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EMF European Metalworkers' Federation in the Community

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TRADE UNION OBJECTIVES REGARDING
LABOUR MARKET FLEXIBILITY

(Position paper adopted by the EMF Executive Committee
at its meeting in Lisbon on 10th & 11th July 1986)

1. The "flexibility" advocated by the employers is primarily an ideological offensive.

The term "flexibility" is regarded as being synonymous with the employers' doctrine of employment. The "Japanese model" has run its course and it is now the "American employment miracle" which serves as an example. The aim is to obtain greater segmentation of the labour market by creating an area of flexible employment and low pay which is not protected by negotiated provisions, in particular for women, young people and low-skilled workers, so as to increase competition on the labour market leading to a general drop in wage levels and hence in costs.

"Flexibility" has come to be a euphemism for a range of policy proposals which include:- cutting real wages, increasing inequality, increasing job insecurity, reducing social security protection and increasing work intensity.

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2. The reasons for the employers' strategy

The reasons for the employers' strategy, which is actively supported by many governments, are as follows:-

- . Macro-economic policies no longer seem able to resolve unemployment and in the view of those responsible labour market flexibility is one avenue that should necessarily be explored. (However, no incontrovertible full-scale studies are available to show whether the impact of flexibility on employment is substantial or negligible.)
- . It is very tempting to ascribe the success of the US and Japanese economies to labour market flexibility. (Here again, there are no large-scale and incontrovertible studies to corroborate this assumption.)
- . The shift in the balance of power between employers and employees brought about by the worsening unemployment situation encourages the employers to demand the abolition or curtailment of certain acquired rights.
- . Increased international competition makes it even more important to seek to be highly competitive. In the circumstances, firms tend to pass the "flexibility" they believe they need on to their labour force. This trend is moreover hastened by the new possibilities opened up by technology.

3. EMF proposal to develop a European model for society focussing on four areas

The metalworkers' unions affiliated to the EMF feel that it is not enough to simply level criticism at the employers' strategy.

They propose the development of an economic and social strategy, based on a European model for society, embracing the following three objectives:-

- . to bring down unemployment,
- . to achieve a better quality of life and working life
- . and to guarantee competitiveness at international level.

The European strategy should focus on making gradual progress in the following four areas:-

- . Stability of living and working conditions
- . Individual autonomy and self-determination
- . Higher productivity through the raising of skill levels
- . Careful use of available resources

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4. Stability of living and working conditions

- . Company restructuring should in principle not entail redundancies, i.e. it should not result in unemployment for the employees concerned. Policies in respect of forward manpower planning, the diversification of production, job-creation programmes, vocational training, retraining and training in other skills need to be developed at company, sector and regional level to achieve this aim.
- . The geographical mobility of labour must be limited so as to preserve the family links and social life of the individual. On the other hand, labour market policy must provide for and facilitate the geographical and professional mobility of individuals in accordance with their own wishes and needs. The geographical mobility of capital in pursuit of subsidies ought to be restricted.
- . Companies and regional economic bodies should make a conscious effort in collaboration with the workers and their unions so as to reduce the uncertainties of the future. Experience appears to show that the most successful companies are those with a proper development policy whose guidelines were negotiated with their staff.

5. Individual autonomy and self-determination via collective regulations

Job enhancement for the individual is only possible on the basis of collectively-negotiated provisions providing individual protection against the might of the company.

Moreover, each general reduction in working time provides the individual with the possibility of greater autonomy.

- . In order to achieve more flexibility in accordance with individual or family needs, it is first of all necessary to reduce company dependence upon cyclical economic developments. In other words, all adjustments to individual working time in accordance with the order situation and current production conditions should be limited.
- . Different means of providing employees with a choice as to the duration of working time and actual hours of work, coupled with job security and guaranteed earnings, should be developed instead (flexi-time, parental leave, sabbatical leave, flexible retirement arrangements, etc.).

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- . The idea of a statutory, life-time volume of working hours, which could be subject to individual variations, should also be considered in the long term.

