



The implications of the ageing workforce in Europe are of increasing concern to policy-makers and industrial relations practitioners at both national and EU level. The issue is especially topical in late 2000, in the light of the forthcoming adoption of the EU Directive on equal treatment in employment and occupation for all people irrespective of a range of factors, including age. The comparative supplement in this issue of *EIRO*observer provides a broad overview of national provisions to combat age discrimination against older workers and to encourage the employment and retention of such workers in the 15 EU Member States plus Norway. It outlines: the general employment situation of older workers; statutory measures; other government labour market interventions (in areas such as recruitment, retention and training); and collective bargaining and social partner initiatives. We find that age discrimination has yet to become accepted as a key target of equal opportunities policy to the same extent as discrimination on grounds of sex, race or disability. National measures against age discrimination vary considerably and few countries have adopted a comprehensive approach to combating such discrimination in employment. At the same time, with some exceptions, age discrimination and the employment position of older workers are generally not the subject of extensive collective bargaining.

September and October 2000 saw a wave of protests across a number of European countries against increases in fuel prices. Several countries were brought to a virtual standstill by blockades and other actions organised, to a large extent, by employers and the self-employed, with trade unions generally on the sidelines and sometimes opposing the employers' protests. Features in this issue examine how this unusual situation played out, in industrial relations terms, in Belgium, France, Spain and (in brief) the UK.

*EIRO*observer presents a small edited selection of articles based on some of the reports supplied for the *EIRO*online database, in this case for September and October 2000. *EIRO*online - the core of *EIRO*'s operations - is publicly accessible on the World-Wide Web, providing a comprehensive set of reports on key industrial relations developments in the countries of the EU (plus Norway), and at European level. On p.15, we provide a brief guide for readers on how to access and use *EIRO*online, which can be found at:

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

*EIRO*, which started operations in February 1997, is based on a network of leading research institutes in each of the countries covered and at EU level (listed on p. 16), coordinated by the European Foundation for the Improvement of Living and Working Conditions. Its aim is to collect, analyse and disseminate high-quality and up-to-date information on key developments in industrial relations in Europe, primarily to serve the needs of a core audience of national and European-level organisations of the social partners, governmental organisations and EU institutions.

Mark Carley, Editor

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## "Doorn group" holds fourth annual meeting

*In September 2000, the "Doorn group" of trade unions from Belgium, Germany, Luxembourg and the Netherlands held their fourth annual meeting. The unions jointly evaluated the results of the 2000 pay bargaining rounds in the four countries, in the light of their "coordination formula".*

On 7-8 September 2000, more than 50 leading representatives of trade unions from Belgium, Germany, Luxembourg and the Netherlands met in Luxembourg for the fourth annual joint meeting of the "Doorn group". As well as major sectoral unions, the participants represented the major national confederations, as follows:

- the Belgian General Federation of Labour (FGTB/ABVV) and the Confederation of Christian Trade Unions (CSC/ACV);
- the German Federation of Trade Unions (DGB) and the German White-Collar Workers' Union (DAG);
- the Luxembourg General Confederation of Labour (CGT-L) and the Luxembourg Confederation of Christian Trade Unions (LCGB); and
- the Christian Trade Union Federation (CNV), the Dutch Trade Union Federation (FNV) and the Federation of Managerial and Staff Unions (MHP) from the Netherlands.

In addition, representatives from the European Trade Union Confederation (ETUC), the European Trade Union Institute, the European Commission and the Luxembourg Ministry of Labour were invited to participate as observers in the meeting.

The "Doorn group" takes its name from the Dutch town where in 1998 the unions concerned adopted a joint declaration which expressed a strong need for close cross-border coordination of collective bargaining within the EU Economic and Monetary Union (EIRObserver 6/98 p.2). The "Doorn declaration" represented the first time that unions from different European countries had determined a set of joint bargaining guidelines. In order to prevent possible downward competition in wages and working conditions, the unions involved agreed to:

- seek collective bargaining settlements that correspond to the sum total of the evolution of prices and the increase in labour productivity;
- seek both the strengthening of mass purchasing power and employment-creating measures (eg shorter work time); and
- inform and consult each other regularly on developments in bargaining policy.

The "Doorn group" decided to hold an annual summit conference of leading representatives from the major national union organisations involved, while in between annual meetings a small transnational working group should organise a regular and intensive exchange of information on current developments in collective bargaining. The transnational working group has since established a very close cooperation network and meets every two or three months.

### Evaluation of bargaining in 2000

One of the major tasks of the 2000 annual meeting of the Doorn group was

an evaluation of the 2000 pay bargaining rounds in the countries involved. According to figures from the national trade union organisations, average pay increases achieved in 2000 varied between 4.5% in Luxembourg, 3.6% in Belgium, 3.5% in the Netherlands and 2.3% in Germany in 2000 (see table below). In terms of the Doorn coordination formula, only Belgium was able to use up the full "distributive margin" of the total sum of inflation and productivity growth, while in the other countries pay rises were either slightly (Luxembourg and the Netherlands) or more significantly (Germany) below that margin. This contrasted with 1999, when pay rises almost used up the full distributive margin in all countries, while Germany saw pay increases much above the distributive margin (EIRObserver 6/99 p.2). Over the whole 1999-2000 period, however, pay bargaining outcomes in all four countries seem to have been in accordance with the Doorn coordination formula.

In discussions on the prospects for the 2001 pay round, it was evident that Germany will again not fulfil the criteria of the Doorn declaration, since most 2000 pay settlements have a two-year term, determining even lower pay increases for 2001 than for the current year. The Belgian trade unions emphasised that the pay moderation in Germany will have a direct impact on their own forthcoming pay negotiations, since the Belgian law on competitiveness recommends that pay increases should not be higher than those in the neighbouring countries. Nevertheless, the Belgian unions announced that they would try to fulfil the Doorn coordination formula in the 2001 bargaining round. In return, the German trade unions promised to discuss the negative impact of German pay moderation on pay bargaining in the neighbouring countries at the next meeting of DGB's collective bargaining committee and

### Pay bargaining outcomes in the light of the Doorn coordination formula, 1999-2000 (%)\*

Country	Year	Inflation (A)	Productivity (B)	Distributive margin (A + B = C)	Pay rise (D)	Utilisation of margin (D - C = E)
Belgium	1999	1.1	1.2	2.3	2.5	0.2
	2000	1.4	2.2	3.6	3.6	0.0
	<b>1999/2000</b>	<b>2.5</b>	<b>3.4</b>	<b>6.0</b>	<b>6.2</b>	<b>0.2</b>
Germany	1999	0.6	0.8	1.4	3.1	1.7
	2000	1.6	2.5	4.1	2.3	-1.8
	<b>1999/2000</b>	<b>2.2</b>	<b>3.3</b>	<b>5.6</b>	<b>5.5</b>	<b>-0.1</b>
Luxembourg	1999	1.0	2.2	3.2	3.1	-0.1
	2000	2.9	2.0	5.0	4.5	-0.4
	<b>1999/2000</b>	<b>3.9</b>	<b>4.2</b>	<b>8.3</b>	<b>7.7</b>	<b>-0.6</b>
Netherlands	1999	1.7	0.8	2.5	2.7	0.2
	2000	2.0	2.0	4.0	3.5	-0.5
	<b>1999/2000</b>	<b>3.7</b>	<b>2.8</b>	<b>6.7</b>	<b>6.3</b>	<b>-0.3</b>

\* Figures are based on information from the national trade unions and are not fully comparable; figures for 2000 are based on provisional data. Source: Doorn group, September 2000.

ensure that they stick to the aims of the Doorn declaration.

At the September 2000 annual meeting, it became clear that there are still many methodological and statistical difficulties in comparing pay developments, and that, therefore, the figures presented show only some general trends without having 100% comparability. There has also been a general agreement among the unions involved that the Doorn formula should not be reduced to a static mathematical formula, but should be seen as a general policy orientation on how to prevent mutual "wage dumping".

The Doorn declaration also makes it clear that, in the fulfilment of the Doorn formula, not only pay rises should be considered, but also other issues covered by collective agreements, which are sometimes rather difficult to calculate in terms of their cost effects. Non-pay issues played an important role in the 2000 collective agreements, with examples including:

- training and working time reduction in Belgium;
- the introduction of new early retirement schemes in Germany; or
- new provisions on the reduction of work stress and the better reconciliation of work and private life in the Netherlands.

### Future Doorn group projects

There was a general consensus among all the unions involved that, after four years of existence, the Doorn group must now enter a new stage and intensify its transnational cooperation. Under the slogan of "improving coordination of collective bargaining policy in euro-land", the unions published a joint press release at the Luxembourg conference in which they presented their work projects for the period until the next annual meeting in Belgium in September 2001.

First, the unions have agreed to continue their coordination on pay policy on the basis of the Doorn formula. Since the Luxembourg meeting showed that there are significant methodological difficulties in calculating the "value" of the provisions of collective agreements, as well as different national interpretations of the meaning of the formula itself, the unions resolved to organise a joint workshop with trade union and external experts on these issues.

Second, the Doorn group has decided to improve its cooperation on non-wage aspects of collective bargaining policy. The unions agreed to concentrate on the issues of working time and continuing training and to organise joint workshops on these topics. The small transnational working group has been given the task

## Belgian, Dutch and German construction unions sign cooperation agreement

A further recent development in cross-border trade union cooperation was the conclusion in June 2000 by construction workers' trade unions from Belgium, the Netherlands and Germany of a joint declaration on measures to seek harmonisation of working conditions in the industry and a cooperation agreement. The initiative is in line with European Federation of Building and Woodworkers (EFBWW) policy on intensified union cooperation. The unions involved are: Belgium - the Christian Building and Woodworkers' Union (CCTBB/CCHB) and the General Workers' Union (Centrale Générale/Algemene Centrale); Germany - the Building, Agricultural and Environmental Union (IG BAU); and the Netherlands - the Building Workers' Union (FNV Bouw) and the Building and Woodworkers' Union ("Hout- en Bouwbond CNV").

The unions have agreed 10 resolutions as the basis for a process of harmonisation of working conditions between the three countries. These cover:

- information and analysis on national collective agreements (eg exchange of information on bargaining, an online

database of national collective agreements, comparative analysis of agreements, identification of "best practice");

- bargaining (eg annual meetings of national negotiators, definition of joint bargaining objectives); and
- solidarity (eg joint actions and demonstrations, a joint plan to guarantee the correct implementation of agreements, legal assistance to one another's members).

In order to apply the point in the joint declaration relating to mutual legal assistance for union members, the signatory unions, along with EFBWW, also concluded a two-year "agreement for the mutual provision of trade union support and assistance to Dutch, German and Belgian construction workers". The agreement covers: provision of support and assistance; dissemination of information; free choice in union representation; and settlement of disputes.

BE0009327F

of assessing whether a joint transnational collective bargaining project on these issues is possible in the medium term. At the next annual meeting, the unions will decide whether or not to launch a joint transnational campaign on some non-wage issues in collective bargaining policy.

Third, the Doorn unions called for further improvement of the day-to-day exchange of information on trade unions' demands, ongoing negotiations and new collective agreements, as well as on macroeconomic data for the countries involved. As one means of improving information exchange, the Doorn group plans to set up its own World-Wide Web page

Finally, the Doorn group issued a political statement on the current debate on the EU Charter of fundamental rights. In the presence of the Luxembourg Minister of Labour, Francois Biltgen, the unions strongly endorsed ETUC's criticism of the then current draft Charter and called for the introduction of social and trade union rights - in particular the right to strike, which is seen as a major precondition for a further "Europeanisation" of collective bargaining.

### Commentary

The fourth annual meeting of the Doorn group showed once again that unions

from the Benelux countries and Germany have become pioneers in transnational trade union coordination of collective bargaining policy. The open and self-critical atmosphere in which the unions at the September 2000 meeting evaluated their recent pay bargaining rounds, and had to admit that they had partially failed to meet the Doorn coordination formula, can be seen as a sign of the strength and seriousness of the cooperation between the unions.

