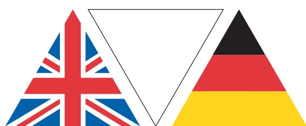
Making Bad Jobs Better Jobs: Trade unions and the low paid sector in Germany and the UK

The Fifth British-German Trades Union Forum Conference Report

2006



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British-German Trades Union Forum

Making Bad Jobs Better Jobs: Trade unions and the low paid sector in Germany and the UK

Conference Report

2006

Fifth British-German Trades Union Forum

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November 2006

Anglo-German Foundation for the Study of Industrial Society

Hans-Böckler-Stiftung

Friedrich-Ebert-Stiftung, London Office

Anglo-German Foundation for the Study of Industrial Society

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Contents

Executive summary ii

Introduction
New jobs? For whom? 1

Labour market dynamics and service-sector employment growth in Germany and Britain 1
Dr Jacqueline O'Reilly, Reader in Sociology at the University of Sussex and Visiting Associate at the Wissenschaftszentrum, Berlin

Points from discussion 3

Session 1
Different realities – different debates 4

Germany: Low Pay and Casualisation – challenges for trade unions in Germany 4
Briefing by Heiner Dribbusch, Wirtschafts- und Sozialwissenschaftliches Institut, Düsseldorf

Great Britain: Low Pay and The National Minimum Wage 6
Briefing by Ian Brinkley, The Work Foundation

Session 2
Trade unions in the low paid sector 9

Dr Sabine Groner-Weber, Head of Strategy Unit, ver.di 9

Jack Dromey, Deputy General Secretary, Transport and General Workers' Union 10

Points from discussion 12

Session 3
How to make bad jobs into better jobs 14

Decent work and pay 14

Collective agreements and legislation 15

Targeted policies 16

Executive summary

Transforming bad jobs into better jobs is a huge challenge – and a huge opportunity – for trade unions in Germany and the UK. It represents an opportunity because success will reinforce the role and relevance of trade unions as part of the respective national frameworks of industrial relations and politics. It is a challenge because it forces trade unions to come to terms with increasing globalisation. It also compels union organisers – in headquarters as much as in individual workplaces – to find ways of advancing the specific interests of particular groups among their members. These include the low-paid, those doing less interesting jobs with poorer career prospects, women, and migrant workers: all groups that many unions have marginalised (if not ignored) in the past.

In July 2006 some 30 British and German trade unionists – from leaders and senior policy-makers to workplace organisers – academics and commentators met at the Trades Union Congress in London to discuss these issues. The occasion was the fifth British–German Trade Union Forum, a collaboration between the Anglo–German Foundation, the Friedrich Ebert Stiftung and the Hans Böckler Stiftung. The Forum aims to develop closer ties between trade unions and trade unionists in the UK and Germany, and to provide the opportunity to learn from policy and practice in the two countries. Its annual discussions are unique, for it is thought to be the only transnational body that brings together European trade union activists working at different organisational levels.

The discussions revealed notable divergencies between the two countries. In some respects British trade unionists were more confident and buoyant than their German counterparts. In recent years the steady decline in trade union membership in Britain has halted, although membership numbers have not yet started to rise again and unions have failed to capitalise fully on the expansion of public-service employment. In addition, the British government has introduced a number of reforms that have strengthened the position of employees at work and the role of trade unions. This renewed vigour is reflected in increasing campaigning activity, as the contribution from Jack Dromey, Deputy General Secretary of the Transport and General Workers Union demonstrated (see pages 10–12). There is also a new willingness to reach out to new members and find innovative ways of meeting their needs.

German trade unions are more on the defensive. Membership is falling, notably in eastern Germany; employers are beginning to chip away at the principle of collective bargaining, a fundamental part of the post-war system of industrial relations; trade unions are compelled to agree to very low wages, well below poverty level, for certain jobs since otherwise employers will impose even lower pay and abandon collective bargaining; and unions themselves are divided on the issue of a national minimum wage.

The Forum's lively and intensive debate centred on two principal issues: low pay, and specifically the impact of a national minimum wage; and how best to represent migrant workers and reconcile their rights and needs with those of 'native' employees.

In Britain, the National Minimum Wage has won general acceptance among trade unions, the general public and all but the most diehard of employers; one reason is that its

introduction was overseen by an impartial commission. The National Minimum Wage is now part of the economic and political landscape, and it is hard to imagine any government, whatever its politics, abolishing it. The impact on employment has been minimal, the impact on the incomes of low-paid workers has self-evidently been beneficial, and the wages of those paid just above the minimum level have not been dragged down.

In Germany, the issue of a national minimum wage divides the trade union movement. Some unions oppose it because the negotiated minimum wage in their sector is already above the likely national minimum, and they fear that their members' pay will be dragged down. In addition, a statutory national minimum wage implies state involvement in industrial relations, which will, many unions fear, compromise their independent status as one pillar of the industrial relations system. However, ver.di, the largest union representing service-sector workers, is now actively campaigning for a national minimum wage. Delegates heard from Sabine Groner-Weber, head of ver.di's strategy unit, about this change of heart and why the union now believes the national minimum wage is essential to improve low pay.