6. Higher productivity

- . Job stability within the plant is a productivity factor. A high turn-over of staff is rarely a sign of profitability or effective adjustment to structural change. Stable employment, on the other hand, is a precondition for preserving individual and collective experience as well as the productivity potential of a well-trained work-force. This is certainly one lesson to be drawn from the experience of the major Japanese companies.
- . Workers' skills and constant raising of skill levels have a positive influence on company productivity. It has been proved that a fully-skilled workforce means that the following objectives can be attained:-
 - higher product quality,
 - fewer production stoppages and
 - better use of new technologies in product and process innovation.
- . Good working conditions, in which human needs are taken into account in the organisation of work and the working environment, a certain degree of employee autonomy and job enrichment all have a favourable impact on worker motivation and reliability as well as absenteeism.
- . Worker and union participation in the organisation of work, company policy and regional economic policy undoubtedly provides for more creativity, which is a useful factor for both industrial development and higher productivity within plants. These productivity gains, the redistribution of which should be a matter for negotiation, form the basis for improving real incomes and reducing working time.

In this connection, a considerable effort needs to be made towards greater democracy in company management through fully involving staff and the trade unions in negotiations and consultations on future options, particularly as regards investments and new technology.

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7. Careful use of available resources

- . Structural changes within companies and regions should be brought about by conversion and relocation. Thus, a high percentage of capital movements which are costly and make no economic sense could be avoided. (The transfer of capital in pursuit of higher subsidies obtaining in other regions makes no economic sense. The closure or demolishing of plants destroys the industrial fabric of a region.)
- . Careful use of natural resources (energy-saving, the recycling of raw materials and environmental protection) is a contributory factor to increased competitiveness, in the long run at least.
- . Better utilisation of plant equipment through increased plant operation time in relation to individual working time no doubt has economic advantages for many firms. In this connection, the European metalworkers' unions reaffirm the E.M.F. position paper on the reorganisation of working time adopted in December 1984. They continue to remain on the defensive regarding this issue:-
 - linking extended utilisation of plant equipment to a substantial reduction in individual working time;
 - rejecting the annual organisation of working time which simply comes down to reducing overtime pay;
 - drawing attention to the fact that the extension of Saturday, Sunday and night work (over and above the technical requirements of certain plants) is often socially unacceptable.
- . If a firm wishes to extend the utilisation of plant equipment on economic grounds, it is compulsory to obtain the prior agreement of the unions concerned.

The metalworkers' unions attach the following conditions to such agreements:-

- a reduction in individual working time and additional compensatory recruitment
- the fixing of minimum and maximum limits for daily and weekly working time
- the restriction of overtime (and recovery of overtime through time off in lieu) and the limitation of temporary work and fixed-term contracts of employment.

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8. The risks attached to flexibility

The metalworkers' unions affiliated to the E.M.F. point out the risks attached to a flexibility which is synonymous with deregulation in the employment field. The result of this type of flexibility would be:-

- . a lesser degree of manpower planning within firms (weaker manpower planning in each firm would lead to additional difficulties on the labour market at macro-economic level);
- . to act as a disincentive for workers (lower productivity, more absenteeism and a higher incidence of bad workmanship and rejects);
- . greater segmentation of the labour market (development of an underground economy);
- . devaluation of the labour force.

9. Proposals

The E.M.F. considers it important to draw up a positive view of labour market flexibility. This should combine economic efficiency and the optimum use of human resources. It would be a mistake to adopt an ideological approach equating flexibility with deregulation.

The following three guidelines are therefore proposed:-

- . to give preference to internal flexibility (reorganisation and variation of working time, restructuring of jobs, training, methods of payment and pay levels) as opposed to external flexibility (dismissal/recruitment, the use of temporary work contracts);
- . to improve training and placement measures for the unemployed;
- . to increase the powers of trade union representatives within firms and link company negotiations and centralised negotiations.

Furthermore, the E.M.F. calls for the adoption of the proposals for directives on temporary work and part-time work which are awaiting the Council's decision. The aim of these directives is to harmonize the laws of the various Member States and to give workers some guarantees against the improper use and negative effects of temporary work.

Finally, the E.M.F. proposes that the European Commission should organise a regular exchange of information and views between all concerned with experiments in new forms of work organisation and their implementation in various branches of industry.
