



PRECARIOUS WORK
affects us all

Precarious work affects us all

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Metalworkers' Federation

The International Metalworkers' Federation represents the collective interests of 25 million metalworkers from more than 200 unions in 100 countries.

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decent work
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PHOTO: IMF

Precarious work.

Who needs it?

Globalisation is not just about how things are made, bought and sold. It's also about people.

Transnational companies want cheap and flexible workers. So they have shifted from secure to insecure employment — making all jobs more “precarious”. That's why today there are more temporary, more casual, more part-time and more contract jobs.

Workers doing the same job side-by-side might share everything except job security, wages and conditions. Some earn a dollar a day and work in desperate conditions. Others have no employment at all.

This precarious work is bad for all workers. It creates cut-price labour that drives down wages for all. It increases the gap between rich and poor. And it amplifies the unfair practices that already disadvantage women, young and migrant workers — all more likely to be in insecure jobs.

And it is everybody's problem — today's secure job could be tomorrow's temporary contract.

It doesn't have to be this way. Good jobs are what trade unions bargain for. Around the world, unions are mobilising, organising and bargaining for better, more secure work. That means challenging the legal and political ruses that allow precarious work to flourish. It means mobilising globally and taking union action against precarious work.

WHY PRECARIOUS WORK DOESN'T PAY

Precarious workers are faced with:

- Job insecurity and an uncertain future
- Low wages
- Limited or no access to social benefits, such as health or pension schemes
- Increased health and safety risks at work
- The denial of rights at work, such as the right to join a union or bargain collectively
- The constant threat of unemployment or underemployment



PHOTO: LINTER 15

Paying the Price

For billions of workers worldwide, stable and secure jobs have never been an option. Instead they enjoy few rights and little respect.

Precarious work is a bad employment epidemic, where employers transfer their business risk onto their workers. Many workers have no option but to accept short-term contracts. Others are forced into bogus self-employment – treated as independent contractors, but in reality dependent on one employer. Some are casuals or day labourers, hoping each day to get work.

This is precarious work: **No right to a secure job and no rights when at work.**

For those forced to scrape a living, precarious work may provide some income, particularly for women who would otherwise have no escape from poverty. The economic situation of the country, the community and the family leaves them little or no choice.

Globalisation of investment and trade has brought jobs to countries that badly need them. But instead of bringing regular employment more fairly throughout the world, the impact has been to undermine full-time permanent work where it does exist.

Precarious work is a problem on every continent, undermining wages and conditions of work and threatening to divide working people. It used to be considered normal that, in return for its profits, a company would offer its workers a bit of security, allowing their local economy to build. Now they are passing the risk to workers without sharing the benefits. Shifting production from place to place, always seeking the lowest labour costs is no route to stable economic and social development.

That is why:

- The massive expansion of precarious work must be stopped
- Where precarious work does exist, wages and conditions must be equal to those of regular workers
- Workers should be directly hired and indirect employment discouraged
- Non-permanent employment should be limited to cases of legitimate need

Precarious work affects us all.





Only five per cent of workers at this electronics factory in South Korea are permanent employees. Photo: KMWU

WHO IS AT RISK?

Nine out of 10 IMF unions say **precarious work has increased** in the five years before 2006.

Young workers, women and low skilled or unskilled workers are the most affected, with migrant and older workers not far behind.

Two out of three say **precarious work is becoming more precarious** — instead of hiring temporary staff directly, employers are using agencies or brokers.

Nearly half of IMF unions say **between 20 per cent and 50 per cent** of the jobs in their sector are now precarious.

The **electrical and electronic industries are worst affected**, followed by automotive industries, steel and non-ferrous and mechanical engineering.

Using **contract labour instead of permanent workers** is the most common form of precarious work affecting IMF unions.

Source: *IMF Survey on Changing Employment Practices and Precarious Work*, 2006.
www.imfmatal.org/precariousworksurvey

Precarious work in Angola

Mateus Gerónimo Francisco is a precarious worker at an Angolan pipe factory. Mateus, a metalworker, signed a three month contract which expired in September 2007. Although continuing to work there, his contract has never been renewed.

Mateus is one of 50 people employed on a casual basis at the factory, which employs a total of 295 workers. He is paid less than most permanent workers at the factory, receiving US\$230 per month, of which US\$55 goes to paying rent. "My wages are low. I live with my wife and even though she also works, it is not enough," says Mateus. "I continue to work for the company because it is the only way for me to look after my family," he said.

"I accept working in these conditions because I can't find another job elsewhere," he said, adding, "Once I get another job, particularly a permanent one, I will leave."