There is a hidden logic behind all transnational cooperation projects, whereby a standstill in activities generally leads to a step backward in the quality of the cooperation. This has been clearly recognised by the Doorn group, which is therefore seeking to intensify and broaden its cooperation. If the group succeeds in this aim, it may continue to give an important impetus to the whole European trade union movement. (Thorsten Schulten, Institute for Economic and Social Research, WSI))

DE0009281F (Related records: DE9810278F, DE9909215N, DE0007270F, BE0008323F, DE0007270F, NL0007199F, EU0008268F)

15 September 2000

## Joint statement by German, Irish, Spanish and UK unions on EU consultation Directive

*In the run-up to the EU Employment and Social Policy Council meeting on 17 October 2000, trade union confederations from Germany, Ireland, Spain and the UK issued a joint statement calling on their governments to support the draft Directive on national information and consultation arrangements. In the event, the Council discussed the proposal and referred it for further debate.*

On 17 October 2000, the European Union's Employment and Social Policy Council of Ministers met in Luxembourg. Among the items on the agenda was a political debate, initiated by the current French EU Presidency, on the draft Directive establishing a general framework for informing and consulting employees in the European Community. The Directive was proposed by the European Commission in November 1998 in the wake of the 1997 Renault-Vilvoorde affair, when the French motor manufacturer announced the closure of its Belgian plant with the loss of 3,100 jobs, apparently without prior consultation with worker representatives (*EIR-Observer* 2/97 p.2). If the Directive were to be adopted, all undertakings with at least 50 employees would be obliged to inform and consult employee representatives about a number of employment, business and work organisation matters. The proposal had not been debated in Council prior to the October meeting, but in discussions in the Council's social questions working group and elsewhere a number of governments had raised objections to the Directive, arguing that it would be an unnecessary burden on business.

### Joint statement by German, Irish, Spanish and UK unions

In the run-up to the October Employment and Social Policy Council meeting, the trade union confederations from Germany, Ireland, Spain and the UK presented a joint statement in which they accused their governments of making joint arrangements in order to block the adoption of the Directive on national information and consultation and the European Company Statute. The German, Irish and UK governments (along with that of Denmark) are thought to oppose the draft information and consultation Directive, while the Spanish government is opposed to the European Company Statute. The unions which signed the joint statement are

- the German Federation of Trade Unions (Deutscher Gewerkschaftsbund, DGB);
- the German White-Collar Workers' Union (Deutsche Angestellten Gewerkschaft, DAG);
- the Spanish General Workers' Confederation (Unión General de Trabajadores, UGT);
- the Spanish Trade Union Confederation of Workers' Commissions (Comisiones Obreras, CC.OO),
- the Irish Congress of Trade Unions (ICTU); and
- the British Trades Union Congress (TUC).

In their joint statement, the unions demanded that their governments give up their resistance to the information and consultation Directive and European Company Statute. The text of the statement is set out in the box at right.

The draft information and consultation Directive is based on Article 137(2) of the European Community Treaty and is thus subject to qualified majority decision-making in Council (as well as the co-decision procedure with the European Parliament). When the Employment and Social Policy Council makes a decision on the Directive, a total of 62 out of the 87 weighted votes held by the 15 EU Member States must be cast in favour. With the UK, Germany and Spain holding a total of 28 votes - an effective blocking minority - it becomes clear that the trade unions' joint statement is not a symbolic gesture but seeks to influence these countries' voting.

### Council discussions to continue

At the October meeting, the Employment and Social Policy Council heard a report from the Presidency on the progress of discussions and held a short exchange of views on the Directive. The Presidency invited the EU governments to submit written observations with a view to continuing work on the proposal prior to the next Council meeting on 27-28 November 2000. The French Presidency hoped that a compromise could be agreed on a common position on the Directive at the November meeting.

### Commentary

As the number of mergers and major reorganisations seems to have increased in recent years, and they have in most cases led to redundancies, employees should be entitled to be informed and consulted in such circumstances. Many

EU countries already have legal commitments on workplace consultation. A decision in favour of the draft Directive would improve the situation of employees all over the EU and thereby set a common standard which is urgently needed within an economically integrated Europe. The fact that the Directive has been in the pipeline for two years can be seen as evidence of continuing opposition by some national governments. (Alexandra Scheele, Institute for Economic and Social Research, WSI)

DE0010288F (Related records: EU0010274F, EU9812135F, EU9703108F, EU9911211F)

20 October 2000

### Unions' joint statement

The European Union cannot only be a project for the benefit of business. The improvement and strengthening of workers' rights is also vital if workers' commitment to the EU is to be ensured.

It is unacceptable, therefore, that our governments are engaged, through a series of private agreements, in halting progress on vital social legislation. Between them, the British, Spanish and German governments are colluding to prevent progress on both the European Company Statute and the draft Directive on employee information and consultation. The Spanish government has consistently blocked agreement on the European Company Statute - which is then being used as an excuse for holding back progress on the information and consultation Directive (with the Irish government adding its voice to those opposing this measure).

Both these measures would establish minimum standards for the rights of employees to be told of events and decisions affecting their livelihood, and to have their views on them to be taken into account by their employers. The need for such minimum standards has been shown up by the currently high level of corporate restructuring, merger and takeover. The need is also underlined by the approaching enlargement of the EU, in which these important rights should form part of the social acquis which new members should observe.

The forthcoming Social Affairs Council on 17 October gives our governments the chance to show that their commitment to a Social Europe goes further than just words. They should drop their opposition to both measures, and prove that they have workers', as well as businesses', interests at heart.

## Fuel price increases spark unrest

*In September 2000, lorry drivers demonstrated against increases in petrol prices and paralysed the Belgian economy for several days. An agreement was reached between two of the three road haulage employers' federations and the government, but in the meantime the action had spread to other sectors.*

On 11 September 2000, against the background of increasing fuel prices and subsequent unrest among lorry drivers, a meeting was held between the road haulage employers' federations and the federal minister for mobility, Isabelle Durant, in an attempt to negotiate on conditions in the sector. The representative federations invited to the negotiating table were: the Belgian Road Haulage Federation (FEBETRA); the Professional Road Haulage Union (UPTR), active in the French-speaking part of the country; and the road haulage employers' federation for the Flemish-speaking part of the country (SAV).

### Action and negotiations

At the top of the list of demands for some of the employers' associations were a lower duty on fuel and the introduction of a partly tax-exempt "industrial fuel" (similar demands to those made by fuel-price protesters in some other EU countries - see pp.7, 12 and 14 in this issue). However, just as talks were due to start, the finance minister, Didier Renders, announced that he was not going to listen to any talk of "industrial fuel" at a time when 1,700 vehicles were demonstrating on the outskirts of Brussels. The lorry drivers were outraged and entered the city, blocking the centre of the capital.

The employers' associations held different positions: the leaders of FEBETRA and SAV called on their members to leave the city, while UPTR argued that their basic response was legitimate. Over the next few days, the action spread geographically, resulting in other roadblocks throughout the Brussels region and in Wallonia. Traffic slowly ground to a halt, while there was a rush to use the railways and bicycle use increased. People made a link between the lorry drivers' anger and their own concern at the prospect of higher prices for crude oil products, but at the first sign of shortages, popular support began to wane. The Federation of Belgian Enterprises (FEB/VBO) called on the government to intervene immediately so that the economy could return to normal.

After several days of stormy talks, an agreement was reached between the federal government, FEBETRA and SAV, but UPTR, the most belligerent federation, refused to sign the agreement on the grounds that the government proposals did not go far enough and had an "uneven effect on enterprises, through the introduction of extra paperwork"; moreover, the road haulage industry had not won its argument over "industrial fuel". Nevertheless, the roadblocks were lifted during the night after the agreement was signed, after being in place for five days and nights.

The agreement between the government, FEBETRA and SAV provides for the payment of charges by road hauliers to be reduced or spread out, and for the campaign against unfair competition in the industry (eg non-compliance with rules relating to rest periods, and "social dumping") to be stepped up. The government believes that it has largely met the demands of a sector shaken by recent increases in crude oil product prices, which have in turn revealed a more profound malaise: the sector faces fierce competition, and is being stifled by heavy fixed charges.

### Unrest spreads to other sectors

Even though the roadblocks had been lifted, the government had not yet dealt with the consequences of the fuel price rises that were affecting citizens' travelling and heating costs. In the aftermath of the agreement between the road hauliers and the government, trade union leaders insisted that government take measures to cater for ordinary people as well.

On 15 September 2000, the government decided to introduce a mechanism whereby, on production of a bill, the difference between heating fuel prices from one year to the next is reimbursed by the state, up to a maximum of BEF 5 (EUR 0.12) per litre for the first 1,000 litres. This measure will benefit people in receipt of social benefits and those on a gross annual income of less than BEF 484,000 (EUR 12,000). The trade unions consider this measure to be inadequate and too narrowly targeted. They have also put back on the table the idea of linking pay to movements in fuel prices: this was abolished following the introduction of the "health index" in 1994 (which removed price increases for tobacco, alcohol, diesel and petrol from the consumer prices index for the purposes of pay indexation), but workers have experienced a loss of purchasing

power while fuel prices have shot up. However, FEB/VBO emphasised the risks of reverting to an indexing mechanism that was sensitive to energy costs: there would be a danger, it said, of reproducing the mistakes of the 1970s and of the state running into debt again.

Some 5,000 engineering workers demonstrated at the same time as the road haulage federations in protest against a fall in purchasing power; simultaneously, Flemish farmers organised in the Boerenbond and the Algemeen Boerensyndicaat took part in actions to seek specific aid similar to what the lorry drivers had obtained.

Following numerous demands from a wide range of sectors, the Prime Minister, Guy Verhofstadt, finally intervened in order to calm things down. There would be no more government measures, he said, until 17 October, the date when he promised to make an official federal statement on available budget margins and the government's priorities. He thus called for all demands to be put on hold until that date.

### Commentary

In the current climate marked by economic upturn, and as preparations are being made for a new intersectoral agreement to be negotiated during autumn 2000, the trade unions and the employers appear to have been overtaken by sectors making their own specific claims for a "larger share of the cake". It was this that triggered the demonstrations in September. Within the government itself, matters have not been very clear, with each minister having to respond to demands without accurate information as to available budgetary margins. There appeared to be a need to refocus debate, and that is what the Prime Minister achieved by blocking the situation until 17 October 2000. The federal statement due on that day was eagerly awaited by the social partners at both intersectoral and sectoral level, which hoped for hard facts on their potential room for manoeuvre. (In his subsequent statement on 17 October, the Prime Minister disclosed the content of the 2001 federal budget and the timetable and main themes of a series of political and socio-economic (eg, taxation and employment) reforms, many of which will be phased in over several years. Social partners gave the policy statement a very cautious reception, with the unions especially expressing disappointment.) (Catherine Delbar, Institut des Sciences du Travail - UCL)

BE0010329F (Related records: BE001130N, BE9906275F, BE9802228F, BE0008323F)

20 October 2000

## LO wants employee share-ownership regulated by collective agreements

*There has been a boom in employee share-ownership in Danish companies over the past decade. Provoked by a dramatic article in a newspaper on its attitude to such schemes, the Confederation of Danish Trade Unions (LO) was prompted to express its views in a press release in September 2000, stating that employee share-ownership should be regulated by collective agreements. This generated comments from both the employers - which rejected LO's proposals - and from organisations in the public sector - which took a sceptical position.*

On 6 September 2000, under the headline "LO fighting for shares", the *Politiken* newspaper published an exclusive story which painted a very dramatic picture of a break by the Danish Confederation of Trade Unions (Landsorganisationen i Danmark, LO) with old traditions. "LO is ready for a historical break with the trade union movement's role as spearhead in the traditional wage fight on the labour market," according to the article. It stated that LO would demand that schemes providing company shares for employees be included in collective agreements under the slogan shares for all.

