features</i>	New features emerging in French trade unionism?	FR9811139F
		Change in the employers' camp – CNPF becomes MEDEF	FR9811140F
	<i>News</i>	Programme to tackle racial discrimination proposed	FR9811141N
		Sectoral agreement on mandating employees to negotiate	FR9811142N
		"Early retirement for jobs" scheme (ARPE) under renegotiation	FR9811143N
		Reform of redundancy law deferred	FR9811144N
		Xerox agrees redundancy programme and early retirement at 52	FR9811145N
December	<i>Features</i>	French and German unions respond to Hoechst/Rhône-Poulenc merger	FR9812146F
		Jospin government takes first step towards introducing a form of funded pension	FR9812147F
	<i>News</i>	Some minimum social benefits given pre-Christmas boost	FR9812148N
		Committee created for social dialogue on European and international issues	FR9812149N

GERMANY

Introduction

According to the Federal Statistical Office (Statistisches Bundesamt), German GDP rose by 2.8% in real terms in 1998, following a 2.2% increase in 1997. In 1998, GDP rose by 2.9% in the former territory of the Federal Republic, while it increased by 2.1% in the new Länder (federal states) and east Berlin. The government deficit (DEM 84.2 billion) was smaller than in 1997 (DEM 101.5 billion). At 2.2% (2.1%, according to the EU definition), the deficit ratio thus moved further below the reference value defined in the Maastricht Treaty (3% of GDP). Inflation, as measured by the consumer prices index, amounted to 0.9 % in 1998. According to the Federal Labour Office (Bundesanstalt für Arbeit), unemployment averaged 11.1% of the civilian labour force in 1998, compared with 11.4% in 1997. The figures for west and east Germany were 9.3% and 18.2% respectively.

The general election held on 27 September 1998 saw a substantial drop in the vote for the former ruling government coalition, which was composed of the Christian Democratic Party (Christlich Demokratische Union, CDU), its Bavarian associate party the Christian Social Union (Christlich-Soziale Union, CSU), and the Free Democratic Party (Freie Demokratische Partei, FDP). After 16 years in power, the conservative/liberal government coalition was replaced by a new "red-green coalition" composed of the Social Democratic Party (Sozialdemokratische Partei Deutschlands, SPD) and Alliance 90/The Greens (Bündnis 90/Die Grünen), which gained a majority of 21 seats in the parliament (Bundestag).

Key trends in collective bargaining and industrial action

The 1998 collective bargaining round was mainly concerned with wages and salaries and produced a continuation of rather moderate wage increases, above the rate of inflation but below the increase in labour productivity. Other issues such as working time did not play an important role in negotiations. While tendencies towards decentralisation and creeping erosion of branch-level collective bargaining continued, several new collective agreements were concluded in emerging sectors such as "industry-related services" and new telecommunications operations.

Altogether, 49,500 collective agreements were officially registered by the Ministry of Labour in 1998 (compared with 47,300 in 1997). In 1998, new collective agreements were concluded by the trade unions affiliated to the German Federation of Trade Unions (Deutscher

Gewerkschaftsbund, DGB) for about 13.3 million employees. According to figures from the Institute for Employment Research (Institut für Arbeitsmarkt und Berufsforschung, IAB), 49.0% of all western German private sector companies, employing 65.3% of private sector employees were covered by industry-level collective agreements in 1997 (DE9902196F). These figures are significantly lower than those recorded in 1995. The respective figures for eastern Germany were 25.7% and 43.9%. In 1997, approximately 9% of west German and 14% of east German private sector companies were covered by company agreements.

According to figures from the collective agreement archive of the Institute for Economic and Social Research (Wirtschafts- und Sozialwissenschaftliches Institut, WSI), collectively agreed basic wages and salaries rose on average by about 1.8% in 1998 – see table 1. The 1998 increases were above the 1.4% increase in 1997, but still below the 2.3% increase in 1996 and 3.6% in 1995. Since the inflation rate was 0.9% in 1998, employees experienced an average increase in real wages of about 0.9%. This is significantly lower than the 2.8% increase in labour productivity.

According to figures from the Federal Statistical Office, employees' share of national income (the "wage quota") fell to a historic low of 68.2% in 1998 (compared with 69.7% in 1997). Unit labour costs decreased by about 1.3%. While in western Germany collectively agreed basic wages and salaries grew on average by about 1.7%, eastern wages rose by 2.5%. As a result, eastern average basic wages have reached about 90.9% of the western levels (WSI figures, calculated on the basis of the 22 most important collective bargaining areas).

The scope of agreed wage increases was between 1.3% in construction and 2.3% in the retail and wholesale trade.

Table 1. Increases in collectively agreed basic wages and salaries in 1998

Sector	Germany (total)	Eastern Germany	Western Germany
Retail and wholesale trade	2.3%	3.7%	2.0%
Raw materials	2.1%	2.2%	2.0%
Horticulture, agriculture, forestry	2.0%	2.5%	1.7%
Food industry	2.0%	5.9%	1.7%
Private transport	2.0%	4.3%	1.5%
Public services	1.9%	2.9%	1.5%
All sectors	1.8%	2.5%	1.7%
Investment goods	1.8%	1.8%	1.8%
Consumption goods	1.6%	2.1%	1.5%
Energy, water, mining	1.5%	2.6%	1.2%
Banking, insurance	1.5%	3.1%	1.4%
Private services	1.5%	1.6%	1.5%
Construction	1.3%	0.8%	1.5%

Source: WSI collective agreement archive 1999.

The year brought a continuation of the debate on the future of the branch-level collective bargaining system. There is, on the one hand, evidence of a further decentralisation and a continued creeping erosion of branch-level bargaining taking place (DE9802248F). An indicator of the insidious decentralisation of collective bargaining may be the increase of the total number of companies which conduct company-level collective bargaining in the private sector, and thus are not very likely to be members of an employers' association. According to the Ministry of Labour, the total number of such companies has more than doubled since 1989, from something over 2,000 companies to roughly 5,000 (DE9803152F). Furthermore, a recent WSI works council survey found that about 15.6% of west German and 29.8% of east German companies with works councils breach valid collective agreements (DE9901290N).

On the other hand, several new company collective agreements were concluded in emerging sectors such as industry-related services or new telecommunications operations, which previously had no agreements. Prominent examples were the agreements at Debis (DE9803257F) or at the outsourced service companies of Siemens AG (DE9804260N). New collective agreements in telecommunications were concluded at Otelo (DE9806168N) and Arcor (DE9812189N). A first collective agreement on telework was signed at Deutsche Telekom (DE9810181N).

Among the relatively few strikes reported in 1998 were: a number of warning strikes during the negotiation of a new collective agreement for public services (DE9804258F); and an innovative "Internet strike" at the GMD FIRST research institute (DE9811185N).

Industrial relations, employment creation and work organisation

Against the background of persistently high levels of unemployment, the debate on part-time work, working time, labour market flexibility and deregulation continued in 1998. However, there were no significant attempts by the government to reform the labour market before the general elections in September. After the elections, the new "red-green" government passed a number of laws and acts which came into effect from 1 January 1999 (DE9811281F). The most significant change with regard to industrial relations was the repeal of the changes of the Labour Law Act on the Promotion of Employment (Arbeitsrechtliches Beschäftigungsförderungsgesetz), which had come into effect on 1 October 1996. The 1996 Act had eased redundancy provisions, reduced the statutory level of continued payment of remuneration in the event of sickness, and relaxed limitations on fixed-term employment contracts.

As in previous years, the social partners and the federal government, as well as the Länder (federal states)

governments, discussed the issue of preserving and creating employment. Employment alliances and pacts were concluded or renewed at all levels to avoid redundancies, and sometimes in order to create new jobs. However, exact figures on employee coverage and on the number of agreements are not available.

In May 1998, the DGB quit the "Employment Alliance" for eastern Germany because it believed that the employers and federal government had not kept their promises. It also criticised the private banks for not having supported the new eastern federal states. The unions, for their part, believed that they had contributed to the Alliance by pursuing a moderate wage policy (DE9806166F).

Whereas the eastern German employment alliance failed, Bavaria's tripartite employment pact was reviewed by all parties involved in July 1998 and found to have been successful. From June 1996 to June 1998, 153,000 jobs were saved and another 52,000 created (DE9807171N).

Furthermore, there were a number of company pacts concluded in the private and the public sector. In most cases, the intention was to stop the increase in unemployment, to reduce unemployment and/or to create new jobs. In 1998, company-level alliances were, for example, concluded at Opel (DE9802247F), Hoechst Marion Roussel (D9805165N), Deutsche Bahn AG (DE9810277N), and Dasa Airbus (D9812190N). In the public sector, a pact for jobs was concluded for the municipality of Wuppertal (D9812284N).

Following the election of a Social Democrat-led red-green government in September 1998, a small circle of leading representatives of the government, trade unions and employers' associations met officially for the first time in December and agreed to establish a new national "alliance for jobs" (Bündnis für Arbeit), taking the form of a permanent tripartite body. The results of the meeting were set out on 7 December in a *Joint declaration of the alliance for jobs, vocational training and competitiveness* (Gemeinsame Erklärung des Bündnisses für Arbeit, Ausbildung und Wettbewerbsfähigkeit), which describes the parties' common goals and contains concrete plans on how to organise the further work of the tripartite alliance. All parties agreed that a positive development of the labour market required permanent cooperation between the state, trade unions and employers' and business associations. Therefore the "alliance for jobs" should be constituted as a joint tripartite body, whereby all parties have the opportunity for a regular exchange of views and for the mediation of different interests (DE9812286N).

In April 1998, the former government presented its National Action Plan (NAP) for employment, which contains a broad range of economic, financial, training and labour market policy initiatives aimed at realising the

EU Employment Guidelines for 1998. In the first part, the government expressed its view that “the key to higher employment lies in adjusting to structural changes. New employment opportunities are won through competition in the market.” The overall governmental employment policy was essentially following a “supply-side approach” which had the central aim of creating predictable and favourable conditions for new investments on the assumption that these new investments will lead to the creation of new jobs. Therefore, the Government saw its main contribution to fighting unemployment as “an employment-friendly taxation policy, more competition and privatisation, cutting the red tape and simpler and faster planning procedures”. In the second part of the German NAP, the federal government presented a broad catalogue of current measures and activities, listed in relation to the various EU guidelines (DE9805263F).

The European Council’s Resolution on the 1998 *Employment Guidelines* pointed out that the social partners are expected to make an important contribution and should become involved in the implementation of the guidelines in NAPs. Therefore, in March and April 1998 the German federal government organised several rounds of joint talks with representatives from the trade unions and the employers’ and business associations on the implementation of the *Employment Guidelines*. However, none of the discussions resulted in the adoption of a joint statement or recommendation on how to implement the EU guidelines into an NAP. Although there was some consensus on certain measures for the promotion of vocational training and better support for long-term unemployed people, in most political fields the gap between the positions of the social partners proved impossible to bridge. There were thus no systematic contributions by the social partners to the German NAP.

After the government had announced its final plan, the DGB called it “all in all disappointing”, arguing that the proposed measures were neither sufficient nor suitable to make real progress in reducing the number of unemployed people. The Confederation of German Employers’ Associations (Bundesvereinigung der Deutschen Arbeitgeberverbände, BDA) supported the main parts of the German NAP while at the same time stating its concern that the idea of a state-sponsored employment policy might gain more influence in Europe (DE9805263F).

With regard to the debate on the reduction of working time, 1998 was again a year of stagnation. At the end of 1998, average collectively agreed working time in Germany was 37.7 hours per week or 1,659.5 hours per year – see table 2. The average weekly working time in east Germany was still about two hours longer than in the west.

With regard to greater working time flexibility, the introduction of so-called individual “working time

accounts” (Arbeitszeitkonten) has become a major instrument for introducing flexible working time arrangements (DE9803255F).

Table 2. Collectively agreed working time in 1998

	Germany (total)	Eastern Germany	Western Germany
Overall average weekly working time	37.7 hours	39.3 hours	37.4 hours
Proportion of employees with weekly working time of:			
35 hours	17.9%	–	21.9%
36-37 hours	11.1%	5.1%	11.1%
37.5-38.5 hours	44.1%	26.5%	47.9%
39 and more hours	26.7%	68.3%	17.6%
Average annual working time	1,659.5 hours	1,735.5 hours	1,642.2 hours

Source: WSI collective agreement archive 1999.

Developments in representation and role of the social partners

Since the early 1990s, both trade union and employers’ organisations have had growing problems in keeping their membership. This is true, particularly, for the DGB-affiliated trade unions. The total membership of the DGB unions stood at 8,623,471 on 31 December 1997, a fall of roughly 350,000 (or 3.9%) since 31 December 1996. Since 1991, when membership of DGB-affiliated unions stood at a historic high of almost 12 million as a result of the absorption of the members of the former East German trade unions, the membership of DGB unions has dropped by 3.2 million or 27%. However, the total annual membership figures of the DGB have not yet fallen below the 1989 pre-unification level, as the membership of several individual unions has done. The dramatic decline in membership of DGB-affiliated unions may have serious implications for trade union finance and bargaining power.

Outside the DGB, membership of the German White-Collar Workers’ Union (Deutsche Angestelltengewerkschaft, DAG) and the Christian Trade Union Federation of Germany (Christlicher Gewerkschaftsbund Deutschlands, CGB) also fell to 489,266 and 302,874 in 1997, as compared with 1996 and 1995 respectively. In contrast, membership of the German Federation of Career Public Servants (Deutscher Beamtenbund, DBB) rose to 1,116,714 in 1997.

The DGB blames the decreasing number of jobs as well as the high level of unemployment for the drop in

membership of its industry unions. Other reasons quoted include: the “back-to-normal adjustment effect” following the significant membership growth associated with unification; changes in workforce composition in the direction of people who have a lower probability of being trade union members; changes in job characteristics which make it more difficult to regulate the employment relationship with traditional collective agreements; and structural change away from manufacturing to the service sector, but also within the industrial sector. A closely related problem that trade union strategists are currently facing is the increasing competition between unions for members. Reasons for this include the development whereby demarcations between blue-collar workers and salaried employees, as well as between the organisational domains of several DGB unions, are becoming increasingly blurred (DE9803153F).

Although equivalent data are not available, membership in BDA-affiliated employers’ associations appears to be declining, in particular in eastern Germany. The reasons for this might be that more and more companies feel dissatisfied with branch-level collective bargaining policy. Organisational changes among the social partners’ organisations must also be seen against the background of their growing membership problem.

The presidents of six service sector trade unions signed a general declaration on restructuring the union organisations in the sector in October 1997. Five months later, in February 1998, the six unions published a joint draft for a “political platform on the restructuring of trade union representation of interests in the service sector” (DE9803256N). However, at the beginning of July 1998, the Teachers and Science Union (Gewerkschaft Erziehung und Wissenschaft, GEW) abandoned the talks with the other unions. The reason for this change of mind was the fear among an increasing number of its officials and regional committees that GEW would lose its independence and identity within a new large service sector union (DE9807169N).

According to an empirical analysis conducted by the Commission on Co-determination, there has been a significant decline in the number of employees who work in companies with co-determination on supervisory boards (DE9806267F). In the mid-1990s, about 24.5% of all employees in the private sector were affected by supervisory board co-determination, compared with 30.5% in the mid-1980s. In 1996, approximately 5.2 million employees fell under the 1976 Co-determination Act and about 400,000 employees fell under the 1951 Coal, Iron and Steel Industry Co-determination Act.

The number of employees who were represented only through works council co-determination saw a significant decline, from 19% to 15%, in the private sector during the past decade. As a result there has been a sharp increase – to more than 60% – in the proportion of all

employees in the private sector who work in a “non co-determination area” (mitbestimmungsfreie Zone). The proportion of employees affected by co-determination is higher if the highly-organised public sector is taken into consideration. For the whole economy, the share of employees with no co-determination still lies at about 45%, though the tendency is clearly increasing.

The results of the 1998 works council elections clearly indicate the high level of employee acceptance of works councillors as their representatives, and of the “works constitution” system as a whole. According to a survey by the Cologne Institute of Business Research (Institut der deutschen Wirtschaft, IW), despite losses, the DGB remained by far the most influential of the trade union confederations, with 62% of works councillors and 73% of works council chairs affiliated to its member unions. With 3.2% of works councillors and 3.0% of chairs, DAG is the second most important union. The CGB, the Confederation of Executives (Union der leitenden Angestellten, ULA), and the other unions are far behind and of minor importance. Most notable, however, is the gain of the non-union candidates among both works councillors and works council chairs. After the 1998 elections, 33.9% of the works councillors are non-union, an increase of almost seven percentage points. As regards the chairs, 21.9% are non-union, up by two points (DE9810180F).

Since Germany has a unique system of co-determination, another important European topic for German social partners was the planned introduction of the European Company Statute (ECS) (DE9806268F). German trade unions are particularly afraid that the ECS could weaken the German co-determination system. Therefore, the unions supported the proposals on worker involvement in the ESC drawn up by the UK Council Presidency in the first half of 1998, as these gave priority to the quantitatively highest existing level of employee participation in company boards: thus a European Company involving a German firm would usually have had to apply the German co-determination system. For the same reason, however, German employers’ associations strongly criticised the British proposal, seeing the de facto priority to German co-determination within the European Company as a significant competitive disadvantage.

With regard to European Works Councils (EWCs), German employers’ associations strongly oppose any extension of their participation or co-determination rights. Employers see no need for new action at European level in the near future. German trade unions, on the other hand, called for the German EU Presidency of the first half of 1999 to support all initiatives for an extension of employee rights in EWCs. The DGB demanded that the Directive be extended to companies with fewer than 1,000 employees within the countries affected (DE9811184F).

In 1998, Germany saw several global “mega-mergers” – like the merger of Daimler and Chrysler (DE9805264N) –

which placed the question of world-level workers' representation on the agenda. In May 1998, Volkswagen was the first German company to set up a "world group council" (DE9806271N).

Industrial relations and the impact of EMU

The introduction of EU Economic and Monetary Union (EMU) and its impact on industrial relations has become a prominent issue in the debates within social partners' organisations. German trade unions have emphasised the need for closer European cooperation on collective bargaining and other industrial relations issues. In 1998, several new initiatives for transnational trade union cooperation were established – for example, the cooperation agreement between German and Italian construction unions (DE9804259N) or the foundation of an interregional council for the "Southern Baltic Sea" involving unions from Denmark, Germany and Sweden (DE9808177N).

In September 1998, as an explicit reaction to the introduction of the euro, a number of trade unions from the Benelux countries and Germany adopted a joint declaration which states a strong need for close cross-border coordination of collective bargaining under EMU. In order to prevent possible downward competition on wages and working conditions, the unions involved agreed on a set of joint bargaining guidelines. The so-called "Doorn declaration" states that unions should seek bargaining outcomes at least equivalent to "the sum total of the evolution of prices and the increase in labour productivity" (DE9810278F). With the strong support of Germany's IG Metall, a similar initiative was taken by the European Metalworkers' Federation (EMF), which adopted a "European coordination rule" for national bargaining, which refuses national wage competition and calls for a return to a productivity-oriented bargaining policy (DE9812283F).

German employers' associations, however, see no need for any "Europeanisation" of collective bargaining because of the euro. On the contrary, representatives of the BDA stated that, under the conditions of EMU and increasing international competition, pressure for even more flexible and decentralised collective agreements will increase. As far as European social, labour and employment policy is concerned, German employers' associations generally take a rather sceptical view and emphasise the principle of subsidiarity, which they argue implies that these affairs are best regulated at a more decentralised level (DE9811184F).

Conclusions and outlook

In 1998, German industrial relations were overshadowed by the general election in September and the subsequent change in the federal government from a conservative-liberal to a social democratic-green coalition. Before election day almost all developments in industrial relations seemed to be blocked. After the election the new "red-green" government started with an ambitious programme which has several consequences for industrial relations, including the adoption of new labour laws and the introduction of a more active labour market policy (DE9811281F).

The most important initiative of the new government, however, was the creation of a new "alliance for jobs" as a permanent tripartite institution at national level (DE9812286N). Whether this national social pact succeeds or fails will be the crucial question in 1999. The functioning of the "alliance for jobs" will have a significant influence not only on the development of unemployment figures but – perhaps even more importantly – on the future of German industrial relations in general.

The development of the "alliance for jobs" might be influenced by the outcome of the 1999 collective bargaining round. The 1998 bargaining round still followed the path of very moderate wage increases, although trade union leaders were already calling for an "end to modesty". For 1999, however, most trade unions announced demands for wage increases between 5% and 6.5% (DE9810279F). According to the unions, a U-turn in pay policy is necessary for two reasons: firstly, the unions seek more fairness in distribution between wages and profits; and secondly, the unions argue for strengthened purchasing power in order to increase domestic demand as a major precondition for new employment. By contrast, employers' associations sharply reject this view. They object to all demands for more expansive wage developments and press for: a continuation of moderate wage increases, which should be clearly below the increase of productivity; further reductions of labour costs; more flexibility in working time and conditions; and further differentiation and decentralisation of collective bargaining.

Overall, the 1999 collective bargaining round, especially in metalworking, involves several uncertainties: it is not sure that the collective bargaining parties will find a compromise which is acceptable for both sides; nor is it clear how the bargaining results will influence the functioning of the "alliance for jobs".

Germany: 1998 Records

January	<i>Features</i>	Profit-sharing and personnel policy at Audi	DE9801144F
		New collective agreement in the east German steel industry	DE9801243F
	<i>News</i>	Bavarian employers' and trade associations merge	DE9801145N
		Changes in the Partial Retirement Law	DE9801146N
		New works agreement on partial retirement at Daimler-Benz	DE9801245N
		Government gives up aim of halving unemployment by the year 2000	DE9801246N
February	<i>Features</i>	IG Metall membership falls yet again	DE9802147F
		Nationwide protests as unemployment reaches new record high	DE9802148F
		New "site pact" signed for west German Opel plants	DE9802247F
		Creeping erosion of branch-level bargaining – a workplace perspective	DE9802248F
		Distribution of income in Germany in 1997	DE9802249F
	<i>News</i>	New figures on accidents at work and occupational diseases	DE9802149N
		Agreement on cuts in DGB company pensions	DE9802150N
		Increases in collectively agreed wages and salaries in 1997	DE9802250N
		ÖTV leader sets 30-hour week as long-term goal	DE9802252N
		German strike legislation does not fulfil standards of the European Social Charter	DE9802253N
March	<i>Features</i>	Company-level bargaining gains importance	DE9803152F
		Membership of DGB-affiliated unions falls again	DE9803153F
		Unions and employers set out policies for forthcoming general election	DE9803254F
		Provisions on "working time accounts" in collective agreements	DE9803255F
		Debis AG agreement a first in industry-related services	DE9803257F
	<i>News</i>	Non-wage labour costs up in 1997	DE9803154N
		Court rules that union employees may form their own trade union	DE9803155N
		Innovative agreement on partial retirement in the steel industry	DE9803156N
		New metalworking employers' associations in eastern Germany	DE9803157N
		Unions agree further steps towards combined service sector union	DE9803256N
April	<i>Features</i>	Post-merger agreement on co-determination at Thyssen Krupp	DE9804159F
		New conflict resolution procedures discussed for labour disputes	DE9804160F
		New collective agreements signed in public services	DE9804258F
	<i>News</i>	Collective agreement for the western German construction industry	DE9804162N
		Cooperation agreement between German and Italian construction unions	DE9804259N
		New collective agreement for Siemens AG outsourced companies	DE9804260N
		Hours cuts agreed in east German soft drinks industries	DE9804261N
May	<i>Features</i>	Out-of-court deal allows unpaid extension of weekly hours at Viessmann	DE9805163F
		German employers set out basic positions on European social policy	DE9805164F
		New IG Metall initiative demands further reduction in working time	DE9805262F
		German Government presents its National Action Plan on Employment	DE9805263F
	<i>News</i>	"Agreement on maintenance of production location and employment" at Hoechst Marion Roussel	DE9805165N
		Industrial relations aspects of the Daimler-Chrysler merger	DE9805264N
		New agreements signed in west German chemicals industry	DE9805265N
June	<i>Features</i>	DGB quits Employment Alliance for eastern Germany: a chronology of failure	DE9806166F
		Ostmetall and Christian Metalworkers' Union conclude innovative package of agreements	DE9806167F
		Report assesses co-determination and recommends modernisation	DE9806267F
		German social partners react to UK Presidency's proposal for European Company Statute	DE9806268F
	<i>News</i>	First collective agreement at Otelo telecom company	DE9806168N
		Differences persist in holidays and holiday bonuses in 1998	DE9806269N
		Preliminary results of the 1998 works council elections	DE9806270N
		Volkswagen sets up a "world group council"	DE9806271N

July	<i>Features</i>	Research examines gap between actual and collectively agreed wages in 1997	DE9807170F
		Territorial employment pacts in Germany – the example of Zeitz	DE9807272F
	<i>News</i>	Teachers' union abandons talks over new service sector organisation	DE9807169N
		Interim review finds Bavarian employment pact successful	DE9807171N
		Agreement on the changeover to the euro in metalworking	DE9807274N
August	<i>Features</i>	Unions present detailed proposals for renewal of Works Constitution Act	DE9808273F
	<i>News</i>	Income levels in eastern Germany approaching western levels	DE9808174N
		Innovative package deal in the Lower-Saxony metalworking sector	DE9808175N
		Third Act on capital participation passed	DE9808176N
		Danish, German, and Swedish unions set up interregional council for "Southern Baltic Sea"	DE9808177N
September	<i>News</i>	Above-average number of potential far-Right voters among union members	DE9809276N
October	<i>Features</i>	Results of the 1998 works council elections	DE9810180F
		Unions in Benelux and Germany favour close transnational coordination of bargaining policy in EMU	DE9810278F
		Trade unions call for a U-turn in pay policy in 1999	DE9810279F
	<i>News</i>	Collective agreement on telework signed at Deutsche Telekom	DE9810181N
		Agreement in eastern metalworking	DE9810182N
		New "pact for jobs" at Deutsche Bahn AG	DE9810277N
		General elections in Germany – how trade union members voted	DE9810280N
November	<i>Features</i>	German social partners set out priorities and demands for German EU Presidency	DE9811184F
		The significance of the new "red-green" government for German industrial relations	DE9811281F
	<i>News</i>	"Internet strike" at the GMD FIRST institute	DE9811185N
		BASF, IG BCE and the Bertelsmann Foundation establish "initiative for employment"	DE9811187N
		Employers propose changes to banking collective agreements	DE9811282N
December	<i>Features</i>	700 companies covered by 1976 Co-determination Act	DE9812188F
		European Metalworkers' Federation adopts "European coordination rule" for national bargaining	DE9812283F
	<i>News</i>	Package deal agreed at Arcor	DE9812189N
		520 new jobs agreed at Dasa Airbus	DE9812190N
		Municipal pact for jobs in Wuppertal local administration	DE9812284N
		New agreements signed in east German chemicals industry	DE9812285N
		Tripartite agreement establishes national "alliance for jobs"	DE9812286N

GREECE

Introduction

The process of nominal convergence of the Greek economy with the EU continued during 1998, as inflation fell to 4.5%, compared with 5.2% in 1997. This was the lowest level in 25 years, despite a devaluation of the drachma by about 15% in early 1998. Significant progress was also made in relation to the public deficit, which stood at 2.7% of GDP, compared with 4% in 1997 and 16% in 1990. Following these developments, and given the continued improvement of nominal convergence criteria, Greece will have a significantly better chance of entering EMU on 1 January 2001. In addition, considerable progress was made with regard to production, as GDP rose by 3% in 1998, and a comparable increase is expected for 1999.

However, unemployment is showing a long-term upward trend, with the rate standing at 10.1% in 1998. Although this represents a slight fall from the 1997 figure of 10.3%, this improvement cannot be attributed to a rise in employment, but to a reduction in the size of the labour force, and specifically to a rise in the number of unemployed people who have despaired of ever finding work. Another problem which has taken on worrying dimensions is that of long-term unemployment, which accounts for about 50% of total unemployment. It should be noted that unemployment has remained high despite the spectacular fall in real unit labour costs in the past 12 years. The average wage in Greece today has the same purchasing power it had at the beginning of the 1980s.

Maintenance of workers' real incomes at levels which do not correspond to patterns of consumption in Greece today, along with continuing high levels of unemployment and efforts on the part of the government to promote labour market flexibility, led to a further increase in tensions in industrial relations in 1998.

The Pan-Hellenic Socialist Movement (Panellino Socialistiko Kinima, PASOK) formed the government in 1998. The next general election is due in 2000.

Industrial relations in 1998 were dominated by three key issues: privatisation; the imposition of flexibility in the labour market and transformation of the institutional framework of labour relations, either through dialogue or unilateral government decision; and trade union calls for an economic policy to maintain the purchasing power of workers' incomes at stable levels.

Key trends in collective bargaining and industrial action

As a rule, collective bargaining in Greece has remained centralised. Despite predictions to the contrary, the new private sector National General Collective Agreement, signed on 18 May 1998, had a two-year duration (GR9805171N). The deal provided for a 2.7% pay increase for the first six months of 1998, followed by a 2% increase for the second six months. In 1999, there is a 1.4% increase in the first half of the year and another 1.4% in the second half (based on a projected inflation rate of 2%). If inflation exceeds 3.5% in 1998, a corrective sum of up to 1% is paid on 1 January 1999, but if it exceeds 4.5%, the corrective sum will be paid on 31 December 1999. If inflation in 1999 exceeds 2%, the total extra amount will be paid from 1 January 2000. The agreement also: increases paid annual leave entitlement; provides medical insurance to unemployed people under 29 years of age; and promotes equal treatment of workers who, although not bound by a dependent employment relationship, provide labour under conditions of dependence and demonstrate a need for protection similar to that of wage-earners in dependent employment.

The three key issues listed above – privatisation, flexibility/transformation of industrial relations and attempts to maintain purchasing power – were the source of considerable controversy and industrial action. April saw the the biggest one-day general strike of recent years, in which the trade unions' basic framework of demands included all these issues, with regard to both the private and to public sectors (GR9804169N). A further 24-hour general strike was held in December (GR9812113N).

The privatisation process began with the government announcement in May of the sale of Ionian Bank (GR9805170F). The unions regarded this decision, which provoked strong strike action, as being the first stage in the implementation of a programme of structural adaptation in the framework of the EU (GR9805172N). Over the year, unions in many transport sectors, such as the railways (GR9812115N) and coastal shipping (GR9804168N), held strikes in protest against the stepping-up of the liberalisation and privatisation process.

The government views promotion of flexibility in the labour market and changes to the institutional framework of labour relations as necessary measures to boost market confidence in the Greek economy and to achieve Greek membership on an equal footing in EMU. In this framework, 1998 began in a climate of sharp confrontation caused principally by the government's efforts to reform industrial relations in public utilities and organisations, without any prior collective bargaining. Most of the trade unions came out against this attempted change, their basic argument being that the

government was trying to alter the provisions safeguarding democracy in the workplace and free collective bargaining as a means of resolving collective disputes (GR9801150N). Passage of the relevant law in February 1998, the decision during the same month to implement the relevant measures immediately (GR9802155F) and parliamentary approval in April 1998 of a law to regulate labour relations in Olympic Airways (GR9804166F), sparked even greater opposition from the unions.

Tension reached a climax in August 1998, when, despite the opposition of employers, unions and political parties, the much-discussed bill on "regulation of labour relations and other provisions" was passed. This legislation attempts to reform industrial relations both in the public and in the private sector (GR9808187N) and covers key issues such as working time, "atypical" forms of employment and the distinction between dependent and independent labour (GR9807181F). Apart from the different positions taken by the social partners with regard to the detailed provisions of the bill, both separately (GR9808185F) and in the framework of discussion of the bill in the Economic and Social Committee, the main point on which they differed is how much flexibility the law promotes. The unions believe that it increases labour flexibility with negative ramifications for the content of employment and industrial relations. Employers' organisations believe that the law contains no effective measures to achieve increased flexibility which will help increase employment and the competitiveness of the Greek economy, and in many areas they have insistently demanded measures for greater flexibility (GR9803162N).

A final example of this broad climate of social unrest in 1998 was a five-day strike called by Albanian and Romanian agricultural workers in the Volos area in May 1998 (GR9806176N). Their basic demands were for better pay and conditions of employment.

Despite the climate of tension predominant during 1998, collective bargaining continued to grow in importance. During the 1990s, free collective bargaining has been strengthened by Law 1876/1990, which removed state interventionism from bargaining and promoted dialogue and consensus between employers' and employees' organisations. The law supports and encourages the parties (employers' organisations, individual employers and trade unions) to develop dialogue and procedural consensus or agreements to settle their collective disputes. The Mediation and Arbitration Service (OMED) plays a key role in this process and its 1998 results revealed a continuing decrease in the number of arbitration decisions reached through its services and an increase in the number of collective agreements (GR9812102F). This indicates that collective bargaining in Greece is growing in maturity.

Industrial relations, employment creation and work organisation

The fact that unemployment remained at high levels was a concern for both the government and the social partners and frequently sparked dialogue about the need to find solutions. The National Action Plan (NAP) for employment presented by the government in March set out goals for employment creation and lower unemployment in the years to come. However, this Plan was criticised by the social partners for focusing too much on employment policies which had already been implemented. Moreover, it also related to certain crucial items under dispute, such as reduction of non-wage labour costs, "local employment agreements" (GR9901107F) and management of working time, on which there is disagreement between the social partners.

The employment policy currently being implemented has led to a further increase in social tensions beyond the main social partner organisations, creating pockets of reaction outside the trade union movement. One characteristic example was the establishment, organisation and mobilisation of Greece's first union of unemployed people (GR9802154F). This organisation, based in Euboea, is a pioneering initiative which may give a greater impetus to the creation of an unemployed movement in Greece and in the formation of demands and specific actions to combat unemployment. This development will certainly have implications in 1999.

The introduction of a 35-hour working week without loss of pay is still one of the unions' basic demands, though, in comparison with 1997, the social partners did not devote as much attention to the issue in 1998. However, it is worth noting that Greece's first company-level agreement on implementing the 35-hour week was signed in September 1998 at Hochtief (GR9810197N).

Developments in representation and role of the social partners

Unusually by Greek standards, 1998 saw a series of trade union initiatives in relation to a number of issues in which unions had arguably not shown a significant interest in the past. These included a range of measures proposed by the Greek General Confederation of Labour (GSEE) to tackle the problem of workplace accidents (GR9801149F). Also in this area, a seminar was organised by the Confederation of Public Servants (ADEDY) on the subject of workers' health and safety in the public sector (GR9810194F), and a study conducted by the Athens Labour Centre on the working and living conditions of workers in Athens (GR9810196F).

Other matters newly considered by unions included: women's representation and participation on union bodies (GR9802157N); union independence from state intervention (GR9803160F); exploitation of the property

of social insurance funds (GR9803163N); and the operation of Attica's Metro railways (GR9812114N).

With respect to worker representation at the national and international levels, despite Greece's ratification in 1997 of the relevant Community legislation on the creation and operation of European Works Councils (EWCs), in practice both workers and employers have arguably underestimated the value of the EWCs. As a result of inflexibility in practice, the impact of the EWCs on Greece's system of industrial relations has been extremely limited or even non-existent (TN9807201S).

The lack of impact of EWCs in practice is arguably largely due to a more general perceived failure of participative bodies in Greece. For example, worker participation on companies' boards of directors is non-existent in the private sector and is restricted exclusively to public corporations and utilities (TN9809201S).

Industrial relations and the impact of EMU

Economic policy is a constant point of friction between the social partners. This was made clear in the context of devaluation of the drachma in January 1998 and also in the framework of Greece's impending membership of EMU.

On the issue of devaluation, both the government and the employers feel that flexibilisation of labour relations and social security are measures that will support the development of the drachma in the right direction. The unions, by contrast, believe that devaluation should be accompanied by a mix of economic and social policy that will shield the national currency by developing the economy (GR9803161F). In the opinion of GSEE, the new two-year National General Collective Agreement demonstrated the unions' support for the policy of stabilisation of the economy, despite its negative effects for wage earners. However, GSEE believes that economic

policy should in future make efforts to redistribute income to the benefit of labour, and that there should be a reduction in working time without loss of pay (GR9810195F). This view was reinforced by a study conducted by GSEE's Institute of Labour (INE) into the impact on wages and unemployment of Greek EMU membership. This study was the first attempt in Greece to describe the evolution of wages and unemployment within EMU's macroeconomic stability framework. One of the causes of the one-day general strike in December 1998 was opposition to the government's economic policy.

Conclusions and outlook

As a whole, 1998 was characterised by an increase in social tensions and a sharpening of the differences between the social partners on a number of key industrial relations issues. In the framework of prospective Greek membership in EMU, the government began to implement a series of measures aimed at greater flexibility in the labour market. An important change which was evident from the start of 1998 – and which observers saw as a negative development for industrial relations in Greece – was that most of the changes were imposed by legislation, often without prior dialogue, a practice described by trade unionists and other parties as "authoritarian". Worries have also been expressed that this policy may come to be the rule in future regulation of labour relations. There are also fears that developments in 1998 mark the beginning of a sweeping move by the government aimed at mass privatisations and a radical change in industrial relations in the direction of flexibility. However, it is becoming clear that a new round of talks is to begin in 1999 on reduction of working time without loss of pay, and that the government especially, followed by the employers' organisations, will come to them in a more positive spirit. Much will depend, too, on the manner in which the measures announced by the government are implemented, as well as on the position taken by the unions.

Greece: 1998 Records

January	<i>Features</i>	Union proposals to enforce health and safety legislation at the workplace	GR9801149F
	<i>News</i>	Government seeks reform of labour relations in public enterprises	GR9801150N
		Trade union confederation sets out demands for 1998	GR9801151N
		Report proposes improvements in public administration	GR9801152N
February	<i>Features</i>	Greece's first unemployed union mobilises	GR9802154F
		Debate heats up over labour relations changes in public enterprises	GR9802155F
		Maritime unions divided over ending of "cabotage"	GR9802156F
	<i>News</i>	GSEE women demand increased participation in trade union bodies	GR9802157N
		GSEE appeals to ILO on labour relations in public corporations	GR9802158N
March	<i>Features</i>	Trade union independence from state intervention	GR9803160F
		Devaluation of the drachma on the agenda at 29th GSEE congress	GR9803161F
	<i>News</i>	Northern employers demand greater flexibility in the labour market	GR9803162N
		Better use of social insurance funds' assets proposed	GR9803163N
April	<i>Features</i>	Law changes terms and conditions at Olympic Airways	GR9804166F
	<i>News</i>	Bargaining deadlocked on 1998 National General Collective Agreement	GR9804167N
		Strike action causes problems in marine transport	GR9804168N
		Biggest general strike in recent years	GR9804169N
May	<i>Features</i>	Unions react strongly to announced Ionian Bank sell-off	GR9805170F
	<i>News</i>	New National General Collective Agreement signed	GR9805171N
		Industrial action escalates in banking sector	GR9805172N
June	<i>Features</i>	Developments in banking industrial relations	GR9806175F
	<i>News</i>	First strike by foreign workers in Greece	GR9806176N
		Supreme Court decision on collective dismissals of strikers	GR9806177N
		Strife between workers and management at OSE	GR9806178N
		Post office dispute close to resolution	GR9806179N
		Long-running strike at Ionian Bank ends	GR9806180N
July	<i>Features</i>	Bill on regulation of labour relations	GR9807181F
	<i>News</i>	New Civil Servants' Code introduced	GR9807182N
		First sectoral agreement signed for security personnel	GR9807183N
August	<i>Features</i>	Positions of the social partners on the labour relations bill	GR9808185F
	<i>News</i>	Presidential Decree proposed to implement working time Directive	GR9808186N
		Industrial relations bill passed	GR9808187N
		Moderate wage increases foreseen for 1999	GR9808188N
September	<i>News</i>	Collective bargaining to be promoted in the public sector	GR9809190N
		Part-time employees have scope for overtime	GR9809191N
		Effects of EMU on industrial relations debated	GR9809192N
October	<i>Features</i>	Health and safety issues in the public sector	GR9810194F
		GSEE sets out positions and proposals on the economy	GR9810195F
		Working conditions in Athens examined	GR9810196F
	<i>News</i>	First agreement on the 35-hour week	GR9810197N
		New clashes at Halivourgiki	GR9810198N
		New company-level agreement at National Bank	GR9810199N
December	<i>Features</i>	The Mediation and Arbitration Service and the development of collective bargaining	GR9812102F
	<i>News</i>	General strike in public and private sectors over new Budget	GR9812113N
		Union proposes single Metro authority	GR9812114N
		Wave of strike action by OSE workers	GR9812115N

IRELAND

Introduction

The Irish economy has performed exceptionally well in recent years, with GDP growth averaging some 7% in the 1990s, and standing at 9.8% in 1997 and 9.5% in 1998 (according to Department of Finance figures). This has resulted in increased prosperity and living standards, and these trends are forecast to continue over the short to medium term. Inflation averaged 2% between 1994 and 1997, and stood at 2.4% in 1998. The state budget showed a surplus in 1997 and 1998, when it was approximately 2% of GDP. The debt/GDP ratio fell from 94% in 1993 to an estimated 52% at the end of 1998. The strong performance of the economy has resulted in significant employment growth. Total employment increased by an average of over 45,000 per year between 1993 and 1996, and grew by 95,000 in the year to March-May 1998. Unemployment declined from almost 17% in 1993 to 7.1% in December 1998 (ILO definition).

The most significant changes in employment trends have been: a substantial rise in the number of women in employment; a significant growth in manufacturing employment, in the main due to inward investment, but also in indigenous industry; a sustained increase in service sector employment; and a significant expansion in part-time working and self-employment.

The transformation in the fortunes of the Irish economy outlined above has meant that the context in which national agreements have been negotiated (see below) has changed from one of “managing crisis” to “managing growth” at a time of rising expectations. The context of strong economic growth has generated a number of pressures such as disputes over public sector pay, a degree of wage drift, skill and labour shortages, and disagreements over trade union recognition.