German and British policy relating to migrant workers also differs. Some major British unions are running active recruitment campaigns among migrant workers and are offering tailored benefits such as language training; they are also encouraging migrant workers to train as local organisers. As well as acting on their belief that incomers should be integrated into the workforce and enjoy union representation, unions want to ensure that migrant workers' pay is increased to the level of their British counterparts, so preventing the presence of migrants depressing wage levels. While activity of this kind is accepted national policy, unions are still meeting – and challenging – resistance among grassroots members, who feel threatened by the presence of incomers in the workplace.

In Germany, a separate union for itinerant workers has recently been established. In general, however, there seems to be less enthusiasm for additional recruitment campaigns among the wider pool of migrant workers. This partly reflects broad social factors in Germany, where a greater proportion of migrant workers are mobile workers employed for short periods on specific projects before moving on to another project (often in another country), and where the integration of those with existing citizenship rights, or conversely the acquisition of citizenship rights, was until recently respectively less common and more difficult than in the UK.

Many of these national divergencies reflect the specific economic and social situations in the two countries. Overall, delegates reiterated the commitment of the trade union movement to fighting to provide better opportunities – improved pay and working conditions but also 'softer' benefits such as access to education and training – for their members. They also agreed that vigorous trade union campaigning for fair wages for all workers would overcome the potential threat migrant workers pose to pay levels, especially among low-paid workers; and that unions should increase the resources they devote to supporting marginalised workers in their sectors.

Introduction
New jobs? For whom?

Labour market dynamics and service-sector employment growth in Germany and Britain

Dr Jacqueline O'Reilly, Reader in Sociology at the University of Sussex and Visiting Associate at the Wissenschaftszentrum, Berlin

Jackie O'Reilly launched the conference with an overview of changes in service-sector employment since the early 1990s. (Her findings are based on research funded by the Anglo–German Foundation (AGF) and published in 2005; the report is available on the AGF website at www.agf.org.uk)

These are her headline conclusions:

- In each country, the number of 'high-end' and 'low-end' service-sector jobs increased. 'High-end' means high-wage, high-skill jobs; 'low-end' jobs are the opposite: low-wage and low-skill.
- Better-educated people tend to hold secure, well-paid jobs in services. Income and security prospects are worse for people from lower-income groups.
- In each country, the largest growth since the early 1990s has been in the managerial and professional sector, though there was more growth in Germany than in Britain. Jobs in this sector now represent well over 30 per cent of all jobs in each country.
- Managerial and professional jobs are easier to access in Britain, where there is less emphasis on formal training and qualifications.
- Unemployed industrial workers rarely move to service-sector jobs. They are more likely to find a job outside the service sector, if they find one at all.
- The British economy creates more jobs for people entering employment than the German economy. But the quality and security of these jobs is problematic.

In Britain, the service sector accounts for 74 per cent of all employment, in Germany 67 per cent. Although one third of jobs in Germany are in manufacturing, there has been a steep fall since the mid-1980s, when manufacturing accounted for 48 per cent of jobs. In both countries, the biggest growth in service-sector jobs has been in business services and health and education.

Distribution and consumer services (broadly speaking retailing and tourism) are the largest single source of service-sector employment, providing over 20 per cent of all jobs in each country and paying among the lowest wages. Again in both countries, health and education and business services are the second and third largest sources of employment. Health and education employs about 20 per cent of the workforce in each country, and business services approximately 15 per cent; many of the jobs concerned are relatively well paid.

Jackie O'Reilly highlighted the principal findings of her research:

- Employment in non-service jobs for *skilled manual workers* declined markedly in Germany, from 22 per cent of all non-service jobs in the mid-1980s to 13 per cent in 2002. This highlights the significant unemployment among male skilled manual workers who previously worked in manufacturing industry. In contrast, employment for this group remained almost stable in Britain.

- The biggest growth in both countries was in *professional/managerial jobs* in services, which in 2002 represented 35 per cent of all employment in the service sector. In Britain these jobs tend to be held by managers, in Germany by 'associate professionals' working in health and education.

- Jobs in *sales* (15 per cent of service-sector employment in Britain, 10 per cent in Germany) play an important transitional role, especially in Britain. People tend to take sales jobs as they move either up or down the employment ladder. Especially in Germany, more people drop out of work from sales jobs than from any other sector.

- *Service-sector wages* vary between the two countries. In Germany, average wages are similar in jobs in sales, personal services and skilled manual work in the service sector; clerical jobs are better paid. In Britain, women working in sales and personal services are paid much less than other service workers.

