

LABOUR MARKET MONITOR

Summer 2014





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Foreword

This is the first issue of Labour Market Monitor. The intention is to publish quarterly and to provide trade union practitioners of industrial relations with quality reports and analysis of labour market trends.

The advent of the Nevin Economic Research Institute has greatly expanded our capacity to deal with economic issues. This is of vital importance given the continuing fragile state of the domestic and European economies. However, we must not lose sight of the fact that our bread and butter issues are primarily concerned with the world of work and the relentless task of trying to protect and improve pay and conditions of employment. Our aspiration for the Monitor is that it will enhance the capability of unions to discharge this core mission.

The Labour Market Monitor will appear quarterly and will attempt to summarise the major labour market issues of the day. The document will consist of four sections. Section one will deal with issues such as wages employment and productivity based on CSO and Eurostat data. Section two will highlight issues of interest in the industrial relations area. Section three will highlight recent publications of interest. Section four will focus on a particular theme.

Congress has established a Labour Market Intelligence project. Our aim is to make it the repository of all relevant data about the labour market. We want to provide a service to affiliated trade unions to help them to look after the interests of workers even more effectively than they do at present. This is a further step towards reinventing the trade union movement.

With Best Wishes



David Begg
General Secretary



Recent Labour Market Developments

Over the past year there has been an increase in employment with this trend having continued over the last quarter. This is mainly due to less destruction of existing jobs rather than the creation of new jobs. Excluding agriculture, job growth has been concentrated in the relatively high-paying professional, scientific and technical activities sector and the relatively low paying accommodation and food service activities sectors. This is consistent with a long term trend of 'polarisation' or hollowing out of middle paying jobs. Though changes in employment numbers have been more to the benefit of the over 35s, part of this is simply due to the ageing of the population. Average hourly earnings (which include irregular bonuses and overtime) have decreased slightly, largely due to wage falls in the public sector as a result of the Haddington Road Agreement. Private sector wages have been largely stagnant, but very low inflation has prevented the real value of wages from being eroded.

Figure 1 below compares wages in the last quarter of 2013 with the last quarter of 2012. There was a slight decrease (0.9%) in average hourly earnings (which includes core pay, overtime, and irregular bonuses). This is due to a fall in hourly earnings of 3% in the public sector (including semi-states) with private sector wages being stable. There has been much variability across sectors. In the transport and storage sector average hourly earnings increased by 7.5%, (with the increase in irregular bonuses playing a minor role), while average hourly earnings fell by 8.5% in the electricity, water and waste sectors, due in the main to a drop in irregular bonuses. The increase in employment in the accommodation

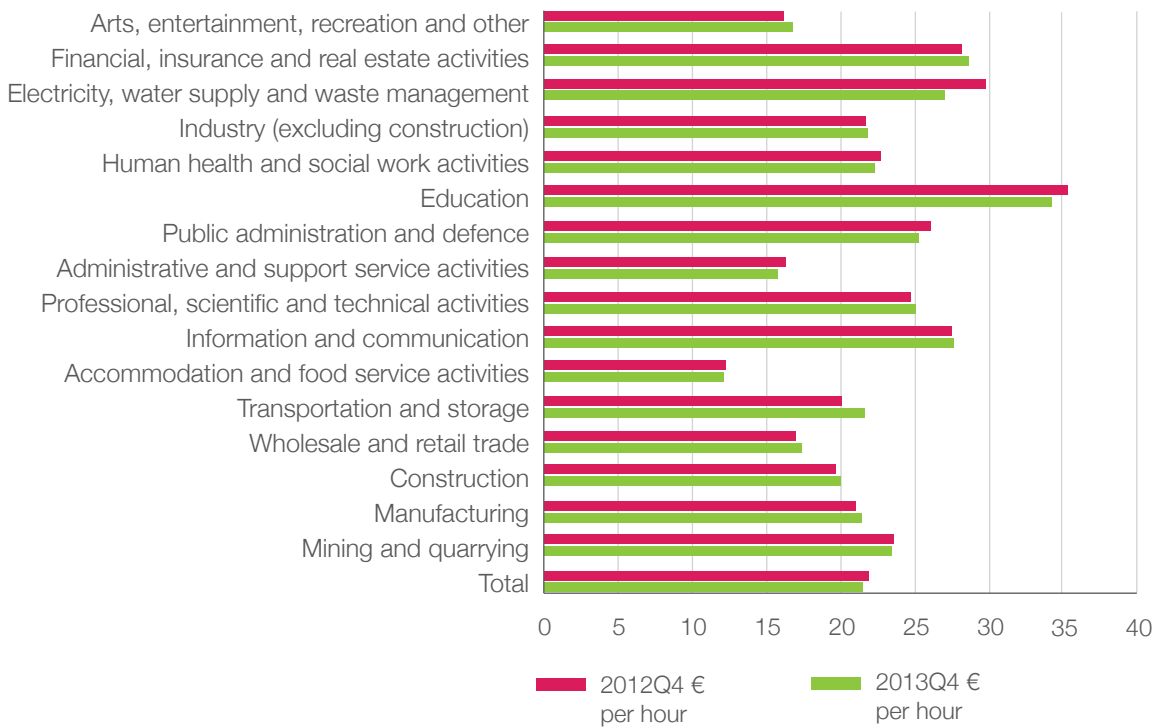
and food sectors has not yet fed into wage increases, with average hourly earnings actually down by 1.8%. This sector has a low level of union membership (7% according to the CSO).

The average length of the working week has increased by 6 minutes, though this has varied considerably by sector. In the mining and quarrying sector the increase has been almost 3.9 hours per week while in the electricity, water supply and waste management sector the working week is shorter by 24 minutes.

The stability of working hours shows that increased demand for labour is largely being met by an increase in jobs, rather than by a change in rosters. Overall the combination of a slight increase in working hours, and decrease in average hourly earnings, means that average weekly earnings have decreased by €4.46 per week (decreasing from €691.74 to €687.28), or 0.6%. Despite accommodation and food workers working over half an hour extra per week, their average weekly earnings have only increased by €1.61. Looking at longer-term patterns, comparing the last quarter of 2013 with the same period of 2008 the length of the average working week declined from 32.5 hours to 31.7. The largest falls have been in transport and storage, education (perhaps due to greater use of part-time staff), construction (unsurprising given the construction bubble) and arts, entertainment, recreation and other service activities. Hours increased in Public administration and defence; compulsory social security and administrative and support service activities. The overall trend in the working week has been upward since their trough in the first quarter of 2011.