The story was so strongly worded that LO took immediate action by publishing a press release clarifying its position.

In the press release, LO stated that it will in the future continue to stand for the traditional trade union fight for better wages and that it is the clear position of LO that employee share-ownership should not replace wages, but might be considered as an extra benefit offered by companies. LO does not want to promote employee share-ownership, but believes that the increased use of such schemes makes it necessary for unions to decide how they will tackle the issue.

The press release gives some clear signals as to the approach to be taken:

- if the employees in a company are to be offered shares, the offer must be made to all employees on the same terms;
- it is the clear position of LO that the question of employee share-ownership is subject to agreement between the social partners; and
- it is up to the members of an individual

trade union to decide the priority which should be given to employee share-ownership in future collective bargaining rounds.

### Boom in employee shares

Over the past decade, employee share-ownership has become very popular in Danish enterprises and increasingly common. The media regularly report stories about employees who have suddenly become millionaires by virtue of their shares in their employing company. For instance, when the American company, Intel, took over the Danish computer firm Giga, each employee received DKK 15 million (EUR 2 million) for their shares. This "fairy tale" is not unique and such stories contribute to making this practice more widely used.

According to the management of Radiometer in Copenhagen, which produces hospital equipment and has many employee shareholders, the experience with this type of pay in the form of shares has been good. "Our employees feel a closer attachment to Radiometer when they hold shares. This makes our firm an attractive place to work when we are to recruit new people. The employees tend to think in a longer perspective when they are shareholders in the firm," says the company's financial manager, Erik Dahl.

Danish companies have three options as regards the allocation of shares to employees. They may:

- offer shares to employees free of charge;
- sell shares to the employees at a favourable price; or
- sell shares to employees at the normal price.

Each option is governed by specific rules on matters such as taxation.

### DA opposed to the idea

LO proposes that employee share-ownership possibilities should be offered to all employees. Jørn Neergaard Larsen, the managing director of the Danish Employers' Confederation (Dansk Arbejdsgiverforening, DA), categorically rejects this idea: "If you start making demands that such schemes shall be open to all, this may mean that some companies will be forced to give up such schemes," he argues. The employers are quite happy with the schemes as they

are now. "The fact that we have succeeded in combining the companies' need for productivity with the involvement of the employees and their wish to make a profit comes near to the optimum solution," says Mr Neergaard Larsen.

### Commentary

It is DA and the employers that hold the upper hand at present in the development of pay systems in Denmark, and LO has to find its place in a system which some unions fear could end up with strongly employee-oriented companies, making the trade unions redundant. This is why LO has to take a position on pay in the form of shares - it is high time for it to do so, especially because LO's affiliated unions cannot be said to have the same interest in this matter as the employers.

The two major trade unions in the public sector, the Union of Commercial and Clerical Employees (Handels- og Kontorfunktionærerne i Danmark, HK) and the Federation of Public Employees (Foreningen af Offentligt Ansatte, FOA) - respectively the second- and third-largest unions in Denmark - are very sceptical. No similar schemes are found in the public sector. It is not possible for the employees to own a share in the school or hospital where they work. There is an obvious risk that an extended use of employee share-ownership may lead to large wage differentials between the public and the private sector, and that this may make it more difficult to attract highly qualified staff to the public sector. Recruitment may become a serious problem and this is why FOA and most groups in HK have rejected the idea already.

However, LO's plans to regulate employee share-ownership in collective agreements may be realised - it will be up to the individual trade unions. However, the public sector needs compensation in order to retain employees and it will be difficult to make public employees accept wage moderation in a situation where private employees benefit from employee share-ownership. (Carsten Jørgensen, FAOS)

DK0009197F

15 September 2000

## Protests over fuel price rises

*In the wake of major increases in fuel prices, in September 2000 a series of protest actions and demonstrations disrupted activity in a number of French industries, such as fishing, agriculture, road transport.*

In September 2000, petrol prices reached USD 30 (EUR 35) a barrel, a level not witnessed since the early 1990s. The price of a litre of fuel, which in France is raised by 70%-80% excise duties, increased accordingly. A litre of "super 95" cost FRF 2.23 (EUR 0.34) before taxes in mid-September, making it the third cheapest in the EU. However, the consumer paid FRF 7.28 (EUR 1.11) at the pump, making French fuel the fourth most expensive in the EU. As in other EU countries (see pp.5, 12 and 14 in this issue), the fuel price increases sparked protests in a number of sectors. The many forms taken by the French protests and their durability can be explained by a number of factors. These include the incessant rise in fuel prices, combined with a heightened awareness of the proportion of the price accounted for by taxes, aggravated in September by the announcements of high profits by large companies such as Total.

### Sector-specific protests

In late August, fishing workers from various parts of the French coast blockaded the entrances to the major ports, disrupting all trade. They were joined in their anti-fuel price rise protests by farmers mobilised by their organisations - especially FNSEA - and by employers in the road transport industry. In addition to numerous road blocks on the main road networks, the protests involved blockading the main fuel distribution centres. Other occupational groups joined these protests and actions, including employers in coach companies and in the taxi trade, boat operators and ambulance crews.

The demands made by these various groups were mainly aimed at the reduction of taxes on different types of fuel, particularly the domestic tax on oil products (TIPP), and in some cases, the reduction of social security contributions.

Although the protesters disrupted economic activity and the lives of the French public by causing a growing shortage of fuel in petrol stations, their actions, according to various opinion polls, enjoyed a high degree of popularity.

### The government response

Faced with large-scale protests that were bringing the country to a standstill and

spreading into neighbouring countries, yet remaining very popular with the public, the government adopted the strategy of giving each occupational group involved individual treatment. This exercise was made problematic by the differences in perception of the protests held by the various components of the governing coalition, split between parties concerned to remain in touch with public opinion (especially the Communist Party) and others more sensitive to the necessity for government stringency in order to meet environmental objectives (the Greens).

At the end of August, the fishing workers obtained reductions in, and in some cases the removal of, social security contributions, as well as state subsidies to cover harbour charges. Road haulage contractors and coach operators saw their TIPP reduced. Farmers will benefit from further tax exemptions on fuel. Taxi companies and self-employed drivers were given permission to raise their prices by 4.5%. Lastly, ambulance crews will have their "occupation tax" lowered from 2001.

These measures, combined with other pressures, allowed a steady normalisation of the situation, despite attempts by some road hauliers not satisfied with the deal for their industry to continue the protests. However, the results of the negotiations with the various occupational groups were read as signs of Prime Ministerial weakness by a number of commentators.

### Union reactions

All the trade unions recognised the unhappy mood of public opinion on the issue of fuel price rises. Through press releases, statements, and letters to the Prime Minister, they each put on the record that they felt fuel price rises were penalising those on the lowest incomes, especially employees. Beyond this, the unions in each industry concerned made a point of making public their disagreement with the employers' calls for further action. The taxi drivers' unions affiliated to CFTC, CGT and CGT-FO stated that they would have nothing to do with the demonstrations planned by the employers in that sector.

It was in the road transport industry that the unions distanced themselves most clearly from the actions organised by the employers. In September 2000, the transport industry unions affiliated to CFDT, CFTC, CGT and CGT-FO and the independent FNCR called on their members "not to take part in the

protests of the industry's bosses". The road haulage trade unions referred to their demands over working conditions, wages and welfare provision, which they maintained were mostly ignored by the industry's employers' associations.

### Tension within employers' associations

Negotiations by the government with each industry's employers' associations highlighted the distinctive nature of the road transport sector. Three sectoral employers' associations took part in negotiations - FNTR, UNOSTRA and TLF. FNTR - a member of the transport sector body affiliated to the MEDEF employers' confederation - claims 15,000 member companies of all sizes, with 225,000 employees. UNOSTRA claims 37,000 member companies, 95% of which are SMEs with under 50 staff, with 470,000 employees. TLF claims 4,500 member companies, mainly bigger firms, with 300,000 employees.

An agreement was reached by these three associations and the Ministry of Transport on 6 September. The leaders of TLF called for an immediate return to work, while FNTR and UNOSTRA sought to ensure that their members were behind them. In fact, their members wanted to continue the protests. On 7 September, the MEDEF president, Ernest-Antoine Seillière, criticised those "sectors that want to take the law into their own hands by the use of illegal means," thus directly criticising MEDEF's member organisation, FNTR, and giving *de facto* backing to TLF.

Facing a government resolved to remain firm, and with no support from other employers' associations, UNOSTRA and FNTR demonstrators decided to lift the blockades, and the situation was back to normal by 11 September.

FNTR has since expelled 16 département-level associations and at its congress in October voted unanimously to suspend payment of its 2001 membership contributions to MEDEF. However, there is soon to be a meeting between FNTR and MEDEF leaders.

### Commentary

September's protests highlighted the unpopularity of excise duties on fuel, even as the government was pushing ahead with an overall package of tax reductions. Moreover, the protests were another manifestation of the absence of genuine dialogue between employers and unions in the road haulage industry, this time especially relevant to the sector's employers. (Maurice Braud, IRES)

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20 October 2000

## Flexibility in labour market "widespread but inadequate"

*The Greek labour market is quite flexible, but does not meet companies' expectations and objectives. This is one of the main findings of a report published in September 2000, based on a survey of companies.*

At the end of 1999, the Economic and Industrial Research Institute (IOVE) conducted a survey examining the views of Greek enterprises on the conditions prevailing in the labour market, work organisation and employment conditions. The survey, published on 20 September 2000, was conducted among companies in industry, services and the retail trade.

### Theoretical background to the survey

The IOVE report recognises that the current high level of unemployment (a rate of around 12%) cannot be attributed to lower employment, because employment is increasing. The increase in unemployment, therefore, does not stem from the side of employment but from the side of the supply of labour (ie the labour force).

According to the report, the fact that the increase in unemployment does not arise from the demand side relates first to the rate of economic growth, and second to the employment content of growth. As regards the first factor, GDP growth rates in Greece have been relatively high (over 3% annually) since the mid-1990s. As regards the capacity of economic growth for creating jobs, this is measured by the "employment content of growth", which compares the rate at which employment is increasing with the rate of increase in GDP. With a higher employment content of growth, a one percentage point increase in GDP creates more jobs. The IOVE report determines that in recent years this measure has decreased in Greece.

The references in the report to the need for labour market reforms as the answer to unemployment growth start from this point, ie from the need to increase the employment content of growth as a means of combating unemployment.

### The results of the survey

In the industry sector, the IOVE survey indicates that the majority of workers (70%) are designated as skilled employees working full time, many of them (14%) under fixed-term contracts. Most of the industrial companies surveyed

estimate that at present there is a surplus of employees (most of them unskilled) which will be reduced by impending restructuring. However, they estimate that in the long run the introduction of new technologies and the attendant rise in demand and production will be able to reverse the downward course of employment. Of particular interest are the results of the survey regarding labour market flexibility: industrial enterprises believe that they "already have, to a substantial degree, the ability to respond in plenty of time to changes in demand by making use of the existing possibilities for flexible use of the labour force". The fact that existing flexibility is quite extensive can also be seen in the rise in the number of operating hours in industrial plants. However, 47% of the same enterprises believe that there is a need for more flexibility, particularly in: implementing new working time arrangements; eliminating obstacles to hiring temporary staff and moving staff around within the enterprise; and overcoming reluctance to hire permanent staff (because of the high cost of recruitment and dismissals).

The services sector employs large percentages of specialised and full-time staff. Part-time employment is at low levels compared with EU averages; however, employees are more often hired under fixed-term contracts. Employment in this sector is expected to continue to increase rapidly. According to the responses from the enterprises surveyed, lack of flexibility in working time arrangements, reluctance to hire permanent staff (due to the amount of compensation and "red tape" involved in dismissals) and the lack of skilled staff who can be moved from job to job within enterprises are the main constraints on enterprises' ability to respond promptly to changes in demand.

