

## **Precarious work – what needs to be done?**

*Marcello Malentacchi, IMF General Secretary*

Precarious work is rapidly becoming the biggest obstacle to the respect of workers rights. Every day, more and more workers find themselves in precarious jobs where they have no right even to join a union, let alone to bargain collectively with their employer. Some are formally excluded because basic rights are denied in law. Others have rights on paper, but no rights in fact because laws are not enforced. And others are too afraid to exercise their rights because they could lose their jobs at any minute.

We want to see Conventions 87 and 98 applied to all workers, but what we are seeing instead is that whole categories of employment are effectively being excluded from the reach of these conventions.

That is why we have come today to bring our message to the International Labour Office, to say that much more needs to be done to recognise how precarious workers are being denied their fundamental labour rights. This understanding must then be spread across all ILO programs to ensure that labour standards are applied to precarious work.

The IMF shares the concerns expressed by my colleagues from other GUFs. The IMF is seeing more temporary, more casual, more part-time and more contract jobs than we have ever seen before. Stable employment and good jobs are being eroded at a frightening rate. In fact, what we used to call atypical work is fast becoming typical.

Last year we surveyed our affiliates and ninety per cent of the unions that responded said that precarious work in the metal sector had increased during the last five years.

They said that employers use precarious work to evade their obligations to provide social security and pensions, maternity and family leave, overtime payments, vacation and holidays, and occupational health and safety.

And wages of precarious workers are much less than for permanent workers – in a third of cases reported in our survey, wages were more than 50% less for precarious workers, compared with the permanent workforce.

Ninety percent of unions that responded to the survey said that workers in their country feel less secure as a result of changing employment relationships. In an increasing number of workplaces in the metal sector, precarious workers make up more than half the total workforce.

The electrical and electronics industry and the automotive industry are currently the most affected, but the other metal sectors are rapidly catching up.

Our affiliates also confirmed our understanding that precarious work disproportionately impacts young workers, women workers and migrant workers.

Women are especially affected by precarious work. Their jobs tend to be more precarious in general, with less security, lower pay, fewer benefits and weaker social protection than men. The chance to find regular employment further decreases if you are a younger or migrant worker.

Women are overrepresented in precarious work throughout the world. Access to full-time permanent jobs for women has always been low but now it is reducing even further.

Precarious work makes a large contribution to the pay gap between men and women. In Japan, women part-time workers earn only 54 per cent of the hourly wage of regular women workers, a gap which has widened in the last decade. In Korea, 70 per cent of women workers are precariously employed, earning only 43 per cent of the salaries of regular male workers.

Some of you may be familiar with the complaint that IMF and our Korean affiliate KMWU took to the Committee on Freedom of Association about anti-union acts against falsely subcontracted workers. What you may not know is that in the Kiryung Electronics factory, which was cited in the complaint, only 5 per cent of the workers are permanent employees and they are all male. Nearly all the precarious workers are women earning 47 per cent less than their male colleagues.

There is nothing new about low pay for women and for other groups of workers. But, in the past low-paying, bad jobs at least had the chance of leading to better jobs and better futures. Now, precarious work has cut off that route, ensuring that far too many workers remain on the margins of society no matter how hard or how many years they work. Workers and their families are denied both justice and opportunity.

Rest assured – we are not sitting back while all this is happening. Metalworking unions are responding concretely on multiple fronts. They are using collective bargaining to convert precarious jobs to permanent and to guarantee equal pay for similar work. They are helping precarious workers organise themselves into unions and fight for their rights. And they are campaigning for legislative and political change to ensure social security protections and protection against dismissal.

But our unions are facing an uphill battle and they need the support of the ILO. The best hope for precarious workers to improve their situation is to unionise. Yet precarious workers the world over are systematically being denied freedom of association. These are some of the comments made by unions responding to the IMF survey:

*"In the precarious jobs the workers do not have the right to be part of a trade union - they will be dismissed on the spot."*

FGME-UGTT, Tunisia

*"Union structure, which has been defined by legislation, divides trade union representation. An outsourced worker will generally be represented by another non-metalworker trade union with less bargaining capacity."*

CNM-CUT, Brazil

*"New labour legislation prohibits organising precarious workers into trade unions."*

BML, Bangladesh

*"When irregular workers organize a union, the employer fires the unionised workers by ending the contract with the intermediary contractor, and keeps contractors that are non-union."*

KMWU, South Korea

The rapid increase in precarious work is of grave concern to IMF affiliates all over the world. That is why we have embarked on a global campaign to raise awareness of the impact of precarious work on families, communities and even on countries. The campaign is about

- Stopping the massive expansion of precarious work
- Making the wages and conditions of precarious workers equal to those of regular workers
- Getting workers hired directly by their employers, and
- Restricting non-permanent employment to cases of legitimate need.

Already we have seen massive mobilisations. In Jakarta on 14 August, more than ten thousand workers took to the streets to protest the precarious employment practices of Singaporean, Japanese and Korean companies in front of their respective embassies. The President of FSPMI Indonesia said that, "If precarious work is not controlled it will lead to the destruction of unions and exploitation of workers. We will carry on fighting this issue no matter how long it takes."

The FSPMI is far from the only union for which precarious work threatens the very survival of stable employment and collective bargaining. The IMF campaign has resonated with our affiliates all over the world and is shaping up to be one of the biggest and most significant campaigns in our history.

This is an important issue to working people, regardless of the country they come from. Precarious work not only strips workers of basic human rights, but compromises workplace health and safety standards, erodes working conditions and wages, and places an enormous stress on workers and their families. This is of

serious concern to the IMF and the international labour movement. We can and must play a role in stopping the assault on good, permanent jobs.