Figure 1: Changes in average hourly earnings (Q4 2012 and Q4 2013)



Source: CSO Earnings Hours and Employment Costs Survey Quarterly (EHQ08)

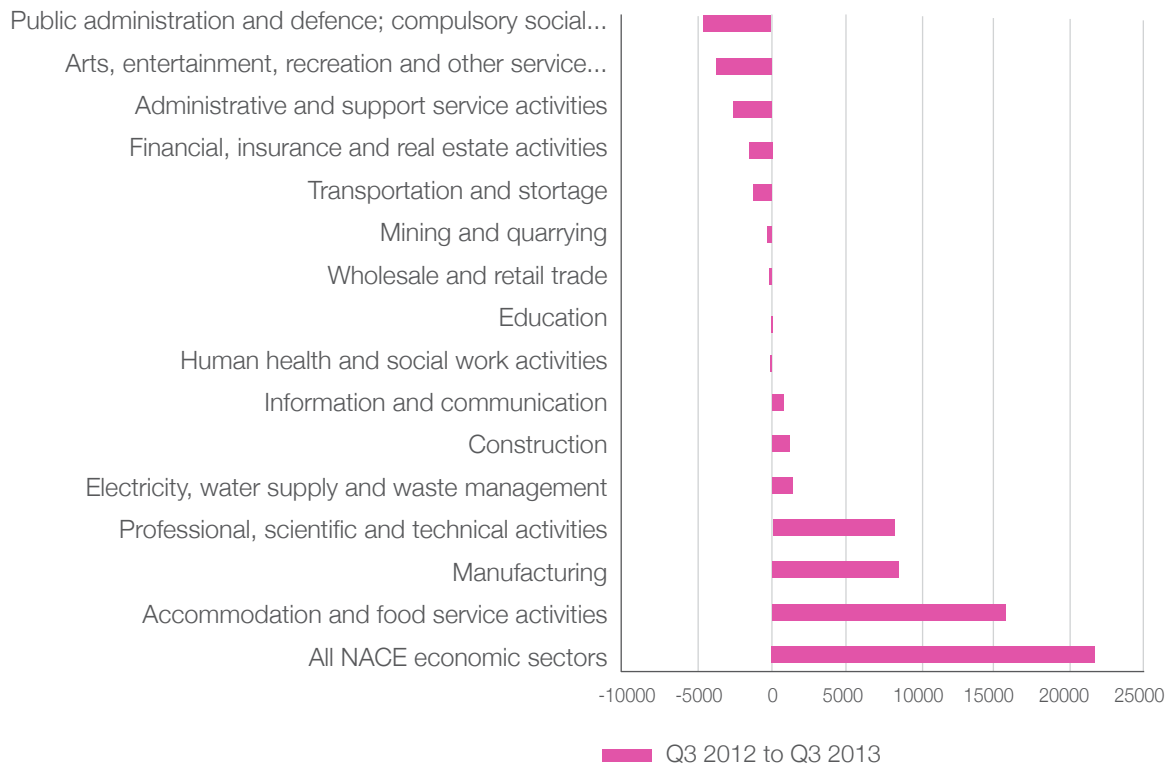
Note: CSO data does not account for the reduction in public sector take home pay due to the 'pension levy'. Irregular bonuses and overtime payments are included as part of average hourly earnings.

Unfortunately, data for employee numbers are not available for the last quarter of 2013. However, comparing the third quarter of 2013 with the same period of 2012, despite an overall change in composition of the workforce towards higher paying sectors, average hourly earnings fell 2%. This makes weekly wages look more stable than they are. Excluding these composition effects average hourly earnings actually fell by 2.7%, largely due to pay cuts in the public sector.

Figure 2 displays changes in employee numbers (this excludes the self-employed). The patterns are consistent with the effects of austerity combined with an underlying process of labour market polarisation. Comparing the last quarter of 2013 with the same period of 2012 public sector employment (including semi-states) is down 5,500 to 376,300 (with 327,300 employees when semi-states are excluded). Unfortunately data for all sectors is not available for the last quarter of 2013, but comparing Q3

of 2013 with the same period of 2012, employee numbers are up 21,800. While there are some doubts and anomalies with regard to the overall employment figures (which are estimated as part of the Quarterly National Household Survey) these figures come from a different source. (The QHNS reports an increase in employees of 27,200. The difference can be explained by the QHNS including those on various schemes, inclusion of the agriculture sector, and sampling error). Consistent with a Government policy

Figure 2: Changes employee numbers by sector (Q3 2012 and Q3 2013)



Source: CSO Earnings Hours and Employment Costs Survey Quarterly (EHQ08)

Note: CSO data does not account for the reduction in public sector take home pay due to the 'pension levy'. Irregular bonuses and overtime payments are included as part of average hourly earnings.

of export led growth the number of manufacturing employees increased by 8,700. Employment in the professional, scientific and technical activities sector increased by 8,400. This is consistent with an ongoing pattern of labour market polarisation (which shows increases in employment for relatively high paid jobs, and low paid jobs, with a hollowing out of middle paying jobs).

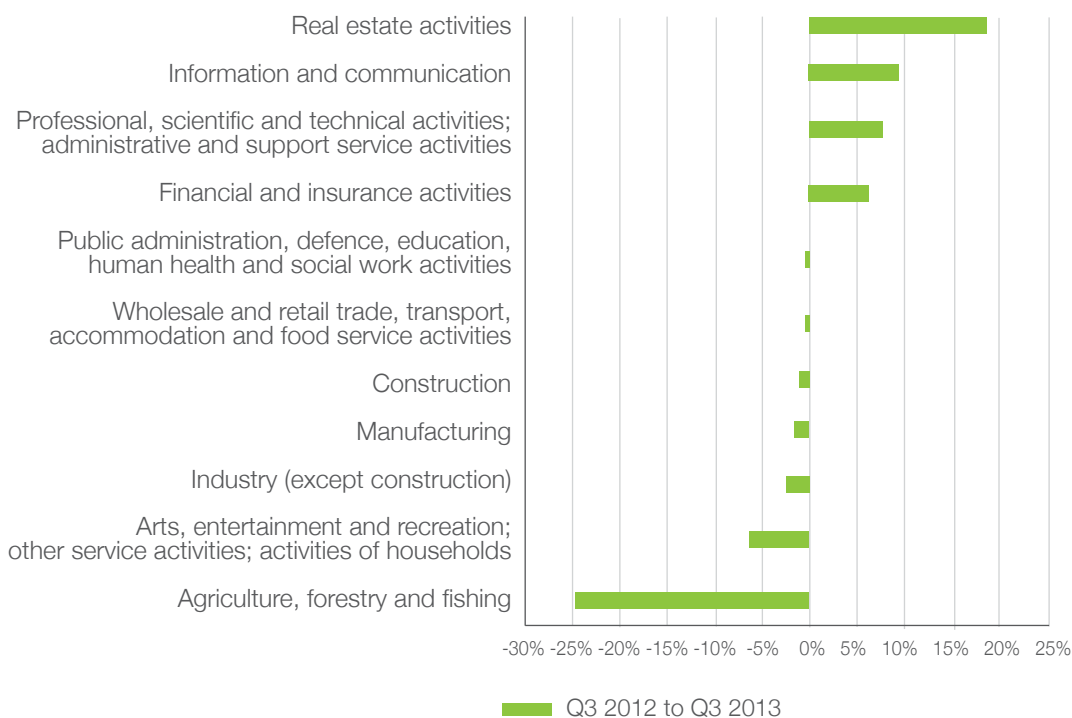
Employee numbers in the information and communication sector only increased by 900. This sector includes computer programming, consultancy and related activities, but also other areas such as publishing activities. It would appear that some of the employment created by firms such as Google and Facebook are not classified as information and communication, but as professional, scientific and technical activities.