In the retail trade, part-time employment is found to be very widespread (33%), particularly in large stores. The great majority of workers are employed under open-ended contracts. Stores' operating hours are restricted by mandatory rules which oblige companies to pay overtime when maximum working hours are exceeded. "However, if working hours were deregulated", states the report, "companies believe that they could significantly enhance their competitiveness and productivity by further extending their operating hours". Part-time employment, which is widespread, is the main form of flexibility used by commercial

enterprises, especially larger ones. The companies surveyed generally thought that it would be very useful if it were possible to implement new working time arrangements.

### Commentary

The theoretical starting point of the IOVE survey is the assumption that the problem of unemployment in Greece stems from the labour supply side. Therefore, it is seen as self-evident that labour market reforms constitute part of the answer to unemployment growth. This theoretical view is expressed in the questions put to the enterprises surveyed.

The findings show that labour market flexibility in Greece is quite widespread, refuting the commonly held view that the Greek labour market is one of the EU's most regulated and least flexible.

Another interesting finding of the survey is that the respondent enterprises clearly expressed their desire for further reform of the labour market with a view to making it more flexible. The value of these responses should be carefully weighed, because in all cases (that is, regardless of the degree of labour market flexibility), enterprises would arguably tend to make the same response to the questions put to them - in other words they would tend to state that more flexibility is required, regardless of whether it is widespread or not.

The finding that flexibility is widespread in Greece also throws doubt on the prevailing understanding of unemployment (ie that the high unemployment rate is due to labour market inflexibility). The Institute of Labour (INE) of the Greek General Confederation of Labour (GSEE) is of the view that this phenomenon should be interpreted otherwise: increases in the employment rate are high when income from labour (as a percentage of GDP) is low, and vice versa. Reduction of income from labour forces more and more members of households to seek jobs in the labour market. When households face repeated reductions in their income, in an attempt to keep constant the level of consumption which they believe meets all their basic needs, along with (increasing) social needs, they tend to supply more labour, so that in the end the labour force increases faster than the employment rate. (Eva Soumeli, INE/GSEE-ADEDY)

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20 October 2000



## Managing the "work-life balance"

*The management of the "work-life balance" has become an increasingly important issue in Ireland in recent years as a result of changes in the social and economic context. The pressures of dealing with the conflicting demands of work and personal responsibilities has generated increased worker interest in "employee-friendly" working arrangements. Employers, meanwhile, are paying increased attention to the management of the work-life balance in response to recruitment and retention problems.*

The Irish social and economic context has changed considerably in recent years. In particular, while the economy was burdened with mass unemployment and poor performance during the 1980s, there has since been very strong economic growth. The expansion of the economy has resulted in continual employment growth and a substantial reduction in unemployment - from 12% in 1996 to 4.3% in August 2000. An important feature of this employment growth has been the considerable increase in the number of women entering the labour force, particularly in the expanding service sectors. In 1999, 47% of women of working age were in the labour force.

The pressure generated by strong economic growth has meant, however, that many workers are finding it increasingly stressful to reconcile the conflicting demands that exist inside and outside the workplace. Inside the workplace, the pressure to work longer hours, the need to cope with new work practices, and higher customer expectations, have placed increased stress on many workers. Outside the workplace, many people are finding it difficult to: provide care for children and other dependents; commute to work because of rising traffic congestion and inadequate investment in the public transport infrastructure; and find enough time to develop their personal lives. These dual pressures are increasingly creating a desire for workplace arrangements which help workers to achieve a more satisfactory "work-life balance".

Some employers have begun to pay more attention to policies to manage the work-life balance, particularly where they are experiencing problems with recruitment and retention. An important consequence of the substantial increases in employment and reductions in unemployment - as well as the structurally embedded nature of residual "core" long-term unemployment, the declining

birth rate, and a levelling-off of the increase in labour force participation by women - is that the demand for workers is exceeding supply. The labour market has tightened considerably, and there is increased evidence of labour and skill shortages across many sectors of the Irish economy. As a result, some companies have been concerned with devising new methods to attract and retain workers. Thus, the pressures emanating from economic growth are acting as the driving force behind the introduction of "work-life balance" initiatives.

### Work-life balance initiatives

Work-life balance initiatives have been defined in a recent report from Ireland's Equality Agency as "the range of work arrangements, both formal and informal, that exceed the statutory minimum and which assist employees to combine employment with their caring responsibilities and personal life outside work". This definition is broader than the more common focus on the balance between work and family/caring responsibilities. This, according to the report, is because it potentially encompasses all employees who want to achieve a better balance between their work and outside interests, regardless of whether they have a family to look after or caring duties.

Work-life balance initiatives may encompass a whole range of initiatives, including:

- *special leave and career breaks.* Some employers may provide various forms of special leave and career breaks for workers. This may include educational leave, career breaks, maternity leave, parental leave and bereavement leave;
- *part-time working.* Part-time hours of work may be arranged to suit both the employer and employee;
- *flexi-time.* This enables workers to adjust or personalise their working time;
- *compressed working week.* The employee works the full number of hours on a reduced number of days a week - for instance, 38 hours over a four-day week;
- *job sharing.* This enables two or more workers to share one full-time position;
- *homeworking or teleworking.* This enables workers to balance their work and home commitments and cuts out the difficulties associated with commuting;
- *childcare support.* The provision of childcare centres is crucial for working parents;

- *term-time working.* This is potentially very useful for parents who cannot find adequate childcare during school holidays; and

- *annualised hours schemes.* Such schemes set out the average hours employees are expected to work at normal rates of pay over the period of a year. The number of hours per day, week etc may vary within stated upper and lower limits, so that working time arrangements are responsive to peaks and troughs in demand. Annualised hours schemes often facilitate reductions in working time through lower overtime levels. They allow extra work to be accommodated in return for extra time off in lieu when demand contracts.

Many of these initiatives are recommended in the current national agreement, the *Programme for Prosperity and Fairness (PPF)* (EIRObserver 3/00 p.8). A "national framework for family-friendly policies" has been established under the PPF to "support and facilitate the development of family-friendly policies at the level of the enterprise". It is stressed in the PPF that "policies to support childcare and family life are a cornerstone of future social and economic progress." It is suggested that the challenge is to "find ways of developing approaches that reflect the reality of the workplace. Identifying different options that have the potential to meet the many diverse needs of different employers and their employees is especially problematic. In order to be effective, such options must meet the following objectives: enhance the opportunity to reconcile work and family life; and contribute to the effective and efficient operation of the enterprise."

Specific objectives contained in the PPF include: increasing childcare places in both the private and community sectors; increasing out-of-school-hours childcare services provided by community groups and school management; and further national fiscal and social policy measures to reconcile work and family life. This last objective involves the promotion of family-friendly policies at enterprise level, such as job sharing, parental leave, flexi-time, homeworking, and term-time working. Many of these recommendations overlap with those contained within Ireland's National Development Plan (NDP) and the National Action Plan (NAP) on employment.

In addition, recent legislation such as the Parental Leave Act 1998, the Working Time Act 1997 and the Employment Equality Act 1998, provides a floor of statutory rights relating to family-friendly/work-life balance issues.

At this juncture, although there has undoubtedly been an increase in the adoption of many of these work-life balance initiatives, they are still relatively uncommon, being largely confined to the public sector and large private sector

organisations. For instance, career break and job-sharing schemes are primarily found in public sector organisations such as the civil service, while annualised hours schemes are primarily found in large manufacturing organisations. Small and medium-sized enterprises (SMEs) may not be able or willing to provide the same range of policies as larger organisations because of more limited resources. More often than not, few SMEs go beyond the minimum statutory requirements, although there are signs of increased activity in the SME sector in response to the tightening labour market. The recent Equality Agency report referred to above includes the findings of a survey of work-life balance initiatives amongst 133 SMEs. The main conclusion of the survey is that 53% of respondents stated that they provided one or more family-friendly policies. The most common initiatives were emergency and special leave, part-time working, flexible hours and flexi-time. These initiatives were more common in medium-sized enterprises (50-249 workers) than in small enterprises (one-49 workers).

**“Mutual gains” for employers and workers?**

Where policies to improve the work-life balance have been introduced, they may potentially generate “mutual gains” for both employers and workers.

Potential employer benefits include: the recruitment of new staff and the retention of valued existing staff; reduced absence; increased morale and commitment; reduced overtime levels; increased productivity; and a better corporate image. Some of these benefits are more tangible than others.

Potential employee benefits include: an opportunity to achieve a better balance between work and their interests and responsibilities outside work; less stress and pressure; and greater equality of opportunity.

**Commentary**

The issue of the management of the work-life balance has become increasingly important for the social partners and the government as a result of the substantial changes in the Irish social and economic context in recent years. Many workers are now finding it difficult to balance the conflicting demands of work and their lives outside work. A crucial issue is that “traditional” forms of work organisation may often no longer be suitable for accommodating the varied lifestyles of the modern labour force/potential labour force. To this end, measures to improve the work-life balance, such as childcare support and various forms of employee-/family-friendly flexible working (eg job sharing and flexi-time) have become increasingly popular amongst many workers.

**UK also examines work-life balance**

In the UK, a cross-departmental group of government ministers is currently undertaking a review of maternity pay and parental leave provision. The review was originally announced in March 2000 and its terms of reference were published in June by the trade and industry secretary, Stephen Byers, who chairs the ministerial group. The review is considering “the steps needed to make sure that parents have choices to help them balance the needs of their work and their children so that they may contribute fully to the competitiveness and productivity of the modern economy”. In particular, the review is to take into account:

- the impact of maternity pay and parental leave on business, particularly SMEs, and families - including whether it is possible to simplify the implementation of existing legislation;
- best practice in business and its impact, including the extent to which employers currently offer additional entitlements or flexible arrangements;
- factors affecting women’s decisions to return to work after childbirth;
- factors affecting the take-up of parental and paternity leave;
- the impact of returning to work part time, from home or on flexible hours; and
- reducing child poverty, including the particular problems faced by the workless and by parents receiving the Working Families’ Tax Credit.

At present, however, new forms of employee-friendly flexible working are not very common in Ireland, particularly outside the public sector, although there are some signs that this is gradually changing. At present, the “flexibility agenda” is still largely geared round employer concerns for cost reduction and productivity improvements. Many employers still view employee-friendly policies as being outside their sphere of responsibility and/or an unnecessary cost on business, rather than as a potential means of improving motivation and productivity. However, some employers have been forced to address the work-life balance issue because they have found it increasingly difficult to attract and retain workers in a tightening labour market. In an economy that is moving towards full employment, employee-friendly working arrangements represent a potential means of competing for and retaining labour and skills, which in many instances have become a scarce and valuable resource.

In addition to recruitment and retention problems, employers’ actions are largely driven by other “bottom-line” economic considerations associated with the

A programme of consultation and research is being undertaken as part of the review. Consultations have been held with the Confederation of British Industry (CBI), Trades Union Congress (TUC) and other business organisations and groups campaigning on maternity and childcare issues. In September 2000, the Department of Trade and Industry (DTI) published a discussion paper identifying key issues for discussion and setting out background information. The DTI has also issued a questionnaire inviting the views of parents, employers, employees and their representatives and voluntary groups on a range of issues, including what changes might be made to existing arrangements which would “help parents balance work and family life and be good for business”. The government is expected to publish a formal consultation document later in the autumn on proposals emanating from the review.

The government is thought to have been considering the feasibility of offering a state benefit for part of the 13-week parental leave entitlement. Another possibility floated by ministers, but strongly criticised by employers’ organisations including the CBI, is giving mothers returning to work after having a child the automatic right to part-time employment. Extending maternity pay and relieving employers from having to administer it are also being considered as part of the review.