At the present time, the government consists of a coalition between the centrist Fianna Fail party and the small right-of-centre party, the Progressive Democrats (PDs). The coalition has been in power since June 1997

Key trends in collective bargaining and industrial action

Collective bargaining is currently governed by *Partnership 2000*, the fourth successive national intersectoral agreement to have been concluded since 1987. Signed in 1997, P2000 provides for roughly the same pay increase of 9.25% over three years for both private and public sector employees. The main difference between private and public sectors relates to the phasing of the increases

and the “local bargaining element” worth 2%.

Evidence to date would suggest that most employers in the private and semi-state sectors have abided by the terms of national agreements. However, some recent evidence seems to point to a degree of wage drift in the Irish economy, with a number of companies operating in specific sectors paying wage increases above the terms of the national agreement guidelines. This is particularly evident among companies operating in tight labour markets and competing to attract and retain skilled workers, most notably in the pharmaceutical and chemical sectors, electronics, software and construction. Nevertheless, while the pay of specific groups of workers in such sectors may be on the increase, deals on a plant-by-plant basis appear to be largely conforming to the terms of P2000. An October 1998 *Industrial Relations News* (IRN) survey of over 780 pay settlements showed that while there had been greater wage drift than under earlier national agreements, the overall level of adherence (almost 89%) to the basic terms of P2000 remained strong (IE9810262N). Meanwhile, Central Statistics Office (CSO) figures for industrial earnings figures up to June 1998 showed considerable pay drift, with an estimated average increase of 6.8% in hourly earnings. The CSO data may also indicate that non-union firms are paying somewhat above the norm. CSO findings are broadly confirmed by a recent CUD survey, *Irish management practice in the changing marketplace* (1996/7), which also found that non-union firms are likely to pay “above the odds”.

In sum, there has been no widespread pattern of wage drift in the Irish economy. Rather, the key to understanding private sector pay pressures is that they are generally due to labour and/or skill shortages in specific sectors, as well as being related to productivity/profit/performance-related criteria in particular firms in the context of economic growth.

With regard to industrial disputes, 1998 saw growing anxiety over pay pressures that have developed amongst key public sector groups such as the police, nurses, teachers and fire fighters in recent years. It was the most volatile year in the public sector for almost a decade in terms of the number of serious disputes, with the police (IE9808256N), train drivers (IE9812267N) and nurses threatening to take industrial action or doing so. These events put the government’s public sector pay policy under serious pressure. At the end of the year, the Labour Court’s recommendation on the nurses pay claim, for example, was awaited with some interest and trepidation because of the perception that it could precipitate “knock-on” or “catch-up” wage claims from other public sector groups. In view of the importance attached to reforming public service pay, the Prime Minister asked the National Economic and Social Council (NESC) to help resolve the crisis by examining the relationship between public service pay and performance,

as part of its forthcoming three-year strategy report on the Irish economy (IE9812266F).

A single statutory national minimum wage is set to be introduced by 2000, following the publication in April 1998 of a report by the National Minimum Wage Commission (IE9804246F). The proposed hourly rate of IEP 4.40 per hour was largely welcomed by the Irish Congress of Trade Unions (ICTU) but was heavily opposed by all employer groups.

The 1999 state Budget, issued in December 1998 (IE9901134N), went some way towards addressing the issue of low pay by substantially increasing personal tax-free allowances and taking many low-paid workers out of the tax net entirely. It met with a warm response from trade unions and employers. It is likely that it will have done no harm in increasing the likelihood that there will be a new national agreement to succeed P2000.

However, the Budget will have little impact on public service disputes and pay claims or the thorny issue of trade union recognition (see below), which are currently among the main obstacles to a new national agreement.

Before negotiations on a new national agreement commence, the government will have to address the obstacles mentioned above, which are major trade union concerns. Despite this, the debate on what is to succeed P2000 has already begun within the trade union movement. According to ICTU's general secretary, Peter Cassells, the debate has emanated from a realisation that the current type of national agreement is too inflexible to meet the demands of a modern booming economy.

It is likely that negotiations on a successor to P2000 will be very different to previous negotiations. Mr Cassells argues that it is time to review big issues such as low pay and social exclusion in the context of the current climate of unparalleled economic growth. He believes that the new agenda should include a more equitable sharing of the benefits of growth, not just by rewarding employees for participating in workplace change, but also by establishing a "social wage" that guarantees a minimum standard of income for everyone. He suggests that trade unions must be willing to look at a number of options. At one end of the spectrum, these options include: another standard national agreement; one with a strong overall framework that facilitates greater flexibility for local bargaining; or one with a looser framework that contains general pay negotiation guidelines. At the other end of the spectrum, there could be sectoral pay bargaining, while in extreme circumstances, there could be a return to "free for all" collective bargaining.

However, Mr Cassells does not see either of the two extremes, a continuation of existing standard agreements or a return to "free for all" bargaining, as being viable options. He also believes that the scope for further tax

concessions is almost gone, unless people are prepared to accept a serious deterioration in public services. He argues that alternative solutions must be found, including promoting the idea of the rights of employees as "stakeholders", especially in a climate when companies increasingly expect and depend on employees to become more and more flexible.

Industrial relations, employment creation and work organisation

Many of Ireland's employment creation measures involve a great deal of input from the social partners. Passive measures, relating principally to the provision of financial support for unemployed people, have increasingly been superseded by a range of active labour market policies which attempt to tackle unemployment directly. These have included general and skills training, employment subsidies, direct employment schemes, and area-based partnerships.

Area-based partnerships were introduced in the early 1990s, with 38 such urban and rural local partnerships set up to tackle issues relating to social exclusion in a decentralised and participative manner. The partnerships are tripartite bodies whose primary role is to assist unemployed workers to secure employment and to encourage local employment initiatives. Their boards are comprised of representatives from local community groups, employer organisations and trade unions, and local or regional representatives of the national social welfare, training, or economic development administrations. The evidence suggests that the partnerships have been a particularly successful and relatively inexpensive means of tackling long-term unemployment in disadvantaged areas.

In line with the EU *Employment Guidelines*, the government unveiled Ireland's National Action Plan (NAP) on 20 April 1998 (IE9805116F). The key objective of the plan was to reduce unemployment from 9.4% to 7% by 2000. In fact, this target was already nearly reached in 1998, with unemployment standing at 7.1%. Many of the measures contained in the plan are also commitments contained in P2000.

The first part of the NAP places an important emphasis on tackling youth unemployment. The Training and Employment Authority (Foras Áiseanna Saothair, FÁS) and local employment services will be instructed to contact all persons aged under 25 who have been on the "live" unemployed register for more than six months with a view to providing them with a job, training or other employment support. This approach is intended to prevent "welfare dependency" amongst young people. Measures to improve employability will also involve a continuing transition from passive to active labour market measures. A key issue set out in the Plan is improving the "level of access for the long-term

unemployed to mainstream training”.

The second part of the NAP contains measures to improve the operating environment for small businesses as well as measures to promote self-employment. Measures are outlined to explore the potential of the “social economy” at a local level in terms of sustainable job creation. In addition, there is a commitment to make the tax system more “employment-friendly”.

Part three of the Plan places a significant emphasis on promoting partnership at the enterprise level (see below) and also contains measures to support “adaptability” in enterprises, particularly in terms of increasing investment in skills and training. Finally, part four contains measures to enhance equal opportunities and reconcile work and family life by promoting measures such as better childcare provisions.

Within the context of P2000, the government was committed to consulting with the social partners over the NAP. During the drafting of the plan, the views of the partners were taken into account and a number of amendments were agreed. There are plans for continuing consultation, as well as a progress report. However, the general reaction of the social partners to the finished plan was that it was primarily a repackaging of existing policies with little significantly new being added.

In 1997 and 1998, the Irish government introduced a series of legislative measures in order to meet the requirements laid down by EU Directives. In 1997, the government introduced the Organisation of Working Time Act to implement the working time Directive (93/104/EC), and by October 1998, 109 collective agreements and notices on working time, providing alternative arrangements to those in the Act, had been registered with the Labour Court (IE9810263N). The Parental Leave Act, transposing Directive 96/34/EC, came into force on 3 December 1998 (IE9806251N).

Developments in representation and role of the social partners

P2000 sets out a national framework for extending social partnership to the level of the workplace, though without recommending any one model of partnership – a recognition of the fact that there are different competitive pressures facing individual companies. The agreement sets out a number of issues for discussion with regard to this issue, including training and development and new forms of work organisation. An important emphasis is placed on the need to “strike a balance between flexibility and security”. The issue of workplace social partnership became a subject of intense debate in 1998. There is a belief, particularly amongst trade unionists, that without the wider diffusion and acceptance by employers of workplace partnership arrangements, support for centralised bargaining

amongst employees and their representatives could quickly dissipate. The challenge facing the social partners is to develop models of local partnership which reflect the diversity of the Irish industrial relations system.

There was an increase in the extent of workplace partnership initiatives in 1998, and by November IRN had reported around 20 company agreements on the subject (IE9811264N). However, research published in 1998 (*Workplace partnership and employee involvement in Irish workplaces*, William K Roche and John F Geary, CEROP Working Paper No. 26, Graduate School of Business, University College Dublin, 1998) suggested that such arrangements are still rare in Ireland, and that unilateral management prerogative is the predominant means of handling workplace change.

The European Works Council (EWC) Directive was transposed into Irish law through the Transnational Information and Consultation Act 1996. Approximately 271 operations located in Ireland (both Irish- and foreign-owned) are currently affected by the Directive. However, it is estimated that this will increase to about 550 when the Directive extending the legislation to the UK comes into force on 15 December 1999.

The absence of a statutory trade union recognition mechanism remains a matter of concern to ICTU. In fact, the issue has become increasingly contentious. Unions are finding it increasingly difficult to recruit and retain members. They face two main problems. First, multinational companies, particularly those of US origin in the electronics sector, have been unwilling to recognise trade unions and have made it clear that any statutory recognition measures would be unacceptable to them. Second, unions have also had to face increased resistance to recognition from some indigenous employers. An example of this was 1998's bitter dispute at the Ryanair airline, involving baggage handlers, over the company's refusal to recognise the Services, Industrial, Professional and Technical Union (SIPTU).

The Government set up a high-level expert group under P2000 to deal with the thorny issue of union recognition. The group advocated that union recognition should be dealt with through the existing voluntarist system, rather than through any statutory requirement for mandatory recognition (IE9802141F). It proposed that the state's dispute resolution bodies should have an expanded role, embracing the involvement of the advisory service of the Labour Relations Commission, a “cooling-off” period for intractable disputes and, perhaps, a final non-binding recommendation from the Labour Court. However, the Ryanair dispute severely tested this voluntarist formula and, to some degree at least, reduced the possibility that it would be acceptable across the trade union movement (IE9803114F). By the end of 1998, ICTU had made its final submission to a reconvened high-level group, and was calling for mandatory employer acceptance of

Labour Court recommendations and attendance at Court hearings. However, ICTU also indicated that it would be prepared to agree limits on the rights of unions to strike in essential services, a key employer demand for many years.

Industrial relations and the impact of EMU

One of the primary goals of P2000 was to ensure that the criteria for EMU membership were met. Paragraph 2.1 of the agreement states that “ this partnership is predicated and dependent on continued strong growth in the Irish economy. Fundamental to its successful implementation and the benefits it will bring to our economy and society, is the management of our public finances in accordance with the Maastricht criteria, and the EU Stability and Growth Pact.”

Ireland was well placed to qualify for EMU. The national debt had been significantly reduced, the government budget deficit turned into a surplus and inflation was low. However, a tight balance has had to be struck between adhering to the strict fiscal constraints required for EMU qualification and funding initiatives to tackle Ireland’s social problems, such as long-term unemployment.

There has been some debate over the possible impact of EMU on Irish industrial relations. For many commentators the critical issue relates to Irish competitiveness in relation to the UK. P2000 advocated that “ in the context of Irish membership and possible UK non-membership of EMU

and the possible occurrence of a depreciation of sterling” , a number of measures contained in the 1996 NESC report which formed a basis for the P2000 talks (*Strategy into the 21st century*) should be in place. These measures include: “ coordinated wage bargaining in the context of a negotiated social partnership programme; continuous efforts to strengthen the underlying competitiveness of the Irish economy; and a further reduction in the non-wage costs of labour, through reform of tax and PRSI [social security contributions]” .

The Economic and Social Research Institute (ESRI) has warned of the dangers of a rapid loss of competitiveness in the Irish economy through excessive pay settlements that are above those in other countries within the euro zone. It is suggested that the underlying problem is to reduce excessive wage expectations on the part of large sections of the workforce in a context of strong economic growth.

Conclusions and outlook

The Irish economy has continued to grow strongly in 1998 and the social partners responded positively to the 1999 Budget. In addition, the way appears open for negotiations on a new agreement to succeed P2000. However, in the meantime, difficult issues such as public service pay, trade union recognition and the minimum wage will have to be tackled if new negotiations are to commence. The crisis surrounding public service pay, in particular, is an issue that the government will have to address.

Ireland: 1998 Records

January	<i>Features</i>	New report on social partnership	IE9801109F
	<i>News</i>	Union recognition report supports continuation of voluntarist approach	IE9801239N
		Government accepts record equal pay award	IE9801240N
February	<i>Features</i>	Union recognition report advocates voluntary procedures	IE9802141F
	<i>News</i>	Bausch & Lomb partnership agreement points way forward	IE9802242N
		TEAM increases offer to “ buy out” employment guarantees	IE9802243N
March	<i>Features</i>	The problem of trade union recognition: endangering social consensus in Ireland?	IE9803114F
	<i>News</i>	Ryanair dispute closes Dublin airport	IE9803224N
		Strike figures show further drop	IE9803245N
April	<i>Features</i>	Ireland set to introduce a national minimum wage in 2000	IE9804246F
	<i>News</i>	Moderate elected general secretary of Ireland’s largest trade union	IE9804247N
		National Irish Bank pay review process “ on hold”	IE9804248N
May	<i>Features</i>	Ireland’s National Action Plan on employment	IE9805116F
		Pace of workplace change slow in Ireland	IE9805118F
	<i>News</i>	Marks & Spencer’s new pay rates reflect tighter labour market	IE9805249N
		“ Partnership” seen as “ only way forward” at An Post	IE9805250N

June	<i>Features</i>	Crucial case on trade union recognition and balloting	IE9806249F
	<i>News</i>	Bill to implement parental leave Directive	IE9806251N
		"Wildcat" action by craftworkers ends	IE9806252N
July	<i>Features</i>	Management-union partnerships "are rare in Ireland"	IE9807120F
	<i>News</i>	Telecom Eireann employees buy into ESOP	IE9807253N
		Local bargaining trends show degree of employer flexibility	IE9807254N
August	<i>Features</i>	Majority of TEAM workers opt for transfer deal	IE9808155F
	<i>News</i>	Prime Minister seeks to dampen pay pressures in wake of police pay deal	IE9808256N
		SIPTU's EU-funded partnership project gets underway	IE9808257N
September	<i>Features</i>	National survey on attitudes to trade unions	IE9809123F
	<i>News</i>	Nortel uses Ireland as legal base for EWC	IE9809258N
		CRH dispute a key test for 48-hour week	IE9809260N
October	<i>Features</i>	Ryanair dispute report charts course through troubled waters	IE9810261F
	<i>News</i>	Strong adherence to P2000 pay terms	IE9810262N
		Over 100 agreements registered under Working Time Act	IE9810263N
November	<i>Features</i>	Budget priority should be social welfare and not tax cuts, says ESRI	IE9811125F
	<i>News</i>	"Partnership" deals – signposts to the future?	IE9811264N
		Changing face of industrial relations affects conciliation service	IE9811265N
December	<i>Features</i>	Social partners' body asked to address public service pay problem	IE9812266F
	<i>News</i>	Congress leader attacks "misuse" of sick pay schemes	IE9812267N
		Government IT staff offered "loyalty payments"	IE9812268N

ITALY

Introduction

In the first nine months of 1998, according to the National Institute of Statistics (Istat), Italian GDP rose by 1.6%, a smaller increase than expected. The inflation rate decreased marginally to 1.6%, while the unemployment rate stood at 12.6%, slightly up from 1997. At the same time, the employment rate grew by 0.9%. This can be explained by the fact that the unemployment rate differs markedly between geographical areas – for example, it is particularly high in Southern Italy (23.2%). In addition, unemployment affects women more than men, with rates of 16.9% and 9.6% respectively. In 1998, the public deficit stood at 2.6% of GDP.

Following a political crisis caused by the opposition of the Communist Reconstruction Party (Partito della Rifondazione Comunista, PRC) to the 1999 Budget law, a new centre-left coalition government led by Massimo D'Alema came to power in October 1998. The new coalition is formed by the Ulivo centre-left grouping (which includes the Democratic Left), the centrist Democratic Union for the Republic (Unione Democratica per la Repubblica, UDR) and the Party of Italian Communists (Partito dei Comunisti Italiani), which was created by a split within the PRC.

Key trends in collective bargaining and industrial action

At the beginning of 1998, tensions caused by the government's proposed legislation to reduce the working week to 35 hours (IT9803159N) hampered negotiations over the renewal of sectoral collective agreements (IT9803158N). However, talks resumed in April 1998 (IT9804322F) when the Confindustria employers' confederation agreed that its affiliates should restart negotiations on the renewal of sectoral agreements.

The main national sectoral agreements signed in 1998 were those for the chemicals industry (IT9806325F), parts of the public sector (IT9808329F and IT9811187N), and agriculture (IT9808178N). The first national collective agreement for temporary work agencies was signed in May (IT9806170N).

In February, after negotiations which lasted almost a year, the Italian Banking Association (Associazione Bancaria Italiana, Abi) and the unions signed an agreement that laid the basis for a profound restructuring of the Italian banking sector (IT9803321F). It addressed labour costs – which are the highest in Europe – and overstaffing, by

setting up a redundancy fund, financed partly by the banks and partly by the employees.

In September 1998, the negotiations over the renewal of the national collective agreement for the metalworking industry started (IT9809234F). In view of its traditional "pattern-setting" role, this agreement should have a major influence on the 1999 bargaining round. At the end of 1998, negotiations were hampered by conflicting opinions on working time reduction and wage increases.

At the intersectoral level, in December 1998, the government and 32 interest organisations, including employers' associations and trade union confederations signed a *Social pact for development and employment* (IT9901335F). This pact reduces labour costs and the tax burden on businesses and introduces further training measures. The government and the social partners also confirmed, without amendment, the collective bargaining structure introduced by the tripartite central agreement of 23 July 1993 (IT9803223F), which consists of two levels – a national sectoral level and a decentralised company or territorial level.

Another important issue which received attention at international, as well as at national, level in 1998 was the problem of child labour. In April, the Italian government, the trade unions and Confindustria signed an agreement against child labour (IT9804162N).

Industrial relations, employment creation and work organisation

Employment creation featured as one of the major topics of both government intervention and collective bargaining. The EU *Employment Guidelines* played an important role in prompting government intervention, but the most important factor was the persistently high level of unemployment, particularly in Southern Italy. The government, which discussed its measures in this area with the social partners to varying extents, presented in April its *Economic and financial planning document* (Documento di programmazione economica e finanziaria, Dpef), which included important employment creation policies to be implemented over 1999-2001 (IT9805323F). This document includes: development initiatives in the high-unemployment areas of Southern Italy; the regularisation of "irregular work"; and the reform of income support schemes to encourage re-entry into employment; and training.

Another important government measure was the creation, during summer 1998, of Agensud, a state agency devoted to the promotion of development and employment creation in the South. Agensud will be responsible for promoting major infrastructural projects, advising local authorities and coordinating and rationalising initiatives to create enterprises and employment in Southern Italy (IT9809330F).

In November 1998, the government launched important initiatives in the field of training. First, a legislative decree was issued setting up a national vocational training system, which will entail a structural involvement of the social partners. The decree is based on the idea of concertation (dialogue and consultation) between public authorities and social partners, and strengthens the role of the latter in the development of training activities, the allocation of financial resources and the management of continuing vocational training (IT9811186N). Second, the government put forward a proposal for introducing a form of compulsory vocational training until the age of 18, in order to help economic growth by filling the existing gap between the demand for, and supply of, skills (IT9812334F).

The issue of employment creation was also addressed in tripartite discussions at both national and territorial level. Tripartite negotiations on employment creation were linked with talks over the revision of the tripartite agreement of July 1993. Indeed, at the end of August, both the Treasury Minister, Carlo Azeglio Ciampi, and the then Minister of Labour, Tiziano Treu, stressed that the focus of concertation, after its achievements in incomes policy had led to financial stabilisation, should now move on to employment creation (IT9809235F). The debate eventually led to the December 1998 tripartite social pact that envisaged the use of fiscal policy and training for employment creation and confirmed the July 1993 agreement (see above). Because of differences of opinion among the social partners about the revision of the bargaining structure and incomes policy, it was not possible to make any adjustments to the provisions of the July 1993 agreement. This was despite the fact that a specially appointed committee had presented proposals for modification in early 1998, together with a positive evaluation of the agreement's effects (IT9803223F).

The other aspect of tripartite negotiations on employment creation was at the territorial level. This bargaining activity had basically an operational content and mostly applied previous higher-level agreements. The main "tools" utilised at local level were "territorial pacts" and "area agreements" (IT9803155N, IT9803156N and IT9805169N).

The topic of working time was one of the most controversial in 1998 (IT9811238F). In March, the government issued a draft bill on the reduction of the statutory working week from 40 to 35 hours, starting from January 2001 (see above). For the bill to come into force, it must be passed by parliament and this had not occurred at the end of the year. In early 1999, it was difficult to predict events following late 1998's change in the government coalition. The formation of a new government without the external support of the Communist Reconstruction Party seemed to have reduced the tensions on this issue.

In November, parliament enacted a decree-law on overtime (IT9812192N), aimed at restricting the use of overtime work, which is one of the main methods used by firms to increase working time and make it more flexible.

As for collective bargaining on working time, one of the most innovative aspects of the new agreement for the chemicals sector is that it: fixes the working week at 37 hours and 45 minutes; increases working time flexibility; establishes an "hours bank" in which workers can accumulate overtime; and introduces "work-entry hours", whereby in economically depressed areas a weekly work schedule of 28-32 hours can be used for newly-hired workers, with an equivalent reduction in pay. In the public sector, the agreements for ministry workers and employees of state-controlled and local authorities (see above) introduced a 35-hour working week on the same pay for a limited number of categories of employees (eg shiftworkers).

Working time is also an important issue in company-level bargaining, which often applies the general rules defined through industry-wide bargaining on a case-by-case basis. In 1998, some of the more innovative company agreements were signed in the food sector, as at Galbani, Nestlé (IT9807232F) and Barilla (IT9810331F).

Work organisation issues were developed at many levels. For example, the beginning of the year saw temporary agency work being used for the first time in Italy (IT9801147N). By October 1998, the number of workers on temporary work contracts stood at approximately 40,000, with blue-collar workers slightly outnumbering white-collar workers. Temporary agency workers are used mainly by firms in the industrial sector (71.6%), with the remainder (28.4%) hired in services. Geographically, this form of employment is most widespread in Northern Italy (75% of all contracts), followed by the Centre (17%) and then by the South (8%). Temporary work is more common amongst men than women (21,192 against 17,994).

In April, a communication from the Minister of Labour, Tiziano Treu, defined the terms and conditions for using job-sharing, in an attempt to promote this kind of employment relationship. The communication sets general guidelines and leaves the definition of the detailed aspects to decentralised collective bargaining (IT9805166N).

At sectoral level, the main changes in work organisation have been introduced in the public sector. For example, in June, the Senate voted to allow the introduction of teleworking in the public administration (IT9806173N). Moreover, in order to increase the quality and efficiency of services, the new agreement for employees of ministries, state-controlled bodies and local authorities modified job gradings.

Developments in representation and role of the social partners

The reform of employee representation at company level came to a decisive point in 1998 (IT9804226F) when a draft bill was drawn up by the Labour Commission of the Chamber of Deputies, which would introduce legislation on the “unitary trade union representative body” (Rappresentanza sindacale unitaria, Rsu). Workplace employee representative bodies are currently regulated by the Workers’ Statute, which introduced the plant-level union structure (Rappresentanza sindacale aziendale, Rsa) in 1970. Rsus already exist in practice, having originally been envisaged in the July 1993 central tripartite agreement, which was later implemented by an interconfederal agreement signed in December 1993.

The main innovation of draft legislation is that national-level bargaining could introduce the possibility of establishing workers’ representative bodies for companies with under 15 employees. The proposal also provides for the establishment of a coordination committee for plant-level representative bodies in multi-plant firms, as well as the elimination of the one-third quota of seats which is presently reserved in the Rsu for representatives of unions which signed the sectoral agreement applying to the relevant company. In particular, the latter provision faced strong opposition on the part of social partners, and mainly Confindustria, which fears fragmentation of representation. Another important feature of the draft bill is the link between “representativeness” and the right to involvement in elections for the Rsu: only trade unions that signed the collective agreements which applied to the firm, or with a membership rate of at least 5%, or electoral lists supported by at least 5% of the workforce, would have this right.

In the public administration, a major development was the first election for members of Rsus in November. The most significant results of the elections were the high participation rate and the success of the main trade union confederations, compared with independent unions (IT9812333F). These Rsu elections were required owing to the new rules on public sector employee representation and collective bargaining introduced in August 1997, and also because of the criteria devised to measure the representativeness of trade unions in the public administration. Under this legislation, the degree of representativeness is measured by the average of the membership rate and the votes obtained in the Rsu elections, with a minimum threshold set at 5%, a limit which is expected to lead to a great simplification of representation in the public administration (IT9806229F).

European Works Councils (EWCs) have so far had limited effects on the Italian industrial relations system (TN9807201S). This may be because of: the fact that they are linked to the existing system of Rsu

representation, via the procedure for appointing employee representatives; or because of their small numbers, together with the already widespread presence of information and consultation provisions.

January 1998 saw the end of the separate employers’ associations for the Italian public sector, when Intersind, the association for the publicly-owned enterprises of the Iri group, “directly and totally” joined Confindustria, the largest employers’ organisation for private companies. Public employers’ associations had played an important role in the development of the Italian industrial relations system, their contributions having included: the introduction of complementary bargaining, sanctioned by the Asap-Intersind agreement of 1962; and the promotion of workers’ participation, which was included in pioneering collective agreements signed in 1984-6 (the Iri protocol) and at the end of the 1980s (the Eni and Efim protocols) (IT9802221F).

The representativeness of trade unions was an important issue in industrial relations in 1998:

- the new rules on union representativeness in the public administration were applied for the first time to the renewals of national collective agreements (IT9806229F);
- an important section of the abovementioned draft bill on representation was devoted to the identification of representativeness criteria for unions. The verification of a certain level of representativeness on the part of signatory unions would be the basis for applying a collective agreement to all the workers in a bargaining unit, irrespective of whether or not they are members of the signatory organisations (the so-called “erga omnes” effect of collective agreements) (IT9804226F); and
- the December tripartite agreement in the transport sector setting up a concertation system and defining new rules on the right to strike introduced limitations on access to collective bargaining based on representativeness (IT9901240F).

In each of these cases, the criteria and the threshold applied are the same, almost indicating a “general rule”. Representativeness is measured as the average of the union’s membership rate (its members as a proportion of all union members) and its electoral support (votes received in Rsu elections as a proportion of the total votes cast) in the relevant bargaining unit; and the minimum rate for access to collective bargaining is set at 5%.

An analysis of the membership of the three main union confederations – the General Confederation of Italian Workers (Confederazione Generale Italiana del Lavoro, Cgil), Italian Confederation of Workers’ Unions (Confederazione Italiana Sindacati Lavoratori, Cisl) and

the Union of Italian Workers (Unione Italiana del Lavoro, Uil) – over recent years (IT9803224F) highlighted three principal intertwined trends: the progressive replacement of active members by retired workers, whose constant increase in numbers gives rise to a numerical growth in overall membership, despite a constant fall in the rate of unionisation among employees. These trends confirm the growing difficulties that the confederations are facing in representing employees, also because of the competition from autonomous trade unions, particularly in some tertiary sectors such as transport.

Industrial relations and the impact of EMU

Italian employers' associations and trade unions have fully supported Italy joining EMU. In May, Confindustria approved a document on the consequences of European unification for the Italian economy (IT9805167N). The document stresses the necessity to increase labour market flexibility, to reform the public administration and the training system, and to reduce the tax burden.

According to the unions, monetary unification will also have repercussions on industrial relations. Sergio Cofferati, the general secretary of Cgil, maintained in May that the unions must prepare themselves to play a more active role at the European level. They must press for the introduction of uniform labour legislation in all European countries, while also addressing the question of the introduction of European-level agreements (IT9805324F).

Conclusions and outlook

In 1998 the role of the social dialogue was recognised, particularly in terms of its contribution to employment

creation measures. However, the social partners did not reach an agreement on the revision of the industrial relations rules laid down in the July 1993 tripartite agreement, which were substantially confirmed by the tripartite agreement of 22 December 1998. In fact, trade unions and employers' organisations could not reach a common understanding on the adjustments required to correct the imbalances uncovered by the 1993 agreement's application and to take into consideration the new situation represented by EMU. Therefore, they decided to keep unmodified a system that had yielded significant achievements in reducing inflation and protecting wages.

In 1999, it will be possible to assess both the first results of agreed employment creation policies and the effects that the confirmation of the July 1993 agreement without amendments will have on the collective bargaining round, starting from the renewal of the metalworking industry agreement. The conflicting views of the social partners on bargaining structure and wage increases will have to be dealt with in sectoral bargaining, since they could not find a compromise at the intersectoral, tripartite level.

Other important issues will be: the reform of employee representation; the introduction of verification of trade union representativeness in the private sector; and the definition of the rules for the erga omnes effects of collective agreements. Finally, 1999 will probably be a decisive year for clarifying the objectives of the government and social partners on working time reduction and the 35-hour working week.

Italy: 1998 Records

January	<i>Features</i>	Union confederations sign agreement on supporting job creation in the South	IT9801219F
		European Court of Justice finds Italian state monopoly of job placement services is illegitimate	IT9801317F
	<i>News</i>	Single European currency already creating jobs in Italy	IT9801144N
		Social partners oppose child labour in Italy	IT9801145N
		Reorganisation deal signed at Barilla group	IT9801146N
		Collective agreement signed for temporary agency workers	IT9801147N
February	<i>Features</i>	New rules on the right to strike on the Italian railways	IT9802220F
		Dissolution of Intersind ends Italy's experience of public sector employers' associations	IT9802221F
		Italy's system of "social shock absorbers" examined	IT9802319F
		Further reform of public sector employment adopted	IT9802320F
	<i>News</i>	French and Italian employers united against the statutory 35-hour week	IT9802148N
		Commerce sector liberalised	IT9802149N
		Financial aid for the geographical mobility of unemployed young people	IT9802150N
		Uil holds 12th Congress	IT9802151N
		Railways agreement seeks to boost efficiency	IT9802152N

March	<i>Features</i>	Report assesses July 1993 tripartite agreement	IT9803223F
		Study examines developments in union membership, 1980-96	IT9803224F
		Agreement signed on reducing labour costs and managing redundancies in banking	IT9803321F
	<i>News</i>	Agreement to combat child labour in the leather and suede industry	IT9803153N
		Zanussi adopts code of conduct to prevent sexual harassment	IT9803154N
		New area agreements promote employment and labour flexibility	IT9803155N
		Northern companies foster southern employment	IT9803156N
		New rules on access to social benefits	IT9803157N
		Confindustria opposes the law on the 35-hour week and proposes new dialogue rules	IT9803158N
Government approves bill on the 35-hour week	IT9803159N		
April	<i>Features</i>	Reform of worker representation under debate	IT9804226F
		Negotiations resume over renewal of sectoral agreements	IT9804322F
	<i>News</i>	New rules on access to the healthcare system	IT9804160N
		Tripartite agreement on child labour signed	IT9804162N
		Central agreement on temporary agency work signed	IT9804163N
		Government approves economic and financial planning document	IT9804164N
May	<i>Features</i>	The effects of the July 1993 tripartite agreement on company-level bargaining in 1995-6	IT9805227F
		Employment promotion measures set out for 1999-2001	IT9805323F
		Unions propose European-level collective agreements	IT9805324F
	<i>News</i>	Private employment services now permitted	IT9805165N
		Job-sharing introduced in Italy	IT9805166N
		Employers call for Italian structural reform under EMU	IT9805167N
		Fiat-Hitachi workers oppose repeal of working time flexibility deal	IT9805168N
		30 Milan companies are moving to Crotona	IT9805169N
June	<i>Features</i>	Recent developments in supplementary pension schemes	IT9806228F
		Employee representation in the public administration simplified by reform	IT9806229F
		National agreement signed for the chemicals industry	IT9806325F
		Pay trends in Italy since the July 1993 agreement	IT9806326F
	<i>News</i>	First national collective agreement signed for temporary work agencies	IT9806170N
		Agreement signed for Fiat Melfi subcontractors	IT9806171N
		Workers demonstrate against Government's employment policy	IT9806172N
		Telework introduced in the public administration	IT9806173N
Cisl relaunches trade union unity initiative	IT9806174N		
July	<i>Features</i>	Company-level bargaining underway in the food sector	IT9807232F
		Trade unions seek to represent workers in new forms of employment	IT9807327F
	<i>News</i>	Agreement introduces new system at Poste Italiane	IT9807175N
		Experimental "minimum integration income" scheme introduced	IT9807176N
August	<i>Features</i>	Pensioners' trade unions negotiate social policies with municipalities	IT9808328F
		Agreements renewed for ministries and state-controlled bodies	IT9808329F
	<i>News</i>	Restructuring plan agreed at Ansaldo	IT9808177N
National agreement signed for agricultural workers	IT9808178N		
September	<i>Features</i>	Unions present demands for renewal of metalworking agreement	IT9809234F
		The debate on "concertation" is relaunched	IT9809235F
		Agensud to take role in employment policies	IT9809330F
	<i>News</i>	Crisis at Italtel: 5,000 jobs at risk	IT9809179N
		Government and unions opposed on development, employment and Southern Italy	IT9809180N
October	<i>Features</i>	Flexible job-creation agreement reached at Infostrada	IT9810237F
		Company-level deal at Barilla introduces new working time arrangements	IT9810331F
	<i>News</i>	New industrial relations system introduced at Ferrero	IT9810182N
		Multi-industry agreement signed on apprenticeship in the artisan sector	IT9810183N
		New organisation of production agreed at Cirio	IT9810184N
Child labour: the Benetton case in Turkey	IT9810185N		

November	<i>Features</i>	Working hours still a controversial issue in Italy	IT9811238F
	<i>News</i>	Legislative decree sets up national continuing vocational training system	IT9811186N
		National collective agreement signed for employees of local public bodies	IT9811187N
		Electricity supply liberalised	IT9811188N
		Liberalisation of Rome taxi service causes strike	IT9811189N
December	<i>Features</i>	Local agreements highlight conciliation and arbitration procedures	IT9812239F
		Results of first elections to Rsu representative bodies in the public sector	IT9812333F
		Towards a reform of the vocational training system	IT9812334F
	<i>News</i>	National agreement for tile and pottery industry renewed	IT9812190N
		758 dismissals suspended at Postalmarket	IT9812191N
		Parliament approves law on overtime	IT9812192N

LUXEMBOURG

Industrial relations, employment creation and work organisation

Introduction

Luxembourg experienced a good year in economic terms. According to estimates from the STATEC statistical office, GDP grew by some 5.5% in 1998, while the consumer prices index rose by around 1%, and unemployment averaged 3.1% over the year. The state budget for 1999 will register a small surplus, based on a projected increase in GDP of 4.2%, while the public debt is forecast to account for 4.6% of GDP. Employment rose by some 4.5% in 1998, with a greater increase among cross-border commuters than among Luxembourg residents. At the end of 1997, the population stood at 418,300, of whom 142,800 were foreigners, while paid employment stood at 224,000, including 63,200 cross-border workers.

A coalition government of the Christian Social People's Party (Chrëchtlech Sozial Vollekspartei, CSV), and the Luxembourg Socialist Workers' Party (Lëtzebuergesch Sozialistesche Arbechterpartei, LSAP) was in office in 1998. The next elections are due in June 1999.

Key trends in collective bargaining and industrial action

The social partners had agreed to observe wage moderation and by and large it appears that this undertaking was met in 1998.

There was no increase in the statutory national minimum wage in 1998 and no automatic indexation-related increase in all pay rates – the most recent such increases had been a 3.3% minimum wage rise from January 1997 and a 2.5% general index-linked rise from February 1997. However, the minimum wage was subsequently raised by 1.3% in January 1999, and automatic indexation could lead to a general 2.5% pay rise during the early months of 1999.

Notable collective bargaining developments during the year included: the conclusion of the first collective agreements for temporary agency workers and the permanent direct staff of temporary work agencies (LU9806167N); and a collective agreement for white-collar workers in the trend-setting iron and steel industry (which includes a pay increase of 1.85% over two years) (LU9802144N).

The National Conciliation Office (Office National de Conciliation), which handles industrial disputes, enjoyed a fairly quiet year, although 1998 was not without conflict. Notably, the dispute over civil service pensions resulted in industrial action, including a one-day general strike in the public sector (LU9808173F) and a two-day stoppage on the railways (LU9802145N).

The year was marked by a full agenda of reform in a number of areas. This contrasted with 1997, when Luxembourg's tenure of the EU Presidency in the second half of the year slowed down the tempo of political life. Employment, and the follow-up to the EU *Employment Guidelines*, was among the high-profile issues in 1998. However, it should be noted that this topic is perhaps not perceived as being as urgent in the Grand-Duchy as in many other countries, Luxembourg being one of the few nations to have created new jobs at an annual rate of 3%-5% over the past 10 years or so.

In January, the government decided that Luxembourg's National Action Plan (NAP) for employment in response to the *Employment Guidelines* should be examined by a tripartite forum, including representatives of all the social partners, from February onwards (LU9801138N). After a few meetings, the tripartite talks on employment ground to a halt, having polarised around the question of amending legislation on working time, allowing greater flexibility while gradually reducing working hours, through a "framework law" (LU9804155N).

After resumption of negotiations, the tripartite forum agreed on three main issues:

- it identified the basis on which the legal provisions covering working time would be reviewed. This veered away from a reduction in statutory working hours, and instead provided for greater flexibility (LU9805157F);
- it agreed to increase the contribution of the Fund for Employment (Fonds pour l'Emploi) to most existing measures aimed at integrating or reintegrating unemployed workers, and at the same time it set up a new measure known as a "back-to-work training" scheme. The social partners agreed to make every effort to achieve the EU objectives within 18 months through the creation of 1,800 new jobs (LU9805158F); and
- it proposed the introduction of six months' parental leave for the father or mother to look after a child under five years of age, and six days' annual family leave (LU9805160N).

Unusually for Luxembourg, the tripartite proposals came in for such heavy criticism from the parties concerned (LU9811174F) that the NAP did not come into effect on 1 January 1999, as had been expected (LU9812182F). However, it seemed very likely that the necessary legislation would be passed in February 1999 following substantial amendments by the Council of State and a special commission of the Chamber of Deputies (LU9901187F). The new measures, which had not yet been published in full detail at the end of the year, are aimed at introducing a new flexibility, that will also help workers in organising their private lives.

With this national “marathon” going on during 1998, there were few developments on the organisation of working time or job creation at sector level. The social partners at this level were awaiting the legislation before embarking on any bargaining or other initiatives.

The other big industrial relations issue of 1998 was the government’s plan to reduce public sector pensions, which was a major topic of public debate until August 1998. The reform proposed by the government pursued the dual objective of halting the increase in the cost of public sector pension schemes, and of harmonising the pension systems of the public and private sectors. The difference between pension schemes in the public and private sectors has long been seen as a very sensitive issue, with private sector trade unions calling for convergence through increasing private sector pensions to public sector levels. Given that the positions adopted by the government and the largest public sector union, the General Public Sector Confederation (Confédération Générale de la Fonction Publique, CGFP), were diametrically opposed, the issue had to be progressed before a conciliator (the president of Luxembourg’s civil court of first instance) (LU9804154N). After talks lasting four months, the conciliator presented a proposed solution, which was rejected by a majority of CGFP members (LU9806164F). A subsequent use of the mediation procedure was unsuccessful (LU9807170N), and on 21 July the Chamber of Deputies voted on a law to reduce the pensions of civil servants and state employees, while a general strike was held in protest in the public sector (LU9808173F). It may be that the way in which the two governing parties pushed through the law will have an impact on the outcome of the next general election: civil servants have always been seen as one of their “pools of votes”.

In October 1997, the government had issued a draft law aimed at reforming private sector pensions; it did not seek to make structural reforms, but restricted itself to small, detailed changes and the introduction of a two-tier system of disability pensions. The government came under pressure in the form of a joint platform of seven trade unions calling for an improved general state pension scheme, and thereafter swiftly abandoned its intentions (LU9811175F). The unions’ demands were robustly countered by the employers, and it was agreed that the issue of pensions would be examined as a whole by a tripartite meeting during February-March 1999, as the topic clearly involves employers. The plan to introduce a new half-rate “occupational disability” pension was dropped.

In May 1998, a law was adopted introducing a “dependency insurance” social security scheme, designed to give support to people who can no longer carry out “activities of daily living” on their own (LU9806165F). This new legislation was given a warm welcome, but the funding, and particularly the employers’ contribution, is still controversial. The scheme came into force at the beginning of 1999.

Developments in representation and role of the social partners

November 1998 saw important “social elections” of employee representatives, with workers voting for their employee committees/works councils (délégations du personnel), and for representatives in their professional chambers (chambres professionnelles) and on the tripartite bodies which run the various health insurance and pension funds (LU9810172F). The elections for employee committees/works councils covered some 2,500 private sector enterprises with over 15 employees and involved some 145,000 workers. The social elections are important as a gauge of relative trade union strength and in assessing “nationally representative” status, which is important to unions in areas such as bargaining rights and representation on national bodies.