Consistent with a pattern of hollowing-out middle paying jobs, administrative and support service activities employee numbers are down 2,600, and a weak domestic economy is reflected by stagnant wholesale and retail trade employee numbers (down 300). That employee numbers in the accommodation and food service activities sector is externally driven can be seen by the fact that arts, entertainment, recreation and

other service activities employee numbers are down 3,800. Despite the pick-up in tourism numbers (in part due to 'The Gathering'), the domestic economy remains very weak leading to employee numbers falling in this related sector. Employee numbers in the financial, insurance and real estate activities sector is down (in line with continuing readjustment in those sectors), while construction employee numbers are up 1,300, reflecting that construction activity had swung from being unsustainably high to unsustainably low, and now is beginning to rebalance. Overall the patterns in employee numbers are consistent with changes in working hours, though with changes in working hours being less volatile than changes in employee numbers. This is consistent with standard economic theory.

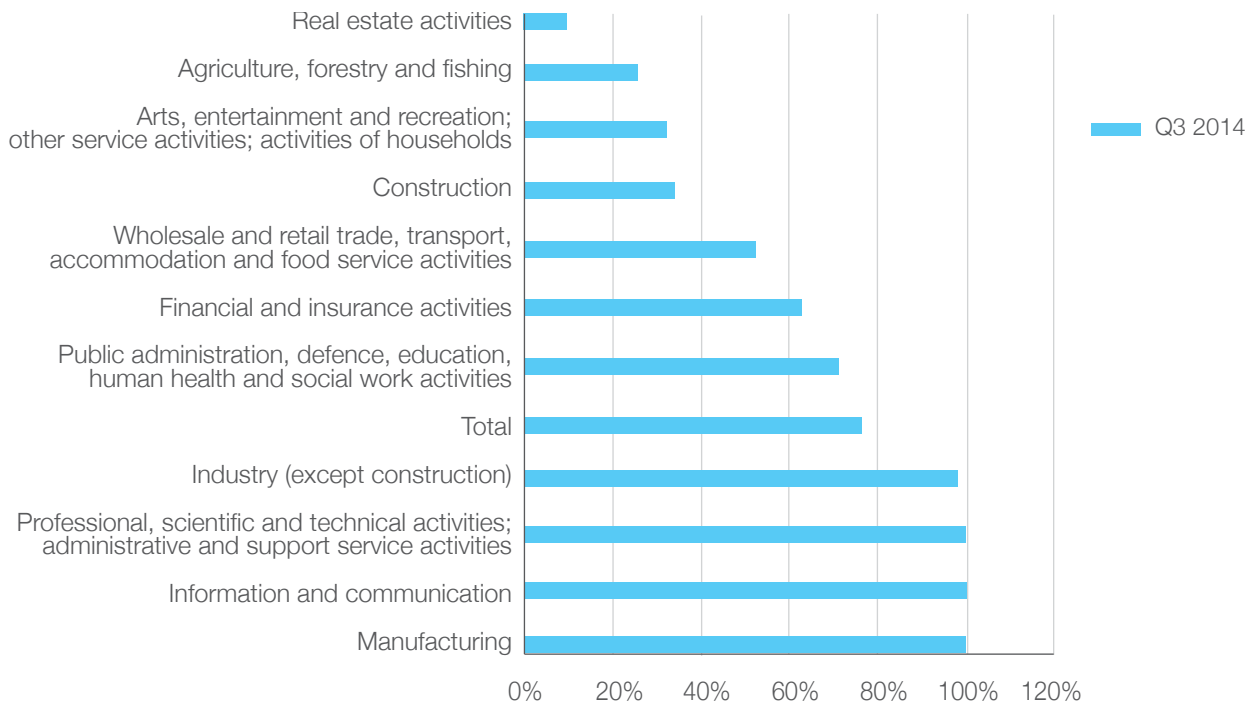
Live Register data shows a gender dimension to recent trends. The number of women joining Jobseekers Allowance (JA) is stable, though outflow has increased (though both the numbers entering and leaving Jobseekers Benefit (JB) have both declined to a similar extent). The number of women on Jobseekers Allowance has increased (in February 2014 compared to the same period of 2013). The number of women on the Live Register has decreased by 5,333. However, given that this is concentrated amongst Jobseekers Benefit claimants this suggests the change may be due to changes in the duration for which people may claim the benefit (the numbers of women on JB has fallen by roughly 25%, while the duration that people may claim JB has also been cut by 25%, from 12 months to 9).

Figure 3: Changes in productivity per hour (Q3 2012 and Q3 2013)



Source: Eurostat Quarterly National Accounts and own calculations
Note: Quarterly National Accounts data is highly volatile and subject to revision.