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perceived benefits and costs of a particular initiative. Rather than imposing costs on employers, it may be the case that improvements in the management of the work-life balance may potentially generate “mutual gains” for employers and workers by improving business performance while accommodating the needs of workers. Employers may benefit from lower absence and labour turnover and increased commitment and productivity, while employees may benefit from less stress and increased opportunities to address their personal responsibilities and interests. Moreover, measures to improve the management of the work-life balance need not involve any extra costs or resources. Indeed, the development of greater trust levels through open and informal means of accommodating employee responsibilities outside work may be just as important as more formal policy action for generating “mutual gains”. (Tony Dobbins, UCD).

IE0009155F (Related records: IE0006152F, IE0003149F, IE9911146F, IE9905137F, IE9806251N, IE9712111F, IE9909144F)

## Fuel dispute settled without trade union intervention

*A dispute over rising fuel prices broke out in autumn 2000 between the Spanish government and employers and self-employed workers in transport, agriculture and fishing. The conflict was finally settled in October. The trade unions, surprisingly, played no role in this dispute.*

A dispute over rising fuel prices began in Spain in August 2000. The accumulated increases in the price of diesel since the beginning of the year, arising originally from the increase in crude oil prices, are around 50%, threatening the profitability of some sectors. The groups affected called for a drastic reduction in the cost of diesel for industrial use through a reduction in fuel taxes. The same measure was requested by similar groups in several EU countries (see pp.5, 7 and 14 in this issue). Some support for this demand came from the left-wing opposition parties, which also suggested a temporary reduction in fuel taxes and/or an increase in taxes on the profits of oil companies.

### The development of the dispute ■

The first to react to the price rises were the three main agricultural associations: COAG, UPA and ASAJA. From 10 September, they blocked highways and accesses to the most important cities in the country with tractors. They were joined by fishing workers in Catalonia, Valencia, Andalusia and Galicia, who moored their fleets for several weeks and boycotted fish imports and the transport of fish from other regions. On 1-2 October, the frontiers were blocked by protesters. Subsequently, they blocked the establishments of the Logistical Hydrocarbon Company, which distributes fuel in Spain, and access to the BP Oil refinery in Castellón. The result was a shortage of all types of fuel, which was critical for a few hours in Catalonia, and noticeable elsewhere. Some Galician ship-owners also protested, although only verbally.

In early October, the road transport sector joined the dispute, in particular the most important organisation, Fenadismer. Taxi drivers held a strike in various cities on 3 October. Road transport protesters blocked the frontiers and the access points and ringroads of several cities from 2 to 4 October.

There was great public concern, but the closure of petrol stations, which would have raised public alarm, was prevented by the police, who enforced minimum services and escorted trucks to guarantee supplies.

### Negotiations with the government ■

Meanwhile, negotiations between the government and the protesters advanced very slowly. The Prime Minister and various ministers stuck to their position that a cut in fuel duty was out of the question because: it would increase inflation by increasing consumption; and the EU was firmly against changing fuel taxes. The minister of the economy suggested reducing consumption, to which those affected replied that it would mean stopping work. The government offered low-interest loans, reductions in personal income tax and increases in VAT receipts. The protesters refused these offers because many of them did not need to make new investments and were not obliged to declare VAT (because of low incomes), so the benefit would be negligible.

After several weeks, the fishing workers and road hauliers - the most radical groups - began to suffer from the lack of income and of public support. Though the hauliers wanted to continue the dispute, the government and the Spanish Confederation of Employers' Organisations (CEOE) fostered an agreement between shippers and hauliers to allow the latter to increase their fees by 10%. This agreement was criticised by consumers' associations, which felt that it would increase prices for end-users.

Some sectors, such as motor manufacturing, were suffering from a lack of parts due to the transport strike. In other sectors, the fuel shortage was causing problems. However, most people seemed fairly indifferent to the protest after the initial impact, except for the few hours when the petrol supply was threatened.

Finally, the protesters accepted the government offer, which will cost the exchequer ESP 120 billion (EUR 720 million). For those involved, income tax has been reduced and for some groups compensatory VAT has been increased. All the groups have been granted low-interest loans to allow them to renew their fleets, transport, machinery etc. The fishing workers have been granted reductions in their social security contributions. There are also some other sector-specific incentives.

### Silence of the unions ■

The trade unions maintained a surprising silence during this period, unlike CEOE, which said little but was very active. Its chair stated that the increase in fuel

costs should be compensated for by lower wage rises and reductions in social security contributions - an important observation in the run-up to a new bargaining round. CEOE also acted because some of the organisations involved in the conflict are its members and some are represented on its governing bodies. CEOE thus mediated, albeit indirectly, in resolving the conflict favourably for its members.

The unions played practically no part in a dispute that could have a decisive impact on the model of production now or in the future, and made no statement on the subject. In private, some leaders stated that the conflict did not threaten the situation of wage earners and that the main issue is that the oil companies are reaping enormous profits from the situation.

### Commentary ■

There are two questions that should be given serious attention from the labour viewpoint once the situation has calmed down.

The first is the silence of the trade unions during and after the dispute. The rise in oil and fuel prices is likely to lead to a slow-down in economic activity and therefore in employment. It may also affect the euro single currency and lead to an increase in interest rates that will affect mortgages and investment by small companies. It is true that the organisations that have intervened in the dispute are employers' organisations, but the unions cannot remain aloof from economic phenomena that affect workers' living conditions. Furthermore, for some time the unions have been trying to unionise the self-employed, many of whom work in the affected sectors.

The second question is of greater scope and affects the longer term. This mini-oil crisis reopens the debate on the stability and appropriateness of a production system based on cheap, abundant energy, not only due to the pollution that it causes but also because without alternative forms of energy the future well-being of society cannot be guaranteed. It is disappointing that the unions, political parties and other organisations have failed to take advantage of this dispute to consider ecological problems, the future well-being of citizens, and the need for alternative energy sources. (Fausto Miguélez, QUIT-UAB)

ES0010217F (Related records: ES0002277F)

20 October 2000

## State subsidies to call centres cause controversy

*The Swedish government offers subsidies for the establishment of call centres in high unemployment areas. The Salaried Employees' Union has criticised the government for granting subsidies to call centres where terms of employment and working conditions are said to be unsatisfactory. The Ministry of Industry, Employment and Communications has set up an informal group to follow up the issue.*

On 24 August 2000, representatives of the Salaried Employees' Union (HTF) expressed concern to Mona Sahlin, minister at the Ministry for Industry, Employment and Communications, about the terms of employment and working conditions for employees at certain companies within the call centre industry. They criticised the government for giving financial support to companies that do not observe collective agreements.

An external call centre is an enterprise taking care of customer relations, telemarketing etc for several other companies, using modern computer and telecommunications technology to achieve the highest efficiency. As companies with different "call patterns" are often matched together, the operators can be kept fully occupied. Client companies pay only for services actually performed at the call centre. International studies often describe call centre jobs as low-skilled, repetitive and subject to a high level of control, and as causing stress and demanding great flexibility from the workers. However, call centres are also depicted as friendly and social workplaces, where qualities traditionally described as "female" are valued.

### State subsidies

As the call centre industry is among the fastest growing in several European countries, the Swedish government actively tries to attract new call centre agencies to Sweden. The Invest in Sweden Agency (ISA) seeks to attract foreign enterprises and to facilitate the establishment of companies in Sweden. Call centres often locate to regions where unemployment is high, and state subsidies are often provided to companies setting up or expanding within designated areas. Subsidies are available for capital investment and recruitment, for example. In order to obtain subsidies for recruitment within a "grant area," a company must provide wages and other employment benefits that are at least

equal to those provided for in the applicable collective agreement. The working environment has to be satisfactory and subsidies are given only with respect to permanent positions.

In June 2000, HTF, a private sector union with 150,000 members in commerce, transport and service industries, presented a study undertaken at 15 Swedish call centres with unionised employees. Some 250 HTF members responded to a questionnaire about issues such as wages, working hours and the working environment. According to the study, 80% of the employees surveyed at the call centres are women and almost 50% are aged under 25. Some workers have permanent positions, while others are hired for shorter periods or on an hourly basis. Wages are relatively low, especially in companies without collective agreements. Employees hired on a day-to-day basis are paid only for days when work is supplied.

Some call-centres are described in the study as functioning well and willing to accept the standards of the Swedish labour market. However, in a couple of companies HTF found an employer attitude hostile towards unions and a certain disinclination to comply with labour legislation. At their August meeting with Ms Sahlin, the union representatives questioned the appropriateness of granting subsidies to these companies and pointed to the risk of "social dumping".

"Sometimes the picture of subsidies is not completely clear to us," stated Tomas Oskarsson, a union secretary at HTF: "Apart from subsidies based on location in a grant area, there may be subsidies in the form of business premises, supplied by a municipally-owned company, at a very low rent. We have also seen examples of call centres receiving free labour from the public employment offices, as the job is considered as some kind of measure against unemployment."

Some call centre companies hire workers only by the hour. When there is no work available, the workers live on unemployment benefits. This means that the unemployment insurance system takes the risks that the companies themselves ought to bear, according to HTF.

### Informal group established

As a result of the trade union criticism, an informal group was formed with the task of following up the questions raised. The group consists of officials of the Swedish National Board for Industrial

and Technical Development (Nutek), the National Labour Market Board (AMS) and the National Board of Occupational Safety and Health (ASS).

Decisions on subsidies to companies within grant areas are taken by county government boards or by Nutek. Nutek official Kurt Ekelund did not immediately recognise the problems raised by HTF, when asked. To receive subsidies within a grant area, a company has to meet certain requirements. Theoretically a decision on subsidies could be revoked, but to his knowledge this has never happened. The picture is, however, complicated by the fact that there are several different forms of subsidies available and several authorities involved, each of them with knowledge chiefly within their own area of expertise.

### Commentary

The call centre service industry has grown rapidly in Sweden over recent years. Figures estimating the number of call centre employees vary, depending on the definitions used. According to the Invest in Sweden Agency, in September 1999 approximately 7,100 persons annually worked at external call centres in Sweden. Over the past two years, these companies have experienced a growth in employment of more than 50%. If a wider definition of call centres is used (including for example internal call centres within a company, servicing only its customers), figures of 35,000-46,000 employees are mentioned. Approximately 40% of the largest call centres have received governmental subsidies because of their location within a grant area.

To many regions with high unemployment, the establishment of a call centre may be a genuinely positive factor, many Swedish experts agree. The drawbacks of the controlled and repetitive work are compensated for by the fact that call centres give young, unskilled workers an opportunity to enter the labour market.

Since the government actively supports the growth of the call centre industry in Sweden, it is of some political importance that working conditions, wages etc at those call centres that receive subsidies are satisfactory. A trade union such as HTF, for its part, has an interest in putting these questions into focus, since unsatisfactory conditions emphasise the need for a union and makes the recruitment of new union members easier. It seems to be of mutual interest to the government and the unions that the call centre companies setting up or expanding in Sweden compete under the same conditions as other companies. (Margareta Edling, Arbetslivsinstitutet).

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20 October 2000

## New right for workers to be accompanied at disciplinary and grievance hearings

*The Employment Relations Act 1999 gives UK workers the statutory right to be accompanied by a trade union official or fellow worker at workplace disciplinary and grievance hearings. This feature outlines the new provisions, which came into force in September 2000, and highlights their potential impact.*

From 4 September 2000, workers in the UK have the right to be accompanied by a trade union official or fellow worker workplace disciplinary or grievance hearings. The new statutory provisions, contained in sections 10-15 of the Employment Relations Act 1999, were brought into force on that date by statutory instrument. At the same time, a code of practice on disciplinary and grievance procedures drawn up by the independent Advisory, Conciliation and Arbitration Service (ACAS) also came into effect.

