Note from the editor: [the world of work]

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In several issues of CLR-News we have paid attention to pay and working conditions in construction. Moreover, in other subject articles the emphasis was not only on the material side, but also the quality of the jobs, the development of the incidence of low-wage work, plus the market and institutional settings for labour conditions. Next to this we have published about cross-border mobility, workers' rights and such important sectoral themes as vocational training and health and safety on site. The focus has often been on Europe, the European Union and related policies.

In this issue we go to a certain extent beyond these borders. Although the items treated in the subject articles look familiar, the authors of the first three articles tackle problems in construction labour in non-EU countries and around the globe.

Swiss union officer Christopher Kelley examines the development of the construction industry over the years. He sees important structural changes that have led to more outsourcing, subcontracting and agency work. This definitely has had an effect on the quality of the jobs and the work performed (and probably also on the quality of the built project and the built environment).

In several reports Jill Wells has treated the complete erosion of the labour relation in the case of the migrant workers in Qatar. Her observations of the physical and psychological pressures on these workers have made clear why the international trade union movement is campaigning to stop the work for the future world soccer tournament. In her contribution for this issue (published as a blog in May 2014) she is reconsidering the labour contract and recruitment system that is used in Qatar.

An interesting comparison comes from Jens Lerche who reports from a large project dedicated to construction labour in India and China. The contributions demonstrate that the search for cheap labour is omnipresent.

The second part of the subject articles is the result of the work of Erasmus student Alessia Gramuglia. During a short stay at the Amsterdam
University she started with an update of the Shifting Employment study on undeclared labour that we published in 2006 (as CLR-Studies 5). The results of her stay are spread over two articles, one with me as co-author on the update of national activities in the field of undeclared labour. A second article is a brief introduction into the European debate on the proposal to create a European Platform against undeclared labour.

The report section includes a report on a recent LSE-conference on ageing. The review section opens with a brief contribution on Gerhard Syben’s book on the evolution of the supervisors’ tasks in construction. An important part of the review section is dedicated to ILO-publications. The International Labour Organisation prepared several papers and reports on topical labour market issues for its 103rd session, in May 2014. The content is directly or indirectly related to the main subjects of this issue of CLR-News. Therefore we have taken the reviews of two of these reports on board and we will review a third report in the next issue.

As usual, we will welcome your critical remarks and future contributions.
SWEATING AND STRUGGLING IN THE ‘WILD WEST’: REBUILDING POWER IN CONSTRUCTION ¹

Introduction
Zurich, Switzerland 2011: For outside observers, a perhaps peculiar site played itself out in a place better known for its supposed expertise in financial capitalism than for loud and creative resistance against the neoliberal practices born out of that. After marching through Zurich’s famous Bahnhofstrasse, around a thousand construction workers defiantly gathered outside the headquarters of the Construction Employers Association. Then, to almost everybody’s surprise and immediately grasping their undivided attention, a large building truck appeared and slowly reversed towards the building’s entrance. It then stopped just meters in front of the building and, to the enthusiastic applause of the loud, but disciplined crowd, it suddenly emptied a massive amount of snowy ice onto the centre’s entrance area. Seconds later, a few dozen workers scaled the newly erected mountain and proudly rammed union flags into the icy mass. In the background a union organizer could be heard speaking, or rather shouting, through a megaphone: ‘More protection. That’s what we want! More protection of working conditions, more protection from wage dumping! And we will fight for it if need be!’ In fact, this colourful ‘day of action’ was one element of a greater union campaign during the heated renewal negotiations of the collective labour agreement of the main construction branch, which after yet another four-year-term, was being renegotiated. There had already been a national demonstration in the Swiss capital of Berne, attracting roughly 12,000 workers, as well as numerous other events aimed at highlighting

¹ Christopher Kelley works in the national construction sector of the Swiss trade union Unia and is currently working on his dissertation at the Department of Social Anthropology, University of Zurich, ISEK-Ethnologie, Andreasstrasse 15, CH-8050 Zürich.
the main issue at hand: more protection from what is known as wage-dumping, the illicit violation of minimum wages, as well as from other, wider forms of precarisation.

This brief article summarises certain aspects of an ethno-graphic research project I carried out between 2011 and 2012 and my recently commenced dissertation research. Combining in-depth participant observation with critical political economic analysis, some of the everyday effects of the semi-global shift to the “market fundamentalism” (Stiglitz 2009) of today’s financial capitalism are explored and unmasked using a case study of the developments in the main construction trades in Switzerland. However, unable and unwilling to ignore the potential collective agency of the workers involved, a particular focus is placed on what these changes mean for social-movement-oriented trade unions wishing to revitalize themselves by organizing and mobilizing the growingly heterogeneous workforce.

Before continuing on to the particular changes at hand, it is important to emphasize the fact that the processes unfolding in Swiss construction must be perceived as embedded in a far vaster wave of neoliberal tendencies sweeping through large parts of the Western world and turning precariousness into a phenomenon that is “everywhere” (Bourdieu 1998). However, the distinct character and form these transformations assume are, needless to say, determined by a number of space and time factors on a local level, by branch specifics and finally by the shifting relations of power between labour, capital, the state and further actors enmeshed within.