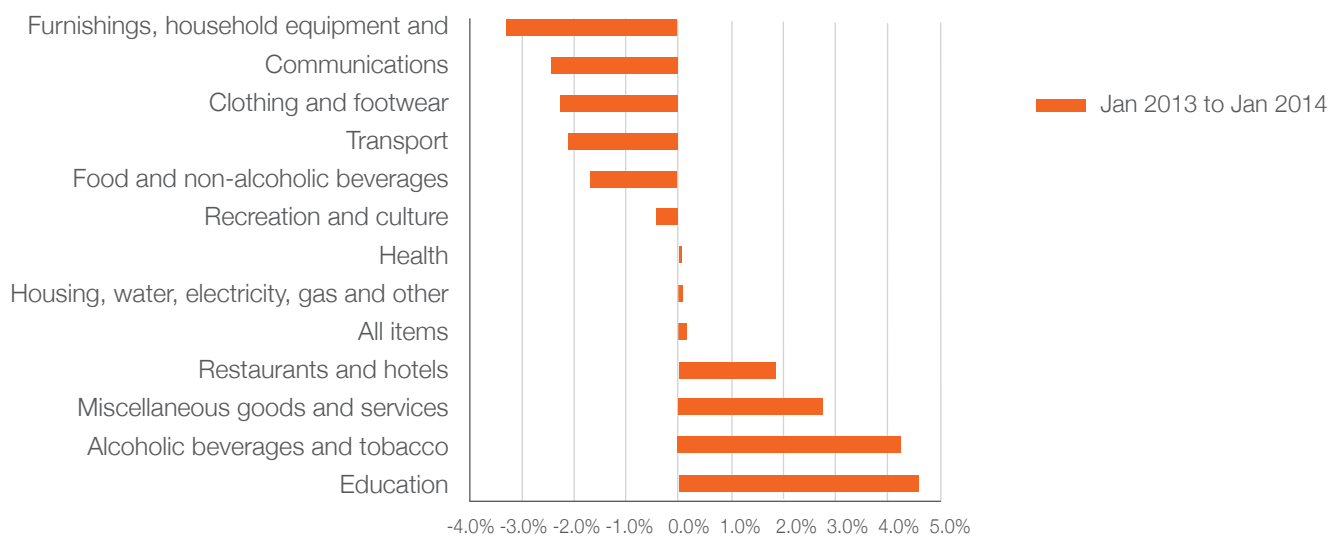
Figure 4: Irish productivity relative to most productive country for that sector



Source: Eurostat Quarterly National Accounts and own calculations

Note: Quarterly National Accounts data is highly volatile and subject to revision. As seen, Ireland is the most productive country for Information and communication and also manufacturing.

Figure 5: Price changes January 2013 to January 2014



Source: CSO Consumer price index and own calculations

The current unemployment rate in the EU15, minus Portugal, Ireland, Greece and Spain is 7.8%, leaving Irish unemployment at almost 50% above that in the non-programme EU15.

Some of these JB claimants are likely to have just moved to the JA scheme. The number of men on the Live Register has fallen by 25,474; with falls for both JA and JB claimants. JB claimants have fallen by roughly one-third (so the fall is due to more than just changes in eligibility) while JA claimants have just fallen. For men and women the changes in numbers on the Live Register are due to less new entrants, rather than an increase in people leaving the Live Register (suggesting that it is that fewer jobs are being destroyed for women, rather than more new jobs being created).

Using Eurostat data, in the third quarter real labour productivity per person increased by 0.4% compared to the previous quarter, showing returns to productivity growth (which was also seen in Q2 of 2013). Compared to the same period of 2012 productivity is down in a statistical 'blip' resulting from the so called 'patent cliff' in the pharmaceutical sector. On an hourly basis, productivity was stagnant compared to the previous quarter suggesting an increase in working hours per person above that reported in the EHECS data. However, the EHECS data is timelier so we can expect the productivity data to be revised. Within the EU Irish output per hour worked is second only to that in Denmark, with France coming third. Unit labour costs also continue to fall - by 1% compared to the same period of the previous year - while EU-15 labour costs were stagnant. This gives space for wage increases based on productivity gains.

Despite stagnant wages there has been a small increase in prices between January 2013 and January 2014. These price trends generally match the changing fortunes of economic sectors in terms of employment. For example, in line with changes in employee numbers restaurant and hotel prices have increased, while the price of recreation and culture activities have decreased. The continuing falls in nominal unit labour costs, at a time of low inflation, show that there is space in the economy for wage increases.

Comparing Irish with EU Unemployment Levels

It is often said that the Irish unemployment rate is converging with the EU average. That may be true, but the EU average hides a wide divergence. And, what countries are we comparing with? Ireland's standardised unemployment rate is 11.9 % (February 2014).

It would be normal to compare us with the EU15 – the 'old' EU minus the 2004 accession countries. In Q3 2013, the EU15 jobless rate was 10.7%.

However, now that we have officially exited the bailout programme we might consider comparing ourselves with other non-programme countries. (Spain is not officially designated a programme country but to all intents and purposes it is).

So where does this leave our convergence theory? The current unemployment rate in the EU15, minus Portugal, Ireland, Greece and Spain is 7.8 per cent, leaving Irish unemployment at almost 50% above that in the non-programme EU15.

Labour Market

Hollowing out the Labour Market

The current recession involved a massive adjustment in the Republic of Ireland's labour market. From peak to trough 15.2% (328,700) of jobs were destroyed private sector hourly wages remained remarkably stable (though there were falls in the public sector). These changes are usually discussed in relation to two causes. One is the extent to which changes were due to a once off collapse of an unsustainable construction bubble. Another is the extent to which jobs were lost due to the general impact of the recession (with the expectation being that these jobs will be recovered once the economy expands). A further (third) aspect, neglected in the public debate, is the extent to which changes in the labour market represent long term underlying trends. It is this third aspect that is the focus of this article.

Globally there has been an increase in inequality, and labour has been getting a smaller share of economic output. However, there is also a substantial international literature regarding growing inequality within the labour market. Two main trends have occurred, though to different extents in various countries. One is a pattern of higher employment growth and wage increases for top wage earners. The other common pattern is one of 'polarisation'. This means greater job growth for those at the top and at the bottom of the wage distribution, with a hollowing out of middle paying jobs.

Various ideas have been put forward to explain these trends. A common one is 'polarisation' or the hollowing out of middle paying jobs. Middle paying jobs such as clerical work tend to be more routine in nature and can be more easily computerised or off-shored than low paying jobs (such as cleaning) or high paying

jobs (such as legal advice). Job growth at the bottom could be due to former middle paid workers being pushed into lower paid occupations, while others manage to upgrade and gain better paid employment. In a form of 'trickle down' theory it has been suggested that higher incomes for those at the top can lead to an increase in demand for services such as house-cleaning, which tend to be low paid. Alternatively, deregulation of labour markets has been suggested as a cause for increase in low paid employment. While there is no consensus as to why wages are changing for those at the top; it is generally accepted that it is happening internationally. There is consensus that wages for the lower paid are largely determined by institutional factors such as the minimum wage and unionisation, but this does not explain changes in employment.