The 1998 elections saw no major surprises (LU9812185N). They confirmed the predominance of the “big two” unions – the Luxembourg Confederation of Independent Trade Unions (Onofhängege Gewerkschafts-Bond Lëtzebuerg, OGB-L) and the Luxembourg Confederation of Christian Trade Unions (Lëtzebuenger Chrëschtliche Gewerkschafts-Bond, LCGB) – and the final demise of the Federation of Private Sector White-Collar Employees (Fédération des Employés Privés, FEP), hitherto considered as representative of private sector non-manual workers. It remains to be seen whether the recently formed Confederation of Private Sector White-Collar Employees (Confédération des Employés Privés, CEP) will now achieve nationally representative status for this group (LU9805162N).

Industrial relations and the impact of EMU

A government reshuffle in February 1998 produced a new minister responsible for the budget and justice, and with “a special mission to monitor and coordinate the introduction of the euro”. The introduction of the euro has not been a major issue. However, the social partners are now clearly considering the impact that the introduction of the euro will have on employment levels, especially in banking, one of Luxembourg’s key sectors.

Conclusions and outlook

Positive economic and employment trends persisted in Luxembourg in 1998 and the policy of wage moderation remained largely intact. A key concern in 1999 will be the formulation of a new NAP, as well as the reform of the pension system (especially in the context of the general election).

Luxembourg: 1998 Records

January	<i>News</i>	Strike called in public transport	LU9801137N
		Tripartite meetings on employment scheduled for February	LU9801138N
		Agreement signed at Cargolux SA	LU9801139N
		Cooperation deal signed by Employment Administration and temporary agencies	LU9801140N
February	<i>News</i>	Tripartite meeting on bus drivers' hours	LU9802143N
		New agreement for white-collar workers in iron and steel	LU9802144N
		48-hour strike on Luxembourg Railways	LU9802145N
		"Last chance" meeting in the public sector ends in failure	LU9802146N
		Trade union proposals for introduction of parental leave	LU9802147N
March	<i>Features</i>	Study examines structure of earnings and pay in Luxembourg	LU9803148F
	<i>News</i>	Labour market figures presented in a new form	LU9803150N
		Tripartite committee on employment starts work	LU9803151N
		Public sector conciliator starts work	LU9803152N
April	<i>News</i>	Bus drivers tripartite committee makes progress	LU9804153N
		Successful conciliation expected in the public sector	LU9804154N
		Tripartite employment negotiations underway again	LU9804155N
		Council of State formally opposes draft legislation on professional chambers	LU9804156N
May	<i>Features</i>	National Action Plan includes measures to modernise work organisation	LU9805157F
		Labour market measures in the National Action Plan for employment	LU9805158F
	<i>News</i>	Conciliation continues in public sector dispute	LU9805159N
		Tripartite committee determines guidelines for parental leave	LU9805160N
		New scheme combines the environment and job creation	LU9805161N
		New confederation for private sector white-collar workers	LU9805162N
June	<i>Features</i>	Breakdown of conciliation talks on civil service pensions	LU9806164F
		New legislation introduces dependency insurance	LU9806165F
	<i>News</i>	Representative unions protest over banks' social plans	LU9806166N
		First collective agreements for temporary agency staff	LU9806167N
July	<i>News</i>	Agreement in sight on bus drivers' hours	LU9807169N
		Mediation breaks down in civil service pensions dispute	LU9807170N
August	<i>Features</i>	General strike as civil service pensions law is adopted	LU9808173F
October	<i>Features</i>	Trade union campaigning underway for important representative elections	LU9810172F
November	<i>Features</i>	Problems in transposing the National Action Plan on Employment	LU9811174F
		Joint union platform calls for a structural overhaul of pensions legislation	LU9811175F
	<i>News</i>	Conciliation on public sector pay	LU9811176N
		Negotiations start on new banking agreement	LU9811178N
		New employment initiative in the north of Luxembourg	LU9811179N
December	<i>Features</i>	More flexible working time sought in public sector	LU9812177F
		Temporary agency work: from suspicion to general acceptance	LU9812181F
		National Action Plan for employment not yet in force	LU9812182F
	<i>News</i>	Unions meet government over pensions restructuring	LU9812183N
		Unanimous agreement on lowering sickness insurance Fund contributions	LU9812184N
		"Social election" results: demise of FEP confirmed	LU9812185N

THE NETHERLANDS

Introduction

The Dutch economy had another relatively good year in 1998, with GDP growing by 3.7%, compared with 3.6% in 1997. However, in the course of the year growth slowed down, especially in manufacturing industry, falling to 3.1% in the fourth quarter. Inflation averaged 2% over 1998, compared with 2.2% in 1997.

Employment increased by nearly 200,000 in 1998, with the numbers of both people with “permanent” jobs and “flexible workers” increasing strongly. Unemployment dropped to 6.5% of the national workforce over the course of 1998. However, a large number of workers – predominantly at the lower end of the labour market – have effectively been excluded for a long time.

A second “purple” coalition government, made up of the Labour Party (Partij van de Arbeid PvdA), the Liberal Party (Volkspartij voor Vrijheid en Democratie, VVD) and the social democratic Democraten 66 (D66) was formed after the general election in May 1998, which resulted in a left-wing majority in the second chamber of parliament.

Key trends in collective bargaining and industrial action

Collective bargaining in 1998 was largely dominated by issues such as stress at the workplace, pensions and related schemes, “employability” and flexible pay arrangements.

Most voluntary early retirement (VUT) schemes have been substituted by more flexible “pre-pension” systems. The trend of replacing traditional pension systems, based on final wages and a set level of benefits, with systems based on average wages and a set level of contributions seems to be continuing, albeit slowly. In 1998, negotiations between the government and central employers’ and employees’ organisations resulted in an agreement to curb the costs of pension schemes and, consequently, labour costs (NL9808194F).

In the Netherlands, employees’ low average working hours often mean heavy workloads, resulting in stress and stress-related absences from work. This issue was addressed in the collective bargaining process in 1998 (NL9802161N, NL9802163N and NL9804173N). The issue of “employability” also drew a lot of attention in bargaining at the beginning of the year. However, differences of opinion between employers and unions meant that relatively few companies reached concrete collective agreements on this subject. A deal was concluded at the ABN Amro bank, where employees

received a guarantee of employment until 2001 in exchange for their willingness to participate in training courses and to work flexible hours (NL9808196N). Similarly, large multinationals such as Unilever and Akzo reached agreements on employer contributions towards employee training (NL9804175N).

Flexible and performance-related forms of pay are making up an ever-increasing part of employees’ salaries, and this trend seems to be persisting (NL9801155N). More than in the past, unions are now willing to enter into agreements on this subject, although they do not wish to see flexible pay replace regular forms of remuneration (NL9803166N). One form of flexible pay, share options, was a source of much debate in the first half of 1998 (NL9801154F). Due to a sharp rise in share prices, many senior managers of listed companies saw their incomes rise dramatically (NL9805177F). Trade unions and the government were unanimous in condemning the effects of this form of payment. As a result, wage moderation – one of the cornerstones of the Dutch “polder model” (its system of consensus and consultation) – suffered in terms of its credibility. Unions in the private sector demanded an equal share in the recent economic prosperity for all employees, while public sector unions called for alternative forms of pay for their members.

Most collective bargaining retained a highly national character, as opposed to a European one. If anything, there was a trend towards greater decentralisation of bargaining to the company level. An example was provided by the efforts of employers in the banking and healthcare sectors to achieve separate company agreements instead of the current sector-wide collective agreements (NL9811105F). This fits in with the legislative trend of allowing social partners to reach more agreements at company level, as was the case with recent amendments to the Works Councils Act (NL9802162N), the Working Hours Act and the Working Conditions Act (NL9812112F).

Strikes remain a relatively uncommon occurrence in the Netherlands. Nevertheless, 1998 was not a quiet year, with small and large-scale actions occurring, primarily in the transport sector and in the public sector. The liberalisation of public transport strained labour relations in this sector, and negotiations between employers, trade unions and the minister concerned were often accompanied by wildcat strikes by drivers and engineers (NL9805179N and NL9806187N). Until now, unions have been quite successful in shielding employees from the worst consequences of the liberalisation process. The trend to initiate legal proceedings regarding such strikes, which have potentially serious consequences for third parties, continued in 1998 (NL9804170F and NL9812113N).

The year saw a number of major conflicts in the public services and (semi) government sectors (NL9810103F), including hospitals (NL9805181N), and in the education (NL9802161N and NL9812116N) and welfare sectors

(NL9806185N). A number of these conflicts remained unresolved at the end of the year. According to the unions, wage trends in these sectors have for a long time lagged behind the private sector, while workloads are often exceptionally high. Employers in these sectors are highly dependent on collective funding for their budgets, while the budget allocated by the government is bound by the limits set in its September 1998 coalition agreement (NL9809198F). Civil service unions announced that they would resist the budget cuts proposed by the ministries in the coalition agreement, while the police force saw conflicts regarding workloads and pay (NL9810104N).

Industrial relations, employment creation and work organisation

Part-time work was an important issue in 1998. Following rejection by the First Chamber of a legislative proposal aimed at guaranteeing the right to work part time in late 1997, two opposition parties submitted new proposals in February 1998 (NL9803164F). Proposed statutory regulations regarding part-time work were finally set out in the new government's coalition agreement in September, following difficult negotiations between the parties. The subject is to be included in a Work and Care Framework Act (Kaderwet Arbeid en Zorg), covering all forms of leave as well as provisions for part-time employment. A legislative proposal to this end was submitted to the Second Chamber in late December. The proposal centred around a legal right to modified working hours – ie, either longer or shorter hours – for public and private sector employees, in the absence of overriding business interests. Agreements on part-time work have been included in approximately 60% of collective agreements. Despite the fact that the social partners represented in the bipartite Labour Foundation (Stichting van de Arbeid, STAR) have generally been in agreement on this point in the past, there are clear differences in emphasis. In 1998, employers drew attention to the tight labour market, while unions stressed the factor of increased workloads. Furthermore, over the course of the year, there were calls to lengthen the working week (NL9804173N and NL9811109N).

Labour market flexibility will be influenced significantly by the new Flexibility and Security Act (Wet Flexibiliteit en Zekerheid), which was passed in May 1998 and came into force at the start of 1999 (NL9901117F). The Act mainly focuses on creating a new balance between: employers' needs for a flexible response to fluctuations in the supply and demand of products and services; and a basic level of job security for employees with flexible working hours (NL9706116F). The Act eases redundancy regulations and allows employers to sign a series of temporary contracts with an employee. On the other hand, it offers those working under flexible contracts (including employees from temporary employment agencies) the prospect of permanent employment under certain circumstances. In mid-1997, the legislation was

preceded by the WAADI Act, which liberalised labour market access for temporary employment agencies. Both Acts were, for a large part, the result of the combined efforts of the employers' organisations and trade unions within the STAR.

In order to address the problem of long-term unemployment, the government has set itself targets for the reintegration of those affected over the next five-year period. During this time, the government aims to create a situation where unemployed people are assessed in terms of training needs and work experience, and subsequently offered job opportunities or the sound prospect of future employment. The implementation of social security and job creation programmes will also be adapted to this end.

The 1998 government coalition agreement (NL9809198F) laid the foundation for a new structure to oversee the activation of labour market policy. A local public body, the Centre for Work and Income (Centrum voor Werk en Inkomen, CWI), will be responsible for providing access to the labour market and guaranteeing benefits. The execution of the tasks themselves, such as the reintegration of job-seekers in the labour market and the provision of benefits, could then be handled by private organisations. The cabinet aims to limit severely the role of the social partners in the various CWIs. However, both social partners and local authorities will be involved in central monitoring of CWI activities. The unions especially were highly critical of the government's plans to limit the social partners' role.

Another weapon in the fight against long-term unemployment is the intensified use of job-creation schemes such as subsidised labour. As of 1 January 1998, two existing measures in this area – the National Labour Pool (Rijksbijdrageregeling Banenpool) and the Guaranteed Youth Employment Act (Jeugdwerkgarantiewet) – were included in the Job-seekers Deployment Act (Wet Inschakeling Werkzoekenden, WIW). This legislation obliges local councils to help benefit recipients, young people and long-term unemployed people to find paid employment. The new government seeks to create 20,000 entry-level jobs and other positions offering prospects for long-term unemployed people.

In January, the government established a lifelong learning action plan, which focuses on promoting participation in the educational system and stopping students from dropping out of school. The social partners were asked to take concrete steps to bring this initiative to fruition.

The Dutch National Action Plan for employment, in response to the EU *Employment Guidelines*, was presented to the European Commission at the end of March 1998. However, in view of the pending coalition negotiations in the summer, a great many points were left open at the time (NL9805180N).

Still on the subject of employment/unemployment, despite generally favourable economic developments in the first half of the year and the healthy financial position of many companies, the second half of 1998 saw a large number of major or minor company reorganisations involving job losses (NL9811106F). The firms included Philips (NL9811107N), Shell, Baan, Kodak (NL9809100N) and Akzo (NL9811108N). Nearly all subsequent negotiations with trade unions led to agreements on redundancy programmes and, in some cases, staff transfers.

The abovementioned plan for the establishment of CWIs to implement labour market policy forms part of a broader process of "privatisation" affecting the social security system, an area in which the social partners have traditionally played an important role. The implementation of the Unemployment Insurance Act (Werkloosheidswet, WW) and the Occupational Disability Insurance Act (Wet op de Arbeidsongeschiktheidsverzekering, WAO) is also set to be privatised (NL9807188F). In June, an agreement was reached in the STAR over a new executive body responsible for the provision of social security, in which both employers' and employees' organisations will play an active role (NL9806184N). The agreement proposed the future privatisation of the entire social security system – implying an especially radical change of position for the trade unions involved – and took an earlier government proposal for partial privatisation a step further (NL9804174N). The new government's subsequent coalition agreement made no mention of full privatisation: the assessment of disability claims will remain in state hands (NL9807190N). However, the social partners did not move from their positions as set out in the STAR agreement (NL9809198F).

Developments in representation and role of the social partners

The amended Works Councils Act (Wet op de ondernemingsraden) took effect on 4 March 1998 (NL9802162N). The key objective of the amendments was to update the existing law, with a heavy emphasis on the desirability of self-regulation as opposed to elaborate legislation. The act also made it legally possible for employers and works councils to reach agreements independently (and not only on issues laid down in the Act), as had already been happening in practice for quite some time. The most important concrete measure was an amendment to the Act's workforce-size thresholds. Now, all companies employing more than 50 (formerly 35) employees must establish a works council. For companies employing fewer than 50 employees, the new law introduces a personnel forum (personeelsvertegenwoordiging), a kind of mini-works council, which must be set up if requested by more than 50% of the employees. Otherwise, the employer must organise a

biannual meeting of all employees – formerly, this requirement applied only to companies employing between 10 and 35 employees. The Act was also simplified and modernised where possible.

Application of the Works Councils Act in the public service sector caused quite a stir on several occasions in 1998, with government bodies being forced to revoke a number of decisions in cases where the works council had been circumvented or insufficiently consulted. In general, courts appear to be applying the same approach to employee consultation in government organisations as they have with respect to commercial organisations (NL9810102F).

With regard to the structure of social partner organisations, the most important development in 1998 was the merger between four trade unions affiliated to the Dutch Trade Union Federation (Federatie Nederlandse Vakbeweging, FNV). The four unions, representing workers in industry, services, transport and food, formed Allied Unions (FNV Bondgenoten), which is by far the largest union in the Netherlands with approximately half a million members. Membership figures for the main union confederations increased slightly in 1998 (NL9901122N). Another notable development in 1998 was that, for the first time, the FNV-affiliated building and woodworkers' union (Bouw- en Houtbond FNV) accepted self-employed people without employees as members.

Industrial relations and the impact of EMU

As in 1997, wage moderation was a key issue in 1998 in the preparations for EMU. The end of the year in particular saw numerous calls for wage moderation from employers and government. The reactions from trade unions varied widely.

Conclusions and outlook

Collective bargaining in 1998 was dominated by the issues of early retirement pensions, workplace stress, performance-related pay and employability measures. Collectively agreed early retirement schemes are increasingly being replaced by pre-pension schemes, and this debate is likely to continue in 1999. The increase in the value of employee share options has posed a problem for the policy of wage moderation and is therefore under review. Recent years of budgetary stringency have led to industrial unrest in the public sector and many of the issues in dispute remain unresolved at the beginning of 1999. The legislature has been concerned with revisions in regulations on part-time and fixed-term contract work and these topics will continue to preoccupy the political sphere.

Netherlands: 1998 Records

January	<i>Features</i>	Corporate governance: Dutch system under fire?	NL9801154F
	<i>News</i>	Unions claim higher basic wages while employers offer performance-related pay	NL9801155N
		Civil service union supports better pay for workers on job-creation schemes	NL9801156N
		"Employability" proves to be thorny issue in bargaining round	NL9801157N
February	<i>Features</i>	Social partners abandon employee priority for healthcare	NL9802159F
		Training and pay claims prove difficult in 1998 bargaining round	NL9802160F
	<i>News</i>	Secondary education teachers strike en masse	NL9802161N
		First Chamber approves revised Works Councils Act	NL9802162N
		Focus on work-related stress in the Netherlands	NL9802163N
March	<i>Features</i>	New initiatives to grant employees the right to work part time	NL9803164F
		Working Conditions Bill aims to decentralise policy to company level	NL9803165F
	<i>News</i>	"Function contracts" and flexible pay are bargaining bottlenecks	NL9803166N
		Trade union and security company clash over trainees' pay and working time	NL9803167N
		Agreement on healthcare waiting lists as tension rises over bargaining round	NL9803168N
April	<i>Features</i>	Case law governing strike activity reviewed	NL9804170F
		Company doctors criticise privatisation of Sickness Benefits Act	NL9804171F
	<i>News</i>	Arbitration by Prime Minister in healthcare bargaining dispute	NL9804172N
		Dutch employers and employees argue for a longer working week	NL9804173N
		Role of social partners an issue in plans for new social security system	NL9804174N
		New collective agreements concluded at three major Dutch multinationals	NL9804175N
May	<i>Features</i>	New legislation promotes participation of ethnic minorities	NL9805176F
		Share-option schemes for executive directors cause consternation	NL9805177F
	<i>News</i>	Flexibility and security bill adopted by First Chamber of Parliament	NL9805178N
		Wave of strikes hits public transport	NL9805179N
		Netherlands submits employment Action Plan to European Commission	NL9805180N
		Bargaining parties in healthcare reach agreement	NL9805181N
June	<i>Features</i>	Tight labour market challenges Dutch consultation system	NL9806183F
	<i>News</i>	Labour Foundation agrees privatisation of social security	NL9806184N
		Strikes in welfare sector in support of pay demands	NL9806185N
		Gender bias found in healthcare job evaluations	NL9806186N
		"Wildcat" strikes and collective agreements in public transport	NL9806187N
July	<i>Features</i>	Reforming the employee benefit system: how much privatisation?	NL9807188F
		Churches rally against the 24-hour economy	NL9807189F
	<i>News</i>	Social partners criticise new Government's coalition agreement	NL9807190N
		Unrest hits food sector	NL9807191N
		Privatisation of Dutch Sickness Benefits Act said to conflict with European Social Charter	NL9807192N
August	<i>Features</i>	Pensions and pension funds become major issue in Dutch industrial relations	NL9808194F
	<i>News</i>	Labour shortages in sectors with poor terms of employment	NL9808195N
		Agreement on employability and employment security at ABN Amro	NL9808196N
		Kodak wants to close its plant in Soest	NL9808197N
September	<i>Features</i>	Social partners sceptical about new government's programme	NL9809198F
	<i>News</i>	Kodak redundancy plan agreed following threat of court case	NL9809100N
		Small businesses breach recruitment and sickness benefit legislation	NL9809101N
October	<i>Features</i>	Works councils and their right of appeal – current trends	NL9810102F
		1998 sees widespread labour disputes in the social services	NL9810103F
	<i>News</i>	Police union loses legal action over change in work-schedule regulations	NL9810104N

November	<i>Features</i>	Employers seek to restructure collective agreements	NL9811105F
		Wave of reorganisations at major Dutch groups: an end to the "polder model"?	NL9811106F
	<i>News</i>	Philips consults Dutch unions over reorganisation	NL9811107N
		Akzo cuts 200 research jobs	NL9811108N
		Hospitals seek to extend working week	NL9811109N
December	<i>Features</i>	Pension schemes and costs increasingly affect industrial relations	NL9812111F
		1998 Working Conditions Act passed	NL9812112F
	<i>News</i>	Court bans wildcat strike on railways	NL9812113N
		KPN Telecom redundancy plan accepted	NL9812114N
		Unions and opposition parties present joint plan to alleviate poverty	NL9812115N
		Teachers' unions threaten national strike	NL9812116N

NORWAY

Introduction

In 1998, Norwegian GDP grew by 2.5%. For mainland Norway alone (excluding the offshore sector), the growth rate was 3%. The consumer prices index rose by 2.3%. The central government budget surplus, which is transferred to the Government Petroleum Fund, was NOK 34.3 billion. If revenues from the petroleum sector are excluded, Norway had a public budget deficit of NOK 17.1 billion.

The summer and autumn of 1998 were characterised by turbulence for the Norwegian krona (NOK), a rise in interest rates and falling oil prices. This led to increased concern for the Norwegian economy (see below).

The favourable trend in employment growth which was observed in 1997 continued in 1998. Unemployment stood at 3.2% in 1998, compared with 4.1% in 1997. The number of people covered by active labour market schemes was reduced and employment increased by approximately 50,000.

Throughout 1998, Norway had a minority coalition government comprising of three centre parties – the Christian Democratic Party (Kristelig Folkeparti), the Centre Party (Senterpartiet) and the Liberal Party (Venstre). During the autumn, the government came to a compromise with the Conservative Party (Høyre) and the Progress Party (Fremskrittspartiet) regarding the state Budget (NO9811100N).

Key trends in collective bargaining and industrial action

Spring 1998 saw the two-yearly renegotiation of Norway's national sectoral collective agreements. The wage negotiations in the private sector bargaining area covered by the Norwegian Confederation of Trade Unions (Landsorganisasjonen i Norge, LO) and the Confederation of Norwegian Business and Industry (Næringslivets Hovedorganisasjon, NHO) were conducted at industry level – ie the trade union federations affiliated to LO and NHO's branch associations negotiated separately over each agreement (NO9802150F). However, LO and NHO negotiated at confederal level over several issues, including an action plan for the reform of further and continuing training, prior to these industry-level negotiations (NO9804161F).

The bargaining round produced higher than expected wage increases (NO9805164F). Pay growth for 1998 is estimated at 6.25%, varying from 5.5% in manufacturing to 7% in building/construction and

transport. This was far higher than any other year during the 1990s (the 1997 average figure was 4.3%). The growth in real wages for 1998 is estimated to be 3.7%, the highest for the past two decades.

Several of the wage bargaining rounds which commenced during spring 1998 resulted in strikes. This was the case for: the private transport sector; LO-organised employees in the Telenor telecommunications company; and several public sector groups within the Federation of Norwegian Professional Associations (Akademikernes Fellesorganisasjon, AF) and the Confederation of Vocational Unions (Yrkesorganisasjonens Sentralforbund, YS) (NO9806173F). While the parties in the transport sector reached a settlement through new negotiations, the Telenor conflict and several of the strikes within the public sector were resolved through the use of compulsory arbitration by the National Wage Board (NO9810191F).

Concerns for the economy were raised in summer and autumn 1998, following turbulence experienced by the NOK, a rise in interest rates and falling oil prices (NO9812105N). As a result, at a meeting of the "contact committee" on incomes policy in December, the social partners and the government agreed to revive cooperation on incomes policy (NO9812107N). From 1993 until 1998, such cooperation contributed to ensuring moderate wage settlements and thereby enhanced job creation. In December, the government appointed a committee which was asked to make preparations for the spring 1999 wage settlement, with a view to including the further and continuing training reform, amongst other issues. A more long-term committee was also to be appointed, with the task of evaluating measures to ensure full employment. In addition, a committee was to be appointed to take a closer look at the institutional framework for wage negotiations and incomes policy cooperation.

Industrial relations, employment creation and work organisation

In Norway, issues such as the reduction of working time, early retirement policies and other measures aimed at employment growth have not been on the political agenda recently. Instead, the employment debate has centred around a broad political acceptance of encouraging older employees to continue working as long as possible, as well as assisting groups with special needs to be reintegrated into the labour market rather than rely on welfare payments.

Despite the political concern with encouraging people to participate longer in the labour market, other schemes have often had a contradictory effect. A voluntary early retirement scheme was developed through collective bargaining throughout the 1990s. This scheme covers

substantial parts of the Norwegian labour market, and was most recently amended during the 1997 bargaining round, when the eligible age group was extended to include people aged 62 and 63.

Increased benefits for parents with young children may also lead to reduced participation in the labour market with effect from the autumn of 1999, following the introduction of a controversial new child support scheme in autumn 1998 (NO9807180N). Under the scheme, parents of one-year-old children who do not send their child to a publicly-funded nursery school are eligible for a cash benefit. In 1999, the scheme will be extended to also include two-year-old children. Critics of the scheme fear that it may entail reduced labour market participation amongst women, particularly within occupations where there already is a shortage (for example, in healthcare and social services).

During 1998, no substantial changes were made to working time regulations. However, several issues linked with greater labour market flexibility were on the agenda. In connection with the bargaining round, the parties in the metalworking industry agreed to ask LO and NHO jointly to examine new working time arrangements (NO9804162N). Both the needs of employees for flexibility during different phases of their lives and companies' needs for flexibility in increasingly competitive marketplaces are to be examined more closely in a report. Among the measures to be reviewed are the different types of "time savings account" schemes. The deadline for the report was 1 July 1999.

During 1998, the government made it known that it wished to appoint a committee to review the 1977 Worker Protection and Working Environment Act's provisions regarding working time. Owing to skill shortages within certain trades and sectors, the provisions regulating maximum allowed overtime are to be reviewed (NO9810193N).

A publicly appointed committee reviewing issues including current provisions governing temporary work agencies and the hiring-out of labour presented its recommendations in the autumn (NO9809186F). There is a general ban on the hiring-out or leasing of labour in Norway, though with a number of exemptions, including one for temporary work agencies. The committee proposed amending the regulations in such a way that it is the act of hiring *in* labour – and not the act of hiring *out* labour – which is regulated. Businesses would be able to use employees from temporary work agencies in the same type of situations in which they currently may employ persons on fixed-term employment contracts. The main recommendations from the committee were unanimous, but the proposals have been met with some criticism from various trade union organisations.

Reform of further and continuing training/education was put on the agenda in 1997 when a public committee

recommended increased efforts within this area. Prior to the industry-level bargaining in the private sector in 1998, LO and NHO agreed on an action plan on the issue. The two confederations agreed that: employees should have an individual right to leave of absence for educational purposes; people who have not completed 12 years of schooling (primary and secondary school) should be offered the opportunity to do so through the public school system; and further and continuing training/education should be strengthened at the workplace, funded by the labour market parties and the government (NO9804161F).

Several publicly appointed committees subsequently dealt with questions relevant to the reform of further and continuing training/education. Notably, the committee which looked at the rules which govern leave of absence for educational purposes, proposed a system whereby: employees would have the right to unpaid leave for up to three years; the education concerned should be relevant to the labour market, but not necessarily relevant to the employee's present job; employees would have the right to take additional leave once they had been back in employment for twice the length of time of the duration of the leave; and employees who took a brief period of leave could demand a new period of leave after one year (NO9812103F).

Developments in representation and role of the social partners

In 1998, 55% of Norwegian employees were members of a trade union. Union density has remained more or less the same over many years. The vast majority of Norwegian trade union organisations are affiliated to one of the four confederations (LO, YS, AF and Akademikerne). LO is the largest confederation, accounting for around half of all organised employees, but its share of union members has gradually declined over the past years.

Autumn 1997 saw major defections from AF, when several of its affiliates organising employees with higher degrees from universities and colleges left and established a new confederation, Akademikerne. During spring 1998, even more affiliates decided to leave AF (NO9807174F). There are thus now two confederations organising employees with higher degrees.

NHO is the dominant private sector employers' organisation, and has traditionally set the standard for wage determination in other sectors through negotiations with LO. However, there are a number of other employer organisations within the private sector, and competition between different employer organisations over new members and political influence have tended to increase over the past years (NO9809189N).

In February, the representative bodies of LO and NHO approved a new Basic Agreement for the four-year period 1998-2001 (negotiated in November 1997). Among other provisions, the agreement expands the rights of trade union representatives at the overall concern level ("concern representatives"). A specific concern representative may be elected in concerns with more than 200 employees. The rights and duties of union representatives set out in the Basic Agreement are made applicable to concern representatives. In addition, it was agreed that companies which breached information and consultation rights would face economic sanctions.

There were no major changes in 1998 to the regulations governing employee representation on the company board or other decision-making bodies of a company.

The European Work Councils (EWCs) Directive was implemented in 1995/6 by way of a central collective agreement, supported by legislation. The general opinion is that the Directive, so far, has not had any significant impact on employee representation in multinational companies operating in Norway (TN9807201S). The majority of Norwegian-owned companies which are affected had already established EWCs when the Directive was made effective in Norway.

A substantial number of Norwegian employees have the right to be represented in the company board and other decision-making bodies of the companies of which they are employed. The current system for employee representation in a company's decision-making bodies is uncontroversial, and issues relating to the European Company Statute have so far not affected the debate in Norway (TN9809201S).

Industrial relations and the impact of EMU

Norway is not a member of the EU, and the creation of EMU and a common European currency will not have direct implications for the Norwegian economy. The general opinion is that neither EMU nor the euro will entail significant changes to Norway's economic policy or industrial relations system. The main social partner organisations consider that the Norwegian industrial relations system is well equipped to meet the challenges that the introduction of the euro brings. However, they are concerned about the danger of a more unstable Norwegian currency and have suggested examining the possibilities for linking the NOK closer to the euro. Increased volatility of the NOK in autumn and winter 1998 led to a debate on whether or not Norway's stable exchange rate policy is sustainable.

Conclusions and outlook

At the end of 1998, the Norwegian economy faced significant challenges, and there were expectations that unemployment would rise in 1999 and into 2000 (NO9812115N). The 1998 pay settlement led to substantially higher wage growth than had been the case in previous years, and was thus a departure from the moderation which has otherwise characterised the 1990s. During autumn 1998, however, the government and the social partners signalled an interest in revitalising cooperation on incomes policy. It was expected that the 1999 pay bargaining round – a mid-term adjustment of the two-year agreements signed in 1998 – would lead to very moderate wage increases. Questions relating to the planned reform of further and continuing training should feature during the 1999 wage settlement. The labour market parties have been discussing working time arrangements, but any changes to current collective agreements will take place during the main bargaining round in 2000, at the earliest.

Norway: 1998 Records

January	<i>Features</i>	Minister proposes lifting the ban on private employment agencies	NO9801144F
		Uncertainty associated with the 1998 pay negotiations	NO9801145F
	<i>News</i>	Few strikes in Norway during 1997	NO9801147N
		Wage growth figures for 1997	NO9801148N
February	<i>Features</i>	Telework on the Norwegian social partners' agenda	NO9802149F
		The 1998 bargaining round will be at industry level	NO9802150F
	<i>News</i>	Foreign doctors exempted from ban on private employment agencies	NO9802151N
		New provisions in LO-NHO Basic Agreement complicate negotiations between YS and NHO	NO9802152N
		Court cases brought on public sector bargaining rights	NO9802153N
March	<i>Features</i>	Trade unions focus on information technology	NO9803155F
	<i>News</i>	TBU figures show increase in management salaries	NO9803156N
		Industry-level negotiations commence	NO9803157N
		New union confederation excluded from current bargaining round	NO9803158N
April	<i>Features</i>	LO and NHO agree action plan for further and continuing education	NO9804161F
	<i>News</i>	Opening hours to depend on the size of retail outlets	NO9804160N
		Pay settlement for metalworking industry successfully negotiated	NO9804162N
		Gender equality bonuses and significant pay increases in the hotel and restaurant sector	NO9804163N
May	<i>Features</i>	Spring 1998 bargaining round produced higher pay increases than expected	NO9805164F
		Considerable employment growth achieved in Norway	NO9805165F
	<i>News</i>	Strike in the transport sector	NO9805166N
		Proposed tightening of fiscal measures in revised 1998 Budget	NO9805167N
		New collective agreement concluded in banking	NO9805168N
June	<i>Features</i>	New pay agreements concluded for most public sector employees	NO9806170F
		Strikes in the public sector	NO9806173F
	<i>News</i>	Transport sector strike ends	NO9806171N
		New working time schedules agreed in brewing	NO9806172N
July	<i>Features</i>	AF union confederation disintegrates further	NO9807174F
		Revised national Budget accepted in Parliament	NO9807175F
		Growth in sickness absence slows	NO9807176F
	<i>News</i>	Home-based teleworking may soon be regulated by law	NO9807177N
		New collective agreements in the Norwegian oil sector	NO9807178N
		Union dispute over the right to organise in newly privatised enterprises is resolved	NO9807179N
		Social partners sceptical about child benefit reform	NO9807180N
August	<i>News</i>	New Basic Agreements concluded for NHO member companies	NO9808182N
		Public sector trade unions consider cooperation	NO9808184N
September	<i>Features</i>	Municipal sector unions consider agreement on joint cooperation	NO9809185F
		Committee proposes permitting private employment agencies and leasing of labour	NO9809186F
	<i>News</i>	LO launches debate on the future of working life	NO9809188N
		Service employers' organisations to merge	NO9809189N
		Employees with multiple jobs entitled to overtime payments for part-time posts	NO9809190N
October	<i>Features</i>	National Wage Board rules on pay disputes in state and municipal sectors	NO9810191F
	<i>News</i>	Trade union confederations join forces for the first time in a political strike	NO9810192N
		Government to review limitations on overtime work	NO9810193N
		Norwegian Union of Municipal Employees conference focuses on privatisation	NO9810194N
		New NHO director general appointed	NO9810195N

November	<i>Features</i>	Merger of teachers' unions proposed	NO9811196F
		International agreement on exchange of information and good working practice signed at Statoil	NO9811197F
November	<i>News</i>	Compromise reached over 1999 state Budget	NO9811100N
		LO leader wants to debate mediation and industrial action rules	NO9811101N
		NITO will remain a member of AF	NO9811198N
December	<i>Features</i>	Human rights and Norwegian labour law	NO9812103F
		Report on the financing of continuing vocational training	NO9812104F
December	<i>News</i>	Increased unemployment expected in 1999	NO9812199F
		New regulations on employees' access to share options	NO9812115N
		Agreement strengthens cooperation on incomes policy	NO9812116N
		Agreement strengthens cooperation on incomes policy	NO9812117N

PORTUGAL

Introduction

In 1998, the Portuguese economy continued to grow at a rate of 3%. However, the inflation rate of 2.8% (in November) was higher than expected and represented an increase of almost one percentage point in comparison with the previous year. The unemployment rate for the third quarter of the year was 4.5%, the lowest since the beginning of the 1990s, and significantly lower than the same period in 1997 (6.7%). Long-term unemployment was still a persistent problem, as it affected 46% of unemployed people: 62.1% had been unemployed for more than two years, of which 20.5% was made up of young people.

The level of employment increased by 2.6% between the third quarter of 1997 and the same period in 1998. This growth in employment can mainly be attributed to employment creation in the construction and services sectors. However, unemployment was still increasing in the industrial sectors.

The Socialist Party (Partido Socialista, PS) was in government, while the President was also a PS representative, a situation which in principle should ensure institutional stability. For the first time in Portuguese history, referenda were held in 1998, on the liberalisation of abortion laws and on the question of regionalisation. The results were not very encouraging, in the sense that the abstention rate was very high in comparison with parliamentary elections. The voters rejected liberalisation of the abortion laws by a slim margin and voted overwhelmingly against regionalisation. 1999 is sure to see intense political activity, because of parliamentary elections scheduled for October.

Key trends in collective bargaining and industrial action

In 1998, 393 collective agreements were negotiated, according to Ministry of Labour and Solidarity figures, slightly fewer than reported in 1997 (409). There were no significant changes in terms of the relative importance of company-level and sectoral agreements, with sectoral agreements remaining predominant, at 67.2% of all agreements (68% in 1997). Company-level agreements accounted for 27.2% (26.4% in 1997), while adoption agreements – whereby social partners in one area adopt agreements already negotiated elsewhere – comprised about 5.5% of the total.

An analysis of many of the 1998 collective agreements (PT9901123F) reveals:

- a centralisation of bargaining, with about 67% of agreements negotiated at national level. If “multi-district” agreements are included, the percentage rises to 87%;
- a high concentration of agreements in industry, which represents 50.1% of the total, compared with 18.3% in commerce and hotels and 7.0% in transport;
- a high level of company-level agreements in transport, accounting for 82.6% of agreements in that sector. The proportion of company-level agreements drops to around a quarter in industry and to only 18.3% in commerce and hotels; and
- the influence of the two main trade union confederations in bargaining is fairly evenly balanced, with around 45% of agreements negotiated by the General Confederation of Portuguese Workers (Confederação Geral dos Trabalhadores Portugueses, CGTP), 40.6% by the General Workers' Union (União Geral de Trabalhadores, UGT) and 15% by the two working in conjunction. Only 3% of agreements were negotiated by independent unions.

There was some innovation in the contents of agreements negotiated in 1998, with 36.3% covering non-pecuniary matters (15.8% in 1997), with working time the most common issue covered (see below). However, a closer look reveals that the degree of innovation in content is generally very limited, with agreements often repeating provisions already laid down by law.

Ministry statistics show that collectively agreed pay increases negotiated in 1998 averaged 3.3% overall, about 0.5 points above the rate of inflation. According to the trade unions, the pay situation did not improve, with 7.8% of workers receiving only the minimum wage in 1998. Moreover, only 41% of registered unemployed people qualified for unemployment benefit.

With regard to industrial action, 1998 was marked by a number of strikes in the public sector and among related groups. Strikes by port pilots (PT9808191F), lorry drivers (PT9807189N), and workers at the TAP-Air Portugal national airline (PT9804174F) had a major effect because of their impact on the public and their media visibility. The types of strike held and government reactions to them were also significant: the action with the greatest impact was the “self-service” strike conducted by a doctors' trade union (PT9812118N), because of the innovative and illegal form it took.

Industrial relations, employment creation and work organisation

Collective bargaining orientated towards job creation continues to be rare in Portugal. With regard to the

development of public policies, the institutions responsible were particularly active in putting into practice the National Action Plan (NAP) for employment, in response to the EU *Employment Guidelines* (PT9805177F). An assessment made in October by the social partners of the impact of the NAP showed positive results. Attention overall was concentrated on the issues of "employability" and "adaptability".

A national agency is being set up with the aim of educating adults, and improving and strengthening the ties between education/training and business. The agency is the result of a collaborative effort on the part of the Ministry of Labour and Solidarity and the Ministry of Education. Disadvantaged groups have been integrated into the project to increase their employment skills and thus improve their employability.

There was also a move towards a more personalised focus at employment centres, with the guiding principle that no young person should have to wait more than six months without a response to a request for employment. Nine regional employment networks were set up to provide a more flexible and responsive service.

Many problems have been cited with implementing the NAP, such as: a lack of sustainability in an economic structure based on SMEs; a lack of restructuring; the recruitment of poorly-qualified personnel and the paucity of training opportunities; and the prevalence of a fragile structure of education and skills with a predominance of jobs in sectors that are labour intensive and offer low average pay.

A broad debate on the NAP took place among the social partners during the first few months of 1998, and the government incorporated some of the partners' 127 recommendations. The biggest criticisms of the plan were that it was not articulated with areas such as collective bargaining, macroeconomics and public investment. The social partners put out a joint statement in which they made known their intent to follow the implementation and assessment of the Plan and to step up structural changes, especially in work organisation and labour costs.

In terms of public policy-making, 1998 saw considerable change in the area of work and working time organisation:

- the Institute for Development and Inspection of Working Conditions (Instituto do Desenvolvimento e Inspeção das Condições de Trabalho, IDICT) continued its active participation in the European debate on work organisation in the context of the 1997 European Commission Green Paper on *Partnership for a new organisation of work*;
- new legislation (Law 73/98 of 10 November) was passed, designed to regulate some aspects of the transposition of the EU Directive on certain aspects of

the organisation of working time (93/104/EC) (PT9812117N). The new law introduces some changes with regard to Law 21/96 (the law introducing the 40-hour week), notably by increasing to one year the reference period over which working time may be varied around an average, provided this is based on a collective agreement, and introducing a new understanding of the "interruptions of work"; and

- the public administration, through Decree Law 259/98, brought some flexibility to working time by making it possible for public services to remain open on normal closing days, by permitting part-time work, by increasing the degree of freedom that managers have to define work organisation and by creating mechanisms for informing and consulting trade unions on the issue (PT9808194N).

As mentioned above, collective agreements continue to bring some innovation to the organisation of working time. The Ministry's analysis of collective agreements showed that 23.7% of 323 texts examined included some innovation in the organisation of working time. For example, the textiles sectoral agreement envisaged changes such as the creation of special weekend shifts, an increase in the maximum period of continuous work (from five to six hours), an increase in the reference period over which working time may vary around an average (from four to six months) and the concept (known as "hetero-availability") of being available for emergency work during break periods (PT9804173F). Elsewhere, Oporto retail businesses negotiated an agreement allowing Saturday afternoon opening, affecting new employees from 1999, in exchange for various compensations (PT9807187N). New forms of work organisation were also provided for in the agreement for TAP-Air Portugal pilots.