- The *working pattern of service-sector employees* is more varied than that of workers in manufacturing. More work either long hours (45 hours-plus per week) or part-time (less than 35 hours) than 'standard' hours (35 to 44 hours). In both countries, only in public-sector administration do more people work standard than non-standard hours. Despite attempts to limit working hours, in Germany since 2000 there has been a large increase in the number of people working very long hours, and a significant gap is emerging between the private and public sectors.

- *Marginal jobs* (under 18 hours per week) have increased recently, especially in Germany, and now represent 10 per cent of all employment in Germany and 13 per cent in Britain. These jobs are common in distribution and consumer services. Many are very precarious; especially in Britain, they tend to be the last job employees hold before stopping work altogether.

- *Moving between different types of occupation* is easier in Britain than in Germany, where employees are more likely to stop working altogether than to change to a different occupation. There is also more scope for upward and downward mobility in Britain. Unemployed workers in Britain are more likely to find work than their German counterparts – and the job they find will be in services.

- Service jobs are the main destination for *young people* starting work, especially women. Young women starting work in Germany are more likely to find a managerial or professional job than young women in Britain or than young men in either country.

- In both countries, well educated *women* tend to return to work soon after having children, and to a professional or managerial job. Women who return later tend to take up lower-status jobs. German women are slower to return to work than their British counterparts, but a larger proportion go to high-status posts.

Jackie O'Reilly concluded by arguing that the structure of the UK labour market has changed significantly during the past 30 years. The incomes of working-class men have not risen significantly. By contrast, the incomes of the top 10 per cent of earners – in IT, finance and the media – have risen significantly, creating a massive polarisation. Greater flexibility enables more British workers to move up the income scale, and so up the social scale as well; opportunistic job-hopping is now the norm in Britain, and workers do not expect to have a job for life. In Germany, however, the concept of the *Beruf* (profession) with formal qualifications remains central to employment status, creating a strong occupational identity but a lack of flexibility.

The major problem in both countries (and especially in Germany) is the quality and precariousness of jobs. The main issues are therefore:

- How can decently paid jobs be created?
- What is the position of women, especially mothers returning to work?
- Who will do the lower-status jobs, which employers need to have done, but which 'native' workers are reluctant to fill?

Points from discussion

(These sections summarise the main points made in lively and wide-ranging discussions of policies and strategies. As is to be expected, many contributors made overlapping points; such repetitions have been ignored here.)

- There are so many more low-paid service jobs in Britain than in Germany because household consumption is higher. Two reasons for this are weaker economic confidence in Germany – where people worry about losing their job, are nervous about spending their savings, and have a historical fear of inflation – and higher debt levels in Britain, where financial institutions encourage people to borrow on the basis of high house prices.

- The critical question is how to boost domestic demand in Germany. This may mean increasing the flexibility of the German financial system – banks in Britain are keen to lend money because doing so makes them money. In Britain, homeowners borrow money based on the equity of their house; in Germany spending is more restricted because borrowing is not so easy.

- Wages are a critical issue in Germany. Although rates of €14 or 15 per hour have been agreed in collective bargaining, they are not paid. In construction and agriculture, for example, pay is as low as €3.5 to 5 per hour. Migrant workers receive the worst rates, but even these are more than they earn at home, which puts pressure on wage rates.

- Wage agreements should cover migrant workers, and should also include such things as hours of work (including shift work and anti-social hours) and availability for work. Many EU migrant workers in Britain think they are being exploited – but then discover that their pay and working hours are in fact legal and that labour market laws are weak.

Session 1
Different realities – different debates

Delegates met in two national groups for an introductory briefing on the situation in the 'opposite' country.

Germany: Low Pay and Casualisation – challenges for trade unions in Germany

Briefing by Heiner Dribbusch, Wirtschafts- und Sozialwissenschaftliches Institut, Düsseldorf

Heiner Dribbusch began his comprehensive review of the challenges facing trade unions in Germany with a brief introduction to the structure and institutions of industrial relations. Trade unions are responsible for collective bargaining, which mostly takes place on a sectoral basis; collective agreements are legally enforceable. Works councils represent employees in the workplace; although only 11 per cent of establishments with at least five employees have works councils, they cover 48 per cent of employees in western Germany and 39 per cent in eastern Germany. In large companies there is co-determination at board level; depending on the size and legal type of the company, trade union and workers' representatives hold a third or half the seats on the board. There are three trade union confederations with about 8.5 million members in all. Much the largest of these is the DGB (Confederation of German Trade Unions), which had 6.8 million members in 2005. Its three largest affiliates are IG Metall (German Metalworkers' Union); ver.di (United Services Union); and IG BCE (Mining, Chemicals and Energy Industrial Union).