During the 2000s Ireland was unusual in not showing this pattern, with employment and wage increases for those in middle paying occupations. However, the construction boom masked the underlying changes in the structure of the labour market. Since the recession above average falls in the number of employees were found in the skilled trades occupations; administrative and secretarial occupations; and elementary occupations; while employment is actually up by 41,200 jobs (between Q3 2008 and Q3 2013) for managers, directors and senior officials; professional occupations, and associate professional and technical occupations. Though there is a lack of wage data available, the data that is available is consistent with Ireland following a pattern of polarisation, with employment and wage increases for those at the top, a hollowing out of middle paying jobs, and employment increases for those at the bottom, with wages largely influenced by institutional factors.

While much focus has been put into retraining unemployed workers, thought should be put into forming a national training programme for those currently in employment.

As there are three causes for job losses in Ireland, the policy implications differ depending on the cause of the job losses. For jobs that are lost due to the general down-turn in the economy such as in retail and hospitality a recovery in employment can be expected as the economy recovers. In particular, many lower paid jobs depend on a recovery in the domestic economy. Hopefully this will occur if austerity policies are reduced over the coming years.

For the other two causes, more long term structural policies are required. It is likely that construction employment has undershot a balanced level of employment. An investment stimulus would help to restore construction employment to a sustainable level. For other former construction workers, retraining for potential growth areas of the economy is required. In addition to the need for a general retraining of unemployed and under-employed former construction workers is the need to up-skill those in clerical and administrative occupations. As the loss of such jobs are due to long-term trends, a strong recovery of such jobs is not likely, and continued job losses can be expected into the future. While much

focus has been put into retraining unemployed workers, thought should be put into forming a national training programme for those currently in employment. Government policy should focus on normalising continuous training. Government could give greater priority to training during working hours, rather than rely on night-courses, in order to train people for upcoming challenges in the labour market.

The effect of government industrial policy on the demand for different types of labour should not be ignored. Current government policy is one of promoting export orientated growth. Export orientated firms tend to employ higher skilled and higher paid workers. Industrial policy should also be examined to see how it could promote other middle paying jobs, with stronger link between training policies and industrial policies likely to be beneficial. It is impossible to predict what trends in technology will occur in the future. It is possible that new jobs (such as web design) may emerge as middle paying jobs. However, even if this is to occur, training will be required so that people are in a position to take up such jobs.

Given the recognised importance of institutions such as unions for the low paid, unions have the crucial role to play in reducing the negative effects of polarisation. This can be done regardless of Government policy.

Agency Workers *Developments in Temporary Agency Law by Tom O Driscoll SIPTU*

The Labour Court has addressed the somewhat tricky notion as to how equal pay as and between agency workers and directly employed workers can be calculated in the absence of a formulaic equality provision under the (Protection of Employees), Temporary Agency Work Act, 2012. Interestingly, the Court's purposive approach in two recent cases had regard both to Hirer companies with, and without, collective bargaining procedures.

The Act provides for the principle of equal treatment for agency workers in respect of 'basic working and employment conditions to which he or she would be entitled if he or she were employed by the hirer under a contract of employment to do work that is the same as, or is similar to, the work



that he or she is required to do during that assignment.’ The provision was enacted on May 16, 2012 it also allowed retrospective to December 5th 2011 – the date the Oireachtas should have implemented the Agency Work Directive 2008/104/EC. In AWD 134, Robert Costello (SIPTU) v Team Obair, an appeal of a Rights Commissioner’s decision which said the claimant’s case was not well founded, the Labour Court considered the point as to whether an agency worker employed as a forklift driver should be paid the same hourly rate as a forklift driver directly employed by the Hirer. The difference in pay amounted to €5 an hour.

The Labour Court firstly observed that the points raised were “novel and are not governed by any authority of which the Court is aware”. The Court stated that it followed therefore that the case would be decided on the basis of “first principles”, which in essence meant the determination could well set out the core principles for consideration in future similar cases.

The hirer had declared that the present going rate for the job for direct hires was that which was presently paid to the claimant. The Court in response noted that ‘The rates specified in the notice furnished by the hirer are precisely those paid by the Respondent. It is at least probable that the information furnished by the hirer is predicated on the assumption that if the respondent can employ labour on those rates, it could do likewise. If a bare statement based on such a premise were to be accepted as definitive, the purpose of the Act and that of the Directive would be seriously subverted and the protection which they are intended to provide would be rendered nugatory.’

The Court also factored in the industrial relations situation at the enterprise noting that there was in place a collective bargaining structure with SIPTU and the hirer and that ‘there would be little or no chance of it (SIPTU) agreeing to accept rates for the employees of the hirer in line with those currently paid by the respondent.’

The Court overturned the Rights Commissioner decision and adjusted Mr Costello’s rate to €18.50, with effect from December 5th 2011, amounting to €20,000 in retrospective pay. Developing the purposive approach further, the Labour Court, in an appeal on a Rights Commissioner’s decision in 9 named Appellants (represented by SIPTU) v O’Reilly Recruitment Ltd (AWD141) adjudicated in a case where there were no collective bargaining structures at the Hirer, unlike Team Obair above. The Court examined section 2 further and specifically that part of the provision which read ‘basic working conditions... or any arrangement that applies generally in respect of employees or any class of employees, of a hirer, which includes pay.’ The Court went on to say that it must apply the arrangement that applies generally to directly employed workers. It rejected the argument put forward by the respondent that the comparable rate of pay was €8.65 should the hirer have recruited directly. This was in contrast to the €10.08 presently paid to workers which the respondent claimed was historic and a reflection of long service of current

Figure 6: Pattern of Wage Settlements in Manufacturing -figures from SIPTU manufacturing division Sector

Sector	Year	No of Agreements	Average Increase %	Average Length Mths
Pharmaceutical Chemical and Medical Devices	2011	14	3.95	24.86
	2012	22	4.75	30.55
	2013	22	4.51	28.77
	Q1 2014	5	6.08	32.4
Agriculture, Ingredients, Food and Drink Sector	2011	7	3.86	20.29
	2012	13	3.69	24.62
	2013	22	3.21	21.23
	Q1 2014	9	3.81	21.67
Electronics, Engineering and Industrial Production	2011	12	2.55	17.58
	2012	20	3.75	21.85
	2013	28	3.16	18.64
	Q1 2014	13	3.31	20.77

direct employees. The Court said it ‘cannot substitute a hypothetical rate posited by the hirer for the actual rate of pay that in fact generally applies to directly employed workers doing the same work as assigned agency workers’. They said to do so would defeat the purpose of the Directive and of the Act and thereby could not be lawful.