The topic of flexibility, in terms of both new forms of work and work organisation, remained one of the hottest issues of debate among the social partners in Portugal. The debate centred mostly on draft legislation under discussion (part of a large package of employment-related legislative proposals) on issues such as:

- *regulation of bogus self-employment*. In the EU, Portugal is second only to Greece in the percentage of workers who are self-employed (26.9% of the economically active population, against a European average of 14.9%). The objective of the government's 1998 legislative proposal is to regularise situations of bogus self-employment by converting them to fixed-term contracts, and subsequently into open-ended contracts (PT9810101F). This was the second bill to be proposed to address this issue and the debate has been going on since 1996;
- *new regulations on fixed-term contracts*. The number of fixed-term contracts continues to rise, with 19.5% of workers employed under this type of contract in

1998. Proposed new legislation would permit negotiation of up to three successive fixed-term contracts with an employee;

- *new regulations on part-time work.* Portugal has a relatively low percentage of part-time workers and collective bargaining on the issue is limited (PT9803170F). The most controversial aspects of proposed new legislation on this topic (PT9806181F) include the definition of “part time” in terms of the number of hours worked, with the unions of the view that the level proposed is too high. The unions also stated that part-timers are treated less favourably than full-time workers in some areas. Other issues under debate included a right to return to full-time work for employees who switch to part-time work, the introduction of part-time unemployment benefit, and the provision of incentives to employers to use part-time work (strongly rejected by the unions); and
- *controversy over working time legislation.* There was conflict over the interpretation of Law 73/98 implementing the working time Directive (see above), as had previously occurred over Law 21/96 on the 40-hour week.

Young workers, and especially child labour, were the target of continuing action on the part of IDICT through the labour inspectorate and other agencies (PT9807185F).

Equality of opportunity between the sexes is provided for by law and equal pay has been a focus of collective bargaining, but these issues remain social policy concerns. In collective bargaining, positive action to improve equality has been infrequent, but does occur. For example, a number of measures were negotiated in the footwear sector with regard to skill and qualifications structures, given the large number of occupations that are considered “female” in this industry (PT9801159F).

Developments in representation and role of the social partners

In 1998, the representation debate centred on national structures, as well as protection of workers’ rights across national borders. Notable developments included the following:

- a CGTP conference on union organisation reflected the unions’ strategy to make intermediate union structures more efficient, especially at the federation level, by integrating them and reducing their number;
- there was some cross-border joint union action, notably the Europe-wide day of action on the railways, in protest against privatisation and liberalisation, which included strike action in Portugal (PT9811111N). The strikers expressed concern over threats to public services and job security; and

- Spanish and Portuguese unions and governments joined forces at the transnational level to protect cross-border workers, particularly migrant farm workers, who are subject to very precarious working conditions (PT9802167N and PT9810103N).

During the year there was some debate on preparing for transposition of the Directive on European Works Councils, with a new legislative proposal issued in December (PT9901125N). The social partners took up positions on the draft European Company Statute (TN9809201S).

There was discussion, which was due to continue into 1999, on regulating the election of workplace health and safety representatives. The degree and manner of participation in occupational safety and health are limited in Portugal, though worker representatives or, in their absence, the workers themselves have the right to consultation (PT9810100F).

At the national level, tripartite social concertation cooled off somewhat in the later months of 1998, though a large number of measures had been taken and a widespread debate on labour legislation had occurred, as provided for in the 1996-9 tripartite Strategic Concertation Pact (Acordo de Concertação Estratégica, ACE) (PT9810199F). In July, the government and the social partners conducted an assessment of the Pact, noting that there had been a significant delay in implementing measures, especially in the areas of social security, education, and labour legislation (PT9808190F).

Industrial relations and the impact of EMU

A number of the debates in which the social partners were involved in 1998 were related more or less directly to the structural reforms required for the introduction of the euro. This was the case with tax reform (PT9810110F), reform of the social security system (PT9805178F), and clarification of incomes policies.

With budgetary policy very much conditioned by Community restrictions, and with the original policy objectives and structure of the taxation system becoming distorted, the social partners took the opportunity of the 1999 state Budget proposal to call attention once again to the perceived need for changes in the current system. This system is seen in some quarters as unfairly burdening employed workers with heavy taxes, while benefiting other groups.

Reform of the social security system, particularly with regard to objectives and funding, was under debate. In particular, the reduction of labour costs by changing the definition of what constitutes remuneration was discussed in parliament.

There was also heightened sensitivity to the issue of internationalisation of the economy (PT9812114F). After

several transnational companies simultaneously announced they were pulling out of Portugal, unions exhorted the government to intervene more effectively to preserve and attract investment. The electronics industry was particularly hard hit (PT9810104N). The social partners in the textile sector came out strongly against the EU decision not to create international trade barriers to protect the industry (PT9810109N). Bank workers also expressed their concern about future changes due to conversion to the euro (PT9810108N).

Conclusions and outlook

The principal debates in 1998, which are sure to continue into 1999, were the discussions on changes in collective bargaining procedures and especially in labour law, particularly in the context of the ACE (PT9807186F).

Many specialists believe that the set of approximately three dozen legislative proposals presented by the government constituted just another piecemeal modification of the labour laws, serving only to make an already tangled web of regulations even more complicated. The proposals on part-time work, which would make profound changes in the regulation of this type of employment relationship, are set to be the subject of keen debate in 1999. Other proposed legislative measures expected to be significant include those relating to: the definition of remuneration; the system of sanctions for breaches of employment law (PT9802168N); the status of paid holidays (PT9810107N); the election of health and safety representatives; and the wage guarantee fund (PT9810102N).

Portugal: 1998 Records

January	<i>Features</i>	Equal opportunities dominate bargaining in footwear industry	PT9801159F
	<i>News</i>	Social partners discuss national minimum wage	PT9801160N
		Outsourcing at Petrogal leads to labour tension	PT9801162N
February	<i>Features</i>	Collective bargaining and strikes in 1997	PT9802164F
		The lack of company-level bargaining in Portugal	PT9802165F
	<i>News</i>	BCP/BPA deal suggests new tendency in banking bargaining	PT9802166N
		Cross-border employment centre set up in Valença	PT9802167N
	Penalties for labour law infringements under review	PT9802168N	
March	<i>Features</i>	Bargaining on part-time work in Portugal	PT9803170F
	<i>News</i>	Government relaunches social dialogue on strategy for the euro	PT9803171N
April	<i>Features</i>	Textiles agreement provides for working time flexibility	PT9804173F
		TAP-Air Portugal signs "no-strike" agreement	PT9804174F
	<i>News</i>	Pay agreement in the garment industry	PT9804175N
		Siemens redundancies highlight lack of protection	PT9804176N
May	<i>Features</i>	Debate over the National Action Plan for employment	PT9805177F
		Social security reform proposals under debate	PT9805178F
June	<i>Features</i>	Part-time work legislation debated	PT9806181F
	<i>News</i>	Lay-off scheme to be revised	PT9806182N
		Pay dispute at Petrogal	PT9806183N
		Restructuring at Viana shipyards	PT9806184N
July	<i>Features</i>	Transposition of the young workers Directive and the child labour problem	PT9807185F
		Social partners discuss new labour laws	PT9807186F
	<i>News</i>	Retail businesses in Oporto negotiate new working time arrangements	PT9807187N
		First step in privatisation of civil service employment relations	PT9807188N
	Certification of lorry drivers transporting hazardous substances causes strike	PT9807189N	
August	<i>Features</i>	Social partners evaluate implementation of Strategic Concertation Pact	PT9808190F
		Restructuring leads to port pilots' strike	PT9808191F
	<i>News</i>	New law reduces minimum pay discrimination against young people	PT9808193N
		Public administration makes its work organisation more flexible	PT9808194N
	Embroiderers' union protects homeworking conditions in Madeira	PT9808195N	

September	<i>News</i>	Doctors' union fights for improved status	PT9809196N
October	<i>Features</i>	Health and safety bills under discussion	PT9810100F
		New proposal seeks to regularise "false self-employment"	PT9810101F
		Fiscal reform under discussion for 1999	PT9810110F
	<i>News</i>	Unions present wages policy proposals for 1999	PT9810199F
		Creation of a Wage Guarantee Fund debated	PT9810102N
		Portuguese and Spanish unions take joint action to regulate migrant labour	PT9810103N
		Dispute over Grundig workers transferred to troubled company	PT9810104N
		Employer involvement proposed in developing labour legislation	PT9810105N
		Extension of fixed-term contracts proposed	PT9810106N
		Revision of statutory holiday system under discussion	PT9810107N
EMU and the future of bank employees	PT9810108N		
EU decision alarms Portuguese textiles sector	PT9810109N		
November	<i>News</i>	Portuguese unions join in European railway workers' strike	PT9811111N
December	<i>Features</i>	Multinational pull-outs prompt debate on internationalisation of Portuguese economy	PT9812114F
	<i>News</i>	Further debate on working time flexibility law	PT9812117N
		Doctors strike continues	PT9812118N

SPAIN

Introduction

In 1998, the tendency towards economic growth and macroeconomic stability that began in the mid-1990s continued. The year closed with a growth rate of 3.7% of GDP, slightly higher than the 1997 figure of 3.5%. The macroeconomic stability indicators also improved: the public sector deficit fell from 2.6% of GDP in 1997 to 2.1% in 1998; inflation continued to hit record lows (1.8% at the end of the year); and interest rates continued to fall. The government's forecasts for 1999 are for continued economic growth (3.8% of GDP), reduction of the deficit (to 1.6% of GDP) and stable prices and interest rates. The unemployment rate stood at 18% in December 1998, according to Eurostat.

The government and the employers' organisations see these figures in a very optimistic light. In the current situation of political stability and economic expansion, the main objective of economic policy has been to consolidate macroeconomic stability and to accelerate convergence with the rest of the EU. With this goal in mind, the policies of limiting social expenditure and privatising public companies were reinforced in 1998, and economic growth was encouraged through a sharp increase in public investment and a tax policy that favours companies and those in higher income brackets (ES9812290F).

However, these figures are not interpreted with the same optimism in all quarters. The trade unions see the current economic situation as positive, especially the evolution of employment, which rose by 3.5%. Another positive point for the unions is the increase in employment on open-ended contracts, though the rate of temporary employment is still very high. However, they refuse to accept that economic policy should place the objectives of growth and stability before cohesion and social welfare. Budget cuts in education, health and unemployment cover (ES9810286F), as well as the regressive nature of the government's tax reform (ES9803250N) have caused great unrest, threatening serious problems for social dialogue and concertation.

The conservative People's Party (Partido Popular, PP) is in government, with the support of conservative nationalist parties from Catalonia and the Basque Country.

Key trends in collective bargaining and industrial action

The intersectoral bargaining and dialogue agenda was dominated by employment issues in 1998 (see below).

According to figures from Spain's two main trade union confederations – the Trade Union Confederation of Workers' Commissions (Comisiones Obreras, CC.OO) and the General Workers' Union (Unión General de Trabajadores, UGT) – collective agreements concluded in 1998 produced an average pay increase of around 2.6% (inflation stood at 1.8% at the end of the year). The UGT figures find an average annual collectively agreed working time of some 1,756 hours (down from 1,765 in 1997). Although the figures from the two confederations vary, it seems that around 4,000 agreements were signed in 1998, covering over 7 million workers. According to the UGT statistics, there were 2,785 company agreements, covering some 830,000 workers, and 869 sectoral agreements covering over 6.6 million workers. CC.OO finds that there have been changes in the structure of bargaining: while provincial-level sectoral bargaining remains the most important level, national sectoral bargaining is gaining ground.

In 1998, clauses on employment continued to become increasingly important in collective bargaining in large companies, converting temporary contracts into open-ended contracts in line with the April 1997 intersectoral agreement on employment stability (see below), or into "permanent-discontinuous" contracts to fill vacancies or when temporary contracts expire. Figures published in 1998 indicated that clauses on employment featured in 7% of company agreements and affected 18% of the workers subject to company-level collective agreements (ES9809280F). Clauses on net creation of employment affected only 4.1% of relevant workers. Clauses on conversion of contracts affected 11% of workers and those on maintaining employment 17%. Other trends in company bargaining included: the negotiation of early retirement, phased retirement and voluntary redundancy in exchange for recruiting young people; more provisions on collective rights, consultation, control of overtime, trade union guarantees and the involvement of unions in continuing training and health and safety; and restrictions on access to certain bonuses and the erosion of some rights and social benefits.

Notable bargaining developments in 1998 included: a sectoral agreement in metalworking on rationalising the structure of bargaining – the first such agreement to be signed following 1997's intersectoral agreement on bargaining (ES9805153F); an innovative agreement on dismissals for objective reasons in the Vilafranca del Penedès wine-making sector (ES9802244F); the conclusion of a first unified agreement for the 100,000 non-civil service staff of the central state administration (ES9812190F); and an innovative agreement on starting salaries and occupational classification in the chemicals industry (ES9810185F).

High-profile industrial disputes included those at: the Ford Almussafes plant (ES9811288F); Miniwatt (ES9809180F); ENATCAR (ES9806267N); and the

nationalised coal mines (ES9802245F). The year also saw the establishment of the Intersectoral Mediation and Arbitration Service (Servicio Interconfederal de Mediación y Arbitraje, SIMA), with the role of implementing the social partners' 1996 agreement on resolving labour disputes out of court and the regulations accompanying this agreement (ES9809181F).

Industrial relations, employment creation and work organisation

Job creation and the improvement of existing jobs continued to be the main focus of dialogue and social concertation. In 1998, 440,900 jobs were created and the number of persons in employment grew by 3.5%, almost the same rate as the economy (3.7%). This was an even better result than that in 1997, which closed with a 3% increase in employment and an economic growth rate of 3.5%. However, in Spain the "employment crisis" is still a crucial problem because employed people represent only 40% of the active population and almost a third of them do not have stable jobs. It is therefore to be expected that in the next few years, even at the present rate of job creation, unemployment and unstable employment will continue to be major problems.

For the first time in many years, 1998 began with a certain degree of consensus between the social partners on employment policy. This consensus had been laid down in the intersectoral agreement on employment stability signed by the main employers' associations and trade unions in April 1997 and later converted into a law (ES9801239F). The agreement criticised the abuse of temporary recruitment in both social and economic terms, and presented stable job creation as a priority objective. It marked the beginning of a policy of stimulating permanent recruitment through economic incentives and a reduction in the cost of dismissal. The agreement also established commitments to set up bargaining committees on other subjects related to employment.

However, the process of social concertation deteriorated in 1998 and on many questions bargaining came to a standstill, or only partial agreements were reached (ES9812291F). The National Action Plan (NAP) for employment presented by the government in response to the EU *Employment Guidelines* was welcomed by the employers but severely criticised by the unions (ES9805152F), which claimed that there was insufficient public funding and a reluctance to negotiate topics such as a 35-hour working week or penalising the use of temporary contracts. In the second half of the year, the process of concertation was renewed within three bargaining committees examining the promotion of stable employment, part-time contracts and unemployment cover. However, none of these committees reached a tripartite agreement.

The key issues in the employment and work organisation debate in 1998 were thus:

- promoting stable employment;
- reorganising and reducing working time;
- part-time employment; and
- unemployment insurance cover.

The social partners all agree on the positive impact of the 1997 intersectoral agreement for *employment stability*. In 1996, before the agreement, 204,200 open-ended employment contracts were concluded in Spain; after the agreement, this figure rose to 707,500 in 1997 and 971,000 in 1998. This increase in permanent recruitment has not yet had a great impact on the rate of temporary employment but it marks the beginning of a trend that is bringing promising results. The agreement's incentives for permanent recruitment have also encouraged bargaining in large and medium-sized companies, where pacts to stabilise employment have been reached (see above).

Despite the successes, various points of conflict on this topic have also arisen. The trade unions favour penalising economically the use of temporary contracts and not merely providing incentives for permanent contracts. This proposal met with strong opposition from the employers and hesitant backing from the government: the 1999 state Budget included a 0.5% increase in employers' unemployment insurance contributions in respect of employees on temporary contracts, a far lower increase than was demanded by the unions. Differences have also arisen in the promotion of permanent recruitment: with the backing of the employers, the government has considerably increased the general subsidies to companies that provide permanent jobs, whereas the trade union proposal was to establish more selective criteria and to introduce greater control in order to prevent the incentives from becoming indiscriminate subsidies to companies.

Despite the commitments made in 1997 to begin a dialogue on *reorganising and reducing working time*, social concertation at national level has not shown results. The employers continue to favour collective bargaining on this issue at a sector and company level, while the government refuses to act unless the social partners first reach an agreement. However, a number of pacts for employment at regional level have made progress in this direction in 1998 (ES9811188F). In Catalonia (ES9805154F) and Castilla-León, decrees have come into force to promote job creation by reducing and reorganising working hours, and 10 other autonomous communities are studying this question or have reached agreements. Some autonomous regional governments have urged the bargaining parties to reach an agreement and, if they fail to do so, have taken the initiative of unilaterally establishing incentives for job creation. These are innovative measures that pave the way for

worksharing, but the funding is insufficient for them to have a major impact. Furthermore, in collective bargaining there has been no widespread reduction in working hours in favour of job creation.

The government and the employers have long seen the *promotion of part-time employment* as a measure in favour of employment which is an alternative to the union demand for shorter normal working hours. In Spain, part-time employment has been growing slowly but steadily since the early 1990s, but it still represents only 8% of the total – far below the EU average. Paradoxically, it was the trade unions rather than the employers which reached an agreement on this issue with the government in November 1998 (ES9811289F). The deal introduces a new form of part-time employment contract and aims to reflect the content of the 1997 EU Directive on part-time work (97/81/EC), combining labour flexibility with guarantees of non-discrimination and equal treatment. The new part-time contract thus introduces two important new features: a regulation of working hours that – particularly in the case of temporary part-time contracts – seeks to avoid abuses of the system; and a level of social protection comparable to that of full-time contracts. However, the effectiveness of this agreement is doubtful because the employers have opposed it, considering that the new contract is too inflexible for companies.

The social partners all give priority to active employment policies, but the unions feel that this should not involve a reduction in *unemployment insurance cover*. However, in the 1999 Budget, the government has reduced the amount assigned to unemployment benefit by 9.5% over the previous year, stating that this level of funding is sufficient due to the positive trend in employment. This measure has caused great unrest among the unions, which consider the current system of unemployment cover to be too restrictive: at present, only one in two unemployed people receives unemployment benefit, and in slightly over half the cases the benefits are non-contributory and represent only 75% of the minimum wage (ES9810183F).

Health and safety remained a key industrial relations issue in 1998. The industrial accident rate in Spain is still the highest in the EU, and even since the Law on Prevention of Occupational Risks came into force, the rate has continued to increase (ES9806157F). This situation has been a continuous source of conflict, particularly in the sectors with the highest accident rates (ES9810187N). At the end of 1998, a summit on industrial accidents was organised by the Ministry of Labour in order to approve an emergency plan to deal with this problem. Although the plan was welcomed by the social partners, there were differences of opinion: the employers stressed the lack of a culture of prevention among employers and workers; whereas the unions consider that the problem lies in the employers' failure to comply with the existing regulations.

Developments in representation and role of the social partners

The UGT union confederation held its 37th congress in March (ES9804251F). At the congress, UGT set out the main lines of its strategy for the coming years, focusing on employment and the fight for the welfare state. The most noteworthy proposal was perhaps the call for a 35-hour working week established by law and without a reduction in wages. Another point discussed at the congress was organising unemployed people, resulting in the creation of a services structure (information, guidance and training) and a commitment actively to encourage unemployed people to join UGT's sectorial federations. A specific union was also set up for self-employed workers, with its own identity but closely linked to the confederation.

Organising unemployed workers was also a wider theme in 1998. In February, a National Commission of Associations of the Unemployed for Employment (Mesa Nacional de Asociaciones de Parados para el Empleo) was founded by 15 associations of unemployed people, with the objective of claiming "the right to work and social care". The establishment of the committee had a considerable impact, but its activity during the year received less attention.

In February, leadership elections were held in the Spanish Confederation of Employers' Organisations-Spanish Confederation of Small and Medium-Sized Enterprises (Confederación Española de Organizaciones Empresariales-Confederación Española de la Pequeña y Mediana Empresa, CEOE-CEPYME). The employers supported continuity and José María Cuevas won a fifth term as chair of the organisation. The strategy outlined by the leadership included: support for fiscal reform involving a reduction in employers' social security contributions and in the tax on economic activity; calls for the reform of public expenditure on pensions, health and unemployment and criticism of job creation in the public sector as artificial; rejection of the 35-hour working week because it would not solve the problem of unemployment; and renewed criticism of the role of the courts in industrial relations, and particularly in the field of termination of contracts, with a call for the non-intervention of the courts in dismissals and the repeal of legislation dealing with this matter.

Debates on European-level worker representation issues had relatively little impact in Spain during the year. Discussions on the European Company Statute had no great resonance, with worker participation on boards of directors in Spain limited to public or recently privatised companies. The development of European Works Councils in multinational companies operating in Spain is not yet a widespread practice and is largely limited to the automobile and chemicals sectors.

Industrial relations and the impact of EMU

Trade unions, the employers and the government are in favour of the EU single currency because they feel that the monetary strength and stability that it involves will lead to improvements in the Spanish economy. However, each partner emphasises different aspects and different effects that it will have on the social system and on industrial relations.

The employers and the government have stressed the advantages that this new situation will bring for companies and for the competitiveness of the Spanish economy. The forecasts are optimistic: if the current policy of budgetary restriction continues, it will be possible to accelerate the convergence process with the EU and to raise income levels in Spain to the European average in the next four to five years.

The unions have stressed the “other face” of convergence, which is not considered – or only indirectly considered – in the Maastricht Treaty. They have thus demanded that the government make a great effort to bring Spain further into line with Europe in areas such as employment and social protection. The topics of the employment crisis and the welfare state are those that caused the greatest differences of opinion and conflict between the social partners in 1998.

Conclusions and outlook

The themes of job creation and the improvement of existing employment dominated in 1998 and are likely to do so again in 1999. The government's budget cuts in education, health and unemployment cover and its tax

reform continue to cause great unrest, threatening serious problems for social dialogue and concertation.

The social partners' proposals for the 1999 collective bargaining round reveal greater than usual differences amongst the partners and clearly divergent positions on two important topics – the new form of part-time employment contract (see above) and pay increases. There are thus indications that bargaining in 1999 will be quite problematic. CC.OO and UGT want to focus more than ever on employment, highlighting stable employment, shorter working hours and the regulation of temporary employment agencies. CEOE is recommending that employers should reject the new type of part-time employment contract. The disagreements between the unions and the employers on this question – and on the social dialogue process in general – have led to considerable friction and may have repercussions on bargaining. As for pay, conflict may be expected in 1999, because a number of trade unions (and especially UGT) believe that the time has come to obtain a widespread improvement in purchasing power by putting an end to the wage moderation of the last few years. For its part, CEOE is recommending an increase of 1.1%, which is the projected rate of European inflation for 1999 (considerably lower than the official inflation forecast for Spain). The employers' organisation claims that the European figures should be used as a frame of reference to contribute to the process of convergence of the Spanish economy, although it is willing to accept higher increases if they are compensated by significant increases in productivity.

Spain: 1998 Records

January	<i>Features</i>	Survey of collective bargaining in 1997	ES9801238F
		Impact of the “April Agreements” on job security in Spain	ES9801239F
	<i>News</i>	Agreement on Barcelona Metro ends lengthy pensions dispute	ES9801142N
		Trade unions propose measures for unemployed people	ES9801143N
		Dispute between unions and Government over national minimum wage	ES9801240N
		General strike in Spanish mining sector	ES9801241N
February	<i>Features</i>	Transfer of public employment services to Catalonia and Galicia	ES9802140F
		Controversial dismissal provisions in Vilafranca del Penedès wine-making collective agreement	ES9802244F
		Agreement ends strike in nationalised coal mines	ES9802245F
	<i>News</i>	Spanish olive-growing sector prepares new protests	ES9802141N
		UGT signs the construction sector agreement	ES9802142N
		Fears over restructuring at Iberia spark new dispute by pilots	ES9802246N
		BBV bank calls for further labour market reform	ES9802247N
		Spanish employers go for continuity in elections	ES9802248N

March	<i>Features</i>	Basic Statute of the Civil Service agreed	ES9803143F	
		Associations of unemployed people form central organisation	ES9803249F	
	<i>News</i>	Citroën Hispania increases annual working hours	ES9803144N	
		Progress in the prevention of industrial accidents	ES9803145N	
		Spanish unions reject proposals on tax reform	ES9803250N	
		Dispute over public health system funding	ES9803251N	
April	<i>Features</i>	Second National Vocational Training Programme (1998-2002) approved	ES9804152F	
		Unions assess two years of conservative government in Spain	ES9804250F	
		New strategies emerge at UGT's 37th confederal congress	ES9804251F	
	<i>News</i>	Government increases level of social protection for least secure workers	ES9804146N	
		Protests against liberalisation of postal services	ES9804252N	
		Protests against Spanish National Action Plan on employment	ES9804253N	
May	<i>Features</i>	Spain draws up National Action Plan for employment without union backing	ES9805152F	
		Spain's first sectoral agreement on the structure of collective bargaining	ES9805153F	
		Pact for employment agreed in Catalonia (1998-2000)	ES9805154F	
	<i>News</i>	Low-interest loans for companies that create employment	ES9805155N	
		Unions publish manifesto on equal rights for immigrants	ES9805156N	
		Privatisation and industrial plan for Babcock & Wilcox	ES9805254N	
		General strike in olive-growing regions	ES9805255N	
June	<i>Features</i>	"Crash plan" against industrial accidents launched	ES9806157F	
		Initial assessment of the 1997 labour reform	ES9806256F	
	<i>News</i>	National meeting of union delegates asserts unity of action	ES9806167N	
		Economic restructuring underlies crisis in textile and clothing employers' association	ES9806168N	
		Major restructuring plan at Telefónica in Spain	ES9806266N	
		Protest strike over privatisation of ENATCAR	ES9806267N	
July	<i>Features</i>	Working time and employment: the balance sheet so far	ES9807178F	
		Spanish postal service semi-privatised	ES9807278F	
		International conference examines company-level participation	ES9807279F	
	<i>News</i>	Progress in 1998 collective bargaining round	ES9807179N	
		Negotiations start on improvement of part-time work	ES9807280N	
		Negotiations aim to improve unemployment benefit cover	ES9807281N	
September	<i>Features</i>	Dispute at Miniwatt centres on proposed dual pay scale	ES9809180F	
		New organisation established for resolving labour disputes out of court	ES9809181F	
		Employment features increasingly in company-level collective agreements	ES9809280F	
	<i>News</i>	Spain introduces "zero-cost" replacement contracts for maternity leave	ES9809182N	
		Subsidies proposed for companies that introduce 35-hour week	ES9809282N	
		Government earmarks public money to subsidise employment contracts	ES9809283N	
		Workers finally gain right to information about their terms and conditions	ES9809284N	
October	<i>Features</i>	Disagreement between government and unions on unemployment cover	ES9810183F	
		Tripartite employment plan signed in Galicia	ES9810184F	
		Chemicals industry agreement on starting salaries of new workers	ES9810185F	
		Trends in trade union membership	ES9810285F	
			State Budget criticised as "electorally-oriented"	ES9810286F
	<i>News</i>	Incentives to reduce working time and create employment in Catalonia	ES9810186N	
		Massive strikes in mining sector after fatal accidents	ES9810187N	
		Social dialogue encounters problems	ES9810286N	
Major dispute continues at Ford Almussafes		ES9810287N		
November	<i>Features</i>	Employment agreements boost action on new sources of jobs	ES9811188F	
		Agreement at Ford plant in Spain follows long dispute	ES9811288F	
		Agreement between government and unions on part-time contracts	ES9811289F	
	<i>News</i>	Flexibility in exchange for jobs at SEAT	ES9811288N	
December	<i>Features</i>	Single collective agreement signed for state administration staff	ES9812190F	
		Reform of income tax creates controversy	ES9812290F	
		Unions hold day of action	ES9812291F	
	<i>News</i>	Unions rally against social and labour policies of Valencian government	ES9812191N	
		New regional pacts for employment in Spain	ES9812192N	
		Union submits bill to regulate subcontracting in construction	ES9812193N	
		Further redundancies ahead in shipbuilding?	ES9812292N	
		Spanish railway workers join Europe-wide protests against rail liberalisation	ES9812293N	

SWEDEN

Introduction

According to calculations made in December 1998, the economic growth rate was 2.8% and average annual inflation measured by the EU Harmonised Indices of Consumer Prices was 1.1%. Unemployment figures continued to decrease, and the EU harmonised unemployment rate for Sweden fell from 9.1% in December 1997 to 7.5% in December 1998. Unlike 1997, when the fall in unemployment was largely explained not by a corresponding rise in employment but by the fact that the number of full-time students increased, employment started to rise rapidly in the second half of 1998, primarily in the private sector. In some occupations there was even a shortage of qualified labour.

Even though Sweden has decided not to participate in EMU from its inception, the government is firmly resolved to pursue an economic policy that keeps the door open for entry later on. Thus, in 1998 the public budget showed a surplus of 1.5% of GDP measured by EU accounting principles. This meant that the state could start to amortise the public debt, and that the consolidated debt ratio was decreased from 76.6% of GDP in 1997 to 74.2% by the end of 1998.

Parliamentary elections were held in September 1998 (SE9810116N). The result revealed a polarisation in the electorate, as the best performing parties compared with the 1994 election were the Christian Democrats (Kristdemokraterna) and the formerly communist Left Party (Vänsterpartiet). The governing Social Democratic Party (Socialdemokratiska Arbetarepartiet, SAP) won 36.6% of the votes, which was 8.7 points less than in the previous election. Despite the reduction in votes, the SAP remained the largest single party, but had to seek support from other parties to stay in power. The result was a cooperation, though not a coalition, with the Left Party and the Green Party (Miljöpartiet de Gröna), both of which are anti-EU.

In its policy statement, the new government declared its ambition to give cooperation between the social partners increased significance, in the belief that voluntary agreements provide long-term and stable solutions. Thus labour legislation, working time rules, wage formation methods and other matters concerning the relationship between workers and employers should be formulated in cooperation between trade unions and employers' associations.

Key trends in collective bargaining and industrial action

The 1998 central bargaining round at sector level was notable for several reasons (SE9806190F). Bargaining concerned both the public and private sectors, and in almost all sectors agreements of three years' duration or more were concluded, which is comparatively long by Swedish standards (SE9801161F).

Negotiations took a rather different course than previously. Very few notices of industrial action were issued and even fewer were actually realised, though exceptions included painters employed by property companies (SE9806195N) and (informally) air traffic controllers (SE9808105N), while a strike was only narrowly averted among ships' officers (SE9802169N). Most agreements were reached before, or only shortly after, the previous agreements expired. This can largely be attributed to the effect of the procedural agreement for the entire industry sector concluded in 1997 (SE9703110N) and put to the test for the first time in 1998. Also, for the first time in many years, employers and trade unions in the export industries were the first to conclude agreements. This was seen as vital for the whole economy, as the first agreement usually sets the standard for the rest of the bargaining round.

The agreed average increase in wages was 2.6% per year. However, unlike earlier agreements, the 1998 sectoral deals also took account of expected wage drift of 0.5% at local level, based on previous experience. This means that, in fact, wages could be expected to increase by 3.1% in total per year. The assessment of likely wage drift is, of course, uncertain. Partly it is meant as a message to the parties at workplace level, indicating the maximum that the Swedish economy might bear.

The bargaining round also saw a significant breakthrough in the area of working time – see below.

Another issue mentioned in many of the 1998 agreements was skills development. These provisions were usually limited to general declarations stating that all workers are entitled to continuing training, and that employers should map out the training needs for each employee. The financing of such skills development programmes was, however, unclear. At the time the agreements were negotiated it was generally assumed that a tripartite working group convened by the government would propose that the state should subsidise such programmes – for example, by allowing employers a tax reduction calculated on the wages of employees taking part in training activities (SE9810115F). To the disappointment of employers and unions, it later turned out that the government was not yet ready to fulfil the expectations that it had held out when inviting them to talks. It did, however, promise to present a proposal in 1999.

Industrial relations, employment creation and work organisation

In spite of the encouraging trend in the unemployment statistics, the unemployment situation was still troublesome and employment creation continued to be of major concern to the government as well as to the labour market organisations. In its National Action Plan (NAP) on employment that translates the EU *Employment Guidelines* into practice, the government set the objective of reducing unemployment to 4% by the year 2000 (SE9805185F). This should be done partly by traditional labour market measures – ie training and education to increase the employability of people who are, or are at risk of becoming, unemployed. After years of cutbacks, the government will also provide extra money to local authorities to enable them to create new jobs in schools, healthcare and social services.

In order to further growth and employment in the long run, it is also necessary to improve the wage formation process, the NAP stated. This issue, which had already been on the agenda for several years, implies modifying the procedural rules for collective bargaining to prevent the conclusion of wage agreements which do not take account of the national economy as a whole and which force up inflation. On several occasions, the government stressed that this should preferably be achieved by means of procedural agreements between trade unions and employers' associations. Simultaneously, however, an official committee has been working on a proposal for legislation (SE9811121F and SE9812129F).

In October, it emerged that the central social partner organisations – the Swedish Employers' Confederation (Svenska Arbetsgivareföreningen, SAF), the Swedish Trade Union Confederation (Landsorganisationen, LO), the Swedish Confederation of Professional Employees (Tjänstemännens Centralorganisation, TCO) and the Swedish Confederation of Professional Associations (Sveriges Akademikers Centralorganisation, SACO) – had been holding "exploratory talks" on a "pact for growth" for some time (SE9811122N). Their intention was both to agree undertakings to be carried out by themselves and to issue joint recommendations to their affiliates and joint requests to the Government. The wage formation process was one of the main topics. Other areas covered were the confederations' attitude to the EU social dialogue, Sweden's relationship to EMU, fiscal policy, labour legislation and competence issues. Both employers and unions seemed ready to review some of their long-standing principles. Furthermore, both were anxious to avoid state intervention in wage negotiations. Thus it appeared quite likely that they would reach an agreement. However, shortly before Christmas the talks broke down, primarily because of disagreement between SAF and the blue-collar union confederation, LO (SE9901135N).

There was a significant breakthrough on the issue of working time in the 1998 bargaining round (SE9806190F). In the previous round, most trade unions had already called for a reduction of working time. Until 1998, the employers, which had long wanted more flexible rules on the organisation of working time, were opposed to even discussing a reduction. However, most of the 1998 agreements, except those for state employees, contained new provisions on both the length and the organisation of working time.

Some of the agreements provide for a reduction by 27 hours in a year, but leave it to the parties at company level, or even to the individual employers and employees, to decide how it is to be utilised. There are many options available, such as reducing the working week, providing for longer holidays, or saving the reduction from year to year in a working time bank, enabling the worker to retire earlier. Most of the new agreements leave it entirely to the parties at local level to choose between a reduction of 27 hours in annual working time, or a corresponding raise in pay, the size of which is laid down in the sectoral agreement. Thus, the provisions on working time reduction themselves are flexible and adaptable to the needs and wants of individual companies. In addition, most agreements gave the employers a little more room than before to decide unilaterally, or to make agreements with individual workers, on when they are to work.

With these agreements, the social partner organisations hoped that they had averted the calls for a statutory, general reduction of working time. However, both the Left Party and the Green Party have such a general reduction of working time in their political platform, and the government had to agree to appoint a working group with the task of analysing the issue further (SE9810116N).

Developments in representation and role of the social partners

Ever since SAF withdrew from centrally coordinated negotiations in the early 1980s, the role of the affiliates of the central social partner confederations has increased at the expense of the confederations. In 1998, both the tripartite talks on skills development and the talks on a "pact for growth" indicated that this trend might be changing. Not that SAF will actually bargain on wages with the trade union confederations again, but the two sides may be restoring their roles as partners in the dialogue on the labour market.

The year saw few significant developments in the structure of social partner organisations or in rules on employee representation and participation. European Works Councils are not thought to have had a great impact at national level, as they fit relatively comfortably with the Swedish system of representation, while the EU

rules are not as far-reaching as existing national provisions (TN9807201S). The social partners took varying positions on the details of the draft European Company Statute, but there is a general acceptance of employee representation on the boards of such companies (TN9809201S).

Industrial relations and the impact of EMU

SAF hoped that the talks on a “pact for growth” would result in a common position regarding Sweden’s accession to EMU. However, opinions within the trade union movement are divided and none of the confederations seem to have a mandate to take a particular stand on the issue. TCO has nevertheless advocated that employers and trade unions should investigate the possibility of following the Finnish example and establishing “EMU buffer funds” (FI9711138F), to help protect employees against economic fluctuations within EMU, as Sweden will most likely join sooner or later.

Conclusions and outlook

The overriding question for 1999 is whether employers and trade unions will repeat their achievement of the 1930s, when they concluded the historic Saltsjöbaden agreement laying down procedural rules for negotiations and voluntary restrictions on the right to take industrial action, or if the government will find itself compelled to propose legislation. At the beginning of 1999, the government placed two mediators at the social partners’ disposal to encourage them to reopen the talks on a pact for growth.

According to a November forecast from the National Institute for Economic Research (Konjunkturinstitutet, KI), the increase in employment and the decrease in unemployment will continue during 1999. KI, however, doubts that the government’s aim of an unemployment rate of 4% by the year 2000 will be fulfilled.

Sweden: 1998 Records

January	<i>Features</i>	Paper industry agreement likely to set the standard for other sectors	SE9801161F
	<i>News</i>	Pensioner wins challenge to collective agreement	SE9801163N
		New act grants workers leave of absence to start own businesses	SE9801164N
		Employers praise unusual agreement for energy enterprises	SE9801165N
		Committee proposes Act prohibiting discrimination against disabled people	SE9801166N
February	<i>Features</i>	Employers and unions agree on the promotion of a multicultural working life	SE9802167F
		Public employers ordered to act against difficult working conditions	SE9802168F
	<i>News</i>	5% pay deal for ships’ officers averts strike	SE9802169N
		“Golden handshake” worth SEK 58 million causes debate	SE9802170N
		Pakistani factory owner visits Swedish union in project against child labour	SE9802171N
March	<i>Features</i>	Small companies resist collective agreements	SE9803173F
		Proposals on joint administration of supplementary work injury insurance	SE9803174F
		Joint guidelines for telework agreed in the private service sector	SE9803175F
	<i>News</i>	Government proposes law on leave for urgent family reasons	SE9803176N
		Engineering agreements provide for reduction in working time	SE9803177N
44-month agreement signed for textile and clothing industry	SE9803178N		
April	<i>Features</i>	Searching for good practice in the management of ageing	SE9804180F
		Report proposes increased employers’ responsibility for occupational healthcare	SE9804181F
	<i>News</i>	Retail trade agreement favours low-wage earners	SE9804182N
		Changes proposed to legislation on maximum working time at sea	SE9804183N
		Settlement increases unsocial hours bonus for 7-Eleven workers	SE9804184N
May	<i>Features</i>	Lack of macroeconomic analysis said to weaken Swedish National Action Plan on employment	SE9805185F
		Swedish sympathy action for Danish workers challenged in the Labour Court	SE9805186F
	<i>News</i>	No registration for personnel leasing firms	SE9805187N
		Pay agreements and a new pension scheme in local government	SE9805188N

June	<i>Features</i>	1998 bargaining brings moderate pay increases, flexible working time rules and declarations on skill development	SE9806190F
	<i>News</i>	Employers' responsibility for preventing sexual harassment strengthened	SE9806194N
		Painters strike over point of principle	SE9806195N
July	<i>Features</i>	New form of employment security for professional actors	SE9807197F
		LO concerned about measures promoting self-employment	SE9807198F
	<i>News</i>	Pay settlement preserves summer ice-cream for Swedes	SE9807100N
		Employees ordered to pay SEK 1.5 million for competing with employer's business	SE9807199N
August	<i>Features</i>	New legislation proposed to promote employment of older and disabled workers	SE9808102F
	<i>News</i>	Industrial action did not infringe employer's freedom of association	SE9808103N
		Woman appointed president of the Labour Court	SE9808104N
		Property owners sign agreement after two months of industrial action	SE9808105N
		Metal Workers' Union rethinks exceptional agreement	SE9808106N
September	<i>News</i>	Committee proposes legislation to protect teleworkers	SE9809108N
		Swedish-Finnish merger may deprive workers of representation on board of directors	SE9809109N
		Judgment will cost municipalities SEK 1.3 billion in retroactive pensions	SE9809110N
		Labour Court approves compulsory drug tests	SE9809111N
		Exceptional agreement on shop steward's resignation cancelled	SE9809112N
		October	<i>Features</i>
		Committee proposes clarification of employers' responsibility for rehabilitation of employees	SE9810114F
		Tripartite talks on promoting skills development lead to agreement in principle	SE9810115F
	<i>News</i>	Government forced to cooperate after election setback	SE9810116N
		Collective agreement prohibiting engagement of contractors is not contrary to competition law	SE9810117N
		Pay settlement for air-traffic controllers ends flight delays	SE9810118N
November	<i>Features</i>	New scheme enables employees to choose how their pension contributions are invested	SE9811120F
		Sweden should not copy foreign models for mediation, mediators conclude	SE9811121F
	<i>News</i>	"Exploratory talks" start on a pact for growth	SE9811122N
		New working time arrangements lead to more full-time jobs	SE9811123N
		Settlement on maritime subsidies may lead to hiring of non-EU labour	SE9811124N
December	<i>Features</i>	Effects on employment of working time reduction found to be difficult to predict	SE9812126F
		Committee proposes enhanced authority for mediators and restrictions on right to strike	SE9812129F
	<i>News</i>	Actors' strike avoided at the last minute	SE9812127N
		Lack of organisation found to have caused work environment scandal	SE9812128N
		Agreement for broadcasting technicians reached after industrial action	SE9812131N
		Cutbacks at Vattenfall energy group affect 1,000 employees	SE9812132N
		Volvo plans 5,300 job losses worldwide	SE9812133N

UNITED KINGDOM

Introduction

In the third quarter of 1998, the UK's GDP was 2.5% higher than a year earlier. Balance of trade in goods was in deficit by GBP 3.9 billion, compared with GBP 2.6 billion a year earlier. In December 1998, the all-items retail prices index (RPI) inflation rate stood at 2.8%, down from 3.0% in November.