His chances of finding a permanent job are low. Following deregulation of the labour market, precarious work is increasingly a problem in Angola where 70 per cent of Angolan men, women and young people are in precarious and poorly paid employment that is neither recognised nor protected by law.

"More permanent jobs should be created in my country," said Mateus. "The Angolan labour movement should put pressure on the Angolan government to gain investment in order to create decent jobs."

For more, go to: www.imfmatal.org/pw1

Wrong on Rights

Precarious work is increasing all over the world. While the impact may be different depending on the social and economic conditions of the country, the goal of employers remains the same: cheap, flexible labour that can be brought in and dropped at will.

In fact, many big brand companies exist just to make money, not products. These companies that once provided good and secure jobs, are less and less likely to employ workers. Instead, an invisible army of sub-contractors produce “their” products. The bulk of electronic products are manufactured by companies that supply many of the big brands. Employing mainly young women workers on precarious conditions enables these companies to save their client brands as much as 75 per cent on labour costs.

Companies want to adapt quickly to changing market conditions, so when a company finds a better deal with a cheaper contractor, or when it discontinues a product line supplied by that factory, it is easy to dispose of the excess workers.

Everything from cars to computers is made up of parts produced by multiple companies. Competition drives down costs relentlessly. For transnational companies, labour is just another component.

But even the most powerful global businesses would not have been able to do this without help, and it has come from governments and international institutions.

In the name of “flexibility”, one government after another has scrapped or weakened laws that protect workers. That induces others to do the same, or become “uncompetitive” and risk losing investment.

Even where the balance of political or industrial forces has prevented governments from weakening labour laws, often employment protection is not enforced, either across the whole country or in “export processing zones” or “free trade zones”, where governments attract investment by guaranteeing low pay, high flexibility and an absence of unions.

And in case governments don’t do it of their own accord, the International Monetary Fund and the World Bank impose weaker labour and social protections by making their loans conditional on increasing labour market flexibility.

Add in the World Trade Organization, whose most powerful member countries refuse to accept that labour standards are a legitimate form of protection, and you get a world economy built on less social welfare, fewer rights at work, and no security at all.



PHOTO: TUC

Agency work in Russia

Anton is a tractor driver at a Ford auto plant in Saint Petersburg. While he has a permanent contract it is with the labour hire company Akbest. “A lot of contract workers work at the plant and the competition among the contractors is tough,” explains Anton. “Except for the fact that the company I work for may be squeezed out of Ford, my job is stable. Those with temporary contracts, of course, are vulnerable.”

Despite relative job stability, Anton’s contract means he earns less than the workers employed directly by Ford doing the same work. He does not enjoy the same social benefits as in the Ford collective agreement and he cannot join a union without losing his job.

“I get paid 20,000Rb (US\$840) while Ford workers get 150% of that. The worst thing is, Ford is paying Akbest 30,000Rb for me, but how much of it do I see?” exclaimed Anton.

By using contractors Ford is transferring its responsibilities onto others and also limiting workers’ access to join a union at the plant. “Many of us would join a union. But you would be fired immediately.” said Anton.

For more, go to: www.imfmetal.org/pw2

Akbest office, St Petersburg.



Macedonian workers march on May 1, 2008. Photo: SIER

BUSINESS RULES

The rise of precarious employment has been assisted by the decline of labour market regulation, driven by institutions such as the World Bank.

Every year, the World Bank produces a report called *Doing Business*, which ranks countries according to how easy it is to set up a business — and to close it down and fire its workers.

In 2007, Macedonia came fourth and won special praise for extending to four years the time a worker can be on temporary contracts without securing employment protection.

Macedonian trade unions opposed the changes in the law arguing that no consideration was given to the long-term negative effects on workers and society in general.

While aimed at increasing employment, the law has made many of Macedonia’s workers among the most precariously employed in Europe.

And the promised benefits of liberalisation were not obtained as the level of foreign investment in Macedonia remains the lowest in the region.

Get Organised

The best way for regular and precarious workers to improve conditions for all workers is by uniting and fighting together against precarious work. Yet organising precariously employed workers brings challenges for established unions.

Some unions might need to change their rules to enable them to organise temporary or agency workers. Others might need strategies to overcome resistance by their regularly employed members. Action is also urgently needed by unions to reduce the double burden on women of paid and domestic work that forces them into precarious employment.

It may be hard for regular employees to find a common cause with people they see as undermining their pay and conditions, but the real problem is the divisive employer.

Unions must be prepared to organise and bargain at industry level, across companies. When the workers on a single production line are employed by dozens of different companies, and the supply chain involves hundreds more, unions based on a single enterprise will not be able to unite workers in collective actions the way that industrial unions can.