### Key points of the new legislation

The legislation provides that workers invited by their employer to attend a disciplinary or grievance hearing may opt to be accompanied by a single individual of their choice who is either:

- a full-time union official;
- a lay union official certified by the union as having experience or having received training in performing this role; or
- a fellow worker currently employed by the same employer.

The new right applies where the requirement or invitation to attend a disciplinary or grievance hearing is made on or after 4 September 2000. A disciplinary hearing is defined as a hearing which could result in a formal warning to a worker by the employer or some other action against them, or the confirmation of a warning or other action (ie an appeal hearing). A grievance hearing is defined as concerning the performance of a (contractual or statutory) duty by an employer in relation to a worker.

The accompanying person may address the hearing and confer with the worker during the hearing but may not answer questions on the worker's behalf. If a worker's chosen companion is not available at the time proposed for the hearing, employers must agree to an alternative time for the hearing, no more than five days after the original date. Where the chosen companion is em-

ployed by the same employer, the latter must allow them to take paid time off during working hours to attend the hearing.

If an employer fails to comply with the new statutory provisions, the workers concerned may complain to an employment tribunal which may award compensation of up to two weeks' pay if it upholds the complaint. Workers also have the right not to be subject to any detriment as an individual on the grounds of having sought to exercise the right to accompaniment.

There is no legal obligation on employers to introduce disciplinary or grievance procedures where they do not already exist (although section 3 of the Employment Rights Act 1996 does oblige employers with 20 or more employees to inform them of any disciplinary rules applicable, and specify a person to whom they can apply for redress of any grievance and the manner in which any such application should be made).

Similarly, there is no duty on trade unions or other employees to accompany the worker concerned if they do not wish to do so. Guidance on the new legislation produced by the Trades Union Congress (TUC) states that: "A union will generally judge whether the companion should be a local voluntary union rep (which is more likely) or a full-time officer of the union. Some unions have rules saying that they cannot provide representation for members until they have been in the union for a certain amount of time. This requirement is sometimes considered necessary to prevent people joining a union suddenly when they are in trouble, getting free advice and assistance, then leaving, at considerable expense to the union. Some unions will make a judgment about whether a grievance is well-founded and likely to succeed before agreeing to represent someone."

### Code of practice

The code of practice, approved by the tripartite Council of ACAS following a public consultation exercise, updates a long-standing ACAS code on disciplinary practice and procedures in employment and provides additional guidance on good practice in dealing with employee grievances and the operation of the new statutory right. The code is not legally binding in itself but its provisions will be taken into account by employment tribunals in relevant cases. As well as setting out the requirements of the new legislation, the code includes guidance

on issues such as what may or may not constitute a grievance for the purposes of the right to be accompanied. Among other matters, the code provides that:

- workers are free to choose an official from any trade union to accompany them, regardless of whether the union is recognised by the employer or not. However, where a union is recognised in a workplace it is good practice for an official from that union to accompany the worker at the hearing;
- time off work for the chosen companion, where applicable, should not only cover the hearing but should also be sufficient to enable them to familiarise themselves with the case and confer with the worker before and after the hearing; and
- the companion should be allowed to ask questions and should, with the agreement of the employer, be allowed to participate as fully as possible in the hearing. The companion should also be permitted reasonable time to confer privately with the worker, either in the hearing room or outside.

### Views of the social partners

The TUC has welcomed the new right to be accompanied. TUC general secretary John Monks said in a statement: "This is a welcome move for all those people who do not have the benefit of union recognition at work ... They can now rest assured that if in the future they hit a problem, they will be able to rely on the support of a union rep or colleague to help see them through."

The Confederation of British Industry originally lobbied the government to confine the right to be accompanied to disciplinary matters, not grievances, arguing that while disciplinary procedures are well defined in most UK companies, the scope for employee-initiated grievances is extensive and the right to be accompanied could be open to abuse by those with ulterior motives, eg in pursuit of bargaining objectives. The restriction of the right to be accompanied to grievances concerning employers' statutory or contractual duties was intended by the government to meet employer concerns

### Commentary

According to the 1998 Workplace Employee Relations Survey, 92% of workplaces with 25 or more employees have disciplinary procedures in place and 91% have formal grievance procedures. The survey also showed that 4% of workplaces do not allow employees to be accompanied by a third party in disciplinary cases, with a further 2% only allowing the option of being accompanied by a supervisor or line manager; in

almost all cases, these were workplaces without any union presence. Workplaces with recognised unions were much more likely than others to specify that union representatives and full-time officials could accompany employees. A "near identical pattern" is reported in respect of accompaniment in grievance hearings.

Until now, grievance and disciplinary procedures have not been subject to statutory regulation (though the advent of unfair dismissal legislation in 1971 encouraged the subsequent spread and formalisation of disciplinary procedures). The previous ACAS code of practice on disciplinary procedures provided that workers should have the right to be accompanied by a trade union representative or fellow employee of their choice at disciplinary interviews, but this had no direct legal force. The government sees the new statutory right as "[setting] what is already widespread good practice as a basic minimum standard".

As well as improving workers' individual employment rights, the legislation is also potentially significant in collective industrial relations terms. Union officials now have the right to attend disciplinary and grievance hearings where invited to do so by workers (not necessarily members) even where there is no union recognition. The new statutory provisions fall short of providing a fully-fledged "right to representation", as they limit the extent to which the accompanying person can intervene in the proceedings. Nevertheless, unions hope - and some employers fear - that in workplaces where unions are not recognised, the operation of the new right may boost unions' organising efforts by enabling them to gain access to the workplace and demonstrate the value of their role in supporting workers with problems. (Mark Hall, IRRU)

UK0010195F (Related records: UK0008184N, UK9912145F, UK9811159F)

20 October 2000

## TUC conference overshadowed by petrol price protests

The Trades Union Congress held its annual conference on 11-14 September 2000 in Glasgow. The agenda covered a wide range of employment issues and featured speeches from EU social affairs Commissioner, Anna Diamantopoulou, and the Chancellor of the Exchequer, Gordon Brown.

The TUC conference coincided with demonstrations outside oil refineries and depots by farmers and road hauliers protesting at the price of diesel (mirroring protests elsewhere in Europe - see pp.5, 7 and 12 in this issue) which rapidly resulted in petrol supplies being cut off and affected the level of media coverage of the conference. A strongly worded statement drawn up by the TUC general council was endorsed by the conference. This said that "the blockades are not a legitimate form of industrial action but a challenge to democracy and a crude attempt to hold the country to ransom." The statement called on union members to work normally and expressed full support for the government in safeguarding the operation of essential services.

In his speech to delegates - on the theme of full employment - Gordon Brown said he understood people's concern about petrol prices but emphasised that the government was not prepared to be pushed into lurches in taxation policy by the protests. To do so would be "irresponsible short-termism", which he argued would damage the UK's economic stability.

In a pre-conference briefing, TUC general secretary John Monks said that the TUC was meeting in the most favourable political and economic context in over 30 years and that unions were in confident mood. He described the TUC's relations with government as "good but sometimes patchy - they should be better", and said that he was looking for ministers to act on a number of workplace issues. It emerged that the Prime Minister is to hold regular, quarterly meetings with union leaders, in addition to the TUC's usual consultative access to departmental ministers.

A key debate at the conference concerned UK attitudes to the European Union. The conference supported a resolution arguing that the UK should join the European single currency "if the economic conditions are right" and at an exchange rate that is sustainable, and that unions should play a leading part in campaigning for euro entry prior to a decision by referendum during the lifetime of the next parliament. The resolution also called for: the EU Charter of fundamental rights - including trade union rights - to be enshrined in the EU treaties; an end to the UK government's opposition to the draft EU Directive on national information and consultation rules; and support for the European Trade Union Confederation's proposals for amending the European Works Councils Directive.

In her speech to the conference, Ms Diamantopoulou did not directly address the issue of the UK government's opposition to the draft Directive on employee consultation, but said that the UK should do more to develop "social partnership" - reflecting one of the Commission's draft recommendations to the UK in connection with its National Action Plan on employment for 2000. She also referred to information and consultation as a "tool of modern management".

Among other decisions, the TUC conference called for:

- enhanced redundancy consultation procedures "well in advance of any announcements being made" and the improvement of the statutory recognition procedure and other elements of the Employment Relations Act 1999;
- an early review of the UK working time Regulations and an end to the continued scope for individuals to opt out of the EU working time Directive's 48-hour maximum working week;
- paid parental leave, the abandonment of the UK's restriction of parental leave to parents of children born on or after 15 December 1999 and improvements in maternity leave provision including the right to return to work part-time; and
- an increase in the level of the national minimum wage to between GBP 4.50 (EUR 7.50) and GBP 5.00 (EUR 8.30) per hour.

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## EIROOnline - the Observatory's database on the Web

*EIROOnline, the European Industrial Relations Observatory's database, is accessible to the public on the World-Wide Web. Here we provide information for EIROObserver readers on how to use EIROOnline*

*EIROObserver contains a small edited selection of the records supplied to the European Industrial Relations Observatory (EIRO) by its network of national centres in the EU Member States (plus Norway) and its European-level centre. Each month, a comprehensive set of reports on key developments in industrial relations across Europe is submitted by the network, edited technically and for style and content, and loaded onto the EIROOnline database. EIROOnline is available via a site on the World-Wide Web.*

### Getting started

To make use of *EIROOnline*, you require Internet access and browser software - *EIROOnline* is best viewed with Netscape Navigator or Microsoft Internet Explorer versions 3 and above. Simply go to the URL address of our home page:

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

This will bring you to the EIRO home page. EIRO's central operation is based on a monthly cycle, with national centres submitting in briefs and features on the main issues and events in a particular month. These records are processed, edited and then uploaded from early the next month. Thus, records relating to events in November, for example, will appear on the website from early December.

The home page indicates the last time that *EIROOnline* was updated and provides direct links to the most recently added records. These are designated as either features, in briefs, studies or updates, 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 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 is a link to the EIRO **comparative studies** (and annual updates) and a list of links to additional facilities - **about EIRO, register, help, feedback, EIROObserver, contacts, related sites** and **EMIRE** (the online version of the European Employment and Industrial Relations Glossaries).

Along the top of the home page there is the **EIROOnline navigation bar** containing four links: **in brief** connects to a list of the in brief items for the current month, and **features** to a list of that month's feature items; **site map** connects to a variety of ways of browsing *EIROOnline* records; and **search** connects to an *EIROOnline* search engine.

### In briefs and features

The basic content of EIRO consists of in brief and feature records. "In brief" items are short factual articles about a significant event or issue in industrial relations in the country concerned. Features also set out the facts, but they are longer, allowing more detail and a commentary ("signed" by the author(s)) to be included. Features cover the most significant developments, activities and issues, and those which can benefit most from a greater degree of analysis and background. From the home page, clicking on **in brief** or **features** on the **EIROOnline navigation bar** connects to lists of the in briefs and features for the most recent month - an ideal form of browsing for users who want quick access to the most up-to-date records.

### Site map

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

The site map provides a list of all countries covered by EIRO. Clicking on any of the **country** names (plus "EU level" and "transnational") connects to a full list of all the records submitted for that country for the current year, with links to previous years. It is also simple to navigate by **date**: each month since EIRO started collecting data in February 1997 is listed, and clicking on a particular month connects to a page providing access to all the month's records. The online version of the EIRO Annual Review for each year can also be accessed.

To follow up a story in *EIROObserver*, and read the full text of the original record(s) on which it is based, the easiest way is to input the record's unique **record ID** (eg SE0009111F), which is provided at the end of each item in *EIROObserver* (along with the IDs of related records). Type the ID into the field alongside Record ID in the site map, and click the **search** button to connect directly with the record.

The site map also provides a link to a chronological list (with links) of all the **comparative studies** and annual updates produced by EIRO. These focus on one particular topical issue in industrial relations and its treatment across the countries covered by EIRO.