In 1998, the employment rate rose to 73.6% from 73.1% in 1997. The unemployment rate, calculated on the ILO's definition, was 6.2%, down from 6.8% in 1997. However, the fall in unemployment later in 1998 was less than estimated earlier in the year. Total employment grew by 0.9% over the 12 months to September, a figure which included a growth of 2% for employees and a fall in self-employment of 4.5%. Full-time employment grew by 1.3% while part-time employment fell by 0.3%. Again these figures hide a growth in the numbers of both full- and part-time employees and a decline in the numbers of full and part-time self-employed.

The Labour Party was elected to government in May 1997 with a central pledge in the industrial relations arena to "modernise" workplace relations by acknowledging the "dynamic relationship between fairness and efficiency". Labour's first full year in government, 1998, proved to be a busy one as it continued plans to introduce and implement promised industrial relations measures – both national and European in orientation (UK9812166F). Notably, a white paper on *Fairness at work* was published in May (UK9806129F), giving details of a proposed statutory trade union recognition procedure, and outlining a range of other employment law reforms.

Key trends in collective bargaining and industrial action

The UK system of collective bargaining remains largely decentralised, with the coverage of bargaining continuing to decline. The first findings of the 1998 *Workplace Employee Relations Survey* (WERS) were published in October by the Department of Trade and Industry, and revealed that trade unions were recognised for collective bargaining purposes in 45% of all workplaces with at least 25 employees, compared with 53% in 1990 (UK9811159F).

According to the 1998 New Earnings Survey (carried out in April), the average gross weekly pay of all full-time employees had increased by 4.6% since the 1997 survey to GBP 384, while that for part-time employees rose by

10% to GBP 125. Earnings of the highest paid employees increased faster than those of the lowest paid. Managers and administrators were the occupational group with the highest average weekly earnings. Average private sector earnings increased more rapidly than average public sector earnings (5.1% compared with 3.6%) causing some concern to the government early in the year (UK9805126N). Full-time employees worked an average of 40.2 hours per week compared with an average of 19.4 hours for part-timers.

A major commitment of the current government is to introduce a statutory national minimum wage (NMW). The Low Pay Commission (LPC) was appointed in July 1997 to recommend the level of the NMW, and it published its report in June 1998 (UK9807135F). The government welcomed the report and accepted an initial main NMW rate of GBP 3.60 per hour before deductions. It also agreed that all workers aged 16-17 or on formal apprenticeships should be exempt, and that there should be a "development rate". The LPC proposed that an initial development rate of GBP 3.20 should apply to all those aged 18-20 and to all workers starting a new job with a new employer and receiving accredited training. However, the government decided to phase in the development rate in two stages, starting at GBP 3.00 from April 1999 and increasing to GBP 3.20 in June 2000. The government issued draft regulations establishing the NMW for consultation in September (UK9809152N), and the legislation was due to come into effect in April 1999. It is estimated that between 1.7 and 2.1 million employees (7.4% to 9.1% of the total) will be affected by the NMW (UK9812167N).

Industrial restructuring continues to demand rapidly changing work practices and job losses. Despite this, the number of working days lost through industrial action in the 12 months to September 1998 was provisionally estimated to be in the region of 287,000 from 174 stoppages, down on the same period for 1997. Some 48% of the days lost were in transport, storage and communications, with manufacturing accounting for 12% and construction 10%.

Industrial relations, employment creation and work organisation

Employment creation was a major focus of the Labour government's 1998 policy both at home (UK9804116F) and in Europe. In practice, the emphasis lay first on "employability" through education and training and a "New Deal" for unemployed people, and second via the promotion of labour market flexibility. In line with the EU *Employment Guidelines*, the government consulted both the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) about the contents of the UK National Action Plan (NAP) on employment (UK9805122F). The two organisations directly contributed in the form of two joint statements

concerning the “employability” and “adaptability” guidelines, which were incorporated in the Plan. The social partners’ input was coordinated during the first quarter of the year by officials of the CBI, TUC, Department for Education and Employment, Department of Trade and Industry and the Treasury. The NAP stressed that social partners have a valuable role to play in taking the UK’s employment agenda forward. In the area of employability, the social partners emphasised their view of the importance of effective vocational training throughout working life in order to meet rapid changes in markets, technology and work organisation, and to enhance competitiveness and highlight areas where employers and trade unions are working together.

In the area of adaptability, the joint CBI/TUC statement in the NAP stressed that the two organisations fully support proposals to encourage workplace partnerships to promote new forms of work organisation. It is stated that employers’ objectives of more highly trained and adaptable workers and employees’ objectives of employment can be achieved only if organisations are dynamic and competitive. The two organisations also affirmed that:

- government has an important role in promoting and disseminating good practice;
- flexibility in working time is an important element in any new approach to work organisation;
- the implementation of the EU working time Directive will provide an opportunity for the two sides of industry to reach agreements on how best to reconcile the flexibility that employers want with the security that workers need; and
- the CBI and TUC have participated in negotiations at EU level on part-time work to introduce “sensible” provisions to increase security and flexibility.

The social partners’ positions support the theme in the European Commission’s 1997 green paper on *Partnership for a new organisation of work* that the key to improving competitiveness and employment is “through a better organisation of work at the workplace, based on high skill, high trust and high quality”. To achieve this, the UK government has encouraged “partnership” at the workplace, as part of the partnership approach it sees as the central theme of its industrial relations policy, both at national and company level. Ian McCartney, minister of state at the Department of Trade and Industry told an EU conference on social dialogue and the European social model in Vienna in November 1998 that: “For modern companies to succeed, they need to work smarter. Partnerships can help them do that. The best companies in the UK currently practice partnership – it works in both union and non union settings.”

However, there are ambiguities in this approach. “Partnership” is the current “buzz-word” in UK industrial relations and while all sides to the debate – including employers and unions – arguably embrace the rhetoric of partnership, agreement on its meaning and practical application is more difficult (UK9811159F). There is no single model and the TUC’s vision of partnership, preferably through collective bargaining, has to be weighed against some employers’ idea of partnership between management and employees, where the latter need not necessarily be collectively represented.

Partnership arrangements in companies often involve “job security agreements” (JSAs). Case studies have shown how partnership agreements in the form of JSAs are likely to be introduced in very specific circumstances – usually when firms have been wrestling for a protracted period of time with the problems of implementing various quality and flexible-working measures against a backdrop of successive crises and redundancies (UK9810153F).

With regard to more general flexibility issues, while the UK promotes its success in making labour markets more flexible, a recent study by the Cranfield Institute (UK9801192F) indicates that the UK comes top of international “league tables” in terms of two indicators: the ease of hiring and firing employees; and excessive hours worked by employees. In terms of arguably more important measures of flexibility, such as the ability of organisations rapidly to introduce new products and the level of workers’ skills, the UK’s position was highly disappointing. This highlights that the differing interpretations of flexibility can be very important. Furthermore, flexibility is not just about individualising work relationships, as has been the case of the UK, but can also involve collective measures, as in some other European systems. The fact that the present UK government is aiming for both types emphasises the need for a broad approach to flexibility.

The UK government finally implemented the requirements of the 1993 EU Directive on certain aspects of the organisation of working time (93/104/EC) in October 1998, nearly two years after the original transposition deadline (UK9810154F). The Working Time Regulations 1998, which also cover the working time aspects of the 1994 Directive on the protection of young people at work (94/33/EC), incorporated a number of detailed amendments to draft Regulations issued for consultation in April (UK9806129F). Their key provisions essentially remained the same, reflecting the requirements of the two Directives. Nevertheless, there was criticism from the CBI and other employers’ organisations that employers had been given insufficient time to adjust to the new legal environment. The TUC criticised the scope for “workforce agreements”. The flexible application of some of the Regulations’ provisions is possible by means of collective agreements between

employers and trade unions or, in the case of groups of workers who are not represented by recognised unions, by means of “workforce agreements” (a new mechanism in UK employment law) signed by a majority of the workers concerned.

A further controversial aspect of the Regulations is that individual employees can voluntarily agree with their employer in writing that the 48-hour limit on average weekly working time should not apply in their case. The UK and (to a lesser extent) Ireland are the only EU countries to have taken up this “individual opt-out” option allowed by the Directive.

Developments in representation and role of the social partners

A key issue in UK industrial relations is the so-called “representation gap” – whereby a significant and growing proportion of the workforce is without trade union representation or other independent employee representation (UK9811159F).

Proposals for a statutory trade union recognition procedure were at the centre of the *Fairness at work* white paper published in May (UK9806129F), following a partial agreement between the CBI and TUC (UK9801194F) and significant disagreements on some issues (UK9803113N). The white paper proposed legislation to provide for union recognition where this is favoured by a majority of an appropriate group of employees. In the absence of voluntary agreement with an organisation employing over 20 employees, unions could apply for statutory recognition, which would be awarded if various conditions were met (relating to membership and support in the bargaining unit). Trade unions, with some reservations, generally welcomed the proposals, while the CBI, though calling the recognition plans “workable”, argued that “this white paper, taken with other new regulations such as those on working time and the national minimum wage, will add new burdens on business” (UK9808145N).

Months of lobbying by the TUC and CBI followed the publication of the white paper. In December, when the government revealed the results of its consultations by outlining the details of the forthcoming legislation, it became clear that a number of “refinements” had been made (UK9901173F). These arguably tended to reflect the priority given to maintaining the government’s “business-friendly” credentials, representing a further move towards meeting employer concerns and diluting some elements favoured by the unions. The CBI described the changes as going “some way to meeting business concerns”, while the TUC expressed its disappointment.

In February, the Department of Trade and Industry launched a public consultation exercise on government

proposals for new rules on consulting representatives of employees affected by redundancy or a change in ownership of the business for which they work (UK9803109F), with the aim of creating a clearer legal framework. However, ministers’ readiness to initiate these reforms in the specific areas of collective redundancies and business transfers, and their belief that “consultation is an important aspect of promoting the partnership approach to employment relations and helps business competitiveness”, does not signal a willingness to embrace the European Commission’s wider agenda for statutory employee information consultation in national enterprises, on which a draft Directive was issued in November (UK9811162N).

In its *Fairness at work* white paper, the government welcomed the extension to the UK of the European Works Council (EWC) Directive (94/45/EC). The paper stated that the government intends to consult widely on the details of national legislation to implement the Directive, which is to be in force by December 1999. The TUC estimated that over 60% of UK-based multinationals currently covered by the Directive had already agreed to the establishment of EWCs or were in negotiations to do so. However, according to a report to the 1998 TUC congress, the pace at which agreements were being signed had slowed significantly.

The CBI and TUC remain the predominant “social partner” organisations representing UK employers and trade unions respectively, as evidenced, for example, their role in the preparation of the UK’s NAP. The two organisations predominantly, though not exclusively, provide the social partner representatives on tripartite bodies such as the Advisory, Conciliation and Arbitration Service (ACAS), the Health and Safety Commission (HSC) and the Low Pay Commission. The CBI’s representativeness is effectively unchallenged except in the small firms sector where a range of organisations compete with the CBI for influence with government. Despite the continuing decline in union membership and the existence of a number of non-affiliated unions of significant size, the TUC remains unchallenged as the principal trade union confederation in the UK. A much smaller organisation grouping unions representing managerial and professional workers – the Managerial and Professional Staff Association (MPA) – also exists, but a significant proportion of its membership overlaps with that of the TUC.

Industrial relations and the impact of EMU

The Labour government has virtually ruled out entering EMU during the current parliament, taking the position that the UK should join a successful single currency, but provided that a range of economic conditions are met. The CBI is also in favour of UK entry into EMU when the economic conditions are right. The tone of TUC’s

comments on adopting the euro is positive, though its formal policy of encouraging public debate about the issue is more neutral. In practice, a range of views are held in both union and business circles (UK9802102F).

However, it has been argued that EMU will have very similar industrial relations implications across the EU regardless of whether a Member State joins (*A preliminary review of the industrial relations implications of Economic and Monetary Union*, K Sisson, J Arrowsmith, M Gilman and M Hall, Warwick Papers in Industrial Relations, No. 62, January 1999). An important consideration for the UK is that, as an extremely open economy, it is both home and host to a larger number of multinational companies than any other EU country, and MNCs are likely to be a significant conduit through which information and ideas will flow from country to country around Europe. From this point of view, it is difficult to envisage that the UK will be immune from industrial relations developments in the EMU countries or the implications of greater transparency of pay and costs that EMU brings. A second consideration is that the UK will not be able to escape the pressure for restructuring that EMU is likely to generate. A third consideration is that the tight controls on public expenditure that EMU brings are also likely to be as much a feature of the UK as they are for other countries. Finally, having signed up to the "social chapter" of the EU Treaty, the UK will in practice be affected by continuing developments in the EU social dimension, which are likely to be much influenced by the course that EMU takes.

An interesting example of the potential implications of EMU for pay bargaining in the UK was the 1998 agreement at Vauxhall, linking pay to the Deutschmark (UK9805127N).

Conclusions and outlook

As in 1998, the Labour government's legislative agenda is again likely to dominate the industrial relations scene in 1999. The bill to give effect to the *Fairness at work* proposals for new individual, collective and "family-friendly" employment rights was expected early in 1999. As well as the trade union recognition issue, the bill was expected to include:

- changes to the law on industrial action ballots and the dismissal of workers taking industrial action;
- provisions to implement EU Directive 96/34/EC on parental leave;
- a ban on discrimination based on trade union membership, including "blacklisting";
- a right to be accompanied at disciplinary and grievance hearings; and
- financial support to promote partnerships at work.

Both the CBI and the TUC can be expected to campaign intensively in an effort to influence the final shape of the legislation.

Implementation of the EWC Directive is due by 15 December 1999. The government is to implement the Directive by means of regulations and a consultative document setting out its detailed proposals was expected in the early part of 1999, prior to draft regulations being laid before parliament for approval. Finally, the National Minimum Wage Act comes into force on 1 April 1999.

United Kingdom: 1998 Records

January	<i>Features</i>	"Fashionable" flexibility?	UK9801192F
		Costs of UK labour turnover increase	UK9801193F
		Union recognition: UK social partners reach partial agreement	UK9801194F
	<i>News</i>	Equal opportunities on social partners' agenda	UK9801195N
		Little cheer at Christmas for many workers	UK9801196N
		New Jaguar model to be produced at Halewood	UK9801197N
February	<i>Features</i>	EMU and UK industrial relations	UK9802102F
	<i>News</i>	Voluntary code of practice on age discrimination proposed	UK9802102N
		Test cases pave the way for mineworkers' ill-health claims	UK9802103N
		National Minimum Wage bill to exclude armed forces	UK9802104N
		Social partners deadlocked over union recognition	UK9802105N
March	<i>Features</i>	Performance-related pay in the UK	UK9803107F
		The UK and the international division of labour	UK9803108F
		Government proposes employee consultation reforms	UK9803109F
	<i>News</i>	Government presents "back to work" Budget	UK9803111N
		Social partners support the Government's vision of a "learning society"	UK9803112N
		Unions threaten to call emergency conference over recognition rights	UK9803113N
		Yet another UK car plant comes under threat of closure	UK9803114N

April	<i>Features</i>	Government plots course to the “learning age”	UK9804115F
		The “back to work” Budget	UK9804116F
	<i>News</i>	Threat of industrial action grows as teachers unions’ fight “bureaucracy”	UK9804117N
		“New Deal” programme may be heading for a crisis	UK9804118N
		Social partners move closer on trade union recognition	UK9804119N
May	<i>Features</i>	The UK “productivity gap”	UK9805121F
		Social partners make joint input to UK National Action Plan on employment	UK9805122F
		Government acts on EU working time Directive	UK9805123F
	<i>News</i>	TUC black workers conference examines union membership and New Deal	UK9805124N
		Election of new rail union leader sparks fears of militancy	UK9805125N
		Government calls for tougher stance on private sector pay	UK9805126N
		Vauxhall links new pay deal to exchange rate	UK9805127N
June	<i>Features</i>	Government unveils proposals for a fairer workplace	UK9806129F
	<i>News</i>	Government announces National Minimum Wage	UK9806131N
		Rail and Underground workers vote for industrial action	UK9806132N
		Latest New Deal statistics released	UK9806133N
		TUC report highlights membership problems in services	UK9806134N
July	<i>Features</i>	The National Minimum Wage: Report of the Low Pay Commission	UK9807135F
		Corporate mergers and takeovers: lessons from the UK	UK9807136F
	<i>News</i>	“Whistleblowers’ Charter” becomes law	UK9807137N
		The return of the productivity problem	UK9807138N
		Information technology “important for industrial relations”	UK9807139N
		Public sector receives spending increase	UK9807140N
August	<i>Features</i>	How do UK managers “learn to manage”?	UK9808142F
		Youth income and expenditure: Will the National Minimum Wage help?	UK9808143F
	<i>News</i>	Shortage of nurses leads to calls for higher pay	UK9808144N
		Social partners respond to <i>Fairness at work</i> white paper	UK9808145N
		“Fat cat” directors’ pay back in the headlines	UK9808146N
		Social partners call for interest rates to be cut	UK9808147N
September	<i>Features</i>	“Ageism” back on the employment agenda	UK9809148F
	<i>News</i>	CBI and TUC surveys highlight the costs of employee sickness	UK9809150N
		Focus on pay at 1998 Trades Union Congress	UK9809151N
		Government consults on draft regulations for National Minimum Wage	UK9809152N
October	<i>Features</i>	Partnership, flexibility and employment: The growth of job security agreements	UK9810153F
		New working time Regulations take effect	UK9810154F
	<i>News</i>	Working time Directive implemented in the UK	UK9810155N
		Alcohol and drug misuse examined	UK9810156N
November	<i>Features</i>	IPD conference debates partnership at work	UK9811158F
		Comprehensive survey maps contemporary workplace relations	UK9811159F
	<i>News</i>	Campaign for paid parental leave launched	UK9811160N
		Government publishes draft code of practice to combat age discrimination at work	UK9811161N
		UK reaction to draft EU consultation Directive	UK9811162N
December	<i>Features</i>	The industrial relations impact of cross-border mergers and acquisitions	UK9812164F
		Annualised hours agreements: service sector leads the way	UK9812165F
		Industrial relations under new Labour: an update	UK9812166F
	<i>News</i>	Two million UK employees affected by national minimum wage	UK9812167N
		Agreement on flexible working arrangements at Rover	UK9812168N
		Government proposes performance-related pay for teachers	UK9812169N
		UK and Spain issue joint statement on employment	UK9812170N

About EIRO

ABOUT EIRO

The European Industrial Relations Observatory (EIRO) is a major project of the European Foundation for the Improvement of Living and Working Conditions. EIRO initiates, collects, stores, disseminates and provides access to information and analysis on developments in industrial relations in (at present) the 15 EU Member States, plus Norway, and at European/international level. EIRO is a network, made up of 16 National Centres and an EU-level centre, from which information and analysis flows in to a central unit at the Foundation. This information is then processed and entered into a database, *EIROonline*, which is made available through the World-Wide Web as the main means of dissemination.

EIRO aims primarily to meet a need in the European Commission and other EU institutions, and among national and European-level organisations of the social partners and governmental organisations, for information and analysis on developments in industrial relations in the Member States and at European level. EIRO seeks to provide this information and analysis in a manner which is comprehensive, authoritative, accurate, up-to-date, contextual, relevant and electronically-based.

EIRO's structure

There is one EIRO National Centre (NC) for each of the 15 EU Member States and Norway, plus one Centre covering the overall EU level – see p.113 for a list of the Centres. Each NC has been selected in a tendering procedure, on the grounds of its professional standing, experience and expertise, its information and technical set-up, and the extent to which it enjoys the confidence of the social partners.

The central unit, based at the Foundation in Dublin is made up of: a management team (responsible for the overall operation of EIRO, and for contractual relations with National Centres); an editing unit, made up of a chief editor, plus consultant editors (responsible for editing and the front-line management of EIRO and the network of NCs); a technical unit (responsible for processing information and the creation and maintenance of the database); and an information unit (responsible for information dissemination and enquiry services). See p.111 for details of the central team.

The Directorate of the European Foundation for the Improvement of Living and Working Conditions has ultimate responsibility to the Foundation's Administrative Board for the Observatory, as for all Foundation projects.

EIRO has a Steering Committee (see p.111) made up of: one representative from each of the four groups on the Foundation's Administrative Board (employers, trade

unions, governments and the European Commission); representatives of each of main European-level social partner organisations (ETUC, UNICE and CEEP); and the Directorate of the Foundation. The Steering Committee has been closely involved in the establishment of the Observatory, translating the project's general principles into an operational plan, and monitors its operations. The committee helps ensure that EIRO's products and services meet the needs of its main users.

EIRO's audience

EIRO exists to serve the needs of a specific target audience of high-level industrial relations practitioners and policy-makers in EU institutions, trade union and employers' organisations and government departments. The nature of the information and analysis produced by the Observatory is guided by this target group – ie the approach is essentially practical, providing factual information and pertinent analysis, which is of use to users in their work. The information and analysis collected and stored through EIRO is also of value to a wider group – notably among practitioners and in the academic and research communities – and access is provided to this group through *EIROonline* on the World-Wide Web.

EIRO's information

The basic operation of EIRO is based on a monthly cycle, and on the reporting of events and issues through "news" and "feature" items. On top of this, EIRO also conducts comparative research on specific themes.

Each month, the EIRO National Centres submit reports – either "news" or "features" – on the most important and topical industrial relations events and issues occurring in their country in that month. News items are short factual articles, providing the relevant data about an event or issue which has a significant impact on industrial relations in the country concerned, or other important economic and social consequences. Features are longer articles. As with news items, features set out the main factual elements of the events and issues in question, though the greater length means that more detail can be included. Features also include a commentary, designed to be useful and relevant to the target audience, providing an assessment of the event/issue/activity in question. Features cover the most significant industrial relations developments, activities and issues, and those which can benefit most from the greater degree of analysis and background which the longer format allows.

EIRO is an international and comparative project, and its viewpoint is not restricted to individual countries. As well as the comparative theme running through all EIRO's work, EIRO also conducts comparative studies. At regular intervals, National Centres submit information on a specific theme, and its treatment in their country. The

information provided by the NCs – sometimes supplemented with relevant material from other Foundation research projects and elsewhere – is used to draw up a comparative overview of the treatment of the theme in question across the EU, and a series of national reports on the subject in a uniform format. In 1998, comparative studies covered:

- the EU parental leave agreement and Directive – implications for national law and practice (TN9801201S);
- collective bargaining and continuing vocational training in Europe (TN9804201S);
- flexibility of working time in Europe (TN9805201S);
- the impact of European Works Councils (TN9807201S);
- board-level employee representation in Europe (TN9809201S); and
- teleworking and industrial relations in Europe (TN9811201S).

EIRO products and services

The *EIROOnline* database contains all news, feature and comparative records submitted by the National Centres, edited technically and for content into a uniform format and style. The database thus constitutes a unique information resource on industrial relations in Europe, providing comprehensive coverage of all the most significant events and issues, along with comparative overviews. *EIROOnline* is publicly available on the World-Wide Web at <http://www.eiro.eurofound.ie/>.

EIRO issues a regular publication, *EIROObserver*, both on paper and in electronic PDF format. *EIROObserver* currently contains an edited selection of records submitted for the database, plus “comparative supplements” based on the comparative studies conducted by EIRO.

All electronic and printed publications are currently available in the English language only. However, in many cases an original-language text is also available for *EIROOnline* database records, in the language of the country in question (these texts have not been edited or approved by the Foundation, which takes no responsibility for their content).

Using *EIROOnline*

This *Annual Review* contains a brief summary of the main trends, events and issues in European industrial relations in 1998. While the aim is that the *Review* should be useful and interesting in itself, it should ideally be read in conjunction with the *EIROOnline* database. The text of the *Review* contains numerous references to records which provide fuller information on the issues in question, and which can be found on the database. These records form part of the comprehensive set of reports submitted each month by the network of EIRO National Centres, edited

technically and for style and content, and loaded onto *EIROOnline*, which is the heart of EIRO's operations. *EIROOnline* is generally available via a site on the World-Wide Web, providing access to a wealth of information and analysis. In this section, we provide some information on using *EIROOnline*, aimed at helping readers get the best out of the database and to find records referred to in the *Annual Review*.

Getting started

All that is required to make use of *EIROOnline* is Internet access (directly by modem or indirectly by LAN) and browser software – *EIROOnline* is best viewed with Netscape Navigator or Microsoft Internet Explorer versions 3 and above. Simply go to the following URL address:

<http://www.eiro.eurofound.ie/>

This will bring you to the home page. EIRO's central operation is based on a monthly cycle, with National Centres submitting news and features on the main issues and events in a calendar month towards the end of that month. These records are processed, edited and then uploaded – this generally occurs around the middle of the next month. Thus, the records relating to events in June, for example, will appear on the website from mid-July.

The home page indicates the last time that *EIROOnline* was updated (updating occurs frequently) and provides direct links to the most recently added records. These are designated as either features, news or studies, with the titles in blue lettering, underlined. Whenever you see such blue (or green) underlined text in *EIROOnline*, this indicates that clicking on the text in question will link you to further information.

In the top left-hand corner of the home page, and of every page of *EIROOnline*, there is a blue and black *EIROOnline* logo. Clicking on this will always return you to the home page.

To the left of the home page in the green side-bar is a list of additional facilities – **about EIRO**, **register**, **help**, **feedback**, **EIROObserver**, **contacts**, **related sites** and **EMIRE**. Clicking on these will take you to the facility in question – these facilities are detailed in the box on p.108.

Along the top of the home page there is the *EIROOnline* navigation bar, containing four links: **news** connects to a list of all the news items for the current month, and **features** to a list of all that month's feature items; **site map** connects to a variety of useful ways of browsing *EIROOnline* records; and **search** connects to a powerful search engine for finding information on *EIROOnline*. All of these links aim to help users find the information they are looking for.

All *EIROOnline* pages contain in the left-hand side-bar the logo of the **European Foundation for the Improvement of Living and Working Conditions**. Clicking on the logo connects users to the Foundation's own website. The home page side-bar also contains a © 1999 symbol, which links to a copyright notice and disclaimer – useful information for users who wish to make further use of EIRO material.

News and features

The basic content of EIRO is made up of news and feature records. News items are short factual articles, typically of up to 600 words in length, providing the relevant facts about a significant event or issue in industrial relations in the country concerned. Features are longer articles, typically of around 1,000-2,000 words. Like news, features set out the main factual elements of the events and issues in question, though the greater length means that more detail can be included, and a commentary (“signed” by the author(s)) is provided. Features cover the most significant industrial relations developments, activities and issues, and those which can benefit most from the greater degree of analysis and background which the longer format allows.

From the home page, clicking on **news** or **features** on the *EIROOnline* navigation bar connects to lists of the news and features for the most recent month. This is an ideal form of browsing for users who are interested in quick access to the latest and most up-to-date records – either news or features – loaded onto the database. (Where the *EIROOnline* navigation bar appears in other *EIROOnline* records – ie, not on the home page or country index pages (see below) – the **news** or **features** links will connect to the lists of news and features for the month to which the record in question refers.)

Site map

The **site map** – accessible from the *EIROOnline* navigation bar on the home page or every *EIROOnline* page – is probably the most useful starting point for browsing the contents of the database.

Country

The site map provides a list of all the countries covered by EIRO, plus the EU level and transnational (records covering more than one country). Clicking on any of the **country** names will connect to a full list of all the records submitted in the current year for that country, in reverse chronological order with features and news distinguished. Links to lists of records for previous years

Additional facilities

EIROOnline's various additional facilities are best accessed from the list on the left-hand side-bar of the home page. They provide a variety of assistance and further information on EIRO, and also in some cases help us better meet the needs of readers.

- **about EIRO** provides further information about the EIRO project's operations and purposes. It also provides a **Credits** link to information on the people most closely involved in the design, maintenance and production of *EIROOnline*.
- **register** invites all users to provide us with information on themselves and the countries and sectors which interest them. You are encouraged to register, not least because it provides you with several benefits — automatic e-mail delivery of the *EIROObserver* bi-monthly bulletin in PDF form (see below), and (in future) automatic e-mail notification when new EIRO records, which meet your relevance criteria are added to the database (this feature is not yet available).
- **help** provides some hints on how to make the best use of *EIROOnline* in terms of navigation and browsers. It also contains a version of this guide.
- **feedback** enables users to tell us what they think about *EIROOnline*. This feature allows you to assess the content and design of the database, and to make suggestions and comments.
- **EIROObserver** allows users to download electronic facsimile editions of each issue of *EIROObserver*, for reading or printing from their own PC. As mentioned above, by registering, users can have the electronic edition sent to them automatically, as soon as it is available, thus avoiding the printing and delivery delays inherent in paper publications (this can mean

receiving *EIROObserver* two weeks or more earlier). *EIROObserver* is available as an Adobe Acrobat (.PDF) file, and reading it requires the free Adobe Acrobat Reader, which users can download from the Adobe Web site via this *EIROOnline* page if they do not already have it.

- **contacts** gives the fax and telephone numbers of the members of the central *EIROOnline* team at the Foundation in Dublin and allows e-mail to be sent directly to them. Details of fax and telephone numbers, addresses and contact persons are provided for each of the National Centres, along with direct e-mail contact in most cases, and there are links to the Centres' own websites, where available.
- **related sites** provides World-Wide Web links which may be of interest to *EIROOnline* users. The links (of which there are many hundreds) are grouped by country, and within countries under the categories of employers, trade unions, government and “other”. There are also links to: the EU institutions and related bodies, plus recent documents of relevance; other European and international organisations; and European and international trade union and employers' organisations. Users are encouraged to suggest additions to the list.
- **EMIRE** is the online version of the European Employment and Industrial Relations Glossaries, which explain the national industrial relations systems of the EU Member States through their terminology. It currently covers Belgium, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain and the UK; glossaries on Austria, Denmark, Finland, Luxembourg and Sweden are forthcoming. Many EIRO records contain specific links to EMIRE definitions, and users can browse the alphabetical list of terms for each country, or search for specific topics in the text of EMIRE.

are provided at the bottom of the page. This is of considerable assistance for users interested in developments in a particular country or at EU/transnational level.

Date

It is also simple to navigate the contents of *EIROOnline* by **date**. Each month since EIRO started collecting data in February 1997 is listed on the site map, and clicking on a particular month connects to its **editorial page**, from where the **news** or **features** links on the *EIROOnline* **navigation bar** provide access to all the month's records. The **date** section also contains links to the *Annual Review* for each year.

Record ID

For readers of the *Annual Review* who wish to follow up a reference in the text, and read the full version of the original record referred to, the most direct way of finding the record on *EIROOnline* is to input its **Record ID**. Each record is allocated a unique ID, such as SE9804111F, made up of: a two-letter country code (such as SE for Sweden); the month to which it refers (eg 9804 for April 1998); a National Centre organisation identification number (1 in most cases, but 2 or 3 in countries where the National Centre is made up of two or three separate organisations); a sequential number (eg 11); and an N, F or S to denote news, feature or comparative study respectively. If the ID is typed into the empty field alongside Record ID in the site map, and the **Search**

button is clicked, this will connect directly with the record in question. The IDs of records referred to are provided at the relevant points of the text of the *Annual Review*.

Comparative studies

The site map provides a chronological list (with links) of the titles of all the **Comparative studies** produced by EIRO. These comparative studies focus on one particular topical issue in industrial relations and its treatment across the countries covered by EIRO. They consist of a comparative overview, based mainly on brief national reports drawn up by each national centre. Clicking on a study's title connects to a page providing: an abstract of the study; a link to the overview; links to Word versions of the individual national reports (these are not edited or approved by the Foundation, which takes no responsibility for their content); and a link to the questionnaire on which the national reports are based. Elsewhere in the database, the comparative supplements are classified as "transnational" records.

Organisations

Users who are interested in information on particular organisations (companies, trade unions, employers' organisations, industrial relations institutions etc) will find the site map's **Organisations** facility useful. Clicking on **Index** connects you to a list of all the countries covered by EIRO, plus the EU level, and an alphabetical list of letters. Clicking on any country will connect to a list of all the significant organisations mentioned in records

Useful features within EIRO records

EIROOnline records contain a number of features aimed at helping users and giving them access to further relevant information. At the beginning of each record, to the left of the main text in the side-bar, can be found the name of the **country** concerned and the month — clicking on these links will connect to the full list of *EIROOnline* records for this country or to the editorial page for the month in question. All records also contain, at top and bottom, the *EIROOnline* **navigation bar** (see main text). On the left of the main text at the end of each record is a link back to the **top** of the record. In the side-bar at the beginning of each record, there is a link to information **about this record**, which includes: the record ID; the title/subtitle; the name of the original author and of the National Centre organisation; the date of submission; and the language in which the record was originally composed. Usefully, for most countries, the title/subtitle and abstract of the record are also provided here in the native language(s) of the country. Most EIRO records are originally written in languages other than English and, in many cases, users can obtain the full original-language text. In the records where this facility is available, a link under the title states **Download article in original language**. Clicking on this allows you to download a Word text of the original-language version onto your own computer, or you can set your browser to read the file directly. It should be noted that these versions have been neither edited nor approved by the Foundation, which is not responsible for its content and accuracy. This responsibility lies with the EIRO National Centre that originated/provided the information.

There are three types of link found within the text of EIRO records, all of which are identified as **clickable** links by appearing in blue or green underlined text:

- internal *EIROOnline* links (blue). These are the titles and IDs of other records on the *EIROOnline* database, which appear in brackets. Clicking on them connects to the relevant record. To return to the original record, click on the browser's **back** button;
- links to the **EMIRE** glossaries (green). Within records for a number of countries, there are links to **EMIRE**, the electronic version of the **European Employment and Industrial Relations Glossaries** (see box on p.108). These links consist of relevant words in the text (**works council** or **minimum wage**, for example), which connect to a definition of the organisation, structure, process etc concerned. To return to the original record, close the box which has appeared with the **EMIRE** definition in it; and
- external links. Some records contain links to material on websites outside *EIROOnline* which is relevant to the record. These typically connect to a document or report (such as a Communication or White/Green Paper from the European Commission, an EU Directive or an ILO Convention) or some other useful information. To return to the original record, close the page which has appeared with the external material in it.

Finally, users will notice that many names of organisations, people, places etc appear in red text (not underlined). These are not links, but indicate that the names in question have been "tagged" for indexing purposes.

referring to that country, and clicking on the name of any organisation provides a list (with links) of all the records in which it is mentioned. The alphabetical list sets out all the organisations mentioned in *EIROOnline*, and again provides links to records mentioning each.

Searching

The most sophisticated way of finding information in *EIROOnline* is to use the search option – accessible from the *EIROOnline* navigation bar on the home page or every *EIROOnline* page. EIRO uses the powerful Muscat search engine and offers users three types of search – **full text**, **advanced** and **thesaurus** (you can navigate between the three by using the icons for each on the left of the search page). Before starting to search, it is strongly recommended that you click on **help**, which connects to useful tips on how to conduct all three types of search. Very briefly:

- **full text** is the simplest form of searching. Type in the word or words you are looking for (in lower case) and click the **find** button; placing a + in front gives words more emphasis, while a — (minus sign) means less emphasis. You can also decide on how narrow you want your search to be – choosing anywhere between 100% (an exact match with all the words you are looking for) and 0%. After clicking on **find**, you will be returned a list of **hits** – the titles and abstracts (with links) of all the EIRO records that contain the words you are looking for. For features, the terms

used to index the records are also provided. The screen displays 10 hits at a time, and buttons at the bottom of the page allow you to move on to the next (or previous) 10;

- **advanced** search allows for searches to be narrowed down in terms of countries, sectors and dates, and also for the use of the logical operators **AND**, **OR**, **NOT** (the **help** screen is invaluable in advising on how to use these); and
- **thesaurus** search (located within **advanced** search) allows for searching on the basis of a specially-developed controlled list of index terms. This option allow users to search the thesaurus for search terms, select from the list those terms they want to search for, and then search for EIRO records relating to the issues concerned.

Feedback

A written guide to a website/database is only ever of limited use. Readers are urged to gain access to *EIROOnline* itself, in order to experience how it works and what it offers. *EIROOnline* is still being developed and improved continuously (some features are not yet fully operational), and we would welcome the views, comments and queries of users in order to feed into this process. As well as using the **feedback** form available on the website itself, please send any such input about the content, design or overall ease of use of *EIROOnline*, by e-mail eiroinfo@eiro.eurofound.ie (or to the contact address, telephone and fax numbers listed on p.111).

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Comparative studies

The comparative studies produced by EIRO (see p. 107) are published in full on the *EIROOnline* database. They are also edited into a shorter format for publication as "comparative supplements" in the bi-monthly *EIRObserver*, in both printed and electronic forms. Here we reproduce the texts of the six *EIRObserver* comparative supplements published in 1998, as follows:

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The EU parental leave agreement and Directive: implications for law and practice

Parental leave has been a long-standing item on the European Union's social policy agenda, and featured in the 1989 Community Charter of the Fundamental Social Rights of Workers. Proposals for a Directive on the issue were first put forward by the European Commission in 1983, but were not adopted by the Council of Ministers (largely due to opposition from the Conservative UK Government). The issue was finally progressed via the Maastricht social policy Agreement, from which the UK had opted out. Following consultations, the three general cross-industry social partner organisations - the Union of Industrial and Employers' Confederations of Europe (UNICE), the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP) and the European Trade Union Confederation (ETUC) - opted to negotiate an agreement covering parental leave. The result was the first ever Community-level framework agreement, concluded in December 1995.

The social partners' framework agreement on parental leave is "designed to facilitate the reconciliation of parental and professional responsibilities for working parents". It applies to all workers, men and women, who have an employment contract or employment relationship and its main provisions are as follows.

- Men and women workers must have an individual, non-transferable right to at least three months' parental leave for childcare purposes (as distinct from maternity leave) after the birth or adoption of a child until a given age of up to eight years to be defined by Member States and/or management and labour.
- The conditions of access and detailed rules governing parental leave are to be defined by national law and/or collective agreement. National provisions may determine whether parental leave is granted "on a full-time or part-time basis, in a piecemeal way or in the form of a time-credit system" and may include provisions on a length-of-service qualification of up to one year, the special circumstances of adoption, notice periods, the circumstances in which employers may postpone the taking of leave, and "special arrangements to meet the operational and organisational requirements of small undertakings".
- Workers must be protected against dismissal on the grounds of applying for or taking parental leave, have the right

to return to the same or similar job and maintain previously acquired rights.

- Member States and/or management and labour must take the necessary measures to entitle workers to time off from work on grounds of *force majeure* for urgent family reasons in cases of sickness or accident making their immediate presence indispensable, though Member States and/or management and labour may specify conditions of access and detailed rules and may limit this entitlement to a certain amount of time per year and/or per case.

In June 1996 the Council adopted a Directive (96/34/EC) requiring Member States to put the framework agreement on parental leave into effect. Member States which are signatories to the Maastricht social policy Agreement (ie excluding the UK) must bring into force the necessary provisions to comply with the Directive by 3 June 1998. Alternatively they must ensure that the necessary measures are introduced by collective agreement (while guaranteeing the results). An additional year's grace (ie until 3 June 1999) is available "if this is necessary to take account of special difficulties or implementation by a collective agreement."

As for the UK, the Labour Government elected in May 1997 has agreed to implement the Directive. To facilitate this, on 15 December 1997 the Council of Ministers approved an "extension" Directive (97/75/EC) to apply the provisions of the existing Directive to the UK, thus ending its "opt-out". The deadline for implementation by the UK is two years from the date of adoption of the extension Directive - ie 15 December 1999.

The comparative supplement

The aims of this comparative supplement are to:

- summarise existing national provisions governing parental leave and leave for family reasons, whether set by legislation or agreement;
- give an overview of the perceptions of national governments and social partner organisations of the parental leave framework agreement/Directive;
- identify what changes, if any, are necessary to bring national provisions into line with requirements of the agreement/Directive, and how this will

be done (ie by law and/or collective agreement); and

- assess the impact of existing national parental leave provisions in practice and the likely impact of the agreement/Directive in the different Member States.

This supplement is based on individual country reports submitted by the EIRO national centres and on other published sources, and covers the situation in the 15 Member States of the EU plus Norway. The focus is on the aspects of parental leave covered by the agreement/Directive, ie the option of either parent taking a sustained period of leave for childcare purposes, other than maternity leave taken immediately before and after childbirth, and provision for unplanned leave necessitated by urgent family reasons.

Current statutory provisions in the 16 countries

Our survey of national parental leave arrangements shows that while 13 of the countries concerned have detailed statutory provisions, two (*Ireland* and the *United Kingdom*) do not, and in *Luxembourg* provision is limited. Fuller details are provided in the *EIRO* online version of this supplement (TN98012015), and space considerations prevent their inclusion here. However, very brief details of the duration and payment for the basic statutory systems of parental leave are provided in Table 1 (there is often extra leave for circumstances such as adoption or ill children, while some countries have other systems which can also provide for parental leave, such as *Belgium's* career break scheme). Almost all countries provide for a right to re-engagement in a similar job after leave, and many countries allow parents to work part time. However, there is considerable variation in the specific provisions which apply in each country in respect of issues such as transferability between parents, duration of leave, financial arrangements, scope for flexibility in the way leave is taken, and eligibility conditions. Many countries also provide for periods of leave for urgent family reasons - usually to care for sick children - for example:

- *Austria* - up to two weeks a year, paid;
- *Finland* - four days, unpaid;
- *France* - three-five days, unpaid;
- *Germany* - 10-20 days, with benefit;
- *Greece* - six-10 days, unpaid;
- *Norway* - 10-15 days on sick pay;
- *Portugal* - up to 15 or 30 days, unpaid;
- *Spain* - two-four days, paid; and
- *Sweden* - up to 60 days a year, with benefit.

There is currently no legal obligation on *Irish* employers to provide parental leave, but the Government is committed to introducing parental leave legislation in accordance with the Directive. Similarly, there is no existing legislation in the *UK* providing for parental leave other than statutory maternity leave. The current Government is committed to introducing, in the words of the Labour Party's election manifesto, "limited unpaid parental leave" in line with the Directive.