In 2006, the Korean Metal Workers' Union transformed itself from a federation of enterprise unions to an industrial union so it could represent all workers.

Strong national unions and international links between them are essential to challenge the system through global mobilisation.

The aim is to secure union protection and collective bargaining for all workers — achieving this will require many unions to make significant organisational and cultural changes.

Sometimes it can mean forging alliances with other organisations that are not trade unions at all but campaign for the rights of precarious workers.

Some IMF affiliates are already showing the way:

- In Indonesia, the Federation of Indonesian Metal Workers' Union recruited 15,000 contract workers, and aims to double that number by 2009.
- In Chile, after many years of organising mineworkers, Confederation of Copper Workers mobilised strike action that in 2007 strengthened the law to regulate outsourcing.



Korean metalworkers protest irregular workers bill, February 2006

In 2006, the Korean Metal Workers' Union lodged a complaint (case number 2602) with the International Labour Organization against the Korean government for neglecting to protect 'irregular' workers' rights to join a union, bargain collectively and take collective action. In an interim report issued in June 2008, the ILO called on the Korean government to investigate and remedy alleged anti-union acts against falsely subcontracted workers. Photo: IMF



PHOTO: CHRISTOPHE PRESS

UNION BUILDING IN INDIA

In the shipbreaking yards in India, thousands of workers earning less than one US dollar a day, and living and working in some of the worst conditions imaginable, face deadly health and safety risks.

A local trade union, with the support of Steel Metal and Engineering Workers' Federation of India and the International Metalworkers' Federation, began to tackle the problem in 2003 by providing workers with clean drinking water, safety advice, and first-aid training and equipment. Project organisers also taught workers about their rights and encouraged them to form a union.

In 2006, the project extended to organising the yards further north in Alang. Early in 2008, some 250 workers organised a strike under the banner of the Alang Sosiya Ship Recycling and General Workers' Association, the trade union established as a result of the project, after learning that their employer had arbitrarily cut wage rates.

The 24-hour strike proved successful. The employer met with union officials and conceded to pay wages at the former rate.

For more go to: www.imfmetal.org/shipbreaking

Organising contract workers in Indonesia

Sri Puji Lestari has worked for 10 months as a contract worker for PT Evox Riva, an electronics factory in Indonesia. She lives in a company-owned dormitory and earns 960,000 rupiahs (US\$104) per month, the local minimum wage.

The factory is located in an export processing zone on the island of Batam where many transnational corporations have established manufacturing facilities, employing thousands of workers, the majority of them women. Several years ago, trade unions began organising the workers at Batam.

Sri Puji joined the union, Lomenik-SBSI, one month after she started work at the factory. "I joined the union to get protection so whenever workers have a case there is someone to go to for help," she said. "The union has given me a sense of comfort, knowing there are people that can help me."

"I know that it is a right of the workers that after three years as a contract worker we are supposed to become permanent. The union is making a lot of effort to ensure that workers are made permanent," said Sri Puji.

When asked why permanent work is important, she answered, "to have a brighter future."

For more information go to: www.imfmetal.org/pw3



Sri Puji Lestari, contract worker in Indonesia. Photo: IMF

Permanent



Solution

By organising precariously employed workers, unions can build solidarity between them and regular workers and bring the whole workforce within collective bargaining agreements.

But it also works the other way: by using collective bargaining to protect them, unions can give precariously employed workers a reason to join.

Precarious employment affects all workers, whether or not they are precariously employed. If employers are allowed to use temporary contracts when circumstances don't justify it, the security of permanent employees is undermined.

By negotiating the circumstances in which non-permanent or outsourced employment is justified, unions can ensure that agreed terms and conditions are set. Collective agreements must define the reasons for irregular employment and set clear limits.

Collective agreements must also ensure equal treatment for all workers, whatever their legal status, both to protect them and to prevent employers from using worse pay and conditions to undermine regular employment. The aim should be to ensure that precariously employed workers, including agency staff, enjoy the same pay and benefits as regular employees, so that employers have no incentive to use them as cheap labour.

Agreements should insist on direct employment, rather than indirect hiring through agencies, which enables employers to evade their responsibilities by

passing them on to other companies not covered by collective bargaining. Temporary employees should also be entitled to join the permanent workforce once an agreed time limit on temporary contracts have been reached, if their work is still required. Employers must not be allowed to use tricks such as continually extending or renewing temporary contracts without ever offering permanent employment.

WHAT WE BARGAIN FOR

Collective bargaining should ensure that precariously employed workers are covered by:

- protection of union rights
- disciplinary and dismissal procedures
- equal pay for similar work
- non-discrimination and equal opportunities
- training and skills upgrading

Reaching collective agreements at industry level offers the best prospects for ensuring protection for precarious workers.