Heiner Dribbusch analysed Germany's recent transformation into a service economy. In 2004 services (both private- and public-sector) produced 70 per cent of Germany's annual gross added value, while manufacturing, chemicals and construction contributed 29 per cent; in 1991 the proportions were 62 and 37 per cent (western Germany only). Similarly, in 2005 72 per cent of employees worked in the service sector, and 27 per cent in manufacturing, chemicals and construction. That said, the goods-producing sector continues to play a major economic role: in 2002 it accounted for 86 per cent of exports, and is responsible for significant public and private services and research. Increased outsourcing is part of the reason for the employment shift towards services.

These trends present considerable challenges for trade unions. Public services, one of their strongholds, are being privatised, making it harder for unions to maintain a presence. Organising the private-sector workforce, which is dispersed over a great number of small establishments, is difficult – in some areas, such as retail, membership is as low as 10 per cent. All this undermines trade unions' collective bargaining strength and their claim to speak for all workers.

The main issues facing German trade unions are:

- Unemployment is at a record high: in 2005, 12 per cent (9 per cent in western Germany, 19 per cent in the east), representing 4.9 million workers. Since 1970 (when there was full employment), unemployment has risen more or less steadily and pay increases have fallen to almost zero. This has shifted the trade union/ employer balance of power in favour of employers.

- 71 per cent of employees are in permanent full-time work. A significant number of people – 15 per cent of employees – are in marginal mini-jobs (defined as those that do not pay more than €400 per month, the threshold for social security contributions). Only 1 per cent of employees do temporary agency work, a much lower proportion than elsewhere in Europe.

- Employment patterns are changing. Between 1999 and 2004 the proportion of employees (in retail, hotels, industrial cleaning and social work activities) working full-time fell by 6.6 per cent; the proportion in part-time jobs increased by 17.6 per cent and in marginal jobs by 31.6 per cent.

- Most people (85.8 per cent) in mini-jobs earn low pay (defined as two thirds of the median wage, i.e. €9.83 per hour in western Germany, 7.25 in the east). However, 21.1 per cent of part-time employees and 14.6 per cent of full-timers are also low-paid. Many recent collective agreements (for example, in agriculture, security, hairdressing and bakery) show that in some industries trade unions are unable to win better wages because they are too weak to take industrial action.

- Mini-jobs are not a solution to unemployment, although they are attractive to employers and some employees because employees are exempt from taxes and social security contributions. Initially mini-jobs were limited to a maximum of 15 hours per week, but this working-time threshold has now been lifted. Although mini-jobs have reduced unemployment, low pay means that no one can make a living from them.

- The proportion of workers covered by collective bargaining is falling steadily: from 76 per cent in western Germany and 63 per cent in the east in 1998 to 67 and 53 per cent in 2005. However, this is still significantly larger than in the UK.

- Employers are on the offensive and are demanding revisions to collectively agreed terms and conditions, focusing especially on the extension of weekly working time. The recent strike of public-sector workers, the longest ever, came about because of a demand by employers to increase the working week from 38.5 to 40 hours. Some employers are challenging the existence of collective agreements, and there are many disputes at plant level about closures and relocations.

For unions, the starting-points of the current debate on a national minimum wage are that:

- Since 2005, unemployed workers have been obliged by law to accept any legal job on offer, regardless of what it pays.
- Collective bargaining does not extend to every industry.
- In some sectors trade unions are too weak to secure acceptable wages.

The argument is dividing the German trade union movement. Trade unions in the service sector support the national minimum wage and are campaigning for €7.5 per hour, to be increased step by step to €9 (which would still be less than two thirds of the western German median wage). Unions representing metal workers and construction workers support sectoral minimum wages based on collective agreements; they fear that a relatively low national minimum wage will put pressure on wage rates in their industries. The chemical workers' union opposes the national minimum wage in principle, arguing that it would damage the bargaining autonomy of trade unions and employers. At its 2006 congress the DGB voted to support a national minimum wage of €7.5 per hour – from which about 2.4 million workers would benefit.

Employers (except in the construction industry and industrial cleaning, where national minimum wages based on collective agreements have already been achieved) oppose the national minimum wage. The government has not yet decided: most of the CDU is against, most of the SDP is in favour, but is split on implementation.

Currently the concept of the living wage, which reflects the high cost of living in areas such as London, remains at the fringes of discussion in Germany.

Great Britain: Low Pay and The National Minimum Wage

Briefing by Ian Brinkley, The Work Foundation

Ian Brinkley started by analysing the labour market record since the Labour government was elected in 1997.

- Significant reregulation, including strengthened employment protection, introduction of the national minimum wage, improved rights for parents, and establishment of the right to trade union recognition.
- Near full employment nationally, with open unemployment as defined by the ILO concentrated at sub-regional level.
- Permanent employees remain the bedrock of the UK labour market; insecure employment has not increased.
- Modest improvement in wage inequality (comparing bottom and middle earners) – but no closure in the gap between bottom and top earners.
- No change in the overall numbers of inactive people of working age who want to work, including many on long-term sickness benefits.