The Court directed that the claimant’s rate of pay should be adjusted upwards to €10.08 per hour from the minimum wage rate which they were currently receiving. This was backdated to December 5th 2011.

Where are the Casual Workers?

Those in work can be entitled to Jobseekers' payment if they are working less than full time. Examining the sectoral distribution of these payments is a proxy for the extent of atypical

work in a sector. As of end November 2013, thirty six per cent of all casual workers are in two sectors - wholesale/retail trade and accommodation and food services.

Figure 7: Sectoral Distribution of Casual Workers

Agriculture, Forestry and Fishing				1,809			
Mining and Quarrying						272	
Manufacturing							5,891
Electricity, gas, steam and air conditioning supply			25				
Water supply; Sewerage, waste management and remediation activities	398						
Construction							7,324
Wholesale and Retail Trade; Repair of Motor Vehicles and motorcycles	16,663						
Transportation and storage						3,260	
Accommodation and food service activities				13,397			
Information and communication activities				989			
Financial and insurance activities					1,008		
Real Estate activities							983
Professional, Scientific and Technical activities				2,800			
Administrative and support service activities				7,279			
Public Administration and Defence; Compulsory Social Security		2,293					
Education							2,692
Human Health and Social Work activities				5,012			
Arts, entertainment and recreation						2,191	
Other Service activities					4,160		
Households as employers and Extra-territorial Organisations		485					
Unclassified or unknown							2,558
All casuals at end-November 2013					81,489		

* using NACE Rev.2 classification of employer economic activity - Parliamentary question 10 Dec 2013, Deputy John Lyons

The countries with the largest percentage declines in the employment rate between 2007 and 2013 were Greece -12.1%, Spain -11.8%, Ireland -9.3% and Portugal -6.9%.

Who Employs Them?

Figure 8: Casual Jobseekers Recipients by Private Sector Employees

679	Dunne's Stores
306	An Post
284	Tesco Irl Ltd
279	Next Retail Ltd
275	Flexsource Ltd
223	Noonan Services Grp Ltd
188	Primark T/A Pennys
153	Noel Recruitment Ltd
150	CP Healthcare Ltd
130	Lidl Irl
129	Argos Dist Ltd
123	Grafton Recruitment Ltd.
120	Lifestyle Sports Ltd 1
116	Xtra Vision Ltd
115	ISS Irl. Ltd
111	Poundland Ltd
109	Heatons
107	TJX Irl.
105	G4S Secure Solutions Ltd
104	Noel Recruitment Ltd (Employer number other than at 8 above)

Parliamentary question 11 July 2013, Deputy John Lyons

OECD Society at a Glance 2014

The countries with the largest percentage declines in the employment rate between 2007 and 2013 were, in descending order: Greece -12.1%, Spain -11.8%, Ireland -9.3% and Portugal -6.9%. In each country the decline for men was significantly higher than that for women.

See the full table at:

<http://dx.doi.org/10.1787/888932966371>

The Troika & Collective Bargaining in Europe - John Hendy, QC

Collective bargaining coverage in Europe is under pressure from the neo-liberal policies of the Troika, especially the European Commission and in the shadow of the EU-US Transatlantic Trade and Investment Partnership.

Schulten has revealed that a report prepared by the European Commission's Directorate General for Economic and Financial Affairs (DG ECFIN) lists the following measures under the heading of 'employment friendly reforms':

- General decentralisation of wage setting and collective bargaining.
- Introduction of or wider scope for opportunities to derogate from industry-level agreements at workplace level.
- Limitation or abolition of the 'favourability principle', under which the most favourable agreed term provision in a hierarchy of agreements, will apply to employees. Typically, this means that workplace agreements may not provide for poorer terms and conditions than those negotiated at industry level. Limitations and reduction in the scope for the extension of collective agreements to non-signatory employers.

In addition, the recommendations also refer directly to:

- 'Decreasing bargaining coverage' and
- 'An overall reduction in the wage-setting power of trade unions'.

The principal means of achieving reduction of collective bargaining coverage in Europe has been the decline in national and sector level

bargaining and limitations on the extension of collective agreements to non-signatories. Yet industry-wide agreements and the extension of more limited agreements have been a central feature of European industrial relations and one reason for the success hitherto of the European economy and the standard of living enjoyed by its peoples.

Indeed, there is evidence that collective agreements have alleviated some of the impact of the financial crisis.

Schulten and Müller have identified four main constituents of the strategy advanced by the Troika.

The first is the termination or abolition of national-level collective agreements. The second aspect is the extension of the scope for workplace derogation from industry-level collective agreements so allowing workplace agreements to have unrestricted priority over terms and conditions agreed at a higher level. The third aspect has been the introduction of more stringent preconditions for extending collective agreements by legislative means to non-signatory employers. Finally, the fourth element is the dismantlement of the trade union monopoly over collective agreements and encouraging non-union employee groups to conclude workplace collective agreements.

The consequences of the strategy of radical decentralisation advocated by the Troika are already evident. Systems of collective bargaining that were once robust have been systematically eroded and destroyed. The collective agreement itself – as an instrument for collectively regulating wages and other employment conditions – is manifestly now at risk.

Thus in Greece, the Troika has demanded decentralisation and fragmentation of collective bargaining activity, away from national and sectoral levels to enterprise level. Part of the effect of decentralising collective bargaining in this way is, of course, that many employers take the opportunity to opt out. In consequence, collective agreement coverage has haemorrhaged. The Troika have also sought opportunities for bargaining to be conducted by non-union based employee representatives.

The ILO sent a High Level Mission to Greece as a result of which these changes were documented and strongly criticised by the Committee of Experts as violating the obligations of the Greek Government under ILO Convention 98. The Committee in particular criticised the procedures for the decentralisation of collective bargaining, and in particular the procedures permitting derogation from sectoral agreements by non-union associations of workers at enterprise level.

It expressed “deep concern” that the changes “aimed at permitting deviations from higher level agreements through ‘negotiations’ with non-unionised structures” were “likely to have a significant – and potentially devastating – impact on the industrial relations system in the country.” Indeed, the Committee expressed the fear “that the entire foundation of collective bargaining in the country may be vulnerable to collapse under this new framework.”

Similar initiatives have been undertaken in Romania, Spain and Portugal. In Romania the national collective agreement was abolished and sector level agreements much restricted in coverage. The effect on collective bargaining coverage has been catastrophic, a reduction from 98% in May 2011 to 36% at the end of 2012.