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### Feedback

A fuller users' guide is available on *EIROOnline* under the **help** facility. However, a written guide to a website/database is only ever of limited use, and *EIROObserver* 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, and we welcome the views, comments and queries of users in order to feed into this process. As well as the **feedback** form available on the website itself, please send any input about *EIROOnline*, by e-mail to [eiroinfo@eiro.eurofound.ie](mailto:eiroinfo@eiro.eurofound.ie).

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Although EIRO's information is available principally in English, efforts continue to make EIRO accessible to a wider audience, mainly through the translation of a number of key *EIROOnline* records, notably comparative studies, into French and German. As of mid-November 2000, both French and German versions are available on *EIROOnline* of the 1999 EIRO Annual Review (as PDF files) and the comparative studies on: "Privatisation and industrial relations"; "Industrial relations in the rail sector"; and "Wage policy and EMU". A French version is available of the study on "Posted workers and the implementation of the Directive". The study on "The 'Europeanisation' of collective bargaining" is available in Swedish. All comparative studies from 1999 onwards will eventually be available in French and German.

**EIRObserver**

ISSN 1028 0588, Issue 6/00

**EIRObserver** is published by the European Foundation for the Improvement of Living and Working Conditions. It is the regular information newsletter of the European Industrial Relations Observatory (EIRO). Enquiries about EIRO should be made to the EIRO Unit, tel: +353 1 204 3100, fax: +353 1 282 6545, e-mail: [eiroinfo@eiro.eurofound.ie](mailto:eiroinfo@eiro.eurofound.ie)

Editor: Mark Carley

Production: Shivaun Lindberg

Typeset and printed by Printset and Design Ltd, Dublin

The European Foundation for the Improvement of Living and Working Conditions is an autonomous body of the European Union. It was established by a regulation of the EC Council of Ministers of 26 May 1975. This regulation was the result of joint deliberations between the social partners, national governments and Community institutions on the ways and means of solving the ever-growing problems associated with improving living and working conditions.

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Printed in Ireland

Cat. No TJ-AB-00-006-EN-C

Foundation No. EF/00/121/EN

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## Industrial relations and the ageing workforce: a review of measures to combat age discrimination in employment

Long-term demographic trends, particularly falling birth-rates, mean that the workforce is ageing across the EU. There are relatively fewer younger workers and the middle and older age groups represent an ever more important part of the workforce. Yet an almost similarly universal trend has been the early labour market withdrawal of older workers, especially since the 1980s, with major implications for economic growth and social expenditure. In response to these trends, the need to adapt employment policies and practices to the ageing workforce has become a major concern of the EU institutions and Member States. EU-level developments include:

- The European Commission's 1999 Communication *Towards a Europe for all ages - promoting prosperity and intergenerational solidarity* proposes increasing older people's labour market participation by reinforcing their employability, reviewing rules and practices to adapt the workplace to ageing, and promoting equal opportunities.
- The European employment strategy highlights older workers' low employment rate. The 2000 Employment Guidelines invited Member States and social partners to develop a policy for active ageing, encompassing life-long learning and flexible working arrangements to enable older workers to remain and participate actively in working life, and emphasising the "age dimension" of HR management.
- The Amsterdam Treaty introduced new powers for EU action to combat discrimination, including on grounds of age (Article 13). In November 1999, the Commission proposed a Directive based on Article 13 to establish a general framework for equal treatment in employment and occupation for all people irrespective of a range of factors, including age. This proposal was agreed politically within the Council of Ministers in October 2000 and should be formally adopted soon. The Directive addresses direct and indirect discrimination on grounds of religion or belief, disability, age or sexual orientation in the areas of work and employment (though differences in treatment related to age may be justified in certain circumstances). It applies particularly to: access to employment and promotion; access to vocational training, advanced training and retraining; employment and working conditions, including dismissals and pay; and membership of and involvement in workers' or employers' organisations. The Directive also adjusts the burden of proof in cases of alleged discrimination.

This comparative supplement, based on information from the EIRO national centres in the 15 EU countries plus Norway, reviews national provisions to combat age discrimination against older workers and to encourage their employment and retention. It is an edited version of a full study available on the *EIRO*Online database (see p.15), which also examines responses to the age discrimination provisions of the forthcoming EU Directive on equal treatment.

### Employment situation

In many ways, older workers benefit from greater social and employment protection. They might gain from seniority- or service-related pay and benefits arrangements, and are generally less likely to be made unemployed. In the 1990s debate on welfare reform in Italy, for example, it was claimed that young people suffered most from unemployment and atypical work, whereas older workers had secure employment, seniority rules and generous pensions.

However, increasing recourse to early retirement and redundancy for older workers in company restructuring in the 1980s and 1990s led to mounting concern. Unemployed older workers found it especially difficult to find re-employment. Participation rates fell as they instead retired early or became medically unable to work. This was partly explained by seniority-related salary scales which made older workers more expensive to employ. Other costs reflected higher pension contributions and service-related leave and sickness benefits. In these circumstances, early retirement and voluntary redundancy were used to circumvent legal and other restrictions on older worker dismissals. Early retirement has become entrenched, partly because of employees' expectations, as a reward for long service and as a less painful way of managing workforce contraction. Older workers are "bought out" by redundancy and pension payments, with trade union and often individual consent.

Older workers' exposure to labour market exit has therefore increased during restructuring. Older workers also generally have fewer re-employment possibilities. Internal labour markets leads to upper age-limits on outside recruitment. Even in tight labour markets, older workers suffer disproportionately from long-term unemployment. However, much of the problem also seems to arise from stereotypes among employers, which associate older workers with

productivity problems, illness, inflexibility and inability to learn - views without solid empirical support, but which may become self-fulfilling prophecies. Increased competition and work intensification reinforces negative attitudes as employers demand staff able to cope.

Nevertheless, there is some evidence that economic growth and demographic change are beginning to prompt employers to review their attitudes and practices. In Denmark, employment among the 50-59 age group is growing three times faster than overall employment. In the UK, leading employers are increasingly joining the Employers' Forum on Age "best practice" group. Governments across the EU are developing various policies, particularly on pensions reform, to limit early retirement. Initiatives have concentrated on supply-side interventions to improve training and qualifications, together with legal regulations to restrict early retirement and increase the cost of dismissing older employees. The Dutch "older workers' guideline", permitting the primary lay-off of older workers in collective dismissals, was withdrawn in 1994. In Sweden, concerns have been raised about demographic change, coinciding with government proposals to increase the retirement age to 67 from 65.

### Statutory measures

Most EU Member States do not have legislation concerning age discrimination, though many cover the issue in some form through their constitution or labour code (or similar). The table on p. ii lists those countries with some constitutional/statutory provision.

Age discrimination is prohibited in Finland by the constitution and Employment Contracts Act. The Cooperation Act stipulates that the older workforce's needs should be considered in personnel and educational schemes. Most constitutions (eg Portugal's) refer to discrimination on such criteria as race and gender, but not specifically to age. In some countries, age is taken to be implicit in the provisions on equal treatment (eg in Italy's constitution). In some countries, the labour code provides explicit protection for older workers. In Austria, legislation discourages the dismissal of older employees and provides recourse through the courts if dismissals are "socially unjustified". German legislation requires employers and works councils to ensure that older employees are not discriminated against and to consider their interests in training, while works councils must promote the employment of older employees. Public sector staff councils are obliged to promote the integration and development of groups who require protection, such as older employees. Germany also has specific regulations on protection against unlawful dismissal and on higher severance pay.

## Constitutional/statutory provisions on age discrimination

Country	State constitution	Workers' statute/ labour code	Other legislation
Austria		G	
Belgium	G		Recruitment: no maximum age limit
Finland	S		Employment Contracts Act
France		G	Redundancy
Germany		S	
Greece	G		
Ireland	G		Employment Equality Act 1998
Italy	G		
Luxembourg	G		
Netherlands	G		Legislation under discussion
Spain	G	S	

G = general reference to discrimination which could include age; S = specifically mentions age discrimination.

Source: European Commission communication, COM (1999) 564 final; EIRO national centres.

A few countries have specific laws on age discrimination. In France, age is directly referred to in redundancy laws, and case law stipulates that age may not be used as the only grounds for termination of employment. Employers must also pay attention to older workers' re-employment difficulties when establishing criteria for selection for termination. In Belgium, a 1998 law prohibits the use of age as a criterion in recruitment and selection. A proposed law prohibiting age discrimination in employment is currently before the Dutch parliament. The legislative approach is furthest developed in Ireland, through the Employment Equality Act 1998 (see box at right). It is too early to assess the Act's impact on age discrimination, but it seems to be having some effect - eg the government has abolished age-related civil service pay grades.

### Other labour market interventions

Most countries have developed a combination of fiscal, publicity and training initiatives designed to limit early retirement and encourage the recruitment and retention of older workers. In Germany, access to early retirement has been restricted because of rising social security costs, and the age limit for employment subsidies for older people was lowered to 50 years from 1999. In 2000, the Federal Employment Service appealed to companies to employ older long-term unemployed persons and pledged that job centres will become more active on their behalf. Portugal has developed measures including fiscal benefits for the hiring and retention of older workers, targeted education and training, outplacement support, and efforts to limit early retirement. Most countries have introduced policy packages aimed at retention, recruitment and training of older workers, and some have launched more general programmes or initiatives.

### Retention

Austrian regulations provide options for reducing the working time of workers aged over 50, designed to help retain them. Companies must report dismissals of workers over 50 to the Employment

Service, which must take measures to secure their re-employment. Sweden has similar provisions. Companies in Sweden and France must make payments to the unemployment insurance fund if they dismiss long-serving employees aged over 50. In Norway, there is some legal support for the principle of seniority, which provides some protection for older workers in dismissals, although this is widely subverted by voluntary early retirement.

In Belgium, policies to promote the employment of older workers are underdeveloped, partly because in the 1980s the concern was to redistribute employment to younger workers. "Collective early retirement" provisions remain in force, and have evolved from a means of redistributing employment to facilitating restructuring through older worker redundancies.

Many countries are concerned at the public expenditure implications of early exit and demographic change. The Swedish government wants to reform the unemployment insurance system, following a recent report showing that state benefits were extensively being used to facilitate older workers' labour market withdrawal. In Italy, a 1995 pension system reform is expected to increase the numbers of older workers in the labour market, especially due to a shift from earnings-related to contributions-related pensions and a progressive increase in pensionable age.

### Recruitment

Luxembourg and France provide financial incentives for employers to recruit unemployed workers aged 50 or over. In Spain, similar measures were introduced in 1997 for hiring unemployed workers over 45. Little use has been made of the scheme, as employers still find it more profitable to recruit younger workers. The Dutch government is considering tax measures favouring the employment of older workers.

### Training

In June 1999, the UK government launched "New Deal 50 plus", aimed at the 30% of over-50s without work and on benefits for six months or more. It

offers individuals an employment credit for up to 12 months, plus a training grant and special advice and help for older job-seekers. The government announced in December 1999 the introduction of "third-age apprenticeships" to provide training options for the over-50s in order to boost the take-up of training within New Deal 50 plus and engage employers more directly. In Greece, measures under the National Action Plan for employment, such as training and employment incentives for the unemployed, are usually open to all ages rather than older workers specifically. France will introduce from 2001 an individual, portable right to training, guaranteed by collective agreement, and promote the validation of vocational experience.

### Other government initiatives

The Finnish government has established a National Programme for Older Workers, implemented by various ministries and the social partners, aimed at improving the position of older workers in

### Irish Employment Equality Act

The Employment Equality Act 1998 outlaws discrimination in employment on seven new grounds, including age (for persons aged 18 to 65). The Act prohibits direct and indirect discrimination in: access to employment, training or work experience; conditions of employment; promotion and re-grading; and classification of posts. The Act grants rights to equal remuneration and equal treatment in employment and provides for the insertion of equality clauses into all employment contracts. The Act regulates: vocational education and training; employment agencies; and employment-related advertising. It covers trade unions, employer organisations and collective agreements.