The National Minimum Wage

In July 2006, about 2.4 million workers – 10 per cent of the workforce – were paid £5.35 per hour or less; this is the level at which the National Minimum Wage (NMW) will be set in October 2006. About two thirds of these are in the low-pay industries – agriculture, textiles, retail, hospitality, cleaning, security, hairdressing and social care – and they are heavily concentrated in retail, hospitality and social care. Women are much more likely to be low paid than men: 14 per cent compared with 7 per cent. Young people and older people are more likely to be low-paid: 40 per cent of 18- to 21-year-olds and 23 per cent of people aged 65 or above.

Increases in the NMW since its introduction in 1999 have significantly outstripped the increases in the three main earnings and prices indexes. If the NMW had kept pace with the retail prices index, it would be £4.34 per hour in October 2006 rather than £5.35.

The relative position of low-paid workers has improved substantially. In the five years before the introduction of the NMW the relative hourly wages of the bottom 10 per cent fell relative to the median. But in the five years following the NMW's introduction the relative wages of the bottom 10 per cent improved significantly against the median.

The gender wage gap (hourly wages for men and women working full time) has also narrowed over the past five years, especially towards the bottom of the wage distribution. The NMW has clearly played a role in this, alongside other factors.

The evidence is that the NMW has had little impact on employment, and has certainly not put people out of work, as employers claimed it would before its introduction:

- Between 1998 and 2005, low-pay industries created 0.4 million new jobs, almost 20 per cent of all the jobs created.
- The low-pay industries' share of overall employment did not change significantly during this period.
- Job losses in textiles, clothing and agriculture resulted from international competition, not the NMW.
- There is no evidence that the NMW had any particular regional or local impact.
- There is no evidence that either the pay or the employment of employees earning just above the NMW were affected.

Migration and low pay

Overall migration has benefited the UK economically, and has had no impact on either the wages or the employment of 'indigenous' workers at national or sub-national level. Nor has migration had any measurable impact, so far, on the wages of low-paid workers – although the evidence for this is not extensive.

The big concern is enforcement. How can the NMW be sustained if employers are able to exploit significant numbers of migrant workers by offering wages below the NMW? Accommodation for migrants is also causing concern: some employers and gangmasters are using high charges to reduce the effective hourly rate they pay.

Prospects for improving low pay

The NMW is unlikely to increase much in relative years in the near future, mainly because of economic circumstances and resistance from employers. Trade unions need to ensure that the lowest bargained rates stay ahead of the NMW, thus enhancing the value of union membership. Other important issues for unions are:

- *The living wage* may prove a useful campaigning tool for small groups working for high-wage employers or contractors to the public sector. It is unrealistic to extend it to all low-paid workers.
- *Compacts in public services* offer more opportunities to improve wages and conditions, especially for workers paid just above the NMW.

- *Sector Forums* in the low-pay industries have the potential to examine productivity, work organisation and skill development, but so far have made little progress.
- Unions should campaign to implement the *recommendations of the Women and Work Commission*, especially those affecting low-paid women and women who work part-time.

Session 2
Trade unions in the low paid sector

Dr Sabine Groner-Weber, Head of Strategy Unit, ver.di

In 2004 ver.di became the first major German trade union to demand a minimum wage. In her contribution, Sabine Groner-Weber explained the reasons for this major policy change, which for the first time gave the state a role in wage negotiations. Unions (and employers) had previously vehemently opposed state involvement for two main reasons. They wanted to preserve their independence as free trade unions. And they believed that wage negotiations are more likely to succeed if left to people with a first-hand understanding of the realities facing employers and employees.

A number of developments led did ver.di (and its sister union the NGG, which represents workers in the food industries and in gastronomy) to change its position and campaign for a minimum wage of €7.5 per hour, with an eventual aim of €9.

Chaotic conditions at the bottom end of the pay scale

Until the early 1980s, full-time work with negotiated wages and social insurance payments was the norm in the workplace. Now there is a huge and increasing variety of insecure short-term, low-paid, limited-hours jobs, notably in services such as retail, social care, hospitality and further education, but also in some industries such as printing.

The increased number of these jobs means that an increasing proportion of employees are working outwith the protection of collective agreements. And those who are still protected are subject to increasing competition from unregulated workers.

In many of these jobs even full-time work does not provide a living wage. And the limited evidence suggests that the chances of using them as a springboard to a full-time job are limited.

Proximity to eastern Europe

For the neighbouring states to the east, Germany is an attractive and easily reached labour market. At 1:3.5 to 1:6, wage differentials are still large enough to attract migrant workers, especially from Poland and the Czech Republic, many of whom speak German. This influx is putting incomes under pressure, especially in health, cleaning and transport, and has the potential to lead to a downward wage spiral. Both ver.di and the NGG have had to agree wage settlements in east Germany that offer poverty pay: €4 to 5 per hour. Without these agreements, employers would pay even lower rates.