In *Luxembourg's* private sector, women employees may stop work for up to a year after maternity leave and receive priority consideration for vacancies, but are not guaranteed re-engagement. In the public sector, women employees have the right to up to two years' unpaid parental leave following maternity leave, and may request a further unpaid leave up to the age of 15, with the timing of their re-engagement dependent upon a suitable vacancy arising

The role of collective agreements

In some countries, collective agreements have played only a very minor role in supplementing statutory provision. This is the case, for example, in *Austria* and *Sweden*, where the law provides generous and detailed parental leave arrangements, and *Spain*, where the trade unions have focused more on promoting legislative change than on securing improved conditions through bargaining.

Elsewhere, bargaining is reported to have more of a regulatory impact on parental leave provision - though to widely varying extents.

- In *Belgium*, agreements have been concluded by 71 sectoral joint committees or sub-committees on career breaks, including for childcare purposes.

- In *Denmark*, most collective agreements include the right to leave on a child's first day of sickness. In the private sector, such absences are usually covered by sickness benefit, while in the public sector, for most employees, leave on the child's first day of sickness is paid, and some collective agreements provide for childcare days. In some cases, leave benefit may be supplemented by employer contributions.

- In *Finland*, a few sectoral agreements require employers to supplement partly the state allowance during parental leave. Some agreements enhance workers' entitlement to short temporary absences from work when children aged under 10 fall ill (eg by providing full pay).

- In *France*, a recent survey of 320 sectoral agreements found that 140 included clauses on leave for looking after sick children but only 57 provided for paid leave. At company level, some agreements (eg at Fleury Michon) have introduced extended parental leave entitlement and supplementary payment for those taking leave.

- Since the late 1980s, agreements in *Germany* have increasingly extended and improved upon statutory entitlements. According to the BDA employers' confederation, in 1994 parental leave provisions were included in seven sectoral framework agreements, including banking, retail, metalworking and insurance. In metalworking, seven

state-level agreements covered parental leave. Though the provisions vary, some agreements enable workers to take additional periods of unpaid leave while retaining their job or a similar post. A number of company or works agreements extend the leave arrangements specified by law or by sectoral agreement, eg at Audi, Daimler-Benz, Siemens and Lufthansa.

- In *Greece*, the 1993 national general collective agreement included provisions on childcare leave which improve on the statutory provision by extending leave from three to 3.5 months and the period during which it can be taken to the child's third birthday, though this is restricted to workers in companies employing more than 50 people. At sectoral and company level, agreements tend to reflect the statutory position and the provisions of the national general collective agreement. Exceptions include agreements in banking improving the length of unpaid childcare leave and providing for paid absence when a child is ill. Similar developments are reported in insurance and commerce.

- In *Italy*, bargaining in many sectors and companies has extended entitlement to parental leave. However, while sector-level negotiation has in many cases increased the proportion of normal wages paid during compulsory maternity leave above the statutory level (80%), collective agreements have not tended to improve upon the 30% level which applies to optional parental leave. During 1997, the main union confederations launched a concerted initiative to improve existing provision on parental leave in sectoral collective agreements, in the light of the Directive.

- In *Luxembourg*, collective agreements on extended parental leave are reported to be rare, though some permit short-term leave for urgent family reasons, on which there is currently no legislation. Examples include the sectoral agreements in banking and crèches and company agreements at CEGEDEL, ELTH, Goodyear, Grands Magasins Monipol and Yves Rocher.

- Research in the *Netherlands* shows that 35% of collective agreements in 1994, covering 53% of employees, contained provisions extending the possibilities for taking parental leave, or reducing the consequences for pension and social security rights. Most notably, paid parental leave is available to national and local civil servants, the police, the judiciary and some other public sector groups. Civil servants receive 75% of their wages for the hours they take as leave, and have greater flexibility in the way their leave is structured.

Table 1. Basic statutory parental leave entitlement

	Maximum length	Payment
Austria	Up to 2nd birthday	State benefit
Belgium*	3 months in period until 4th birthday	Benefit recommended by social partners
Denmark	13 weeks to 1 year	State benefit
Finland	158 days (plus care leave until 3rd birthday)	State benefit (care leave unpaid)
France	Up to 3rd birthday	State benefit (for 2nd child upwards)
Germany	Up to 3rd birthday	State benefit
Greece	3 months in period until child is 2.5	Unpaid
Italy	6 months	30% pay from employer
Luxembourg	2 years (public sector)	Unpaid (public sector)
Netherlands	13 weeks taken part-time over period of 6 months	Unpaid
Norway	3 years (1 year plus 1 for each parent)	1 year with state benefit (plus 1 year unpaid for each parent)
Portugal	2 years	Unpaid
Spain	3 years	Unpaid
Sweden	Until child reaches 18 months	State benefit

* As of 1 January 1998

- In Norway, public sector agreements (and some in the private sector) provide for the gap between the state benefits payable and employees' normal pay levels to be made up by employers.

- In Portugal, negotiated improvements to existing statutory provisions are rare, but there are examples of sectoral agreements extending the right to leave in the case of a miscarriage and introducing supplementary financial benefits.

In the "voluntarist" industrial relations systems of the UK and Ireland, collective agreements or management initiatives are currently the only source of parental leave provision beyond statutory maternity leave. Although there are signs of increasing interest in parental leave issues, prompted in part by the EU agreement/Directive, parental leave schemes remain thin on the ground.

- In Ireland, only a small number of organisations have introduced parental leave arrangements. One exception is the Bank of Ireland where unpaid parental leave of up to one year can be taken by staff of either sex until their child's eighth birthday. Other organisations such as Aer Rianta and the civil service have introduced "family-friendly" policies such as career breaks, job-sharing and paternity leave. The vast majority of Irish organisations are said to be waiting for the legislation to implement the Directive before taking action in this area.

- A recent study in the UK by the independent "think-tank" Demos suggests that only 3% of employers currently offer parental leave and that few are planning to introduce it over the next three years. A number of agreements which provide for parental leave have been reported at organisations such as British Gas, AT&T, and the Bank of England.

Implementing the framework agreement/Directive

For the majority of EU countries, the Directive is unlikely to entail major changes to existing parental leave arrangements, but in many cases some detailed amendment or additional provision will be necessary, most frequently in the area of time off from work on grounds of *force majeure* for urgent family reasons. By contrast, in the three countries in which existing national parental leave arrangements are under-developed in comparison to the rest of the EU - Ireland, Luxembourg and the UK - the Directive will have significant repercussions, requiring the introduction of extensive new statutory provisions. The available information on the current state of play regarding national trans-

Table 2: National transposition of the Directive

Austria	Some adaptation of national law will be necessary, but discussions with the social partners launched in 1997 have been suspended pending a decision of the European Court of Justice on a complaint by UEAPME, the European body seeking to represent small and medium-sized companies, that its non-involvement in the negotiations leading to the framework agreement invalidates both the agreement and the Directive.
Belgium	New provisions have already been introduced in response to the Directive from 1 January 1998 (see Table 1).
Denmark	The Ministry of Labour has asked the social partners whether they wish to implement the urgent family leave aspects of the Directive via collective agreements. The social partners have indicated that they will endeavour to do so during the next bargaining round. The Ministry has therefore sought the extension of the Directive's implementation date until 3 June 1999. A number of sectoral agreements have already introduced such provisions. The LO union confederation considers that agreed provision in this area needs to be supplemented by law to cover employees not covered by an agreement.
Finland	The social partners do not believe existing provisions are affected by the Directive, but the issue is being reviewed by a tripartite committee on reforming the Contracts of Employment Act.
France	Legislation may need to be supplemented in the area of time off from work for urgent family reasons.
Germany	Entitlement to parental leave is currently dependent on the employment status of the other parent, as opposed to being an individual entitlement. This may need changing in the light of the Directive.
Greece	No legislative steps are reported. The 1996-7 national general collective agreement states that the parties adopt the framework agreement and recognise the need to introduce the measures to bring it into force.
Ireland	The <i>Partnership 2000</i> national agreement contains a government commitment to give effect to the terms of the Directive by June 1998, and to consult the social partners. The Irish Congress of Trade Unions is seeking paid parental leave along the lines of current maternity leave provisions, so that it would be of particular benefit to low-paid workers. On the employers' side, IBEC has formally endorsed the EU-level agreement, but has urged the Government to take full advantage of the flexibility that it allows. In particular, IBEC is pressing for a three-year implementation period, for the right to postpone leave in a variety of circumstances/crisis situations, and for account to be taken of the needs of small firms. The legislative process is still at a very early stage, and the Government may seek to defer the legislation for a further year on the grounds that Ireland is one of the few countries having to start from scratch due to the absence of any existing statutory provisions.
Italy	While the main employers' confederation, Confindustria, believes that the Directive does not necessarily imply changes in Italian law, the unions consider that the Directive introduces certain improvements. Draft legislation on working time and family leave issues is currently under consideration within the parliamentary majority.
Luxembourg	While trade unions strongly support the Directive, employer groups are reported to be resisting its early implementation. Draft transposition legislation has yet to be drawn up.
Netherlands	No changes to existing provision are thought necessary.
Norway	The European Economic Area has yet to adopt the parental leave Directive, but existing national provision is thought to meet the requirements of the Directive. The NHO employers' organisation emphasises that the Directive should not lead to the extension of the paid parental leave period in Norway.
Portugal	Draft legislation has been drawn up by the Government. The validity of the EU agreement/Directive has been questioned by the Portuguese affiliates of EuroCommerce and COPA/COGECA (agriculture) which were not party to the agreement, arguing that it should not apply to sectors not represented in the negotiations.
Spain	It is reported that there is a broad consensus on the need to improve current parental leave arrangements and that the Directive, though it requires only minor modifications of existing legislation, may stimulate for wider reform.
Sweden	A recent government memorandum reflecting talks between the government and social partners identifies certain changes to provisions concerning leave for urgent family reasons which are considered necessary to comply with the Directive. The preferred route for achieving these changes is via collective agreement, but the memorandum contains a proposal for legislation should the social partners fail to agree.
UK	The present Government has agreed to end the UK's opt-out from the Maastricht social policy Agreement, and to implement the parental leave Directive. In its election manifesto, the ruling Labour Party argued that: "There must be a sound balance between support for family life and the protection of business from undue burdens ... While recognising the need for flexibility in implementation and certain exemptions, we support the right of employees ... to limited unpaid parental leave." The Government is expected to implement the Directive by means of regulations (secondary legislation) and is likely to undertake a consultation exercise during 1998.

position of the Directive, and the views of national governments and social partner organisations, is summarised in Table 2.

The impact of existing parental leave arrangements

The data available on the practical impact of existing parental leave arrangements (eg take-up rates, or the costs and benefits for companies and employees) is sketchy. The following paragraphs briefly highlight certain key issues.

In the countries for which figures are available (*Austria, Denmark, Finland, Germany, the Netherlands, Norway and Sweden*), the take-up rate for extended parental leave among women is generally very high (except in the Netherlands) - typically 90% or more. In stark contrast, the take-up rate among men tends to be very low (under 10% in all countries but two). Only in *Sweden* (78%) and *Norway* (33%) does a substantial proportion of fathers take parental leave.

Clearly a range of factors underlie these figures, including social attitudes and workplace culture. However, design facets of the various national parental leave schemes - such as the level of income while on parental leave, the extent to which leave is transferable between partners, the flexibility of the available arrangements and the degree of job protection - are also likely to be an important influence.

For example, the high levels of income guaranteed by the *Swedish* and *Norwegian* systems are one factor encouraging the comparatively high male take-up of parental leave in these countries. Moreover, in *Sweden*, the fall in the level of parents' allowance payable after 360 days means that the longer periods of leave available are not used to the same extent. In the context of men's generally higher earning power, lower income guarantees elsewhere in Europe appear to discourage men from taking parental leave.

The existence of a non-transferable period of leave for each parent is also regarded as a positive element in promoting greater gender equality in parental leave take-up. Non-transferable leave periods feature in the *Swedish, Norwegian* and *Dutch* parental leave systems, and their introduction in *Norway* has been associated with an increase in men's use of parental leave. Flexible leave arrangements allowing parents to reduce working hours, such as those which apply in the *Netherlands*, may also facilitate male participation (but the level of women workers taking parental leave, at 40%, is markedly lower than elsewhere). In *Denmark*, the commercial and clerical employees'

union has proposed making the parental leave scheme more flexible so as to make it more attractive to fathers.

As to perceptions of the costs and benefits of parental leave, the above-mentioned report from Demos ("Time out: the costs and benefits of paid parental leave", H Wilkinson et al, Demos, London (1997)) identifies the main problems with offering parental leave anticipated by UK employers which do not currently do so. Even though the study reported widespread managerial awareness of the potential business benefits of providing such schemes in terms of recruitment and retention of key staff, enhancing the organisation's reputation, staff motivation etc, employers tended to take the view that the benefits would not justify the costs, that it would be too expensive to replace staff and that staff absence would be disruptive. The experience of the *Netherlands'* parental leave arrangements appears to bear out some of these concerns. For example, in certain sectors,

finding suitable replacement staff for those on parental leave is reported to have been difficult. In *Germany*, however, a study found that 90% of companies had experienced no major problems with parental leave and had not incurred significant costs as a result of parental leave *per se*.

In *Ireland*, the Employment Equality Agency stresses that "family-friendly" policies such as parental leave can benefit both employers and employees and can result in a "win-win" situation. The benefits to employers are said to include the retention of skilled and effective employees, a more highly motivated and productive workforce, reduced stress amongst employees, reduced levels of employee sickness and absenteeism, an improved company image, and improved cooperation and trust between the social partners.

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Commentary

For most commentators, the main significance of the social partners' framework agreement on parental leave and the subsequent Council Directive lies less in their impact on Member States' national parental leave provisions than in the fact the agreement was the first ever to have been reached under the Maastricht social policy procedure. However, while it is true that the central aspects of existing parental leave provision by most Member States will be largely unaffected by the agreement/Directive, and significant issues are left to the Member States to determine, the agreement by no means represents a "lowest common denominator" approach to EU-level regulation. Important new parental leave arrangements have recently been introduced in *Belgium* in response to the Directive, and in three further countries - *Ireland, Luxembourg* and the *UK* - the introduction of extensive new statutory provisions will be required. In a number of other countries, some more limited amendment of or addition to existing provision will be necessary, most frequently in the area of time off from work on grounds of *force majeure* for urgent family reasons.

Arguably more important, however, is whether the agreement/Directive will have any significant practical impact on the pattern of parental leave-taking by Europe's workers. With the exception of *Sweden* and *Norway*, where male take-up rates are relatively high, existing parental leave schemes have been criticised by the Demos report as "extended forms of maternity leave, heightening economic inequalities between men and women and reinforcing traditional gender roles". In some countries (eg *France*), parental leave has been seen primarily as an element of family policy rather than integrated with the objectives of labour market and equal opportunities policies. The sex equality rationale of the EU-level social partners' framework agreement is reflected in its provision that the minimum three-month period of parental leave should be an individual entitlement for both male and female workers, granted "in principle" on a non-transferable basis. As already noted, this aspect of the design of parental leave schemes is associated with increased take-up by men. However, the predominant factor in determining take-up rates is widely seen as being whether or not parental leave is paid, and to what extent. Crucially, the framework agreement is silent on this. This is understandable in the light of the diversity of existing national practice, the political pressures to contain social costs and the fact that the inclusion of any provision affecting social security issues would have meant that the subsequent Directive would be subject to unanimous approval rather than qualified majority voting within the Council of Ministers. It remains to be seen whether there will be scope for this key issue to be addressed if, as is envisaged, the social partners review the application of the agreement in 2001. (Mark Hall, IRRU),

Collective bargaining and continuing vocational training in Europe

Until the late 1980s, continuing vocational training (CVT) during working life was a relatively minor issue in collective bargaining in most countries of the EU. However in the late 1980s, continuing training for workers in employment began to take on increasing importance in the strategies of the social partners and in bargaining, and this has been particularly marked since the mid-1990s. This development is due firstly to the transformation that has taken place in management approaches: during the 1980s the concept of personnel as a strategic resource became generalised in companies. Organisational innovation and the skilling of workers are increasingly considered as key factors in company competitiveness, and CVT has become seen as an area in which the interests of employers and of workers can converge. Thus, CVT spread gradually in companies, paving the way for negotiation and cooperation on this issue between employers, workers and their respective organisations.

In the early 1990s, public employment policies also began to give increasing importance to lifelong training as a key factor in maintaining the "employability" of workers and promoting company competitiveness. These employment policies have contributed considerably to the development and promotion of CVT and in many cases have also been a stimulus to the participation of the social partners.

At EU level - where since 1976 CEDEFOP has been involved in promoting training, including CVT - special attention has been paid to the role of the social partners in the promotion of CVT. The 1989 Community Charter of the Fundamental Social Rights of Workers states that "every worker of the European Community must be able to have access to vocational training and to benefit therefrom throughout his working life" and underlines the necessary involvement of the competent public authorities, companies and social partners. This approach has been very important in Community policy on CVT. At the special European Council Employment Summit held in Luxembourg in November 1997 (*EIRObserver* 1/98 p.12), continuing training was referred to and the social partners were urged in the summit conclusions to accept specific commitments:

- "the social partners are urged, at their various levels of responsibility and action,

to conclude as soon as possible agreements with a view to increasing the possibilities for training, work experience, traineeships or other measures likely to promote employability";

- "the Member States and the social partners will endeavour to develop possibilities for lifelong training"; and
- "the social partners are invited to negotiate at the appropriate levels, in particular at sectoral and enterprise levels, agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive and competitive and achieving the required balance between flexibility and security. Such agreements may for example, cover ... lifelong training and career breaks."

Within the intersectoral European-level social dialogue, training has been a major issue for discussion between the social partners. The Union of Industrial and Employers' Confederations of Europe (UNICE), the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP) and the European Trade Union Confederation (ETUC) have reached a number of joint opinions promoting the role of the social partners in the development of CVT in the Member States. The reality in each EU country is, nevertheless, very diverse, and this comparative supplement seeks to give a brief descriptive "snapshot" of the role of collective bargaining in CVT, paying special attention to its evolution during the 1990s. The supplement is based on the contributions of the EIRO national centres.

The role of bargaining in continuing training

The role of collective bargaining in CVT depends, above all, on the characteristics of the industrial relations system of each country, while there are also important differences in the education and training systems that influence the configuration of the CVT system and its relation to bargaining. These factors mean that the CVT systems of the 16 countries differ greatly in the respective roles of the various main parties - the social partners, the public authorities and individual companies and workers - and the connections with collective bargaining.

The influence of bargaining is greatest in those countries where the CVT system is

based on agreements between employers' organisations and trade unions, which have a high degree of joint responsibility in the regulation and management of CVT, which is strongly linked to sectoral collective bargaining. *France* was the pioneering country in this direction (see box on p. 123), and similar models were institutionalised in *Belgium*, the *Netherlands* and *Spain* in the late 1980s and early 1990s, characterised by: an obligatory financial contribution by companies; joint management by the social partners; a major role for bargaining at sectoral level, and relatively limited company-level bargaining. In *Italy*, a 1996 tripartite agreement, later ratified by a law, institutionalised a similar CVT system with a leading role for the social partners. However, this system has not yet been put into operation (see box). The central role in training is still taken by companies.

In the other countries, bargaining plays a varying role, against a background in which the leading role in CVT is taken by the public authorities or individual employers, or where CVT forms part of a wider culture of adult education and training, and it is less easy to ascribe a dominant role to any of the parties.

In countries - an example is *Greece* - where CVT is part of public employment policy and largely the responsibility of the public authorities, it is not greatly dealt with by collective bargaining (although the social partners usually have an advisory role and training is becoming more important within social dialogue processes). Where CVT depends largely on the initiative of individual employers and there is no real legal and financial framework, the influence of bargaining varies. Thus in *Germany*, for example, bargaining plays a certain role, with some sectoral agreements dealing with issues such as: works councils' information and consultation rights on the workforce's qualification needs and the training plans to meet them; funding; and to a lesser extent compensations for CVT. In the *UK*, by contrast, CVT is almost entirely an employers' prerogative, despite union efforts to promote joint action in companies. *Ireland* is another country where the primary role in training is taken by employers, with a limited role for bargaining, though the social partners are represented on national tripartite bodies.

As mentioned above, there are countries where CVT falls within a more general context of adult training, and lifelong training is not a new concept but rather is part of the educational culture of the country. An example of this is the

importance of individual educational leave for workers, which is a right regulated by law in countries such as *Denmark*, *Luxembourg* and *Sweden*. Again, the influence of bargaining varies from country to country. In *Sweden* in-company training and the participation of workers' representatives are dealt with in sectoral bargaining, though there are thought to be relatively few results at company level so far. In *Finland*, the current central intersectoral "basic agreement" regulates the participation of works council-type bodies in the contents and the selection of the workers for training to promote cooperation between company and employees. In *Denmark*, sectoral agreements have recently begun to play a greater role in CVT, by: generalising the right of employees to CVT; providing for employers' financial contributions to supplement state funding; and setting up bipartite organisations to promote and manage CVT.

Overall, it can be said that whatever the national system, it is intersectoral and sectoral bargaining that has the greatest impact on CVT. Company-level bargaining occurs in a number of countries, but in most cases it is relatively limited in extent.

The above refers only to CVT; in countries, such as *Denmark* and *Germany* the social partners play a far more important role in initial training than in CVT.

Bargaining on the regulation of continuing training

The main objective of collective bargaining on CVT has generally been to establish a regulatory framework that promotes training in companies and institutionalises the role of the social partners. In almost all countries, some negotiations in this field began in the late 1980s or early 1990s, though their impact has varied greatly. In some countries this has consisted of the adoption of a position by the social partners, with recommendations for the public administration and companies. In others, bargaining has involved the establishment of an institutional, normative and financial framework of regulation for CVT, sometimes later ratified by the authorities.

In general, bargaining on the regulation of training has centred around the following topics:

- funding - establishing an obligatory employers' contribution and formulae for co-funding by workers.
- management - promoting the bipartite or tripartite management of the resources devoted to CVT; and

- participation - introducing mechanisms for the participation of workers' representatives in company training plans.

Funding and management

In a number of countries, an obligatory levy on employers to fund training - including CVT - has been established on the basis of an intersectoral collective agreement (in some cases, backed up by legislation). Notable examples are *Belgium*, *France* and *Spain* (indirect), while a levy introduced in *Italy* has yet to be implemented. Such an employers' contribution has been concluded in a relatively widespread way by sectoral agreements in some cases - such as *Denmark* and the *Netherlands*.

Agreements make provisions in some cases on the division of costs (in terms of money and time) of CVT between employers and employees. For instance, a central agreement lays down that employer-funded training takes part during working hours in *France*, while this is the case in some individual agreements in *Austria* and *Luxembourg*. Another approach is for agreements to provide for "co-financing", whereby the employer pays the costs and the worker contributes the time - this occurs in some agreements in countries such as *Austria*, *Finland*, *Germany*, *Luxembourg* and *Spain*.

The funds for CVT collected through levies on employers based on agreements (or in some cases legislation) are often jointly managed by the social partners. For example, there are widespread joint management bodies at sectoral level in *Belgium*, *Denmark*, *France* and the *Netherlands*, and an intersectoral body in *Finland*.

Participation

CVT is one of the areas in which works council-type bodies have statutory participation rights in some EU countries, such as *France*. Further examples are *Finland*, where they have rights of information and regular consultation on the training plan in companies with more than 30 workers, and the *Netherlands*, where such information and consultation rights apply in companies with 50 or more workers.

Elsewhere, collectively agreements may contain provisions on participation rights for company-level workers' representatives in CVT. This may occur in intersectoral agreements, as in *Finland* - where there is co-determination in the selection of workers for, and the content of, training that "promotes cooperation

in the company" (eg health and safety at work) - *Norway* - providing for company-level cooperation in the assessment of qualification needs and the design of training plans - or *Spain* - rights of information and consultation on the training plan, and the approval of the plan by the workers' committee required for approval of funding. In other cases, some sectoral collective agreements may lay down such rights - this is true in differing degrees for countries such as *Austria*, *Denmark*, *Germany* and *Sweden*.

Bargaining on the right to continuing training

During the 1990s, some social partner organisations in *Norway*, *Spain* and the *United Kingdom* have introduced the idea of the right to CVT in their bargaining agendas. The aim is to promote and facilitate training during the whole of working life, taking as a reference the individual educational leave schemes which already exist in several European countries - such as *Belgium*, *Finland*, *France*, *Italy* and *Sweden*. In *Spain*, a 1992 bipartite agreement on CVT institutionalises paid individual educational leave aimed at obtaining a recognised qualification. In the *United Kingdom*, the unions are seeking to obtain statutory educational leave, and some are trying to introduce individual educational leave at company level. Employers' organisations are against establishing a legal right to training, although they are favourable to the development of training, seeing this as a matter for employers and individual workers. The concerns and positions of the social partners are similar in *Norway*, where the debate is more detailed, covering the funding and the content of training as well as the right to educational leave.

In some other countries, the right to training is broached within sectoral bargaining. In *Denmark*, in the framework of 1993's private sector agreements, a right was formulated to (non-paid) educational leave for up to two weeks per year, and bargaining has since progressively introduced paid educational leave. In the *Netherlands*, *Norway* and *Sweden* - also through sectoral bargaining - provisions are being introduced that generalise the right to training.

A part of the right to training issue is equality of access. The social partners are very aware of the current inequalities: CVT tends to concentrate on the most dynamic industries, larger companies and better-trained workers. Although this problem is present in the discourse

Examples of agreements on continuing training

Austria	Two 1995 agreements in banking cover training. The first covers provincial mortgage banks and regulates the repayment of further training costs if trained employees leave their job; during the first year after the course, the employee must refund the whole cost, during the second year two-thirds, during the third year one-third, thereafter nothing. The second covers a group of banks with a joint training academy: it names five areas in which courses are to be provided and regulates access to courses, distribution of costs, repayment, exams, grading, certificates, and external courses.
Belgium	A 1988 bipartite intersectoral agreement (followed by a law) - since amended several times - provides for an obligatory training contribution by companies. In 1992, it was set at 0.25% of payroll: 0.10% for state-promoted training for groups with difficulties on the labour market; and 0.15% for CVT organised by companies. The social partners manage these financial resources jointly through bipartite sectoral bodies. In 1997, without the previous agreement of the social partners, the government decided to use 0.10% of the levy for funding the general social security system. Some sectors reacted by increasing the employers' contribution, others by using accumulated reserves.
Denmark	The 1995-8 collective agreement for industry aims to contribute more systematically to the planning of CVT, establishing a joint committee responsible for establishing priorities and programmes, with the more specific aspects to be negotiated at a company level. The agreement also: establishes additional funding for CVT through a contribution by companies, thus extending the right to training to all employees (not only those that can obtain a state subsidy); improves the conditions of remuneration, with employees receiving their normal wages during training instead of the state subsidy; entitles employees with more than nine months' service in a company to two weeks' training.
Finland	Employers with more than 30 workers are obliged to inform and consult regularly on the training plan required by law. Legislation specifies the circumstances in which the employer must organise CVT: to avoid dismissals or lay-offs, or to allow functional mobility and moves from part-time to full-time work. In this context intersectoral and sectoral basic agreements specify that: the direct costs of the training and the workers' remuneration are met by the employer if the training is provided in working hours; if the training is given outside working hours, the employer and the worker are jointly responsible for funding - the employer pays the costs and the worker contributes the time.
France	A 1970 central intersectoral agreement on CVT, which became law one year later - and has been reformed several times since - provides for: the right of all employees to CVT during working hours; an obligation on all companies to finance continuing training through a payroll levy; and the joint management of these financial resources through bipartite sectoral bodies. The employers' contribution for companies with 10 or more workers is now 1.5% of payroll, of which: 0.2% is dedicated to individual educational leave; 0.4% to day-release schemes; and 0.9% to company CVT plans.
Germany	The metalworking sector agreement lays down the procedures for information and consultation on CVT. Works councils must be informed annually of the qualification needs that are foreseen in relation to technological changes and work organisation, and must be consulted before the company training plan is drawn up. The employer is responsible for funding the training, and hours of training will be considered as working hours. A wage increase is offered if, as a result of successful training, workers are given a position in which they carry out more sophisticated tasks.
Ireland	At Anord , a training needs analysis has been carried out, which was incorporated into an enabling agreement for the introduction of "world-class manufacturing", including teamworking. At Sigma Wireless Technologies , a joint management-union <i>Change to compete</i> programme was introduced in 1997, which includes: joint-management union presentations to the workforce; a "world-class business" awareness programme to develop a support body of worker representatives to aid the company's joint steering committee, linked to a monitoring system aimed at involving the entire workforce in "world-class manufacturing" via teamwork.
Italy	The September 1996 tripartite intersectoral <i>Pact for employment</i> - which was implemented by a law in June 1997 - reorganises the vocational training system through closer integration between its various training tracks. The pact's provisions include the creation of a local fund for CVT to which firms contribute 0.3% of payroll. However, the creation of this fund has been postponed until the appropriate government decree has been issued, because of financial problems and the need to define the role of the social partners.
Luxembourg	The banking sector has an agreed scheme of specialised CVT, organised by the ABBL employers' association through its Banking Training Institute, responsible for the initial training of all staff and for CVT. The latter consists of specialist courses lasting 120 hours. Employees who satisfactorily complete this training receive a small extra payment and have their enrolment fees reimbursed. There is also a "time credit" of half the working time spent at evening classes.
Netherlands	In the construction sector, bargaining has established a company contribution of 3% of payroll to finance (primarily) apprenticeships and another 0.8% (primarily) for CVT, managed by two bipartite sectoral bodies. The body in charge of CVT was created in 1987. Bargaining has also established the right of each worker to two days of training per year. Initially, in order to obtain funding, companies had to develop a training plan, but the current agreement (1997-9) provides that, in the absence of a training plan, workers may request their right to training individually.
Norway	The 1996 electrical installation branch agreement includes several clauses on CVT, covering: guidelines for the design of qualification requirements in companies; annual revision of these guidelines at an individual level; a committee responsible for establishing education programs; definition of minimum course contents; and a provision that all employees must receive CVT over a two-year period.
Spain	The CVT system is based on the intersectoral national agreement on continuing training (ANFC) signed in 1992 by the social partners (the bipartite agreement) and between the social partners and the administration (the tripartite agreement). The ANFC radically modified the institutional, legal and financial framework of CVT, which previously had a minor role. It established a CVT system based on an obligatory financial contribution by companies, joint management by the social partners and the pre-eminence of sectoral bargaining. Specific clauses covered: participation by workers' representatives in the company training plan; promoting CVT in small companies; and individual paid educational leave to attend regulated training. The ANFC was amended in 1996, increasing the number of recipients, improving the management and promoting the certification of training. Other goals for the next four years are to increase the quality of training and to promote the participation of SMEs and less-qualified workers.
Sweden	An unusual 1995 agreement in the graphical sector guaranteed every worker at least four days' training during a trial period which expired in March 1998. In 1996, the same parties concluded the so-called "Visby" agreement for the printing industry, aimed exclusively at companies seeking to benefit from the growth of the media market by assimilating new information technology, and offering the employers more flexible rules than the "ordinary" agreement. Before an employer can apply the Visby agreement, it must map out each worker's education and qualifications, after which the employer and the company union branch draw up a CVT plan.
United Kingdom	A 1997 national agreement on "single status" in local government emphasises the importance of training and development and requires employers and unions to develop local schemes. It lays down requirements for: equality of access to training; equitable sharing of resources; and entitlement to payment of normal earnings, fees and expenses. It also sets out how training needs should be identified and met, the need to use nationally recognised qualifications, continuing employee development, and paid leave of absence for examinations. The deal also identifies the need to: establish dialogue on development and training issues; provide examples of good practice; and identify priority areas for action. In the spirit of this agreement, at local level the main public sector union, UNISON is developing partnership arrangements with individual authorities for the provision of employee development programmes for the most disadvantaged workers.

of the social partners, specific commitments in bargaining are rare and few agreements deal with this question: there are some examples in sectoral agreements in *Austria*, *Belgium* and the *Netherlands*; while at company level, the experiences are few.

Bargaining on the content and recognition of training

In general, bargaining does not deal with the specific content of CVT. In the countries in which the CVT system is more linked to sectoral bargaining, the social partners usually set up bipartite sectoral training institutions that establish the priority contents and are responsible for teaching and for certifying CVT. This model is usually linked to a high degree of recognition of CVT between companies: this is the case in *France*, the *Netherlands* and - less commonly - *Belgium*, although not in *Spain*. However, in these countries, as in the others, there is little bargaining on the issue at company level, and rights of information and consultation on the company's training plan (see above) are often scarcely used. When training is negotiated, as a general rule its content, relevance and quality are hardly dealt with.

In the countries in which the CVT system gives a greater role to the public authorities, the social partners usually play an advisory role in the evaluation of needs and the content of training. The degree of recognition of CVT is, nevertheless, very variable: in some countries, such as *Denmark*, the adult training system leads to formally recognised qualifications at a national level that have a high degree of acceptance in the labour market. In other countries, however, the degree of recognition is far more limited and at the present time certification systems are being developed - as in *Ireland* and *Portugal*.

The *UK* is to a certain extent an unusual case. There is very little regulation of CVT, but there is a system of national certification (NVQ/SVQ) that defines the skills that the labour market demands. This system is based on national performance norms established by employers and is widely used to certify CVT, although it is not exclusive to this type of training.

Finally, it must be pointed out that the objective of reaching a greater degree of recognition and certification of CVT is helping, to a certain extent, to promote the participation of the social partners in the more general reform of the vocational training system. This is currently the case in *Norway* and in *Spain*, where

this debate is being conducted at inter-sectoral level and in tripartite negotiations, with the aim of achieving more coherence and articulation between the systems of general education and of CVT. The objectives include establishing mechanisms that allow the professional skills and status that workers have acquired through work experience and CVT to be recognised and certified. In addition to raising the quality of CVT and

contributing to labour mobility, this certification would help workers to gain access to the educational system. In *Spain*, the obligatory certification of CVT is being introduced with this in mind, while in *Norway*, the social partners are seeking to establish better documentary systems for continuing education/training.

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Commentary

Since the late 1980s, CVT has begun to take on increasing importance in the bargaining agenda of the social partners. The contributions of the EIRO national centres show clearly that it is the regulation of CVT that has been the central topic: ie most collective bargaining has focused on the establishment of an institutional, normative and financial framework that regulates and stimulates training in companies. The negotiations have been carried out mostly at an intersectoral or sectoral level and have focused on three key aspects: the funding mechanisms, the types of management and participation rights. In this context, the social partners in some countries have, with the support of the public authorities, institutionalised a CVT system that is closely linked to sectoral bargaining. In almost all the other countries, bargaining has also become more important, and there are very few countries in which CVT is still separate from bargaining and in which there is no explicit agreement by the social partners to promote a greater degree of dialogue and agreement in this field.

The objectives of this regulation process seem clear. Among the social partners there is a fairly good consensus on CVT as an environment in which the interests of companies and workers converge: it is considered that training is a key aspect both for the competitiveness of companies and for the employability of workers. Therefore, a set of regulations must be drawn up that facilitate the access of all companies and workers to CVT and ensure a greater adaptation of CVT to present and future qualification needs. This regulatory framework takes on special importance in a context such as the present one, with an increasingly complex labour market and a productive system with great inequality in the access to CVT, because it tends to concentrate on the most dynamic sectors, the larger companies and the better-trained workers. In other words, instead of leaving CVT as an employers' prerogative, a more balanced framework of responsibilities, obligations and compensations is sought in order ultimately to guarantee the right of all workers to lifelong training.

The progress that has been made in this field, however, cannot hide the weaknesses. In the strategies of the social partners, the institutionalisation of the training system has so far been more important than the training in itself. It is very difficult to put into concrete form, at company level, the new possibilities that are emerging, which leads to the problem of the divergence between the discourse - of continuing training, qualification and employability - and the practice.

This question undoubtedly arises due to the very dynamics of the process: it is probably necessary to begin by establishing norms for the participation of the social partners, so as to be able later to take more effective action. But even so, it is surprising that the reality of bargaining at company level is very similar in all countries, regardless of the role played by the social partners and bargaining in the CVT system. This reality is that there is in all cases little bargaining or joint activity on CVT at a company level, and it is usually defensive. Bargaining on CVT is usually undertaken within the processes of organisational restructuring in large companies, and greater emphasis is usually placed on the compensations for the training - employment, wages, working time - than on its priorities, contents or recipients. This is probably influenced in some countries by the relative weakness of trade unions and workers' representatives at company level, compared with the role played by union organisations at other levels. The same can be said of small companies, in which difficulties arise due to their size, but also due to the low level of inter-company cooperation or the weakness of their links with employers' organisations.

The social partners have made, and continue to make, a considerable effort to regulate CVT in a more balanced way and to ensure that it becomes a right for all workers. This has been an important step forward. But in order for this right to be really effective, as of now the efforts must concentrate more on promoting continuing vocational training, bargaining and joint activity at company level. (María Caprile, CIREM, and Clara Llorens, QUIT).

Flexibility of working time in Europe

The issue of flexibility of working time is currently prominent in industrial relations across the European Union and beyond. Furthermore, this form of flexibility has been identified as a key theme in the current EU debates on work organisation and employment. The European Commission's April 1997 Green Paper on *Partnership for a new organisation of work* devotes considerable space to the question of a new approach to working time, examining both reorganisation and reduction.

The EU *Guidelines for Member States' employment policies 1998* underline the importance of working time flexibility, and the social partners' role in achieving it, in employment creation/preservation. The guidelines invite the social partners "to negotiate, at the appropriate levels, in particular at sectoral and enterprise levels, agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive and competitive and achieving the required balance between flexibility and security." However, it is still too early, according to the Commission's May 1998 review of the National Action Plans developed by EU Member States in response to the guidelines, for the social partners' response to be fully developed.

It is in this context that this comparative supplement seeks to examine: the background to the growing importance of this theme in western Europe; the views and strategies of the parties (employers, trade unions and governments); and the ways in which collective bargaining has dealt with the topic. The supplement draws on the contributions of the national centres of the European Industrial Relations Observatory (EIRO) describing the situation and developments in the 15 EU Member States, plus Norway. Given the scope of the changes which have occurred in this area over recent years, the supplement finds that it is unfortunate that only incomplete and disparate statistics and analyses are currently available. An international comparison in this area can thus be only of a qualitative nature.

Background

Over the quarter of a century of rapid growth with almost full employment which followed the Second World War, the regulation of working time in western Europe followed a number of rules which steadily became general throughout the continent (except in those southern European countries with undemocratic regimes during this period). These basic rules were as follows:

- for full-time workers, the law set maximum and normal durations for hours worked and companies adopted stable collective work timetables. The margins for flexibility were provided by the use of overtime working and temporary unemployment (lay-offs and short-time working);
- the only role for collective agreements was to improve on statutory provisions, mainly by reducing the length of the working week and increasing the length of paid holidays;
- the reduction of working time was seen as a part of social progress. It was one way, along with pay increases, of sharing productivity gains; and
- atypical working hours were used only to solve specific problems. First, night and weekend work fulfilled certain technical needs related to production, or the need to keep some public services open at all times. Second, part-time work, which accounted for an increasingly large proportion of the workforce, especially in northern Europe, fitted a widespread social model of women's economic activity, and it was the same logic which brought about, at the end of this period, some experiments with flexible working hours ("flexitime") for office workers.

For the past 25 years, this framework has been in the process of profound transformation due to the conjunction of developments of varying nature, such as: new forms of organisation of production and marketing; the intensification of international competition; increasing unemployment; and new needs and preferences among male and female workers regarding the organisation of their working time. The disparate nature of these changes explains why the move toward introducing flexibility into working time has reflected different, and often contradictory, interests and objectives, depending on the economic and social actors concerned.

Analyses and strategies of the actors

The unity of employers' positions

For businesses, the introduction of flexibility into working hours is just one element of an overall strategy which also covers the introduction of flexibility into employment status and payroll costs. The national reports from the EIRO centres all confirm this. National differences in this area stem from the characteristics of the productive system, the dominant forms of competition, the respective importance of the law and collective bargaining, and the character

of the power relationships within the various industrial relations systems. These are only differences of degree, which in practice affect the amount of importance granted to the three forms of flexibility - employment status, pay and working time - and, in terms of working time, the importance attached to each of the various forms of hours flexibility (see below). The dominant objective is improving the company's competitiveness, which is presented as the most effective guarantee of defending and creating jobs.

Differences between employers' organisations from country to country also turn on the schedule for change: the offensive on the introduction of flexibility into working hours has been launched earlier or later, vigorously or not so vigorously, according to the constraints imposed on companies by law and collective agreements in this area, and depending on the pace at which new forms of flexible organisation (such as "just in time" or "lean production") have caught on.

In Greece and Portugal, for example, the predominance of traditional forms of organisation of production explains why the issue of flexibility in working time has only recently surfaced and is still only relevant on a small scale.

Trade union attitudes in different countries have also caused employers to attach varying degrees of importance to either collective bargaining, at national or company level, or putting pressure on the state to have the regulations on working hours made more flexible.

Finally, the pressure exerted by employers in the area of flexibility in working time has been affected by the existing flexibility margins in the two other fields - pay and employment type. In Austria, for instance, the flexibility accepted by trade unions in negotiating annual pay agreements in line with the economic situation, seems to have made flexibility in working hours less necessary. In Spain, it was the growth in temporary or "precarious" forms of employment which, until recently, was the main tool of flexibility.