Notwithstanding the ravages of the Troika, and the insidious influence of the dogma of neo-liberalism, which flourishes despite the overwhelming economic evidence demonstrating its perniciousness, it remains the case that sector-level bargaining remains a common and thriving feature of the Northern and Western European States. Obviously the precise industrial relations structure differs from one country to another. On average across the EU, 62% of workers continue to be covered by collective bargaining. There are 10 countries with collective bargaining coverage of around 80% or more.

Extracted from a public lecture on the 'McGowan Judgement & Collective Bargaining in Ireland', by John Hendy QC, delivered on the 30 January, 2014 in Trinity College, in conjunction with Congress. The full lecture (video and text) is available here:

<http://www.ictu.ie/press/2014/02/06/congress-makes-collective-bargaining-complaint-to-court-of-human-rights-supreme-court-ruling-flawed-says-legal-expert/>



Overview of Academic Papers and Official Papers and Reports

Siemens sponsored ESRI research suggests wind energy could create up to 35,000 jobs

A recent joint Economic and Social Research Institute (ESRI) and Trinity College Dublin (TCD) report has stated that wind energy has the ability to create between 8,400 and 35,000 jobs. The report “An Enterprising Wind: An Economic Analysis of the Job Creation Potential of the Wind Sector in Ireland” was jointly sponsored by wind-turbine manufacturer Siemens and the Irish Wind Energy Association (IWEA). An investment in wind energy generation of between 4 Gigawatts (GW) and 12GW would cost between €8.4 billion and €35.9 billion in capital investment and €1 billion and €5.1 billion in operation and maintenance costs. This would create between about 5,600 and 16,800 jobs in the wind farm industry (with each job lasting an average of 10 years), between 1,000 and 3,900 jobs as part of the electricity grid, and up to 2,000 manufacturing jobs. The increase in demand would also create between 1,700 and 12,600 spin-off jobs. The report does state that to achieve the full jobs potential it is required to improve transport infrastructure, have an adequate export market and buy-in from local communities is necessary. However, the report does not state how many jobs would be lost in traditional power plants, nor does it deal with who pays for the power generation capacity needed on the coldest days which tend to have low wind volumes. The mix of fuels used in the all-Ireland energy market can be accessed at:

http://www.eirgrid.com/media/All-Island_Wind_and_Fuel_Mix_Report_January_2014.pdf

Report finds European bargaining regimes have remained stable over time

A new report by Eurofound (an EU agency based in Loughlinstown, Dublin) has found that wage-bargaining regimes have remained stable over time in many European countries. The report, ‘Pay in Europe in the 21st Century’, looks at changes in pay for various wage-bargaining regimes. Though over the long term the wage-share (the fraction of the economies output that goes to workers) has been shrinking across Europe, during the recession it has begun to increase in some countries. This has mainly happened in countries with a more centralised level of wage-bargaining, though countries that were worst affected by the crisis did not see such as change in trend.

The report also examines some of the effects of standardising minimum wage policy across Europe, looking at setting the minimum wage at 60% of a nation’s average (median) wage. It was found that this would have the largest effect in the Baltic countries, Germany, Ireland, Romania and the UK, due to the large number of low paid workers in these counties. Such a measure would mostly benefit women and low-paid workers as these workers are most likely to be in low-paid jobs. However, given that wage policy is specifically excluded from the EU’s powers, such a policy would require EU treaty change, or some form of ‘voluntary soft coordination’ at either inter-Government or European social partner level.

Low employment levels increases depression for older workers in employment

A recent paper Peer Groups, Employment Status and Depressive Symptoms Among Older Adults in Ireland has examined how the mental wellbeing for those aged 50 to 65 is affected by their employment status and the employment status of those around them. The paper, produced by Trinity College economists Eibhlin Hudson and Alan Barrett, finds that an increase in non-employment (such as unemployment or retirement) among a person's peers can decrease depressive episodes for those also not in work, but increase depressive episodes for those in work. This can be explained by the stigma of not working being reduced when there are large numbers of people out of work. For those in employment they could view that their peers have retired and are enjoying more leisure time, leading to resentment. Consistent with other studies, the findings mainly hold for men.

The authors consider the findings important due to attempts to promote longer working lives. Low employment among peers can lead to a dynamic whereby; as older people leave the workplace, those who remain will be more inclined to also leave, creating a vicious circle. Previous research suggested that a recession can create a new 'norm' of unemployment, so reducing the benefit to workers of finding employment.

No change in age people expect to retire, despite changes to age for state pension

The March 2010 decision to change the pension age had no major impact on the age people expect to retire, but the September 2010 revelation of the full extent of the banking

crisis did have such an effect. As economists expect individuals to react to policy changes, Trinity College economists Alan Barrett and Irene Mosca examined whether individuals approaching retirement age in Ireland adjusted their expectations following the Government's decision to extend the age for receiving the state pension to 66 in 2014, 67 in 2021, and 68 in 2028. The aim of this decision was to reduce overall expenditure on the state pension.

In the paper 'Increasing the State Pension Age the Recession and Expected Retirement Ages', the authors suggest the lack of a change in expectations could be due to either people not being aware of the changes, people not believing the changes would actually happen, or people believing the changes but still planning on retiring by the age of 65. The lack of adjustment to people's expectations is relevant as people will have less time to prepare and replace the reduced state contribution with other income, and lead to lower retirement income for pensioners. This is particularly the case for those in physically demanding occupations where a longer working life may not be an option. However, given that peoples' anticipated pension age did react to a worsening economy, it remains to be seen if peoples' expected pension age will fall again as the economy recovers.