New ‘duty to accept’

Long-term unemployed people in Germany are now required to accept any job they are offered, or have their benefits reduced. However, this requirement does not apply to any

job that pays more than 30 per cent below the local rate for the job; the local rate is not always the same as the rate set by collective bargaining. The impact of this exemption will be to reduce local wages to below the collective level and to introduce competition from long-term unemployed people, who can be paid up to 30 per cent less than existing employees. This in turn will create a downward wage spiral and impose downward pressure on collective rates in other regions.

This deliberate decision by the state to reduce wages was the deciding factor in ver.di's decision to campaign for a minimum wage. Fears that a minimum wage could damage employment are counterbalanced by the impact a minimum wage will have on spending.

Combination wages

Combination wages – low income supplemented by state benefits – have been proposed as an alternative to a minimum wage. Ver.di opposes combination wages for a number of reasons:

- Companies or work sectors that currently do not pay low wages will try to reduce their costs by paying low wages and requiring employees to top them up with benefits.
- The cost to the state and to the taxpayer of subsidising wages.
- The impact on the service sector's already sizable 'innovation deficit' in working practices. If the link between productivity and income is removed, the service sector will lose a major incentive to innovate.

Jack Dromey, Deputy General Secretary, Transport and General Workers' Union

Jack Dromey started by admitting that his union had opposed the introduction of the National Minimum Wage (NMW) – and that unions, such as the National Union of Public Employees, who campaigned for it had been shown to be right. The NMW has strengthened collective bargaining and negotiating, and has not had any impact on employment. This is largely because it was introduced with the guidance of the independent Low Pay Commission, which includes all the social partners and which takes account of the impact of the NMW on employment in setting minimum pay rates. Just seven years after its introduction, the NMW is now part of mainstream economic and labour relations policy, and it is inconceivable that a right-wing government would attempt to abolish it.

The NMW was the last major challenge of the 20th century. The first of the new century is how to reach out to and organise migrant workers. Unions have always felt it their duty to fight for those workers who experience the worst exploitation. Today these are migrant workers, from Latin and South America, Africa, and the EU accession states. The Transport and General Workers' Union (TGWU) is determined to become their champion. Currently it has 17 dedicated organisers working with migrant workers; by the end of 2007 there will be 200.

Jack Dromey set out nine challenges: three each to trade unions, employers and government.

Challenges to trade unions

Reaching out to difficult-to-organise sectors

Migrant workers are employed in industries – building, cleaning, food and agriculture – that unions have traditionally found difficult and demanding to organise. The TGWU is developing a new generation of organisers, many from migrant communities, who are working in partnership with migrant community organisations and faith communities to create powerful alliances for change.

Confronting workplace tensions

Workplace tensions can arise not only between 'indigenous' workers and recent migrants but between different ethnic groups. One typical scenario is in the food industry where directly employed workers fear being undercut by migrant workers supplied by an agency on poorer wages and conditions. In organising and supporting all workers, trade unions must be prepared for some difficult discussions. Racism must be challenged openly – and the fear of being undercut must also be understood.

Developing a wider agenda

Migrant workers need support across a spectrum of issues including housing, language and remittances. The TGWU has obtained social housing for migrants. Jointly with employers it runs about 100 projects to provide English language training for migrants. And it advises workers on cheap, reliable ways of sending money home.

Challenges to employers

Speaking out

Employers should become public advocates for migration. The National Farmers Union and the Contract Cleaners Association have recently highlighted the importance of migration.

Being good employers

Employers have an obligation to pay all workers a living wage and to provide faire working conditions for all employees. They must also recognise their wider responsibilities, which for migrants extend to housing, language training and extended leave. Auditing the skills of migrant employees might well reveal that many have the qualifications and skills that business desperately needs.

Procuring ethically

This is the biggest challenge to employers. Jack Dromey gave two examples of current action:

- *Banks and finance houses* The TGWU is part of the London Living Wage campaign which aims to convince banks and finance houses that ethical procurement is part of their wider corporate responsibility and that they should not ignore the poor conditions the contractors they employ impose on their workers. Over 60 companies have now signed up to the London Living Wage.

- *Supermarkets* Supermarkets want to sell food as cheaply as possible and abuse their market power by forcing food producers to cut costs. This compels producers to

employ more migrant labour on poor pay, so increasing social tensions. The TGWU is focusing on persuading supermarkets to change their procurement policies and to follow in the UK market the same principles of fair trade that they are increasingly applying to produce sourced from the developing world.

Challenges to government

Debating fairly

The drift of the current political debate has been disgraceful. Separate issues of crime, security and migration are being scrambled together in a way that can only create fear and tension. The government should distinguish between the different issues.

Advocating migration

The government should clearly state the advantages to the UK of a sensible system of managed migration, and should set out to educate the public on the economic, social and cultural benefits of migration.