The Act contains a number of age-related exceptions and qualifications, similar to those in the proposed EU Directive on equal treatment. Employers may fix different ages for the retirement of employees of any class or description. It is not unlawful for employers to discriminate on age grounds where there is clear actuarial or other evidence that significantly increased costs would result if discriminatory treatment were not permitted. It also permits maximum recruitment ages to take account of: any necessary duration or cost of training; or the need for a reasonable period of time prior to retirement age during which a recruit will be effective in a job. Different terms and conditions are permitted on the basis of seniority and length of service, while exemption on grounds of occupational qualification is also provided for.

## Age and collective bargaining in Germany

- **Pay.** Pay arrangements tend to link increments to age or, in the private sector, service. Terms often provide earnings protection for older workers who have to change to a lower-paid job for personal or company reasons. Productivity bonuses may also take into account work speeds reduced with age: eg the IBM company agreement allows employees over 54 to establish the performance standard measure on which their annual bonus is calculated.
- **Working time.** Industry agreements may provide for additional leave or a reduced working week for older workers. The sweets industry provides 20 additional annual leave days for workers aged 60 plus and a further four days at 62. The chemicals industry provides for a 2.5-hour reduction in the basic working week for employees aged 57 and over.
- **Retirement.** Partial retirement was a key issue in recent sectoral bargaining, leading to an improvement in provision and terms.
- **Dismissals.** Sectoral agreements commonly restrict the dismissal of older workers. In metalworking (Hamburg/Schleswig-Holstein) this protection applies to workers over 55 with five years' service. Insurance has similar arrangements for older workers with 10 years' service. These terms are also found in company agreements - eg at Lufthansa and Deutsche Bahn.
- **Work adaptation.** Several companies have measures to adapt work to the needs of older employees with physical disabilities, though this is less widespread.

employment and facilitating the reintegration of those without jobs. The Danish Ministry of Labour set up a Senior Policy Initiative Committee in 1997 to advise on issues affecting the employment of older workers and to promote wider awareness. Danish rules on early retirement pay have been tightened, and a pilot scheme was introduced for 2000-1 to subsidise the public sector recruitment of long-term unemployed people aged over 48. The Swedish government has appointed a working group to examine discrimination, including with regard to age, which will propose legislative reform.

The UK government launched a non-statutory code of practice in June 1999 designed to encourage employers to adopt policies to avoid age discrimination in employment. Employers should:

- recruit on the basis of the skills and abilities needed to do the job;
- select on merit;
- base promotion on the ability, or demonstrated potential, to do the job;
- encourage all employees to take advantage of relevant training;
- base redundancy decisions on objective, job-related criteria to ensure the skills needed to help the business are retained; and
- ensure that retirement schemes are fairly applied, taking individual and business needs into account.

The code recommends: avoiding age limits or age ranges in job advertisements; using mixed-age interviewing panels; ensuring age is not a criterion for redundancy; and considering alternatives to early retirement for those whose skills and abilities may be lost.

A consultative draft of the code was developed by a working group including representatives of the Confederation of British Industry (CBI), Trades Union Congress (TUC), Chartered Institute of Personnel and Development (CIPD) and Employers' Forum on Age. The government is undertaking an extensive publicity campaign to promote the code but early research suggests that awareness

of the code among employers and older workers is far from universal, and that its influence on company practice has been limited. Ministers have indicated that the code's impact will be reviewed in 2001 and that the government has not ruled out legislation.

In Ireland, there have been few initiatives, apart from the 1998 law, relating to age discrimination or older workers' labour market position, though many benefit from measures for long-term unemployed people. This is because Ireland is not facing the ageing population and workforce that affects other European countries. Ireland faces serious skill shortages but the search for solutions has focused mainly on increasing female labour force participation and immigration. However, the government has recently recognised Ireland's failure to tap the potential of the over-55s. Various measures have been proposed to: equip older workers with skills; develop flexible working arrangements; raise awareness among employers; and even examine the question of compulsory retirement ages. The Equality Authority has recently established a tripartite advisory committee on the equality agenda relating to older people (50 plus).

### Social partner initiatives

Age discrimination is not generally a subject for collective bargaining, though a number of issues that are negotiated have an impact on the employment position of older workers. In Norway, for example, several national-level agreements have addressed adapting work to older workers with diminished health. Some private sector industry agreements also explored this as part of the 1998 wage settlement.

In Italy, age discrimination issues are indirectly addressed through interconfederal bargaining on worker protection in collective redundancies ("social shock absorbers") and training. "Social shock absorbers" are used to ensure that redundancies occur with the lowest possible social costs, providing some protection for older workers since they

might find it more difficult to find another job. However, they are closely connected with the pension system, and have been used in practice to provide income support until retirement. The law incorporates the criteria used in bargaining, so that length of service and dependent family members are relevant factors in redundancy selection. In sectors without social shock absorbers, such as banking and railways, funds have been agreed to support workers taking early retirement and to assist redundant older workers to retrain or seek jobs elsewhere. At company level, a significant agreement was signed in March 2000 in relation to 13,500 redundancies at Telecom Italia, providing for older workers' relocation and training.

In France, age discrimination has not been addressed in bargaining, as a fairly strong consensus persists among the social partners that redundancies should be oriented towards older workers, reflected in the recent renewal of the "job substitution allowance", whereby employees may retire early if replaced by new recruits. However, some company agreements stress the right of all workers, including older employees, to training. Training savings accounts have been introduced at Peugeot, Renault and in the beverage industries. Otherwise, the main issue has been pensions.

No relevant agreements are reported in Luxembourg, Portugal or Greece. In Finland, age discrimination issues tend to be addressed by law rather than bargaining. The social partners have discussed such issues only in terms of revisions to pension schemes, in collaboration with the government. In Spain, no measures have been negotiated on age discrimination, although some older workers benefit from company agreements exchanging employment stability for working time flexibility. In Austria, age discrimination is not normally a specific bargaining issue, though there are indirect considerations related to lifetime incomes. However, in 1999 a tripartite pact for older workers was presented, addressing financial incen-

## Commentary

The implications of Europe's ageing workforce are of increasing concern to policy-makers and industrial relations practitioners at both national and European level. Governments across Europe have been developing a series of labour market policies designed to limit early retirement and to encourage the employment and retention of older workers. However, it is clear that age discrimination has yet to become accepted as a key target of equal opportunities policy to the same extent as discrimination on grounds of sex, race or disability. The nature and coverage of existing national measures against age discrimination also vary considerably across the EU/EEA, and only a few of the 16 countries covered here have adopted a comprehensive approach to combat age discrimination in employment. At the same time, with some exceptions, age discrimination and the employment position of older workers are generally not the subject of extensive bargaining.

Against this background, the impact of the age discrimination aspects of the new equal treatment Directive could be considerable in many countries. The

statutory position in Ireland and Finland may mean that the EU Directive will not require extensive change, and legislative moves in some countries, including the Netherlands, are taking the same direction as the Directive. The UK government too has been active in addressing age discrimination issues but research suggests that the UK code of practice on age diversity is, as yet, having little impact on employment practice and, in any event, legislation rather than a "voluntarist" approach will be required by the Directive. Elsewhere, national policies on age discrimination are more piecemeal and significant legislative activity will be implied by the Directive.

Employers' organisations across the EU 15 and Norway are generally very wary of the implications of legislation on age discrimination, preferring voluntary and supply-side initiatives to improve the labour market position of older workers. (An exception appears to be Ireland, where distinct demographic and economic factors apply. Surveys in the UK also suggest widespread support for age discrimination legislation amongst managers.) Key employer concerns include legal uncertainty about the scope for age to be a legitimate factor in em-

ployment decisions, the prospect of extensive litigation and increased costs for businesses. The operation of age discrimination legislation in the USA and other jurisdictions is frequently cited as demonstrating the potential difficulties.

Trade unions tend to take a different view, seeing age discrimination legislation as a further support to bargaining as well as a vital social and economic measure in its own right. While few national federations have developed detailed responses to the draft EU Directive, there is union criticism of the scope for age to be a legitimate ground for possible differences in treatment (as set out in Article 5 of the original draft Directive) in the Netherlands and the UK, as well as at ETUC level.

This picture of limited national provision on age discrimination and divergent views between the social partners means that EU legislation on age has the potential to drive an extensive programme of national legislation across the EU/EEA on an issue which demographic trends have made one of the most important - and, potentially, controversial - on the employment agenda. (James Arrowsmith and Mark Hall, IRRU)

tives to employ older workers and flexible working time.

In Denmark, county and municipal administrations have taken the lead by concluding framework agreements on the employment of older workers, designed to help retain older workers by initiatives such as gradual working time reductions. The Danish Employers' Confederation takes a more cautious view of the problem and argues that specific initiatives for older workers risk reinforcing the stereotype of this group as less productive and in need of special help. The Confederation of Danish Trade Unions takes an ambivalent view of early retirement as an individual right but with possible negative social and individual effects. LO wants more incentives for employers and older workers to train and maintain their employment status, including within collective agreements.

In 1998, the bipartite Dutch Labour Foundation reaffirmed its 1993 position on equal treatment in the labour market. Although not explicitly mentioning age, the social partners endorsed constitutional provisions on equal treatment and non-discrimination. This followed a 1997 position paper arguing for age-conscious personnel and social policy. Age discrimination itself has not been an issue for bargaining, apart from issues such as redundancy provisions and pensions.

Age discrimination has not been a feature of bargaining in Ireland. Where age has been an issue, this has generally concerned early retirement. Some company agreements have, however, intro-

duced practices which have indirectly benefited older workers, such as the 1997 agreement at Telecom Eireann which provided for extensive employee retraining and redeployment. The current national agreement has established a tripartite "Framework for the Development of Equal Opportunities at the Level of the Enterprise" to advise and disseminate good practice.

In Sweden, there are no reported collective agreements referring to age discrimination, though specific issues are covered, such as age-related notice periods and pensions. However, in 1999 the Metal Group, representing employers in mining, steel and engineering, introduced a project designed to retain older workers and maintain their skills. This followed large-scale early retirements as part of industry restructuring.

Training has also been an important issue in Belgium. Successive intersectoral agreements have called for efforts to direct training to at-risk groups, including older unemployed workers and those over 50 affected by mass dismissal, restructuring or new technologies. For 1999-2000, this called for 0.1% of paybill to be dedicated to this end. In late 1998, the intersectoral negotiators also launched a discussion on the issue of workers' career "wind-down". Proposals were subsequently presented to the government on deterring early retirement, stimulating part-time work for older workers, and encouraging age-aware personnel policies. Discussions began with the Federal Minister for

Employment and Labour in summer 2000 on measures to increase the employment rate of older workers. Agreements have also been reached at sector level: eg in healthcare, workers over 45 may opt for progressive working time reductions instead of pay rises as a device to keep them in the labour force. The most recent intersectoral agreement seems to have prompted similar negotiations at company level.

It is in Germany where age issues are most commonly addressed through bargaining, with agreements containing a number of regulations concerning age and/or length of service (see box on p.iii). In contrast, initiatives on age in the UK have tended to be employer-led, reflecting "best" HR practice rather than bargaining outcomes. The Nationwide building society has introduced initial interviews by telephone, making it harder to discriminate on age, and focuses more on competence than formal qualifications. In five years, it has trebled the number of over-50s recruited. Some local authorities have taken a lead on age issues, while central government has sought to set an example in taking account of age discrimination issues when recruiting and employing its staff.

However, UK unions are increasingly pressing employers to include age in their equal opportunity policies and practices. A number of major unions are advising workplace representatives to use the new code of practice as the basis for taking up age discrimination issues.