The ILO has a long tradition of making and applying standards and is capable of addressing the problems generated by precarious work. With the will, and internal policy coherence, it can keep faith with its constituents and with its mission. We come here to ask you to recognise the damage that the explosion of precarious work is doing to workers, and to any reasonable prospect of building decent societies, and to integrate this into ILO priorities.

We have some ideas for your consideration. First, we are calling upon the ILO to research all the different ways that precarious workers are prevented from joining trade unions and bargaining collectively. Our affiliates tell us that government legislation is the biggest obstacle to organizing precarious workers, but we know that there are many other barriers as well. Armed with this information, we want to see the ILO taking action in conjunction with all its constituents to ensure that Conventions 87 and 98 are applied to all workers, including precarious workers.

The Declaration on Social Justice for a Fair Globalisation is an important tool for addressing the injustices of precarious work. Globalisation of investment and trade has brought jobs to countries that badly need them. But instead of spreading regular employment more fairly throughout the world, the impact has been to undermine full-time permanent work where it does exist.

Transnational companies are increasingly favouring insecure employment, driving down wages and conditions for all workers, and contributing to the growing gap between rich and poor. But insecure employment and reduced wages will not lead us to stable development.

That is why we join the Director-General in calling for policy coherence. I probably don't need to remind you of the top employment rating the World Bank's Doing Business report gives to Belarus, a country that has been condemned by this organisation for restricting workers rights, and has forced all its workers into fixed term contracts, effectively abolishing permanent employment. The policies of the IMF and the World Bank must not undermine efforts to create a sustainable and fair globalisation, by weakening labour protection and effectively promoting precarious work. Putting resources into implementing the Social Justice Declaration will go a long way towards confronting the pandemic of precarious work.

Another vital tool is the Employment Relationship Recommendation. Many precarious workers find themselves forced into unclear or disguised employment relationships which deprive them of the protection they are due. These can be addressed through more vigorous promotion of the Employment Relationship Recommendation, not forgetting that even where precarious workers are employed directly or on unambiguous contracts, there is a widespread failure to accord them their rights. The employment relationship is the basis for labour law and its protection. As such, it is vital for the respect of ILO standards.

In 2009 the ILO will be putting a strong focus on collective bargaining through a meeting of experts, a high-level tripartite meeting and an ACTRAV symposium on collective bargaining. For the union movement, collective bargaining holds the key to both determining the circumstances under which non-permanent or outsourced employment is justified, and ensuring that wages and conditions of precarious workers are equal to those of regular workers.

Collective agreements can ensure equal treatment for all workers, whatever their legal status. This is both to protect the precarious workers and to prevent employers from using worse pay and conditions to undermine regular employment. Precariously employed workers, including agency staff, must receive the same pay and benefits as regular employees, so that employers have no incentive to use them as cheap, disposable labour. The best prospect for achieving this is through reaching collective agreements at industry level.

But as we know, the vast majority of precarious workers are excluded from collective agreements. The rise of precarious employment has also made it more difficult to identify and bargain with the real decision-makers. Clearly much more needs to be done to tackle precarious work through collective bargaining. For this reason, we believe it is essential that each of the ILO meetings on collective bargaining specifically addresses precarious work. Precarious work undermines collective bargaining, but at the same time collective bargaining can be used to prevent violations of workers' rights through precarious employment.

As I have mentioned already, IMF affiliates report that legislation is often the biggest barrier to organising precarious workers. In Bangladesh, like in many other countries, an agency worker is not allowed to join the same union as the directly employed worker next to them. Improvements can be made to the coverage of labour laws, to extend protection to a wide variety of non-regular workers.

Legislation can be used, as it has been in Argentina, to define the responsibility of the principal employer to agency workers. It can be used to legally oblige employers to offer equal conditions of employment to their indirect employees. This is why we want to see the ILO working with governments at country level to revise legislation to make sure that labour standards are applied equally to precarious workers.

Our final plea is for national labour inspection to be strengthened. Legislation is not always inadequate - often the problem lies with lack of enforcement. Even when labour laws do offer protection to precarious workers, it is only through effective labour inspection that abusive use of precarious employment can be eliminated.

Yes, precarious work is a challenge for workers in trade unions. But it is even more of a threat for workers without unions. Precarious work is not only eroding many hard fought gains, it is slamming the door in the faces of millions of workers and depriving them of any say over their working lives. They are living under a fear which robs them of their rights, their dignity, and their futures.

Precarious work is also a challenge for governments. The lack of good labour laws and good enforcement is most keenly felt not by the most privileged, but by those for whom reaching even the bottom rung of the ladder is a daily struggle.

Employers are also beginning to learn the price that they are paying for precarious work. Some would welcome a more stable environment, rather than see precarious work make their enterprises precarious too. Companies want to minimise risk, but simply shifting risk to workers will not guarantee sustainability – in fact, it may make strong growth and steady progress impossible.

We are here today to ask the ILO to strongly reaffirm its own mandate, based on an understanding of the growing threat to labour standards that precarious work represents.

What happens to the ILO and all that it stands for if labour becomes, once more, a commodity? What does that mean for the one international body that exists to further workers' rights, protections, and social justice? Can the ILO afford to stand on the sidelines rather than look for comprehensive solutions? Is this the kind of work and the kind of lives that any of us want?

On behalf of the Global Unions, thank you for your attention. We look forward to a vigorous and productive discussion.