A dilemma for the trade unions

All trade unions have maintained or strengthened their claim for a reduction in working time in recent years, for two main reasons. Firstly, as in the past, the unions have aimed to improve their members' working and living conditions. Secondly, faced with a rise in unemployment, they have aimed to protect and create employment through a more equal distribution of available work. On the first aim, the unions are unanimous. On the second aim, although the European Trade Union Confederation has strongly defended this perspective, the positions adopted by national unions on the effectiveness of a reduction in working time in achieving job creation

are diverse, and have changed over time in some cases. Some *German, Belgian, French, Italian* and *Dutch* unions attached a great deal of importance to this point, especially in the 1980s. In *Germany*, positions differed among the unions affiliated to the DGB confederation, while in *France*, there were differences between the different union confederations. On the other hand, *British* and *Scandinavian* unions have prioritised other types of action on employment, whose development they see as dependent on the characteristics and pattern of economic growth. These various positions may be attributed to the seriousness of unemployment in each country and in each period.

The unequal priority granted to the reduction of the length of working time explains why the unions have found themselves on the horns of a dilemma regarding the employers' objective of flexibility in working time. Indeed, employers have agreed to consider the reduction of working hours only in compensation for increased flexibility, and/or a cut in pay. The unions, however, were originally hostile to these two conditions. In the first place, although they were aware of the changing needs of employees regarding the organisation of their working time, the unions felt that flexibility would be achieved, on the whole, in order to meet companies' needs, leading to increasingly high workloads and constraints weighing on workers' non-working hours. Secondly, although the unions were conscious of the constraints of competitiveness, they generally rejected any wage cuts because of their tendency to lead to deflation. The unions' opposition was obviously fiercer on this issue in countries where pay levels were lowest.

For these reasons, the unions' strategies in the face of the dilemma of reduction or flexibility of working hours have varied greatly from country to country, but also, within each country, from one union to another. The following are examples:

- in *Germany*, some unions, notably in metalworking, have won large reductions in hours by agreeing, first by sectoral collective agreement, then by company-level agreements, to various types of flexibility margins;
- in *France*, in 1995, four of the five union confederations (after the CGT's refusal) signed an intersectoral agreement with employers which: allows working hours to be "annualised" - calculated over a 12-month period - in exchange for a reduction; and promotes an increase in part-time work, in exchange for guarantees for the workers concerned. The agreement's implementation rests on sector- or company-level agreements;
- in *Italy*, the unions' objective is to

obtain a reduction in the number of hours worked annually, through national sector-level agreements, leaving company-level bargaining to finalise the ways in which this is applied;

- In *Belgium*, the two largest union confederations, which were at first divided on the issue, agreed after 1987 to enter negotiations on work-sharing and flexibility of working hours, if these have a positive impact on job creation;
- in the *Netherlands*, the rise in unemployment allowed a national agreement in 1993 which was put into practice through sector- and company-level bargaining. Employers accepted the reduction of working time, and the unions agreed to flexibility and the decentralisation of bargaining procedures from national level. Now, the fall in unemployment has caused both growing shortages of qualified staff, and a resurgence of wage claims, which have put the earlier trend under strain;
- in the *United Kingdom*, the virtual disappearance of national bargaining has created a great deal of variety, depending on the power relations and union strategies operating within each company. In other countries, union hostility toward flexibility has greatly limited the scope of negotiations.

Unions are thus put in a difficult position vis-à-vis the complicated problem of assessing the advantages and disadvantages of negotiations involving trade-offs between reductions in working time, flexibility in working time and pay adjustments - which all depends on the health of the economy and the state of power relationships. It is clear that their choices have differed widely, without it being possible in practice to identify common trends.

Wide variety of government positions

Public policies have varied from country to country, and from one period to another. This has of course resulted from governments' differing political orientations, but also from the extent of unemployment and each government's diagnosis of the effectiveness, in terms of job creation, of a policy introducing flexibility (and possibly reduction) of working time. The differences also stem from the division of roles between the state and the social partners.

In the *Germanic* and *Scandinavian* countries, the law has traditionally set obligatory yet minimum standards, with most of the responsibility for regulating working time lying with collective bargaining and the government limiting itself to making its viewpoint known. In the *UK*, where there has traditionally been very little regulation in this area, businesses were left a completely free hand during the long period of Conservative administration (1979-97), with collective bargaining having a weak and

decreasing role. In the *Latin* countries, standards established by the state are highly developed, although not always respected. The authorities' involvement has been principally geared towards making the regulations more flexible, and the debate has dealt especially with the conditions and compensations involved in this flexibility.

However, despite this diversity, a broad and strikingly new trend can be identified. It relates to the relationship between officially-established standards and those established by collective agreement. As pointed out above, previously it was the case that bargaining on working time had to obey the law, and could only improve on the advantages and guarantees offered to workers. In the majority of countries, a new logic has been taking shape. The law now sets "fall-back" or "default" standards, which are imposed only if they are not modified by collective agreement. The law determines the negotiators' room for manoeuvre, and also indicates the permitted bargaining levels and conditions of validity for agreements reached in this area. Almost all the EIRO national centres mention the adoption of such legislation in recent times. Its explicit objectives are to acknowledge the responsibility of the social partners in defining the ways in which the introduction of flexibility in working time should be applied.

Moreover, *Belgium, France*, and *Italy* have introduced, or are considering introducing, financial aid for sectors and companies signing collective agreements which combine the reduction and flexibility of working time.

These changes have, in most countries, considerably broadened the field of bargaining on working time and the advantages of such bargaining.

The table on page 127 summarises the relationship in each country between legislation and the various levels of collective bargaining - national (sectoral and intersectoral) and company - in the area of working time flexibility.

The content of negotiations

The national reports enable the main themes in collective bargaining on working time flexibility to be identified: the methods of introducing flexibility; the compensation for introducing flexibility; and the interaction of working time flexibility with related issues.

Methods of introducing flexibility

To put matters simply, two main functions of flexibility in working time can be identified, although they are often both present at the same time.

In the first place, flexibility can mean splitting up the periods of actual time worked so that productive equipment

Working time flexibility: relationship of legislation and the various bargaining levels

Country	Legislation	National bargaining (sectoral or intersectoral)	Company bargaining
Austria	Since 1997, Working Time Act and Leisure Time Act have determined the exemptions from the law that collective agreements can introduce.	Negotiations on flexibility began only in 1996 and remain limited to a few sectors. Implementation of measures may require company-level agreements.	Weakly developed.
Belgium	Substantial government intervention to galvanise the introduction of working time flexibility through bargaining, with a trade-off in terms of reduction in hours in some cases.	Intersectoral agreements give direction to sector-level bargaining. Decisions on precise details referred to company bargaining.	Growing importance.
Denmark	Matter left to collective bargaining.	National agreements in 1986, 1988 and 1990 on reduction of working week. Several sectoral agreements during the 1990s introduced flexibility in working time and broadened scope of company bargaining.	Strong trend towards decentralisation of bargaining, with the possibility of deviating from sectoral agreements included.
Finland	1996 legislative reform increased possibility of flexible working time through collective agreements at sectoral and workplace level.	1993 intersectoral agreement broadened scope of company bargaining to cover maximum daily and weekly hours, and variations in number of hours worked around an average.	Increase in the context of the 1993 intersectoral agreement.
France	1981 and 1998 laws on reduction of statutory working week. 1981, 1987 and 1993 laws authorising exemptions (especially in terms of varying hours around an average) through sectoral or company agreements. Exemption from employers' social security contributions for agreements on reduction and reorganisation of working hours.	1995 intersectoral agreement promoting sectoral bargaining on hours flexibility in exchange for reduction. Modest results for sectoral bargaining.	Strong trend towards company bargaining on implementation of exemptions from law and on obtaining cuts in social contributions.
Germany	Working Time Act (1994) allows introduction of flexible working time through collective agreements, works agreements with works councils, or individual employment contract.	Since mid-1980s, increase in sectoral bargaining trading reductions in hours for flexibility. Agreements with works councils specify details of schemes' application	Trend towards decentralisation of bargaining
Greece	Flexibility in working time imposed by a 1990 law despite union opposition.	Bargaining hitherto non-existent because of incompatibility of positions of employers and unions	No company bargaining. Employers' attempts to introduce flexibility unilaterally.
Ireland	Organisation of Working Time Act (1997) sets maximum weekly hours, with possibility, by local collective agreement, of varying hours around an average over period of up to one year.	Intersectoral "framework agreement" (1989-90) defined conditions for company bargaining on reduction of standard working week. Tripartite national agreements (eg current <i>Partnership 2000</i>) contain clauses allowing local bargaining on flexible working time.	Company bargaining in context set by legislation and national agreements (few innovative agreements).
Italy	Little impact of legislation before 1998 bill introducing 35-hour week from 2001, promoted through financial incentives.	Leading role played by sectoral bargaining defining trade-offs between reduction of working hours and flexibility, with implementation decided by company agreement. In 1997, intersectoral agreement applying EU working time Directive.	On the increase, often related to annualisation of working hours.
Luxembourg	No change since 1975. Law allows certain types of exemptions through bargaining (eg on varying working hours) on condition of agreement by Ministry of Employment.	Hitherto very weak development of bargaining: employers are opposed to working time reduction and unions opposed to flexibility. Changes underway.	A few examples.
The Netherlands	Since 1996, substantial reduction of statutory restrictions on working time flexibility. Exemptions from law possible through collective agreements or agreements with works councils.	In a 1993 intersectoral agreement, employers gave up veto on reduction of working hours and unions agreed to decentralisation of bargaining and flexibility of working time. Sectoral agreements are framework agreements whose details must be decided by company agreements.	Increase of bargaining on flexibility but, recently, a halt in reduction of working hours.
Norway	Worker Protection and Working Environment Act (1977) allows modifications to normal daytime working and variations in length of the working week around an average through collective agreement.	Most recent intersectoral agreement on reduction of length of working week dates from 1986. Numerous recent sectoral agreements calling for reduction of overtime through local agreements.	Little bargaining on flexibility.
Portugal	1996 law reducing normal working week to 40 hours, with possible variation of hours around average over four-month reference period.	National bargaining has turned mainly on reduction of working week. Some recent sectoral agreements on flexibility.	Innovative agreements but few of them.
Spain	1994 labour market reform changed maximum length of working day and week into annual averages; variations within this figure are determined by bargaining.	1997 intersectoral agreement provides for bargaining on length and reorganisation of working time. Bargaining occurs at sectoral, provincial level.	Small number of agreements in large companies. Agreements increased after 1994 labour reform. From 1997, agreements on flexibility in exchange for stable contracts/job creation
Sweden	Act on Working Time (1992) sets general standards with possibility of exemption through bargaining at national level.	Sectoral agreements on length and reorganisation of working time, sometimes referring certain provisions to company bargaining. Some recent agreements have introduced flexible working time arrangements.	Increase in agreements, promoted by national agreements which have broadened scope for bargaining.
United Kingdom	No provisions ("voluntarism").	Multi-employer bargaining on all issues in steady decline.	Flexibility agreements at workplace level.

can be used for longer periods, or longer opening hours can be achieved in the retail and other service sectors. In this case, the form taken by flexibility is most often shiftwork, involving successive or overlapping shifts, to enable the company to keep going 24 hours a day, seven days a week (night work, and weekend work). The teams working these shifts may have alternating schedules or specialised permanent ones, and

adjustment might mean resorting to part-time shifts.

Secondly, flexibility might primarily be a response to the irregularity of the company's level of activity, either because of seasonal variations (in the construction, tourism and food-processing industries, for example), daily or weekly fluctuations (shops and certain client services, for example), or due to unpredictable variations in demand,

especially with a "just in time" mode of organisation of production. The main solution is thus to vary the number of hours worked; the actual number of hours worked (per week, for example) fluctuates between a minimum and a maximum around an average set by collective agreement, which must be respected over a reference period, which may vary from a few weeks to a year. In short, this is a method of calculation

which enables employers not to pay overtime premia for hours worked above the average in any day, week, month etc, as long as the average number of hours is respected over the reference period. Similar methods have allowed the payment of overtime to be replaced by the granting of time off in lieu, or by crediting the extra hours to "individual working time accounts" which workers can use over a period of several years.

Forms of compensation for flexibility

The national reports identify three main aspects of compensating employees (and their representatives) for the introduction of working time flexibility.

1) Trade unions seek the right to **monitor** the implementation of the flexibility process. At the very least, they might gain information rights (eg a period of notice before a work schedule is changed), while at most they can obtain a "co-determination" right in decision-making (as in *Germany* and *Denmark*). Monitoring is carried out either by unions or the works council, where these exist.

2) The implementation of flexible working time schemes can be presented by employers as a condition for making positive decisions on **employment** - eg by abandoning, or reducing the number of, job losses announced, guaranteeing that existing employment will be maintained for a certain period, or making commitments on job creation. The unions can view such employment measures as a factor justifying concessions on their part regarding flexibility. These positive effects on employment are usually linked to a reduction in the actual average number of hours worked per employee (through a cut in agreed normal hours, less overtime, or compensation through time off in lieu, etc).

3) In the area of **pay**, the variety and, often, complexity of the solutions deployed is considerable. The increased constraints and onerousness which may be involved for employees through the introduction of flexibility into working time can be compensated for, in varying proportions, by wage rises and various bonuses, or by rest periods and days off, accompanied by a reduction in the average number of hours to be worked. The solution selected depends on the preferences of employers and employees, and also the size of the margin for negotiation created by the gains linked to the flexibility introduced (such as the reorganisation of production with an increase in productivity, or a lengthening of the time that equipment is used). This solution can be influenced by the existence of schemes providing exemptions from employer's social security contributions in the case of agreements combining the introduction of flexibility and a reduction in the number of hours worked. This is already the case in *Belgium* and *France*, and in the pipeline in *Italy*.

Commentary

To summarise, the theme of flexibility of working time is currently coming to the fore, with varying degrees of intensity, in all Western European countries. In some countries, the debate began as early as the late 1970s, while in others the matter only really arose a few years ago. However, in almost all cases working time flexibility is seen as an important topic for the future. The emergence of this new factor in collective bargaining can only be understood in the light of economic, technical and social changes over the past 25 years. Governments and social partners have had to adapt their analyses and strategies to this new issue, and as a result, there have been changes in the content of the rules framing the length and utilisation of working time, and also in the character of these rules, whether statutory or collectively agreed, compulsory or optional.

Although the situation varies a great deal from country to country, it must be emphasised that in the majority of them, procedures for gathering statistics and analysis provide only incomplete, disparate and piecemeal information on the processes of implementation of forms of flexible organisation of working time, on their content and on their results. Statistics on working time and collective bargaining usually correspond to traditional categories which do not enable the character and scope of innovations to be identified. Analytical work provides contradictory results, which disparate methodological approaches do not allow to be compared with one another. It would be desirable that, in an area in which major changes are already under way or just starting over the whole of Western Europe, relevant and comparable information should be put at the disposal of those involved. (Jacques Freyssinet, IRES)

Interaction with related issues

Setting boundaries for an examination of the issue of working time flexibility is inevitably arbitrary - in practice, it is interlinked with connected issues.

The most obvious connection is to part-time work. Theoretically, part-time work is no more or less flexible than full-time work, but in practice it provides a potential complement or alternative to introducing flexibility into full-time work (by allowing unorthodox split work schedules, or the coordination of successive shifts, for example). Part-time work itself can be varied - for example, by providing for a set number of hours to be worked over a 12-month period - and in an extreme form, as in the case of the *UK*, it may not even guarantee a minimum number of hours' work (as with "zero hours" or "casual" contracts).

The connection with the growth in "precarious" forms of employment is less obvious, but still genuine. The use of fixed-term contracts and temporary employment is a source of employment flexibility which may be, in part, an alternative to introducing flexibility into the working time of staff already employed. Conversely, cases have been recorded of unions agreeing to flexibility in working hours in exchange for a reduction in the use of precarious employment and/or the transfer of staff occupying these positions into stable employment.

Bargaining levels

When examining the question of the level at which working time flexibility is negotiated, the broader trends which affect European industrial relations systems can be made out. Employers advocate the decentralisation of bargaining to the level closest to the practical conditions of work organisation. Unions are keen on national bargaining at sector level or even, in

some countries, at intersectoral level (as is the case in *Belgium*, *France*, *Ireland*, *Italy*, *Norway*, the *Netherlands*, *Portugal*, and *Sweden*). Unions feel that these multi-employer negotiations create an impetus for change, and ensure that guarantees for minimum protection of workers are given.

Several countries have mechanisms in place which link or "articulate" sector-level and company-level bargaining. The former establishes a broad framework and sets out the margin for manoeuvre within which the latter can work. In *Germany* and *Italy*, for example, the reduction of the number of working hours (on a weekly basis in *Germany*, and on an annual one in *Italy*) is fixed by sector-level agreement, while the way in which flexibility should apply is, within specified limits, the province of company-level agreements.

The respective weight accorded to these two levels of bargaining might depend on the changes in legislation which were discussed above. When the law sets basic standards which may be the subject of exemptions through collective agreement, it should stipulate whether such exemptions require an agreement at national level or whether they can be implemented directly through a company agreement. When the second solution is open, the tendency toward decentralisation is obviously strengthened. It must also be taken into account that, depending on existing legislation and national traditions, some types of flexibility in working time may be introduced unilaterally by the employer, for example where the workforce is not represented by a union, or when negotiations have failed. In the same way, some national reports note the existence of informal local arrangements outside of the regular field of collective bargaining.

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The impact of European Works Councils

EU Directive 94/45/EC of 22 September 1994 on European Works Councils (EWCs) is probably the most important legislative initiative that has been taken in the field of industrial relations at European level. It currently applies to all the Member States of the European Economic Area (EEA) except the UK - though, following the adoption of an "extension" Directive in December 1997 (97/74/EC), the UK will in future also be covered. The 1994 Directive came into force on 22 September 1996 (while the UK extension Directive will come into force on 15 December 1999). Prior to the Directive's adoption, EWCs had developed on a voluntary basis in many multinationals from the mid-1980s onwards.

This comparative supplement - based on the contributions of the national centres of the European Industrial Relations Observatory (EIRO) - aims to

- identify the social partners' involvement in the implementation of the Directive in the EU Member States and Norway;
- appraise EWCs' impact in the multinational companies (MNCs) concerned and on the different national industrial relations systems; and
- give an account of social partners' assessment of EWCs and comment on possible future developments.

Transposition and involvement of the social partners

The EWC Directive has been transposed in almost every EEA country concerned. Transposition is still awaited in *Luxembourg* and *Portugal* (plus, as far as is known, *Iceland* and *Liechtenstein*, though these countries are outside the scope of this study), and the European Commission has commenced legal proceedings for non-transposition against both countries. In *Portugal*, however, the passage of relevant legislation is reported to be in its final phase. In *Italy*, the transposition process has not been completed: a collective agreement was reached in November 1996, but back-up legislation is still lacking.

The most common way in which the Directive has been transposed is by law, while collective agreements are far less widespread. However, even where transposition was effected through legislation, the involvement of social partners has generally been extensive. At the cost of some simplification, three main groups of countries can be identified, depending on the roles played by collective bargaining/consultation and law in the implementation process.

1) Countries where a clear preference for

transposition via bargaining emerged and was put into effect, though back-up legislation was required afterwards. In this group are *Belgium*, *Italy*, and *Norway*, all of which saw central intersectoral agreements between the social partners on transposition. Back-up legislation has been enacted in *Belgium* and *Norway*, but not yet in *Italy*.

2) Countries where tripartite talks were held initially in order to prepare transposition, but implementation via law became necessary because the social partners could not reach an agreement. This was the case in two countries with a long tradition of tripartite concertation - *Denmark* and *Sweden*.

3) Countries where law was the preferred choice from the very beginning. This is the largest group, including *Austria*, *Finland*, *France*, *Germany*, *Greece*, *Ireland*, the *Netherlands*, *Portugal* (where the process is not yet complete) and *Spain*. In all cases, there was social partner involvement, usually extensive. A distinction can be made between countries where the involvement was of a tripartite nature (*Austria*, *Finland*, *France*, *Greece* and *Portugal*) and those where mainly bilateral talks were held (*Germany*, *Ireland*, the *Netherlands* and *Spain*).

Luxembourg and the *UK* fall into none of these groups. *Luxembourg* is the only EU country covered by the Directive which still lacks either a collective agreement or even firm draft legislation on EWCs. The *UK* is in a totally different situation, as the Directive has been extended to it only since December 1997, with transposition due by December 1999. The Government aims to present draft implementing regulations before the 1999 parliamentary summer recess, and is expected to issue a consultation document towards the end of 1998, seeking the views of the social partners and other relevant actors.

Continuity and change in transposition

In general, in the transposition of the Directive a clear tendency can be observed towards harmonising EWC rules - in particular those on the definition/selection of members of the special negotiating body (SNB) and of the statutory EWC based on the subsidiary requirements - with established national practices. According to our survey, the most sensitive issues related to the character of the new representative bodies and the role to be played by trade unions. On such issues, the prevailing tendency was to interfere as little as possible with existing arrangements in

national industrial relations systems, which were therefore, in a sense, "protected" from external challenges.

In other words, the *direct* influence of the implementation of the Directive on industrial relations systems was probably kept to a minimum, since EWCs were generally fitted into existing arrangements - for more details, see below under "The impact of EWCs on national industrial relations". Pressures for change, however, derived sometimes from attempts by unions to seize the opportunity of the transposition process to obtain significant improvements in workers' rights, and sometimes from attempts by employers' organisations to keep transposition as close as possible to the Directive's provisions, avoiding the extension to the EWC of the information and consultation rights or specific facilities granted to the home-country national works council (or similar structure).

The impact of EWCs on industrial relations in multinationals

Somewhere over 400 voluntary "Article 13" agreements were reached before 22 September 1996, while probably around 50 "Article 6" agreements have been signed by SNBs since the Directive came into force. Despite the existence of 450+ EWCs, the effects of the introduction of EWCs on industrial relations in MNCs are still difficult to identify, not least because the experience of EWCs has been quite short in most cases (of the Article 13 agreements, around three-quarters were signed in the year up to September 1996). In general, however, from the evidence available, it is possible to say that EWCs seem to meet the Directive's key objective of providing employees and their representatives with information over crucial transnational issues such as investment and reorganisations. Nevertheless, only in relatively few cases does it appear that EWCs have been involved in genuine consultation processes over sensitive topics such as reorganisation (indeed, in some cases, even information appears to have been provided only after the decisions have been taken).

The national reports outline the findings of various items of research into the operation of EWCs, notably from *Finland*, *France*, *Germany*, *Greece*, *Ireland* and the *UK* (in some countries, research in this area is so far limited or non-existent). Among the trends observed are the following.

- **Scope.** Employee representatives have generally tried to expand EWCs' field of action to include, notably: improving the provision of information (quality, quantity, availability in writing and timeliness); opening up new areas of influence over policy and practice (such as relocations, outsourcing and occupational safety); and enlarging the EWC's resources (starting with the right

Impact of EWCs on national industrial relations (IR)

Country	Impact
Austria	EWCs are considered a natural (and minor) extension of the highly developed system of co-determination and worker representation, into which they have been fitted tightly: only existing works council members can be delegated onto an SNB or statutory EWC. No clear effects on IR can be detected.
Belgium	The EWC representation system is linked to the existing system of employee representation. Representatives on SNBs and statutory EWCs are picked by, in order of priority, works councils, workplace health and safety committees and union delegations. Only in firms with no such representative structures is there a direct election. A possible result of the introduction of EWCs might be the establishment of group works councils bringing together representatives from a company's national subsidiaries, which would allow representatives of all Belgian operations of a company to meet before and after EWC meetings. This was discussed during the negotiation of the transposition agreement and some companies have already voluntarily introduced such a structure. Trade unions have not ruled out regulation of this issue as a consequence of EWCs.
Denmark	The picture is differentiated, with some substantial variations from national IR tradition. Many voluntary Article 13 agreements set up representative bodies which differ from the traditional Danish model, in that: they are employee-only (instead of joint); their members are elected directly, rather than being members of (works council-type) "cooperation committees"; and union involvement is highly restricted. For unions and some observers, such agreements may reflect management reluctance to extend Danish traditions of information and consultation. However, the transposition legislation gives priority to existing cooperation committees in the selection of representatives on SNBs and statutory EWCs.
Finland	The Directive has been implemented by adding a new "transnational group cooperation" layer onto existing cooperation legislation (through works council-type bodies). Generally, EWCs are seen as fitting quite well into the national IR system.
France	The Directive fits rather well into the French system - unsurprisingly, as it was largely inspired by the early practice of EWCs in French-based MNCs, themselves inspired by 1982 legislation on national group committees. Transposition has remained close to existing national provisions - going so far as to make the statutory EWC a joint management-employee body. Employee representatives on the SNB and statutory EWC are elected works council members or union delegates appointed by unions, with the distribution in line with the results of works council elections (direct elections are a fallback). The model is the same as for the French group committee.
Germany	The impact of EWCs on IR has so far been marginal. Linkages between EWCs and national representative structures and workforces are still in their infancy. Unions have tended to concentrate on establishing as many EWCs as possible - they are only now being increasingly faced with the task of advising and training established EWCs, giving them strategic direction and integrating them with other fields of union activity. This presupposes that the unions are taking a major step forward towards Europeanisation. However, Germany's highly developed system of co-determination and "trustful cooperation" might reduce the status of EWCs and limit their independence. Where the parent company is German, then, this may lead to a clear leadership by German representatives, which could make the EWC less of a supranational body. In legislative terms, the German representatives on SNBs and statutory EWCs are appointed by existing works council structures.
Greece	EWCs can be considered an extension of existing works councils, but are likely to result in important innovations. First, although works councils are statutory in Greece, in many cases they have been ignored and it has often not been deemed necessary to set them up, because of the presence of unions at enterprise level. Second, there is a low diffusion of participatory bodies and a lack of information and consultation procedures. Although these features might hamper the development of EWCs, with time their presence could help create a "participatory climate", at least in MNCs, which could be conducive to important changes in social partners' attitudes.
Ireland	EWCs seem to be an important innovation in the national IR system. There are no provisions for works council structures at national, regional or local level, while the Irish model of "partnership" is rather narrow, being largely confined to national-level tripartite negotiation and consultation. Therefore, EWCs have important potential for diffusing social partnership from national to local level, though they apply to relatively few companies.

to hold pre- and post-meetings, the establishment of a steering committee and acquiring a budget).

• **Influence.** In general, it seems that EWCs can exercise a low level of influence over decision-making processes. Sometimes, they are not consulted on strategic issues and the annual meeting which is the norm does not seem to respond to the needs of prompt information and discussion. This picture is not, however, universal: for example, a Finnish study finds cases where EWCs have been able to influence decisions in areas such as health and safety, reorganisation of production and relocations. A different picture emerges from a UK study which claims that EWCs can be rather "abstract" affairs, largely unconnected to other levels of corporate life and industrial relations. Without more regular exchanges, more widespread communication and more concrete outcomes, it is argued that

EWCs are unlikely to have any significant impact.

• **Benefits for employee representatives.** Representatives benefit principally from receiving corporate information and from having direct contacts and exchanges of views with counterparts from other countries.

• **Problems for employee representatives.** Contacts are often hampered by language problems - the importance of supporting the acquisition of language skills by EWC members is frequently stressed. French research identifies problems that may arise from a lack of mutual confidence among union representatives from different countries, which can reportedly sometimes develop into an open fight for dominance. A UK study suggests that expectations of EWC-fostered transnational labour solidarity and cooperation have been found to be wanting, and in many

cases the experience of EWC meetings is perceived to have heightened employee fears of international competition.

• **Benefits for employers.** Despite the generally negative attitude of many employers' organisations at both national and European levels to the Directive, research indicates that some individual employers, at least, derive benefits from EWCs. It is reported from Ireland, for example, that EWCs have not proved as threatening to employers as many thought. Indeed, some now see them as a useful way of keeping workers in touch with the international business environment, providing an increased awareness of how a particular plant is doing in comparison with others. Dutch research suggests that EWCs may improve mutual understanding and communication on strategy and transnational issues, and can promote social cohesion or corporate identity within the different parts of an MNC.

Impact of EWCs on national industrial relations (IR)

Country	Impact
Italy	EWCs are linked to the existing system of representation via the procedure for appointing employee representatives on SNBs and statutory EWCs: these are appointed by works council-type "unitary union representative bodies"(Rsus) and unions which signed the sectoral collective agreement applying to the company. There is no specific research on the impact of EWCs in Italy, but their limited spread together with the existing widespread presence of information and consultation rights have resulted in no evident effects on the IR system.
Luxembourg	The lack of transposition legislation and the small number of Luxembourg companies with EWCs makes any impact impossible to assess.
Netherlands	EWCs have been introduced in a context where co-determination rights are quite highly developed - and include group works council structures. Existing works council structures appoint employee representatives on SNBs and statutory EWCs (with direct elections as a fall-back). For some employers, the EWC should not be seen as a natural extension of existing consultation structures because the EWC's role is essentially different from that of national works councils. Union sources, however, see employee-side-only EWCs (but not joint bodies) as a natural extension of the national works council structure to the European level. Given the strict traditional separations between bargaining, assigned to unions, and co-determination, attributed to works councils, the fact that negotiations over the creation of EWCs are carried out by employee representatives and that union officials might sit on the SNB could be considered minor innovations.
Norway	There is no research available on EWCs' impact on national IR and, given their relatively short lifespan, they have yet to make an impression on the Norwegian system. However, the most common view among the social partners is that the EWC is a natural extension of long-standing national consultation and information arrangements, which have been enshrined in collective agreements and legal statutes. As such, the EWC cannot be seen as an innovation. However, as an extension to the European level, it can be seen to bring in new elements, although building on the traditional arrangements.
Portugal	The limited number of Portuguese-owned companies to which the Directive is applicable (estimated at four) has probably reduced the relevance of EWCs for national IR. Furthermore, the lack of company-level participatory practices has probably hampered to some extent both the transposition process - not yet completed - and the impact on the national IR system. However, the creation of EWCs may, in the future, help increase the diffusion of participatory practices.
Spain	The EWC, both as a legal institution and as a representative body, is seen as fitting very easily and "naturally" into the Spanish IR system, mirroring quite closely the legal position of national works councils. Existing union delegations play the key role in appointing members of SNBs and statutory EWCs. EWCs are seemingly having two main effects. First, there is a significant change in IR culture in that unions more fully recognise the importance of the European, and indeed global, field of operations, and are increasingly taking steps to improve their skills in this new area. Second, the move to create EWCs is stimulating the creation of group-level union committees in companies where previously these did not exist, or, more commonly, facilitating the creation of communication channels between workers in different plants across Spain.
Sweden	In the appointment of members of SNB and statutory EWCs, priority is given to local trade unions which signed agreements in force in the company - a provision which harmonises well with the Swedish system. Another reason for the lack of evident major effects of EWCs is that the EU rules are not as far-reaching as the national ones, as they provide the right to information and consultation only, and not the right to negotiations and influence.
UK	Though the UK was not covered by the original 1994 Directive, it is arguably the country where the impact on the national IR system is greatest. First, at least 58 Article 13 agreements were reached in UK-based MNCs, making it the European country with the second-largest number of Article 13 EWCs (after Germany). Second, the UK relies traditionally on a "single-channel" system of IR, based on union representatives. EWCs have introduced a form of "dual-channel" representation, as non-union representatives have supplemented union-based representation within EWCs. Third, since in many large UK-based organisations there are no group-wide IR structures, the key level of IR being at site or establishment level, the establishment of EWCs is likely to encourage greater group-wide liaison between employee representatives in such companies.

• Parent companies and subsidiaries.

At least initially, it seems that representatives from the MNC's home country will tend to dominate and shape EWCs because of their built-in advantages. Only through interaction continued over time can this imbalance be reduced, leaving room for the creation of a real European body. A problem emphasised from Greece is that, when the parent company is based in another country, at national level adequate information is often lacking and the decision-making process appears to be too distant. However, the establishment of an EWC is seen by Greek unions as an important step towards the reduction of this distance, which otherwise would be even greater, and a necessary tool which secures the right to information, even if in some cases such information may be poor. French research suggests that minority representatives on EWCs can develop "passive attitudes" and decide to

concentrate on "national action" instead of "transnational coordination".

• **National differences.** It appears that a number of difficulties derive from the differences in national industrial relations systems among Member States. Such differences are likely to be reflected in the participants' specific background and approach to problems and in their limited understanding of how representation and bargaining work in other countries. The latter difficulty may be particularly evident when union representatives come together with employee representatives without much previous experience in negotiations and industrial relations. Not surprisingly, specific training for EWC members appears to be increasingly perceived as necessary, and not only by unions.

The national reports identify some EWCs as "success stories" for a number of reasons. The agreement on which they are based might be particularly innova-

tory or influential (examples are BSN-Danone and Aer Lingus) or their operation might have proved particularly successful - for example by helping reach a satisfactory solution to a restructuring situation (examples are Unilever, Schmalbach-Lubeca and KNP BT) or developing new roles or competences (examples are Hoogovens and Shell)

Relatively few notable "failures" - where EWCs have proved to be ineffective in some way (for example, by failing to influence events or decision-making or by becoming split) - are reported. One rare example is the EWC at an Austrian tyre company, which reportedly played no role in recent conflicts over the relocation of production and in fact more or less "disintegrated" in the process.

Success or failure are not, however, always clear-cut. The Renault Vilvoorde case in 1997 (*EIRObserver* 2/97 p.2) is an example of a "mixed" experience. It can be seen as both a "failure", in that

Renault management did not consult the EWC on the closure of the Belgian plant, and a “success story” because the EWC coordinated a pioneering “Euro-strike”, won two court cases and obtained a modification of the EWC agreement (*EIRObserver* 3/98 p.10).

The impact of EWCs on national industrial relations

The effects of EWCs on national industrial relations systems are varied and depend mainly on the pre-existing institutional framework and especially on whether representation bodies similar to works councils already existed. The table on pp. 130-131 summarises experience in each of the 16 countries. Very broadly speaking, the countries can be categorised in four groups in terms of the impact of EWCs:

- 1) countries where the impact of the Directive has so far been virtually nil, because of delays in transposition and/or lack of experience of voluntary EWCs. The prime examples are *Luxembourg, Greece and Portugal*. However, in the latter two cases participatory structures are relatively undeveloped and the future development of EWCs might help spread such practices;
- 2) countries where the impact of the Directive has so far been extremely limited, largely because the tight fit between existing representation and/or information and consultation arrangements and EWCs means that the latter have been added relatively seamlessly to the former. Examples include *Austria, Finland, France, Germany, Italy, Norway and Sweden*;
- 3) countries where there is a relatively tight fit between existing representation and/or information and consultation arrangements and EWCs, but the introduction of the latter has at least potentially raised new issues for the former - examples are *Belgium, Spain* and, to a lesser extent, the *Netherlands*; and
- 4) countries where EWCs have a relatively substantial impact, at least potentially, because there is no significant history of works council-type structures. The main examples are *Ireland* and the *UK*.

This attempt at categorisation is necessarily very broad, and some countries may fall into more than one category or none of them. An example is *Denmark*, where the EWC legislation fits relatively closely with existing provisions, but some Article 13 agreements differ markedly from these provisions.

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Commentary

Even though the influence of EWCs on industrial relations systems has so far probably been quite negligible in most cases, this should not be taken for granted for the future. Several new tendencies can already be identified.

- 1) A form of “cultural change” on the part of trade unions and employee representatives. A better awareness of the internationalisation of company strategies and more information on industrial relations and working conditions and arrangements in other countries are helping to create a new “European mentality”.
- 2) The creation of networks of employee representatives in different countries may support coordination and joint action.
- 3) The establishment (actual or potential) of group-level representative bodies in some countries as a consequence of the creation of EWCs shows a tendency towards the centralisation of company-level industrial relations. This could help employee representatives to obtain fuller information and a better understanding of company strategies.

These changes are probably more likely to be significant in countries where works councils have not traditionally been present. However, especially where industrial relations are more developed and trade unions are stronger, an important transformation of union attitudes is needed to go beyond the national context and face the challenges of internationalisation.

The future development of EWCs is difficult to anticipate, but they probably represent a first step towards a new “mentality” which might lead to further transformations and to the construction of the first elements of a European-level industrial relations system. However, it is important to point out that trade unions are ambivalent on such issues: on one hand, they sometimes seek an increased role for EWCs, in order to acquire bargaining rights; while on the other they see the risks of erosion of national systems or the limits of building a system which applies only to MNCs, or favour a stronger and clearer role for unions than is embodied in the EWC Directive.

In some countries, trade unions are afraid that the development of EWCs could lead to some sort of company trade unionism which might undermine the role of unions, or to the creation of new alliances (eg within more prosperous operations, or between management and higher-skilled or less-unionised workers) which might reduce wider solidarity among workers. With reference to those countries where relatively few MNCs have their headquarters, other risks or disadvantages are often mentioned: the possibility of being left in a secondary and mostly passive position in the EWCs of MNCs based elsewhere; or the need to bear the “costs” of understanding the industrial relations system of the home country of the parent company. Furthermore, in countries where a “single-channel” model of industrial relations predominates, the low importance often granted to union officials in EWCs is sometimes a source of criticism. In some other cases, unions are fairly sceptical about the real possibilities for the development of EWCs.

Employers’ organisations are generally not in favour of extending EWCs’ rights to include bargaining. They see and often value EWCs as a forum for the information and participation of employees, but consider that bargaining at European level could not be useful, since worldwide competition and globalisation make reference to the European level inappropriate. Despite this general scepticism, however, some more positive attitudes may be identified whereby EWCs are considered a useful forum for exchanging information for mutual benefit and for improving the possibility and capacity for the various parties to understand each other.

In general, we can say that even if the impact of EWCs on industrial relations in the Member States is probably marginal so far, their presence will most likely lead to some important developments. This takes time, as it can be viewed as a learning process in which trade unions, employers’ organisations and individual employers must develop new attitudes. Some important insights into this learning process derive from the positive experiences which have been reported where EWC meetings are carefully prepared by select committees which meet several times to have informal discussions and define a clear agenda. This preliminary work may be very useful for developing a better understanding of the role and potential of EWCs and for fully utilising EWC meetings, without incurring the costs and leading to the negligible results that are sometimes mentioned as shortcomings of EWCs.

In conclusion, in the light of social partners’ evaluations and of the abovementioned trends, it can be said that the most important future EWC developments may turn out to be the following:

- 1) the increasing importance of an attitude which stresses the ability to reach agreements and compromises;
- 2) a clearer and more distinct role for EWCs with respect to national representation bodies - that is, a move towards an integration between the different representation levels, overcoming the initial difficulties and “fights for dominance” that are sometimes reported; and
- 3) some sort of collective bargaining entitlements. These will probably not concern pay and conditions of employment, but rather wider matters that might need a Europe-wide framework of regulation, such as health and safety norms, or new “participatory” issues.

However, such developments cannot be thought of as automatic: an important effort on the part of the social partners is required. The main condition for these achievements would be training for EWC members: not only in language skills, but also, and more importantly, to provide a deeper understanding of economic mechanisms and organisational dynamics, and to learn about foreign industrial relations systems. This background of training will probably prove essential for the social partners to make the best use of EWCs (Roberto Pedersini, Fondazione Regionale Pietro Seveso).

Board-level employee representation in Europe

The representation of employees on the supervisory boards, boards of directors and similar bodies in companies is an important form of employee participation in many EU countries. The revival of the European Company Statute following the 1997 Davignon report, with the possibility of further progress during 1998, gives the issue a new relevance at EU level - the "standard rules" in the most recent proposal for the Statute would give employees seats on the European Company's board in some circumstances.

The aim of this comparative supplement is to provide an overview of national provisions governing board-level employee representation, looking in detail at the ways in which employee board representatives are selected. It also summarises the current position on the proposed European Company Statute and examines social partners' views on this proposal at European and national level.

The supplement draws on the contributions of the national centres of the European Industrial Relations Observatory (EIRO) describing the situation and developments in the 15 EU Member States, plus Norway.

Readers are reminded that this supplement is a heavily edited version of a full comparative study on this subject, available on the *EIROOnline* database, which covers a wider range of issues and provides considerably more detail (for information on accessing *EIROOnline*, see p.107).

The concept of board-level employee representation

Board-level employee representation (BLER) involves the presence of employee representatives on the supervisory board, board of directors, or similar structures, in companies. These representatives are directly elected by the workforce, or appointed in some other way, and may be company employees, officials of organisations representing those employees, or individuals considered to represent employees' interests in some way. BLER is an indirect, or representational, form of participation. It involves the expression of employees' collective interest through the intermediary of representatives and differs from direct participation in that:

- it focuses on the workforce as a whole rather than individual employees or workgroups;
- its fundamental aim is democratic input into company decision-making rather than fostering employee motivation and commitment; and
- it is in general regulated by legislation or collective agreements, rather than being a unilateral management initiative.

BLER differs from other types of indirect participation such as works councils in that it attempts to provide employee input into overall company strategic decision-making rather than focusing on information and consultation on operational matters at the workplace. Although BLER may be distinguished from other forms of employee representation in the enterprise and from collective bargaining, there are links to works councils and trade unions, which in many cases are involved in BLER by having nomination or appointment rights, while board-level employee representatives are often union members.

Finally, the content, meaning and impact of BLER differ with the degree of employee representation. In most cases, employee representatives are in the minority, and BLER is associated with obtaining information and understanding and expressing and exchanging opinions, views and arguments about an enterprise's strategy and direction. In a few cases, however, when employee representatives are equal in number to those of shareholders or other parties, issues of control, veto and real influence over company strategy - sometimes known as "co-determination" - come into play.

Systems of board-level employee representation

BLER is a widespread form of employee participation across Europe, though systems of BLER in the various countries vary widely. Table 1 on p. 134 briefly sketches the key characteristics of these systems in the countries covered by EIRO.

Arrangements for BLER vary widely. Some countries provide a statutory right to such representation, some do not. Of the 16 countries covered here, only three (*Belgium, Italy* and the *UK*) have no general legislation or widely applicable collective agreements providing for BLER in at least some types or company. However, even in *Belgium* and *Italy*, there are specific provisions for BLER in some public companies. The *UK* stands alone in having no statutory form of BLER, or significant collectively agreed provisions.

Of the 13 countries with BLER, this applies only to some or all wholly or partially publicly-owned enterprises in *Greece, Ireland, Portugal* (though here the legal provisions are not implemented in practice) and *Spain*. Relatively comprehensive legislation on BLER can be found in *Austria, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, Norway* and *Sweden*.