Legislating responsibly

The Gangmasters Licensing Act, passed in 2004, which requires labour providers to be licensed, is a good start. The next target should be to ensure the introduction of the EU Agency Workers Directive, which will require permanent and agency workers to be treated equally. It is time for a sensible debate on the estimated half million undocumented workers in the UK, many of whom could make a major contribution to society. Their fear of deportation undermines unions' ability to organise them. If President Bush can amnesty five million workers in the USA, we can do the same in the UK.

This is a difficult area for unions to make progress. Unions must provide organisational and political responses, and must be prepared to build alliances with employers and with community networks of migrant workers. But if unions mean what they say about promoting progressive values, and if right wing parties are to be prevented from exploiting tensions in the workplace, unions must give positive leadership to all workers.

Points from discussion

- The British experience of the introduction of the minimum wage can clearly help German trade unions to formulate their arguments about its relevance to German needs. And British experience of integrating long-term immigrants can similarly offer pointers to German trade unions as European migration patterns and citizenship debates converge; the reverse also applies, given the high rates of union membership in Germany among immigrant workers. German unions are on the defensive, and face the basic challenge of ensuring that they are involved in negotiations and that the state does not step in to take over functions that are the responsibility of trade unions.

- It is important to understand that, while UK citizens and migrant workers may have

different interests, so too do different groups of migrant workers. For example, many EU workers from the accession states display very racist attitudes.

- We should look at the impact migration has on the sending countries. In many countries the health system is being devastated by the outflow of doctors and nurses to western Europe. We need to address the push factors – desperate poverty and political instability are the reasons why tens of millions of people are on the move in Africa.

- The experience of UNISON (which represents migrant health workers) is that local members view migrant workers as potential 'difficult cases'. Union organisers have to convince local members that unions have a duty to represent migrants. We also need to confront subtle discrimination and racism – many migrant workers, especially those below professional level, are not promoted because of racism. A third challenge is to support workers who want to return home having gained experience in the UK; this means building better relationships with sending countries.

- Germany and the UK define 'migrant worker' in different ways. In the UK migrant workers are seen as the equivalent of *Gastarbeiter* – people who come to the country to work for a long period of time, some of whom may eventually settle here. In Germany a migrant worker is simply someone who crosses a border to come to work – many migrant workers in Germany are mobile workers from the EU accession states who may work in Germany for a short time and then move to another workplace elsewhere in western Europe.

- Migration is part of globalisation. We need to develop greater co-operation with overseas unions – for example, ver.di's links with unions in eastern Europe and UK links with Portuguese unions – and explore the concept of international trade union membership and a trade union passport.

- For pragmatic reasons, British unions did not argue that the minimum wage should be fixed at the level of a living wage. This would have caused huge turbulence in the low-wage sector and would have put the NMW at risk. However, there have been significant increases since 1999 and the NMW has risen rapidly up the OECD 'minimum wage league table'. The real question is how to improve wages in the low-wage sector, since all the NMW can do is establish a floor to prevent exploitation. This is partly a gender issue. Job roles and the value attributed to them are socially constructed; 'women's jobs' have traditionally been lower paid than 'men's jobs', and a major cultural shift is needed to solve the problem. However, low pay is also a consequence of employers' business models – low pay, low skills, low productivity. These issues must be addressed using a range of policy instruments beyond the limits of the NMW: training policy, skills development, and social dialogue in low-wage sectors to identify and apply best practice in work organisation and job design.

- The NMW protects against the worst forms of pay exploitation, and can be used to bargain wages up. The challenge now is to publicise pay exploitation.

- UNISON has run successful campaigns aimed at workers from different countries, for instance, nurses from the Philippines, some of whom are now serving as workplace representatives.

Session 3
How to make bad jobs into better jobs

Delegates divided into working groups to tackle a series of questions designed to develop strategies and good practice examples based on experience across Britain and Germany. These were the questions:

- How can we secure decent work for the low-skilled: working conditions, job security and qualifications? How important is the minimum wage?
- What can collective agreements achieve? And what should be done by legislation?
- What targeted policies should we develop for women, migrant workers, young people and part-time workers?

Delegates reconvened to hear the ideas developed by the groups and to debate the questions in plenary session. The discussion is reproduced here in abbreviated form.

Decent work and pay

- We need to find ways of enabling workers to develop a sense of pride in their work and to offer further qualifications so that career prospects can be developed. Existing laws on working conditions must be enforced, and proper sanctions should be imposed when they are broken.

- In Germany, 80 per cent of low-paid employees are women – elsewhere in Europe only half are. One reason is that tax incentives encourage women not to work full time. This means they are prepared to take low-pay jobs, since in two-person households theirs is not the principal income. The model of the one-person breadwinner persists, with women making a part-time contribution, However, employers are slowly realising that it does not make sense to allow women to leave skilled jobs to bring up children and then to return to less skilled work. Some delegates argued that unions are not prepared to change this situation and are not concerned with allowing women to balance work and family responsibilities; others that family-friendly policies have been on the union agenda for 30 years.