Solas projects employment growth to be strongest for professional and skilled trades occupations by 2020

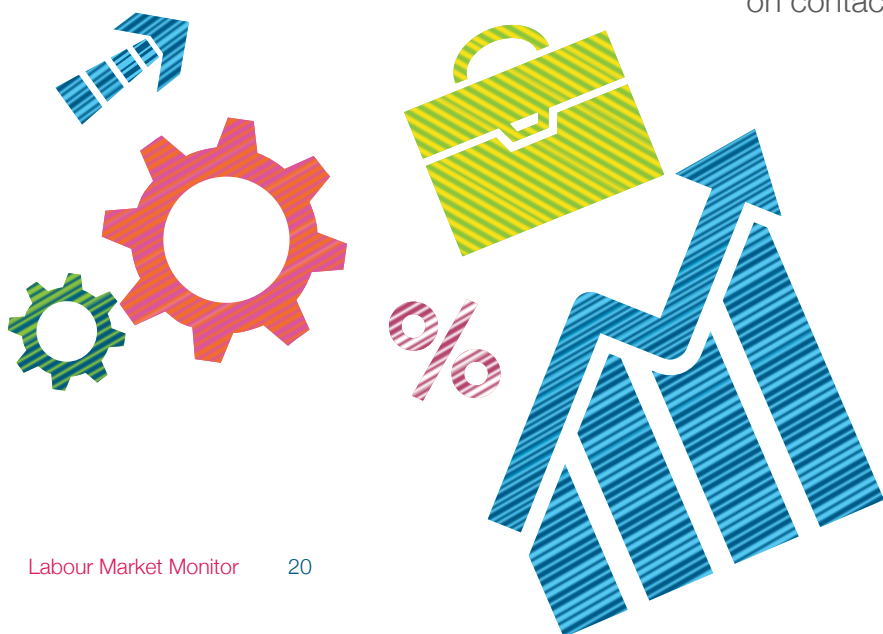
Solas (formerly FÁS) has released its Occupational Employment Projections 2020 report. These projections are based on the forecast scenarios of the ESRI's Medium Term Review. Employment is projected to grow for all occupations in all scenarios; with the exception of elementary occupations (such

as cleaners and labourers) in the scenario of the EU not returning to growth in the medium term. Solas anticipates that between 2012 and 2020 employment will grow by 20,000 to 40,000 construction jobs; 10,000 to 23,000 science, engineering and IT jobs; and 23,000 to 52,000 legal, business and financial jobs. Growth in sales related occupations is largely dependent on an expansion in EU exports. Operatives (such as plant and machine operators) are likely to shift from manufacturing to construction. Relatively slow growth is projected for education, health and social care occupations, and the number of farmers is expected to decline by 13,000. Overall the share of employment for skilled trades, managerial, sales, and operative occupations is projected to increase; the share of administrative, elementary and service occupations is projected to decrease; while the share of professionals and associate professionals is projected to remain stable.

Under all scenarios employment is projected to increase above 2012 levels (which already seems to be the case) with 80,000 to 280,000 jobs being created. Under all scenarios employment in manufacturing and agriculture is projected to fall, and employment growth will be greatest for those with a third level degree.

Reduced impact of education for exiting long term unemployment

Recent research from the ESRI has shown that the benefit of education in helping a person to exit long-term unemployment (relative to someone with only a primary education) fell between the years 2006 and 2011. The research, 'Lost in Transition? The Labour Market Pathways of Long-term Unemployed Individuals in Ireland Pre and Post the Great Recession', examines what affects how people move out of long-term unemployment. Applying directly to an employer, taking an exam or interview, waiting for a call from a public employment office or waiting for results from a public sector recruitment competition increased the chances of exiting long-term unemployment. The authors, Elish Kelly and Seamus McGuinness, note that though contacting a public employment service is reported to have a negative effect on exiting long-term unemployment, this can be explained as "claimants may be awaiting places on training courses". Asking friends, relatives or trade unions and studying or answering adverts in newspapers also reduced people's chances of exiting long-term unemployment. This shows the importance of directly engaging with, and applying to employers, as opposed to relying on contacts made through family or friends.



Europe and Beyond

In this issue we look at the European Vacancy Monitor, a quarterly bulletin published DG Employment. This survey is of limited use, being confined to vacancies notified to the public employment service; however, it gives an overview of the European labour market. The survey confirms stagnation in labour demand in the EU in the second quarter of 2013.

The ratio of unemployed to job hirings indicates the relative ease of hiring, or the relative competition for jobs among unemployed. This ratio shows the divergence among European countries.

Norway together with Denmark and Sweden, and Austria had a ratio of less than 1.0 indicating a shortage of labour. The next group of nine countries with comparatively low ratios of between 1.0 and 2.0, the older Member States consisted of Finland, Germany, Luxembourg and the Netherlands), together with Czech Republic, Estonia, Hungary, Latvia, with a ratio of between 2.0 and 3.0: Belgium, Bulgaria, Lithuania, Poland, Slovenia, United Kingdom and with a ratio of 3.0 and over: Croatia, Cyprus, Greece, Ireland, Italy, Portugal, Romania, Slovakia, and Spain

However, the monitor observes that 'In only four countries (Denmark, Hungary, Ireland and Lithuania), falling unemployment and increased hirings were coincident, indicating improving labour markets'.

Figure 9: The Top Ten Growth Occupations in Ireland:

Other clerical support workers	59,100+7,800
Primary school and early childhood teachers	42,200+5,300
Sales, marketing and public relations professionals	24,200+4,600
Finance Professionals	38,700+4,600
Waiters and bartenders	40,700+3,900
General office clerks	9,800+3,700
Sales and purchasing agents and brokers	28,800+3,500
Assemblers	24,200+3,000
Food preparation assistants	23,100+2,600
Administration professionals	23,100

The European Semester

This is a process of economic and social coordination, which feeds into member state budgets. It is the main reason why the budget is now in October rather than in December. Programme countries have been exempt from the semester reporting requirements, which means that Ireland is now in its first semester reporting cycle.

In January, the Commission issues its Annual Growth Survey, which sets out EU priorities for the coming year, which in February is discussed by the Council of the EU and the Parliament. In March, EU Heads of State and Government (i.e. the European Council) issue guidance for national policies on the basis of this survey.

In April, Member States submit their plans for sound public finances (Stability or Convergence Programmes) and reforms and measures to make progress towards smart, sustainable and inclusive growth (National Reform Programmes), and in May, the Commission assesses these Programmes. In June, the Commission provides country-specific recommendations as appropriate. The European Council discusses and endorses the recommendations. In June, the Council of the European Union formally adopts the country-specific recommendations. In the autumn governments take account of these recommendations in presenting budgets to their Parliaments.

There is a need for union involvement in all stages of this process, especially the drawing up of the NRPs and the response to the CSR's. This will be done at a national and at an EU level.

For a tabular description see http://ec.europa.eu/europe2020/pdf/chart_en.pdf

And Finally

Transfer of undertakings redundancy at a month's pay per year of service. Sound familiar?

IBM sold its factory on China's Shenzhen province to Chinese company Lenovo. The 1,000 workers were offered a continuation of their terms and conditions or one month's pay per year of service. They went on strike for a more favourable offer, following which twenty of their representatives were sacked. It now appears that over half the workers have accepted the severance package, so Lenovo will take over a half empty factory (Financial Times, Le Monde).



Notes



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