There is generally limited numerical data available on the extent and importance of BLER. However, among the countries

with relatively comprehensive BLER provisions, it is known that: in *Austria*, there are some 1,800-2,000 employee representatives on supervisory boards in 1,000 enterprises (including union officials appointed for other reasons); in *Denmark*, employees in 1,400 out of 4,500 eligible companies (30%) have made use of the right to BLER; in *Germany*, 45 companies with 400,000 employees are subject to the specific coal, iron and steel co-determination scheme, while 728 companies with 5 million employees were covered by the 1976 Co-determination Act in 1996; and in the *Netherlands*, where some 580 companies were covered by "structure law" in 1992, a 1994 survey of 103 of the largest companies found that one or more members of the supervisory board had been nominated by the works council in 46% of cases. In *Ireland*, with a more limited BLER scheme, the relevant legislation covers under 10% of the total workforce, and there are approximately 60 "worker directors" in total.

Legislation plays the key role in regulating BLER, where it exists to any significant extent, in all cases apart from *Spain*, where agreements are the basis of some public sector arrangements. Collective bargaining generally seems to play a very limited role in this field. In *Germany*, a number of additional collectively agreed provisions exist in the private sector (at companies such as Thyssen Krupp AG). A notable agreement was concluded during the privatisation of Aceralia in *Spain*, while there are also a number of company agreement (relating mainly to employee share ownership) in *Italy*. In *Norway*, agreements provide for BLER in a few areas not covered by law.

Systems of corporate governance

Across Europe, three broadly defined systems of corporate governance can be identified for the types of company in which there is BLER.

1) **Dual systems.** In these systems, the performance of the management board is monitored and controlled by a supervisory board. The supervisory board is normally composed of representatives of the shareholders (and often of employees), while the management board is made up of managers employed by the company. Countries with BLER which fall into this broad category are *Austria, Denmark, Germany, Greece, the Netherlands, and Portugal*.

2) **Monistic or single-tier systems.** In many countries there is a single institution at board level, usually called the "board of directors" (sometimes "administrative board"), which is responsible for the control of the company, though there is no formal distinction between supervisory and management functions. The board may contain members of the enterprise's management alongside members from outside, representing shareholders and sometimes other parties. Countries with BLER in this category are *Ireland, Luxembourg, Spain* and *Sweden* (*Italy* and the *UK* also

Table 1: Systems of board-level employee representation (BLER) - overview

Austria	The works council has the right to choose one-third of the representatives on the supervisory board in companies with at least 40 employees.
Belgium	There is no system for the representation of employees on the boards of private companies, in the strict sense of the term. However, in some public service companies such as railways, other public transport and universities, employees have seats on the boards.
Denmark	Employees in companies employing at least 50 employees are entitled (though not obliged) to elect at least two representatives on the board of directors and up to one-third of the total number of members.
Finland	In companies with 150 and more staff, employees have the right to board-level representation. Much of the detail is left to local negotiation between employer and trade unions. There must be one-four employee representatives, making up one-fifth of the body in which they sit.
France	In private sector companies, two or four representatives of the works council (depending on the number of managers and engineers employed) may attend meetings of the board of directors or supervisory board in a consultative capacity. In public sector organisations, elected employee representatives constitute up to one-third of the board and act as full members. Furthermore, in all limited companies the shareholders may voluntarily decide to include elected employee representatives on the board.
Germany	Employees in companies with 500 employees or more have representation on the supervisory board. The proportion of workers' representatives varies from one-third, in companies with 500-2,000 employees, to one-half, in companies with more than 2,000 workers. In these larger companies, the chair in effect represents the shareholders and has the casting vote, except in larger coal, iron and steel companies where the chair is independent. Also in coal, iron and steel, the employee representatives can appoint the "labour director", who is part of the management board.
Greece	Employee representation on the board exists only in the "socialised sector", such as public utilities and transport, where there are two levels of worker participation. The highest level is the "representative assembly of social control", which sets broad policy objectives. Employee representatives constitute up to one-third of this group. Below this there is the board of directors, where again one-third of the members are elected by the workforce.
Ireland	There is no statutory requirement for BLER in the private sector. In a number of state-owned companies, employee representatives are entitled by law to one-third of the seats on the main boards.
Italy	Although the Constitution recognises "the rights of workers to participate in management, in the manner and within the limits prescribed by law", this has never led to legislation on BLER, which is largely absent. However, some company agreements provide for the participation of employee representatives on boards, usually through forms of employee share ownership.
Luxembourg	Employees have representation on the boards of companies which are more than 25% state-owned or which receive state aid for their main business, and of all companies with over 1,000 employees. In the latter case, the employee representatives make up one-third of the board, while in the former there is one employee representative for every 100 employees, with a minimum of three employee representatives and a maximum of one-third of the total board.
Netherlands	Companies with more than 100 employees, a works council and a set amount of capital must set up a supervisory board. The supervisory board elects its own members and the shareholders, the works council and the executive board have the right to recommend new members. There is no fixed proportion of employee representatives on the board: a works council may use its right of recommendation, but employees do not necessarily have a real representative on the board. Members of the supervisory board must take the interest of the company and the undertaking as a whole into account in the fulfilment of their duties; they are not employee representatives as such.
Norway	A significant proportion of private sector enterprises are regulated by legislation that safeguards employee representation on company boards - usually one-third of the total. In some, but far from all, state and municipal institutions, political authorities have decided that employees should be entitled to be represented on the boards. Similar voluntary arrangements may be found in companies not covered by the traditional legal framework.
Portugal	The appointment of employee representatives to the governing bodies of state corporations or other public entities is provided for expressly by the Constitution and legislation. The legislation on public corporations also provides for the appointment of an employee representative to both the board of directors and supervisory board. However, this legislation is not complied with in practice and there are no known cases of employee representatives being appointed to a corporation's governing bodies. In the private sector, the law expressly states that recognition of the right to BLER depends exclusively on the wishes of the parties involved. In practice, there are no known significant cases in which this right has been recognised.
Spain	There is no statutory right to BLER. However, as a result of tripartite agreements, there is some union representation on the boards of the largest public sector companies. There is also provision for BLER in institutions with a special legal status, such as savings banks.
Sweden	In almost all companies with more than 25 employees, employees have the right to two board members. In companies with over 1,000 employees engaged in at least two types of business, this rises to three board members. The employee representatives can never be in a majority.
United Kingdom	There is no legal right to BLER for workers. There are very few examples of "worker directors," except in the area of management buy-outs of particular companies, mostly in the recently privatised or deregulated areas of the economy, such as transport.

Sources: European Industrial Relations Observatory; and "Worker representation in Europe", Labour Research Department, LRD booklets, March 1998

have monistic systems). The regulations governing monistic systems are quite diverse.

3) **Mixed systems.** Of the countries with BLER, *Finland*, *France* and (to a lesser extent) *Norway* have a combination of dual and monistic systems.

Selection and rights of employee representatives

Legal regulation and practice is quite diverse regarding the selection of employee representatives to sit on the board - see table 2 on p. 135. Elections among the workforce concerned is a basic method of selecting representatives, applying in *Denmark*, *Finland*, *Germany* (except for the parity co-

determination system), *Greece*, *Ireland*, *Norway* and *Portugal*. In *Austria*, it is the works council and in *Luxembourg* the employee representatives on the works council that appoint the board representatives (though in the latter case, trade unions also appoint representatives in the iron and steel industry). In *France*, works councils appoint (non-voting) board representatives in the private sector, while unions play a decisive role in the selection of board representatives in the public sector. In *Sweden*, it is the local branches of unions which appoint the board representatives. In the *Netherlands*, it is the supervisory board which co-opts its own members, with the works council being one of the bodies

with nomination rights.

With few variations and exceptions, employee representatives enjoy the same rights, responsibilities and obligations as other board members. In *France*, works council-appointed representatives have only a consultative role. However, they receive the same information as the other members and have the right to present lists of requests for information and must receive a documented response. Elected board representatives in *France* have the same rights and obligations as shareholders' representatives and representatives appointed "due to their expertise". In the *Netherlands*, all members of the supervisory board have equal rights but are not allowed to act as

Table 2: Selection of employee representatives on the board

Austria	Appointment by the (central) works council from amongst its ranks. Appointees must be elected works council members (ie not trade union appointees).
Denmark	Elected directly by workforce from among employees.
Finland	The workforce elects board representatives - who must be company employees - from among candidates nominated by "staff groups".
France	In private sector companies, representatives attending board meetings in a consultative capacity are appointed by works councils from among their members (all company employees), with proportional representation among occupational groups. In government-run companies where full board representation is obligatory - and in private sector companies which have opted for such representation - board members are company employees elected on the basis of slates run by the five nationally-recognised unions.
Germany	(1) In companies covered by the Coal, Iron and Steel Co-Determination Act, trade unions and works councils propose candidates to the shareholders' meeting for election; this is a formality and the meeting must confirm their nominations. The "additional" board member, who provides a casting vote where necessary, is elected by the shareholders' meeting on the proposal of the majority of both groups on the supervisory board. The management board must include a member responsible for personnel matters, the "labour director", who may not be elected against the majority vote of the employees' side on the supervisory board. Four of the employee supervisory board representatives (three blue-collar workers and one white-collar) must be group employees. (2) In companies covered by the Works Constitution Act, employee representatives are elected by the entire workforce. (3) In companies covered by the Co-Determination Act, the seats allocated to workers' representatives are divided between company employees and candidates proposed by unions. In principle, representatives in companies employing under 8,000 employees are directly elected by the workforce, while those in larger companies are elected through an electoral college system. In both cases, employees may opt to switch to the other election method. Candidates for election as white- or blue-collar workers must be nominated by one-fifth of all their category of staff, or 100 such employees. Managerial staff representatives must be nominated by 5% of their category, or 20 such staff. Candidates for election as union representatives on the board must be nominated by unions.
Greece	Board-level employee representatives are elected by direct, universal vote, by a system of proportional representation, and may be recalled in the same way. Nomination is by trade unions and representatives may be company employees or external parties.
Ireland	Representatives are directly elected by the workforce under a proportional representation system. Candidates may be nominated only by a trade union or other organisation recognised for collective bargaining purposes by the company concerned. Representatives must be company employees.
Luxembourg	Employee representatives on the works council appoint board representatives from among the company's workforce, with proportional representation and separate ballots for blue- and white-collar workers. In iron and steel, the most representative national trade unions directly appoint three board representatives, who need not be company employees.
Netherlands	In companies that fall under the "structure" regime, the supervisory board elects its own members. The general meeting of shareholders, the works council and the executive board are entitled to recommend new members for the board when there is a vacancy, while the shareholders and the works council can object to a nomination. Employees of the company (or dependent companies) may not be members of the supervisory board, and the same applies to union officials who are involved in collective bargaining with the company.
Norway	Employee representatives are chosen by and from the employees. They are elected by all employees, with the exception of the chief executive officer and employees owning more than 10% of the share capital. The elections may take various forms - majority voting or (at the demand of trade unions or a certain number of employees) proportional representation or dividing the company into constituencies. In companies with union branches, it is common for the unions to nominate candidates for the board.
Portugal	The employees' representative on a public corporation's board should be elected by and from among the employees. NB - legislation not implemented in practice.
Spain	In the case of the public sector metalworking agreement, trade unions that have obtained at least 25% of the number of workers' delegates or works council members in workforce elections are entitled to board-level representation. There is one representative per union with a right to participate, and if only one union has this right it has two representatives. The unions may appoint and dismiss their representatives according to the criteria they see fit. There is no provision that the representatives must be company employees, although in fact this is usually the case.
Sweden	Board representatives are appointed by local branches of trade unions bound by collective agreements with the employer. The board representatives should as a rule be employees of the company (or group), though this is merely a legal recommendation. It is possible to appoint an outsider, for example a union official, as often occurs in small companies where the local union feels that it does not have enough resources to take on this task.

Source: European Industrial Relations Observatory.

representatives of particular interests. In *Portugal*, the law says nothing about the status of the employees' representatives and seems to leave it for the statutes of each public corporation to define. However, in practice, no employee representatives have been appointed.

The European Company Statute ■

The concept of a European Company (*Societas Europea*, or SE), incorporated in Community law has been mooted since the 1950s. The essential idea is that the obstacles to the development of European-scale companies - such as problems with cross-border mergers, or differing tax and company law - can be overcome by giving companies the option of escaping national company law and incorporating at EU level. Since

the first draft of a European Company Statute (ECS) was issued by the European Commission in 1970, there have been various amended proposals, but none of them has been able to find sufficient support in the EU Council of Ministers.

A main reason for the deadlock on the ECS has been the Member States' inability to agree on the question of what worker involvement provisions, if any, should apply to the SE. All versions of the draft Statute have included provisions on worker involvement - information, consultation and, especially, BLER. The Council's dilemma arises from the different national perceptions of, and institutional arrangements for, worker involvement across Europe: on the one hand, countries with comprehensive statutory systems of involvement

and especially BLER (for example, *Germany*) have been afraid that EU legislation may give companies based in or operating on their territories the opportunity to escape the involvement legislation; on the other hand, countries with few or no statutory involvement provisions (for example, the *UK*) have not wanted to see legislation on involvement imposed from outside.

The deepening of European economic integration, pushed forward by the completion of the single market and the coming Economic and Monetary Union, has created a growing need for a ECS to allow European enterprises to unify their organisational structures and adapt to the increasingly transnational dimension of their activities. Therefore, in 1996 the Commission again took the initiative and

set up a "high-level expert group" on "European systems of worker involvement", chaired by Etienne Davignon, with the aim of developing an acceptable compromise on worker involvement in the SE.

The "Davignon group" presented its final report in May 1997, recommending that a ECS should not prescribe a certain model of worker involvement but should give priority to free negotiations between management and employee representatives over the system of worker involvement to apply in each SE. Only if negotiations failed should a set of "reference rules" apply, including information and consultation rights (differing somewhat from those of the European Works Council Directive) and minimum BLER of one-fifth of the members of the SE's relevant board.

In the second half of 1997, the Luxembourg EU Presidency presented a new ECS draft which largely took up the Davignon recommendations. However, Council discussions again ran into difficulties, in particular on the question of the "reference rules". Therefore, in the first half of 1998, the UK EU Presidency issued a further draft ECS which continued the basic "free negotiation" approach but significantly amended the content of the "standard rules". In the absence of an agreement, the British proposal suggests information and consultation provisions very close to those of the European Works Council (EWC) Directive. On the other hand, the draft proposes not prescribing a minimum model of BLER but instead providing that employee representation on the SE board should be equal to the highest level found in any of the participating companies.

The UK Government's proposals failed to gain sufficient Council support, and the dossier has now been passed on to the Austrian Presidency of the second half of 1998, which is committed to continuing discussions on the Statute.

Social partners' views

The Union of Industrial and Employers' Confederations of Europe (UNICE) and the European Trade Union Confederation (ETUC) both welcomed the Davignon report as a useful contribution to overcoming the deadlock on the ECS. They also supported the emphasis on free negotiations between the social partners at company level to find an acceptable form of worker involvement in each SE. However, on the question of potential minimum requirements on participation in the event that negotiations fail, the EU-level social partners show a continuing divergence of views.

UNICE states that, given the fact that some Member States do not provide for BLER, employers' organisations from those countries strongly oppose the introduction of "standard rules". UNICE, therefore, demands that all proposals for worker involvement in the SE should be optional and introduced on a voluntary basis. By contrast, ETUC has expressed its serious concerns that the Davignon proposals could lead to an undermining

Commentary

The concepts, structures and procedures covered by BLER in the various countries differ widely with regard to their scope - ie, in terms of private or public sector coverage and restrictions on the sizes and types of companies involved. As a result, the coverage of companies and employees by this form of participation varies widely across Europe. There are also differences in the position and the role of the body where the employee representatives sit. The companies concerned have different management and supervisory structures, the basic distinction being between "single-tier" structures (monistic systems) and "two-tier" structures (dual systems). Furthermore, there are wide variations in: the extent of employee representation on boards; the selection and appointment procedures of employee representatives; and the representatives' identity (company employees, trade union officials or other) and role. Considering the national diversity of worker participation in Europe, the Davignon report emphasised that "there is no ideal system for worker involvement, the most efficient one being that best suited to the parties concerned and the particular conditions in which it is required to operate." Furthermore, the Davignon report argued that active worker involvement is a crucial element of the European social model and indispensable in order to meet the coming social and economic challenges: "Globalisation of the economy and the special place of European industry raises fundamental questions regarding the power of social partners within the company. The type of labour needed by European companies - skilled, mobile, committed, responsible, and capable of using technical innovations ... cannot be expected simply to obey the employers' instructions. Workers must be closely and permanently involved in decision-making at all levels of the company."

However, there are contrasting lines of argument regarding the impact of BLER. Its proponents emphasise the productive effects of consensus and cooperation, the support for "social peace" and the contribution made by co-determination to a corporate culture based on trust, and to the greater understanding among the workforce of the needs and interests of the company. On the other hand, fears have been voiced that the presence and influence of employee representatives on the board could result in a preference for structurally conservative corporate strategies, shielding management from control by shareholders and the capital market and leading to technological immobility, excessive emphasis on personnel and employment-related aspects, and excessively consensus-oriented management. This would negatively affect economic efficiency, flexibility and adaptability. In response, it is claimed that the long-term orientation of corporate strategies, associated with BLER, creates advantages and that problems of implementation are taken into account at an early stage of firms' decision-making processes.

As regards the ECS, positions across Europe between and within the national social partner organisations are as diverse as the national systems of BLER. In general, trade unions want to make sure that the ECS will be not weaken existing national systems of employee participation. In contrast, the employers argue that all proposals for worker involvement in the SE should be optional and should be introduced on a voluntary basis. For the foreseeable future at least, the differing positions of the social partners make any European harmonisation of board-level employee participation appear rather unlikely. (Thorsten Schulten, WSI, and Stefan Zagelmeyer, IW)

of national provisions on participation, finding the proposed minimum employee representation of 20% on SE boards to be much too low. ETUC, therefore, welcomed the UK proposal as a better protection for existing national BLER rights, while also criticising the draft for providing a possible "zero option" for BLER in the event that a SE is founded by companies coming from countries with no provisions on such participation.

The national debates among the social partners' organisations on the proposals for a ECS are mainly influenced by its potential implications for existing national systems of worker involvement. To summarise, at least four main - to a certain extent "stereotyped" - positions on the question of worker involvement can be identified.

1) Trade unions from countries with strong statutory provisions on BLER are still afraid that the ECS could undermine their systems and, therefore, tend to support the UK proposal which might give the best protection for national

participation rights.

2) Employers' associations from countries with strong statutory provisions on BLER are afraid that their strong national participation rights might become a disadvantage in finding partners for the creation of SEs and, therefore, tend to support the Davignon/Luxembourg proposals.

3) Trade unions from countries with no provisions on BLER have mostly overcome their former political scepticism on such participation and, therefore, tend to support the Davignon/Luxembourg proposals, which might create the opportunity to introduce new participation rights into the national system.

4) Employers' associations from countries with no provisions on BLER still strongly oppose any legally-binding form of BLER in the SE.

Teleworking and industrial relations in Europe

Teleworking is an issue of increasing interest among social partners, governments and European Union institutions, as well as more widely. At European level, there has been mounting activity by the European Commission in recent years in terms of promoting research and debate, especially linked with preparations for the information society. In its July 1997 *Communication on the social and labour market dimension of the information society. People first - the next steps*, the Commission stated that it would consult the EU-level social partners on "whether and to what extent Community action on the protection of teleworkers is advisable". The 1997 Green Paper on *Partnership for a new organisation of work* emphasises teleworking, linking it with job creation, increasing employment opportunities, environmental improvement and regional development. The Commission's plan to consult the social partners on teleworking was repeated in the 1998-2000 Social Action Programme, making the issue all the more topical.

This supplement provides a short (and, given the nature of the subject and the material available, incomplete) overview of some aspects of the effect of teleworking on industrial relations. After briefly examining the extent of teleworking and its legal status/regulation, the supplement explores: the extent to which teleworking is dealt with in collective agreements; the contents of such agreements; teleworkers and trade unions; and the views of the social partners.

The supplement draws on contributions from the national centres of the European Industrial Relations Observatory (EIRO) describing the situation in the 15 EU Member States, plus Norway. This supplement is a shorter version of a full comparative study available on the *EIRO*Online database (see p.107), which covers a wider range of issues and provides more detail.

Definition, extent and status

Defining teleworking can be difficult: it is not a legal category, but a functional definition. Two elements are combined in defining this form of work organisation: (a) the place of work must be somewhere other than the traditional workplace of the employer; and (b) telecommunications (computer, fax, telephone, satellite, disks, CD-ROM etc) must be used.

At present, reliable data on the scope of teleworking are unavailable in almost all countries. Official statistics give no information on teleworking and non-official studies use definitions and

methodologies too diverse to be compared. The exception is *Austria*, where official statistics on employment now include teleworking, using three definitions. Depending on the definition, in September 1997, Austrian teleworkers represented 0.6%-1.5% of the employed and 0.4%-1.1% of wage-earners.

Given these problems, relatively little definite can be said on the current scale of teleworking. It is clear, however, that it is still a minority phenomenon and is developing more slowly than initially expected.

The European Commission's annual *Telework 1998* report, while acknowledging problems of definition and lack of information, reports calculations from European Telework Development, which suggest that in late 1997, there were 1,125,000 "formal" teleworkers - ie as part of a formal company scheme - in the EU (0.8% of the workforce), rising to 4,630,000 (3.1%) if informal teleworking - working at home part of the time based on an informal employee-manager agreement - is included. Estimated levels of formal teleworking are highest in *Denmark* (3.9%) and the *Netherlands* (3%) and lowest (0.1% or below) in *Belgium, France, Greece, Portugal* and *Spain*.

Reliable data on the legal status of teleworkers is lacking. However, it seems that the proportion of self-employed workers among teleworkers is very large and increasing everywhere. Information on the sectoral distribution of teleworking is rather more reliable - insurance, banking, services to companies and telecommunications are cited in most cases as the industries in which teleworking has developed fastest. In occupational terms, in all countries teleworkers include "knowledge professionals" - highly qualified white-collar workers with great autonomy and high value-added in the processing of information. Examples are programmers, analysts, engineers, architects, travel agents, estate agents, insurance brokers, banking agents, journalists, lawyers and consultants. However, in several countries - particularly the *UK* and *Spain* - telework is reportedly spreading among white-collar workers with a medium level of occupational skills, little autonomy and low value-added in information processing. This group includes secretaries, clerks and data processors.

The regulation of teleworkers' employment conditions is directly related to their legal status. Among wage earners with indefinite contracts, telework occurs predominantly in large companies. It normally consists of "alternating" telework, combining work at home - or in a

telecentre - with regular work within the company, and the conditions are often set by collective agreement. Full-time teleworking is more characteristic of self-employed or temporary workers, who generally have a far less stable status.

Legislation and teleworking

Teleworking is not a legal category independent from the traditional forms of providing services in any EU country, and its employment law status varies greatly. The applicable legal framework depends on the teleworkers' legal status, defined by their relationship with the companies for which they work.

A total of seven different applicable types of legal status are identified across the countries concerned. Telework can be carried out, depending on the country, by an employer, a self-employed worker, a "quasi-self employed" worker (one category used in the *Netherlands*), a "coordinated" freelance worker (*Italy*), an "employee-like" person (*Austria*) a civil servant or an employee. The special category of homeworking is sometimes also used, though its legal status may differ between countries.

These different types of employment status can be divided into two main groups: employees, where an employment relationship exists; and non-employees, where a business relationship exists. The applicable legal framework is therefore either labour law or company law. Nevertheless, in all countries considered, the application of the legal framework to telework is now, or may become, problematic. There are two basic reasons:

1) When the teleworking contract is defined as a **business relationship**, conflict arises in cases where an employment relationship may exist but is difficult to prove, because the traditional concept of an employment relationship - based on increasingly obsolete ideas such as physical proximity, uniformity and continuity in performance of tasks, and immediate hierarchy and control - may not be applicable to teleworking. Self-employed legal status may, it is suggested from a number of countries, be used by employers to circumvent employment law. This perceived propensity (not exclusive to teleworking) to avoid traditional employment contracts is being addressed in some countries, either by revising traditional case law conceptions of subordination as a test of the existence of an employment relationship (as in *Germany*, the *Netherlands* and the *UK*), or by defining new types of status for people who are formally or personally independent but economically dependent in their work (as in *Austria*, *Italy* and the *Netherlands*), though this is not always easily applicable to teleworking.

2) When the teleworking contract is defined as an **employment relation-**

Examples of collective agreements on teleworking

Austria	A model agreement drawn up by the Union of Salaried Employees (GPA) has been used as basis for works agreements in the information technology sector , including IBM and Hewlett-Packard. The agreements establish that telework is voluntary and that teleworkers' involvement in the company must be guaranteed. The distribution of working time between home and company is specified, though teleworkers are free to distribute their working time during the day provided that company requirements are respected. The company meets the cost of the equipment, data transmission and telephone, plus additional expenses. The home workstation must respect health and safety regulations. The agreements are aimed mainly at employees combining in-company work with telework.
Denmark	An experimental agreement in the financial sector (60,000 employees), expiring in 1999, establishes a general framework for the regulation of telework, distinguishing the aspects to be regulated at sector level, at company level and individually between worker and employer. The sectoral agreement defines telework and establishes that: it should be voluntary; it is reversible at four weeks' notice; the equipment and its maintenance are the employer's responsibility; the teleworker is covered by existing health and safety regulations; telework can occupy a maximum of 50% of working time over a 13-week period; and weekly working hours are those specified in the collective agreement.
France	A July 1996 agreement on the employment of disabled people at Banques populaires (27,000 employees), signed by all the unions, seeks to provide for voluntary telework opportunities at home.
Germany	A teleworking collective agreement concluded by Deutsche Telekom and the DPG union in October 1995 establishes that: teleworkers retain employee status for all purposes; telework should be voluntary and reversible, with workers guaranteed a return to their previous job; the employer is responsible for providing and maintaining equipment, and for all additional expenses; and the distribution of working time between home and company must be agreed individually and established in writing. A 1991 works agreement at IBM Germany is also noteworthy as one of the first in Europe.
Italy	A December 1997 agreement at Electrolux Zanussi introduces an experimental programme of telework prepared by the group's "national committee for equal opportunities". Up to 40 people will participate voluntarily in the two-year programme. Its main aim is to help pregnant women or those with small children to combine family responsibilities with work, thus avoiding the use of parental leave when not strictly necessary. The programme is aimed at women, but men can also participate, in line with Italian parental leave legislation.
Norway	A company agreement has been concluded at Vesta , in the framework of the National Information Networks project. The agreement, aimed at typical telework activities such as telecommunications and administration, specifies 10 clauses to be included in individual employer-worker agreements, leaving some questions open for individual negotiation. The clauses refer to: the workplace (a room at home or rented, in both cases used exclusively for work); the general loss of the worker's right to occupy their job in the company while the agreement lasts; the employer's obligation to provide equipment, ensure its maintenance, and pay insurance and domestic expenses; the worker's duty to take care of equipment and return it; the obligation to respect professional confidentiality; the right of the teleworker to an unspecified wage bonus; and the conditions for termination of the telework agreement.
Spain	A March 1998 agreement at DHC Internacional España establishes the possibility of job creation by means of telework, a formula that can also facilitate the integration of disabled people. The company can define the jobs that it considers appropriate for recruiting staff as teleworkers. A joint commission will study and agree economic aspects, and bear in mind the factors that define work at home, including the smaller amount of time spent on the job.
Sweden	A joint recommendation in the trade, commerce and services sector (80,000 employees), signed in November 1997, establishes rules for the (total or partial) move to telework of companies' existing employees, serving as a guide for agreements at company level or individual employer-worker agreements. The recommendation provides that: telework should be voluntary and reversible, with the conditions to be regulated; teleworkers' attendance at meetings should be facilitated; teleworkers should have the same rights as other employees to information, consultation and professional development; equipment must meet health and safety regulations; and the employer is responsible for safety at work and thus must have necessary access to the home work area.
UK	A teleworking agreement was signed at British Telecom in 1992, aimed at managers and professionals. It states that telework cannot be seen as a way of combining work with childcare, and establishes that: telework is voluntary; teleworkers are paid a salary and are therefore covered by collective bargaining for all purposes, including health and safety; there should be equal opportunities in professional development; equipment and domestic expenses are paid for by the company; the employer is responsible for health and safety; and teleworkers are guaranteed information and communication with the company, including attendance at regular meetings.

ship, the issues centre on the regulation of employment conditions. A salaried teleworker enjoying full rights cannot always exercise them due to the special characteristics of working outside the traditional workplace and using telecommunications. Gaps in regulation may affect areas as diverse as the employer's liability for industrial accidents and health and safety, the concept of working time, and access to collective representation. In some countries - *Belgium, Norway and Sweden* - legislation or proposals seek to allow employees who work physically outside the company to exercise their rights as employees.

The application of the homeworking category to teleworkers is also problematic. Where this category exists, its regulation is generally insufficient and obsolete, often having been developed to cover more traditional situations. Furthermore, the legal status of homeworking - employee, self-employed or other - is not the same in all countries.

Collective bargaining and teleworking

The importance of bargaining

The role played by collective bargaining in the regulation of teleworking varies greatly.

In many countries - including *Belgium, Finland, Greece, Luxembourg, the Netherlands and Portugal* - telework is not regulated by collective agreements at any level, though in some countries - especially the Netherlands - unions have tried to raise this topic in bargaining. In some companies, a succession of individual management-employee telework agreements has led to a degree of regulation, sometimes with works council involvement, but teleworking is not strictly speaking regulated through bargaining. *Spain* can also be included in this group, although bargaining is starting to develop: in some companies, negotiations are underway over distance working, and one agreement refers explicitly to telework.

In other countries there has been some development of company-level bargaining on telework, although it is generally a relatively new phenomenon. This is the case in *France, Germany, Ireland and the UK*. *Austria and Norway* can also be included, although with some reservations. In Norway, bargaining on teleworking seems less developed; while in Austria, besides some company agreements, there is a sectoral agreement in the mineral oil industry, but it has met with strong employer resistance and no other sectoral deals are foreseen in the near future.

Finally, in a small number of countries bargaining on teleworking seems to be more developed and "articulated", combining company agreements with an emergent development of sectoral agreements. In *Sweden*, sectoral agreements include a 1997 joint recommendation in trade, commerce and services establishing guidelines for lower-level agreements. In *Italy*, company agreements began to deal with telework in 1994, and since 1996 sectoral agree-

ments have been signed in retail and telecommunications. In *Denmark* teleworking has received special attention since 1997, with sectoral agreements in the state sector, the regional and municipal sector and banking. In industry, retail and services, protocols on telework have been added to agreements, and committees are discussing the subject. *Denmark* is the country where telework bargaining is most articulated. Sectoral agreements differentiate between aspects dealt with in the sectoral agreement itself, in company agreements and in individual employer-worker agreements.

Issues regulated by bargaining

Where collective agreements regulate teleworking, their provisions are generally quite similar:

- **voluntary nature.** The worker must agree to telework voluntarily - it can never be imposed by the employer;
- **reversibility.** Both the employer and worker may terminate teleworking. The procedures for termination, such as notice periods, are regulated;
- **employee status.** Teleworkers maintain their employee status for all purposes, and their general employment conditions are therefore often governed by collective bargaining, although some aspects may be regulated specifically;
- **non-discrimination.** Teleworkers should suffer no discrimination due to their situation. Explicit reference is occasionally made to remuneration or career development. Access through telecommunications to company information and unions or workers' representatives is usually mentioned;
- **health and safety at work.** Rules adapt existing regulations to the specific situation of telework. In general, the employer's responsibility for health and safety extends to supervising the employee's work area at home and ensuring that it meets regulations;
- **working time.** Working hours are those laid down in the relevant agreement, but specific rules are usually established on flexibility and calculating overtime. A minimum of working hours within the company may also be agreed, to ensure that workers attend meetings and do not lose contact;
- **equipment and expenditure.** The employer usually provides and maintains the necessary equipment, and meets extraordinary domestic expenses caused by telework (telephone, electricity etc); and
- **specific groups.** Telework is sometimes specifically oriented towards certain groups, such as high-level technicians, disabled people or women who are pregnant or have young children. However, this tendency is not general and some agreements reject teleworking being used as a means to combine work and family life, as this may discriminate against women.

The box on p.ii provides brief details of a number of notable collective agreements on teleworking.

Teleworkers and trade unions

There is no information on union membership among teleworkers. It might be assumed that unionisation is often relatively high among teleworkers covered by bargaining on the issue, because they are employees of large companies with permanent contracts, in some cases participating in experiments supervised by unions. Unionisation may well be far lower among employees with individual teleworking agreements or self-employed workers. There are no known specific associations of teleworkers with a bargaining role (but see below).

The dispersion and isolation of the workers concerned may make it very difficult for unions to gain access to them. Traditional trade unionism has trouble dealing with these new realities and the unions are fully aware of the risk of leaving "atypical" groups of workers unprotected. In general, unions see a danger of the individualisation and segmentation of employment relationships and employment and working conditions, and acknowledge the need to explore new forms of communication, organisation and representation.

Some unions have undertaken specific initiatives aimed at teleworkers.

- In *Germany*, the unions DPG (posts and telecommunications), IG Medien (media) and HBV (trade, commerce and industry) in 1997 jointly established an "employee-oriented telework consultation", OnForTe, with support from the government and Deutsche Telekom. OnForTe analyses the opportunities and risks of teleworking, develops solutions, lobbies on behalf of teleworkers and provides legal advice, support and information on "best practice" and health and data protection.
- In *Ireland*, the Communication Workers' Union has targeted teleworkers' needs by compiling guidelines for equitable treatment and establishing a "virtual branch" to recruit teleworkers - membership is open to teleworkers (employees and self-employed), and anyone in the communications, online, distribution and computer industries.
- In *Italy*, the three main union confederations created internal structures in 1998 to organise and represent "atypical" workers with employment relationships lying between dependent and autonomous employment (eg "coordinated" freelance work and consultancy). Cgil set up New Job Identities and Cisl the Association of Atypical and Interim Workers while Uil intends to extend the range of action of its Committees for Employment to include atypical workers. Cisl may create an association specifically for non-

dependent teleworkers alongside the general atypical workers' association.

The views of the social partners ■

Telework does not currently appear to be especially high on the social partners' agenda. In some countries, the partners' positions are clearer than in others, but in no case is it reported that teleworking is a particularly high-priority topic.

Trade union opinions

In general, trade unions regard teleworking ambivalently, reflecting both the new opportunities and the risks involved. In *Denmark*, the *Netherlands* and *Sweden*, there has reportedly been a clear evolution of unions' positions: while in the past there was resistance because telework was seen as linked to traditional homeworking - manual, low-qualified, with unstable working conditions - attitudes are now more neutral or even positive, although with reservations.

Unions accept that teleworking generates favourable expectations among many workers who want a different working environment or a new balance between working time and free time. However, unions are also aware of the risks: against the generally optimistic view of telework as a formula for job creation, unions are concerned about the increasing instability of employment and working conditions that may result from "outsourcing". A common union demand is to avoid any mandatory transfer of teleworkers into self-employment. For employed teleworkers, union demands are very similar to the provisions frequently laid down in collective agreements (see above): ensuring that telework is voluntary and reversible; equal rights and opportunities with other employees; and the adaptation of labour legislation to telework situation.

Generally, all unions consider that telework should be regulated more extensively, although there are differences on how to combine legislation and collective bargaining. These differences partly relate to differing national regulatory frameworks, but are sometimes also present between unions in the same country. Some unions prioritise legislation, so as to: avoid unrecognised situations of dependent employment; regulate basic aspects of telework; and allow for labour legislation to be adapted to telework. Other unions, however, consider that telework is still too undeveloped for legislation that would immediately be overtaken by events: they favour sectoral and company bargaining, without ruling out, once telework is more widespread and there is greater experience, the adoption of more general measures through multisectoral agreements or legislation.

At European level, over recent years the European Trade Union Confederation

has developed a generally constructive attitude towards teleworking, while recognising the potential problems. In a recent document setting out 25 points on *industrial relations in the information society*, the ETUC states that “teleworking should neither be condemned out of hand nor glorified. The crucial question is how it will be organised.”

Employers' associations' opinions

The position of employers' associations is less clear than that of unions, because they generally see work organisation as a question which is the exclusive concern of companies. However, employers' organisations tend to take a positive view of teleworking: they feel that it allows work to be reorganised and made more flexible, reduces costs and generates favourable expectations among workers. It is reported from several countries that this stance does not always coincide with that of company managers, who may be reluctant to change existing models of management and organisation and above all to lose direct control of work. The position of employers' associations on regulation is usually very clear: they do not consider it necessary to regulate telework specifically, and in the event of it being regulated, they prefer collective bargaining to legislation.

Common approaches

Although unions and employers' associations often differ, in some countries there is a certain level of agreement on the regulation of telework. In *Portugal*, the tripartite “Strategic Social Pact” (1996-9) declares that telework can lead to instability if not regulated appropriately. The government has agreed to begin consultations with the social partners to promote a new legislative framework for telework. In the *Netherlands*, the tripartite Social and Economic Council has recently stated that the protection of teleworking employees should be analogous to that of “traditional” employees. The Council also views positively the opportunities for self-employment offered by telework, while noting that the protective scope of labour and social security legislation should not be undermined. In *Greece*, the social partners have taken a positive view of the provisions on “atypical forms of work”, including telework, in labour legislation adopted in 1998, although differences persist on related questions. In *Norway*, a “joint declaration on telework” was included in the latest revision of the “Basic Agreement” between the NHO employers' organisation and LO trade union confederation (1998-2001). The organisations agree that problems exist connected to teleworking, and commit themselves to monitor closely its future development through studies and dialogue. A joint committee will look at the issue, and propose changes to the existing law and collective agreements.

Commentary

There is still no clear picture regarding the development and uptake of telework in the EU Member States and Norway. Its expansion has probably been less than predicted a decade ago. Official statistics generally do not take telework into account, and while there is much literature on teleworking, there is little research into its use as a form of work organisation, and even less into its effects on employment conditions or industrial relations.

Teleworking is a form of work organisation that has not yet been fully defined. Beyond the general two-pronged concept of work outside the traditional workplace and the use of telecommunications, a diversity of situations exists. We feel that the key diversity lies in the legal status of teleworkers and the nature of the work performed. The combination of these two factors creates a dual profile within which employment conditions vary greatly.

As mentioned above, some seven employment categories are reported as being applicable to telework - from employee to self-employed - as well as the homeworking category, whose legal status is unclear. The most “teleworked” occupations have two distinct profiles in terms of work content and status: administrative work and customer care, involving a medium level of qualification, low mobility, low value-added in the processing of the information and little bargaining power; or the “knowledge professional”, highly qualified, usually with mobility and high value-added in information processing, and high bargaining power.

There is a general gap in regulation - whether by legislation, case law or agreement - regarding the specificities of telework and its effects. However, this void is not exclusive to telework, which is only a small part of a far more complex and problematic phenomenon. Prevailing regulatory frameworks in most European countries do not cover the present complexities of the labour market and industrial relations. They were developed to deal with situations that now cover only part of the workforce, leaving the remainder seemingly unprotected.

It seems that work is increasingly characterised by decentralisation and “atomisation”, weakening the possibilities for the defence of workers' interests, especially in extreme situations where workers have a business - rather than an employment - relationship imposed by the employer in order to circumvent labour standards. Forms of work are developing that fit poorly into the employment categories laid down by law, making it difficult to attribute employee status to the workers concerned. Existing regulations are based on ideas of proximity, work performance and control that may be obsolete. Increasingly, some workers organise their own activity with more autonomy and/or outside the employer's premises. However, they do not cease to be organisationally integrated in the company (they cannot choose whether or not they do the work or over what period they do it), nor do they stop being economically dependent on it. What does change is the way in which the employer exercises managerial power, and this change is used to define the employer-worker relationship as a business, rather than employment, relationship.

In most European countries, there is an increasing tendency for relations between employees and employers to become more like business than employment relationships, with a resulting reduction in protection for the workers concerned, who in some countries are known as the “false self-employed”. Managerial strategies may use the obsolescence of labour regulations as an excuse to not apply them, enabling employers to reduce labour costs and their obligations towards workers and to increase their freedom to “hire and fire”.

Employment in Europe is thus arguably characterised increasingly by managerial work organisation strategies that are not fully covered by increasingly obsolete labour regulations, leading to a “flight from labour law”. In some countries, legal categories of employment have been diversified by designating intermediate situations between employees and self-employed, which provide more employment protection than self-employment but less than employment, and are less expensive for employers than the latter. Other countries have redefined case law regarding the criterion of “dependence”, allowing workers whose situations differ from those covered by prevailing regulations to join the category of employees. However, in other countries, legislative policy and case law tend to exclude these workers from coverage by labour legislation. These two solutions are qualitatively different in terms of whether they support or prevent discrimination against the workers involved.

The existence or otherwise of an employment relationship is not the end of the problem. If the employment relationship is recognised, discrimination may arise from the special circumstances of employees who perform distance work and/or homeworking and/or work with telecommunications, which are not recognised by existing regulations. The problems include fundamental rights (privacy, equal treatment in training and promotion, or collective rights) or new occupational illnesses not covered by health and safety regulations or social security.

The social partners agree in some Member States on the use of collective bargaining at regional, sectoral or company level to solve these problems, by establishing the conditions under which telework is to be performed or by regulating related organisational strategies. However, not all workers have the power to negotiate or to enforce application of the prevailing regulations. The bargaining solution does not seem consistent with the fact that some of the workers concerned are characterised by weakness, segmentation and dispersion. If this question is to be dealt with successfully, it seems clear that a fuller reconsideration of the prevailing legislation is necessary, as well as a more profound change in trade union strategies (María Caprile and Clara Llorens, CIREM-QUIT).

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