In the United Kingdom, agreement has been reached between industry, unions and the government that agency workers will have the same pay and conditions as regular employees after a qualifying period of 12 weeks. Photo: John Harris/reportdigital.co.uk

EQUALISING WAGES IN ARGENTINA

The trade union AOMA of Argentina signed a National Framework Agreement for the cement sector, following an organising drive in which union organisers worked systematically around 15 plants.

The union stated, "Organisers took the industry on, going from plant to plant talking about the idea of including third-party service providers under the company-wide permanent contract, including janitors and security guards."

The agreement does away with the distinction between "first class" and "second class" categories of work and equalises wages and benefits for workers doing essentially the same work.

As a result, says the union, "workers felt more protected by the union and were then interested in joining the union ranks." In addition, because the agreement covers the whole sector, it overcomes the problem of one employer refusing to improve terms because it would lose business to a competitor.

"Equal Work – Equal Pay" in Germany

Wilfried Rothe is a temporary worker employed by the agency Tuja at the Audi Ingolstadt plant in Germany. In 2007, Wilfried and the other temporary workers gained pay equal to the permanent workers through a collective agreement between their union IG Metall and the temporary employment agencies at the site.

The agreement means that Wilfried earns 50 to 60 per cent above the average wage for temporary workers in the metal industry.

Wilfried said, "I had already worked as a temporary worker at other plants. The best, including in terms of pay, was a company in Holland. I had mixed feelings before being sent to Audi. But what I have experienced here is really great. I make good money for my work and we, the temporary workers, are really well received by our colleagues."

Audi first hired temporary workers at the Ingolstadt plant in Germany in 2001. At the time 500 workers were brought on site by Adecco and housed in a container village.

Improving the substandard housing conditions was the first collective demand made by the temporary workers, who subsequently joined the German metalworkers' union IG Metall with the full support of the permanent workers.

IG Metall Equal Work – Equal Pay campaign: www.gleicharbeit-gleichesgeld.de

For more, go to: www.imfmetal.org/pw4

Wilfried Rothe, temporary worker at Audi. Photo: IG Metall



Redressing the balance

Precarious work is bad for workers – there should be laws against it.

That's why unions are fighting for legal rights to good, secure work.

The United Nations knows we are right – the basic principles of international labour law agreed in 1945 declare that “labour is not a commodity”. But employers of precarious workers see labour as just another cost, to be bought at the cheapest price and discarded at will. And that means workers get hurt.

Unions are successfully campaigning for changes to the law in some countries. In Canada, a category called “dependent worker” has been added to the labour law to extend protection to workers not on the regular payroll.

Argentina’s Labour Code states, in effect, that it makes no difference to a worker’s rights whether or not he or she is supplied by an agency, a broker or any other “intermediary”. The real employer is still responsible for them. These protections could not have been secured without strong unions using their members’ power to achieve political change.

In other countries unions have used the courts to similar effect. In France, the Supreme Court has ruled that supposedly self-employed workers operating under conditions and prices set by their client company are covered by the labour laws.

Those successes are encouraging, but much more needs to be done. Employers must be legally obliged to offer equal conditions of employment to their indirect employees. European unions are making progress in their demands for Europe-wide laws on equal treatment of agency workers.

In some countries, the legal changes required are more basic. For example, in Bangladesh, the enterprise union system means that an agency worker is not able to join the union that represents the directly employed worker next to them.

More also needs to be done to make sure that laws providing protection to workers are properly enforced. In India and Korea, the law limits the use of contract workers for core production work, but this does not stop companies from sub-contracting production to labour contractors that employ workers within the same plant on lower pay and conditions. Campaigning for political and legal change is crucial, and it must be supported by union organisation of all workers to make sure the law is enforced.

Photo left: Cristián Cuevas Zambrano, fighting for contract workers’ rights in Chile.



UNITING FOR CHANGE IN AUSTRALIA

In March 2006, a conservative government in Australia introduced new labour laws that removed most of the limits on precarious employment that unions had won over 100 years.

In response the trade union movement launched a 'Your Rights at Work' campaign to educate thousands of union delegates and officials and then the public, about the need for union organisation and collective bargaining to ensure stable and secure employment.

The campaign helped to make labour protection a key election issue, and in November 2007, a new government was elected on the promise of restoring workers' rights. In June 2008 it announced a new set of employment standards that are a step towards fixing the damage caused by the previous government.

The success of this campaign depended on unity, effective communications, political activation of members and building support in the community. Proving that even in the most difficult circumstances, when you have legislation that's designed to destroy the trade union movement, fighting back does make a difference.