- To convert bad jobs into better jobs, trade unions must encourage innovation and increased productivity through new products and services.

- The wage threshold at which employees in part-time and mini-jobs pay social security contributions should be raised. This will allow low-paid employees to earn more before being penalised by contributions. In Britain in the 1960s and 1970s low earners did not have to make social security contributions, but were instead treated as if they had. This had the effect of making low-paid jobs attractive and encouraging people, who might not otherwise done, to feel positive towards work.

- Workforce agreements are enormously important. They have the potential to create a qualifications ladder and a career structure to enable people in low-paid and often part-time work to progress and to professionalise their work. One UK example is teaching assistants, where the workforce agreement established four separate levels of competence and responsibility. The same could be done to qualify healthcare assistants to become nurses. Women need to feel valued and to be allowed to develop skills and professionalism and thereby self-respect at work.

- In the UK, Agenda for Change has desegregated the NHS and provided new opportunities and better pay for women by abolishing job ghettoes with low pay rates. If you acquire new skills, the new pay structure enables you to progress. Progression stretches down to the lowest rungs of the ladder and is not restricted to traditional professionals.

- In Germany a debate about long-time working accounts is beginning. These accounts would allow workers (especially in areas such as the metal industry, where early retirement has been the practice) to bank additional hours worked and so qualify for early retirement. This would create much-needed flexibility in the workplace.

- In Germany, low-skilled workers need to be encouraged to take up their right to education and training. Although the individual's right to training forms part of IG Metall's collective agreements, it is not yet being implemented everywhere. Works councils and workplace trade union branches have an important role to play here.

- There is no consensus in Germany on the minimum wage. Many commentators and trade unions believe we should aim beyond the minimum wage at a living wage, and also that we should include issues such as further education and lifelong learning. There are other forms of exploitation as well as low pay, such as high rents for accommodation and requiring employees to pay for damage at work.

Collective agreements and legislation

- How do we guarantee rights at work to undocumented workers doing bad jobs at the bottom of the labour market? In Germany undocumented workers can use the courts to reclaim unpaid wages, even if they have been deported. In the UK, undocumented workers are denied access to employment tribunals.

- Procurement offers an alternative way of protecting workers, especially in outsourced operations. All contracts issued by the Mayor of London and the Greater London Authority include a fair employment clause. This requires all contractors to offer outsourced or contract workers terms and conditions at least as favourable as those enjoyed by directly employed workers. The London Living Wage is also a standard requirement in all contracts issued by the GLA and its functional bodies. The Mayor has made a commitment that all contracts issued in connection with the Olympic Games will contain similar clauses. Requirements of this kind fit with UK and EU procurement regulations. The UK government is considering a public services employment compact similar to the Fair Wages Resolution rescinded in 1983. These developments demonstrate that trade unions can form alliances with

progressive local and regional administrations. They also suggest that German unions could look at how to use the public-sector supply chain to achieve improvements, especially for women.

- Ethical trade is an increasingly important issue for individual trade unions and international union networks. Although fair trade has made some headway in corporate and public procurement, in reality it involves paying for commodities at above the market rate. To be credible, ethical trading codes for public procurement must be based on the fundamental rights of workers: the right to join a free trade union and to collective bargaining, and the absence of child labour and forced labour. Declarations of intent do not go far enough. Credible systems for monitoring human rights violations are needed – which means a trade union presence on a daily basis.

- Areas in which British unions have made progress recently include improving human capital; the lifelong learning agenda; and humanising working patterns. The number of workers working excessive hours is now falling thanks to the EU Working Time Directive.

- In Germany, trade unions waged a major campaign for fair working conditions in 2002, especially in public-sector contracts. Although this gained public sympathy, overall it was not a great success; there were initiatives in some *Länder* (states) but not at national or city level.

Targeted policies

- Many male trade unionists in Germany are very conservative in their social attitudes. Young women and workers from immigrant backgrounds can be discouraged from active participation because they fear they will be under-represented in decision-making bodies.

- The German trade union movement is becoming more up-to-date, and the younger generation of officials and workplace representatives have their own ideas of what trade union work should involve. However, it should not get too far ahead of the prevailing views of companies and employees. Nor should it ignore the fact that as many bad jobs are done by men as by women. The large number of unemployed workers means that unions are on the defensive and that there is little scope in collective bargaining for them to achieve concessions for specific groups.

- There is a close relationship between culture, public policy and collective bargaining, as the Nordic countries are currently demonstrating. They are moving towards extensive childcare provision for employees; maternity and paternity leave; a more flexible labour market with reduced protection against dismissal balanced by higher unemployment benefit; a requirement to look for work balanced by increased state support in finding a job; and tax incentives for working women. While some of this has been achieved in Britain, unions should be aiming to construct a wide-ranging social policy agenda.