ACTU Your Rights at Work campaign: www.rightsatwork.com.au

For more, go to: www.imfmetal.org/sr2-2008



New law in Chile

In January 2007, a new law on subcontracting came into force in Chile, providing legal protections for contract workers.

Cristián Cuevas Zambrano, president of the Confederation of Copper Workers in Chile, says, "It wasn't the state or the government, it was we workers who raised this issue and made it possible to generate a debate leading to the approval of a law on subcontracting. Even though we are not satisfied with this law, if it was not for the workers' struggle, it would be more difficult to make progress in the areas of social benefits and the law."

"Workers now feel differently, because we realised that no worker on their own was able to change the current situation.

The economic model is based on keeping trade unions weak, fragmented and without real negotiating power. And it is unacceptable that company profits are maintained on the basis of precarious employment," said Cristián.

According to Cristián, precarious employment in Chile, "is social, economic and cultural, it is not only about pay. For example, a contract worker doing the same job as a permanent worker wears different safety clothing." Cristián adds that, "laws are passed in Chile, but the legislators don't worry about compliance. The only way of correcting the situation is by workers' organisation and action."

For more, go to: www.imfmetal.org/pw5

CASE STUDY

Global Unity



Precarious work is on the increase in all industrial and service sectors in all parts of the world. Reversing this trend and regaining power and justice for working people requires industrial and political campaigns in unity at the national and international levels.

Our global unity should also link workers in all sectors. The global union federations and the International Trade Union Confederation are working together to tackle the rising trend of precarious work at the international level.

Among the tools that can help in the global fight against precarious employment are International Framework Agreements with transnational corporations. These agreements are designed to ensure core labour standards are respected in all facilities of a transnational company and in its supply chain. Combined with organising and trade union vigilance, these agreements can show an employer what we can do when we take it on in unity.

At the International Labour Organization, Recommendation 198 was adopted in 2006 proposing that governments formulate and adopt national policies to prevent companies from evading their responsibilities. We must push all governments to legislate in line with this internationally agreed recommendation to provide workers with greater protections.

And our national and international efforts to influence the policies and outcomes at the World Trade Organization, the International Monetary Fund and the World Bank must promote globalisation that puts labour standards, social justice and employment first not last.

Forming wider alliances with organisations that share our concerns is also vital. Many of the most vulnerable workers are not yet organised in unions and mobilising them is essential to promoting sustainable development and employment and fighting poverty.

We must not allow a future in which corporate power and profits are built on the destruction of our security and rights. Precarious work affects us all: with the combined strength of all workers we can reverse the tide.

Trade, development and employment

International trade agreements are directly contributing to the rise of precarious work around the world. At the World Trade Organization, negotiations for a new world trade agreement between member countries began in 2000, which are known as the Doha “development” round.

Trade unions, particularly from Argentina, Brazil, South Africa and India, have been working together to get employment issues and workers’ rights included in these trade talks to ensure the stated development goals are achieved.

Rudi Dicks, Labour Market Policy Coordinator for the Congress of South African Trade Unions, said, “This is supposed to be a development round. It is not. This is a trade liberalisation round and it is bad for workers.”

Hilda Sanchez, an advisor with the American Regional Organization (TUCA) based in Brazil, said, “For this to be a development round, it needed to put the question of employment at the very core of negotiations. And creating decent work can only mean creating employment that reduces inequalities in our society.”

Speaking about the trade unions’ role, Rudi said, “When unions do social dialogue with governments we are talking not only about labour legislation, but also about trade, because it has a real impact on workers. And members need to know what will happen to their jobs if you liberalise tariffs.”

For more, go to: www.imfmetal.org/pw6



IMF protests in Brazil against precarious work, November 2007. Photo: IMF

ILO RECOMMENDATION 198

The International Labour Organization (ILO), a United Nations agency through which governments, employers and unions adopt legally binding labour standards, agreed an important new policy in 2006.

To close legal loopholes encouraging precarious work such as bogus “self-employment”, the ILO proposes governments adopt clear policies to distinguish an employment relationship from a commercial contract.

For example, if a worker is in a subordinate relationship to someone who controls their work, especially if that is their only employer, then they should be classed as an employee rather than a contractor.

Governments are now supposed to review their laws to bring them into line with Recommendation 198 by defining objective criteria for determining whether an “employment relationship” exists.

The ILO also passed a resolution urging governments to consult unions about bringing their laws into line with the recommendation. So unions should press governments to do just that.

A copy of ILO Recommendation 198 is at: www.ilo.org/ilolex/



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