**Shaky Construction: Subcontractor Chains, Precarisation Traps and the Workers therein**

What is particularly distinctive in Swiss construction, especially from a union and labour anthropological perspective, is the relatively elaborate system of social partnership and the therein embedded collective labour agreement (CLA) that has defined the wages and working conditions of the branch
since 1938. The current conditions of the CLA are some of the most favourable in the country from a worker perspective and reflect the remarkably high level of union membership as well as a certain degree of industrial action. The largest, strongest and most active union in the branch is the social-movement-oriented Unia. This said, a number of multi-layered processes inside the branch, as well as interconnected ones located within the wider political economic surroundings, have begun to gradually erode the terra firma (Beck in Ross 2009: 1) of the branch. Arising out of a vicious circle of what Marx encapsulated in the concept of the “coercive laws of competition” (in Harvey 2010: 146ff.) and a consequent emerging dynamic of fierce price- and time-pressure, a kind of “Wild-West”-state, as some union and media observers have come to dub it, has been born.

While this greater process touches upon a number of elements, their intensities varying from place to place and time to time, one of its most common manifestations is a general ‘economization’ of the number of workers assigned to a job, as well as, the speed at which the latter is to be completed. Silvio, an experienced worker living in Aargau, a border canton, sums up a sentiment that can be heard throughout the branch: ‘What really makes me mad is how they somehow expect us to have developed two more hands in the last few years. […] They expect you to do the same things as before with a third of the manpower and in half of the time!’ One of his colleagues, Leo, cynically elaborates that: ‘Then they wonder why people get hurt and the work falls apart a month later.’ A second and related phenomenon is to be found in the growing importance of temporary workers. Compromising around fifteen percent of the workforce in 2011 (Schiavi 2013: 117), the effect of temporary labour and the vulnerability it creates goes far beyond any simple employment status itself.

2. As is standard in ethnographies, the names of companies and people (‘informants’) have been changed.
An also related, yet potentially far greater menace looms, however, in a trend that has, in the past few decades, grown globally both in construction as well as in a number of other branches: subcontracting. This refers to a by now omnipresent system in which a general contractor or usually larger primary firm passes on certain tasks (or in some cases even the entire commission) to other firms. Handed down to the cheapest bidder at a fixed price, this is, economically speaking, only rational if done so at a lower cost than if the company would do the job itself. What’s more, many subcontracting firms have started to pass these contracts on to yet other subcontracting firms; of course again, at an even lower price. Thus, entire subcontracting-chains have started to come into play, reproducing and intensifying the already existing price pressure and automatically forcing the costs to be cut at each level in order to make a profit. This economic ‘challenge’ is often managed, not only at the cost of the quality of building, but especially at the cost of wages, working time, social insurance dues and health. It, thus, comes as no surprise that the increasing number of wage-dumping cases and other violations are often to be found entangled in these subcontracting-chains.

While the above represents simply the surface of far more complex developments, these cannot be described in more detail in this short article. Of course, similar, sometimes even more acute, processes have also unfolded in a number of other countries. To sum up, Swiss construction workers find the, generally commendable, working standards and wages guaranteed by their collective contract increasingly threatened by a gradually unfolding process of precarisation. From the perspective of many of the workers concerned, this threat gains further meaning when set in the more-or-less open labour market of Switzerland’s bilateral agreements with the EU, which provide a vast reserve of labour power. It is further intensified by the fact that while the construction economy of large parts of the EU is currently characterised by recession and unemployment, Swiss construction is booming. It seems
safe to say, however, that, if it were not for the intensive political work by the unions to increase the effectiveness of the existing measures against social- and wage-dumping, as well as the currently healthy economic state of the branch, the situation might be far worse.

**Uneven Affects and Fractionalization**

Although, especially Unia has done a rather effective job of resisting the breakout of a more widespread precarisation, waging an offensive both on an institutional level as well as on the construction sites themselves, this should not suggest that no significant changes have occurred. Before going into more detail, I will first let Marcel, a dedicated and experienced “man of construction”, lead us through a metaphorical tour of his construction site:

I’ve worked for Meier for 15 years and I’m all for the company, don’t get me wrong. I’m an Agfrässene [roughly translated slang for “a passionate one”]. But do you know what? There are hardly any Meier men [i.e. employees] left here [on the site]! You’ve got the temporaries that came yesterday, the temporaries that came today; you’ve got subcontractors from this firm, you’ve got subcontractors of that firm – you name it! There are only five of us here today from Meier and since we’re either qualified or have spent years in construction, we basically all take on the role of foremen – but don’t think we’re paid as such. I’ve got nothing against the others, really, but it’s just not the same thing.

While perhaps appearing banal, one point proves essential in understanding the processes at hand and the consequences thereof. While a wave of precarisation may be touching the entire branch, it has had uneven effects and affected the mass of workers in very different ways. What is particularly reflected in the scene above, is the fact that the gradually unfolding structural changes described in the previous section have not only led to a general pressure on wages and working conditions, but, on a far deeper level, to an increasingly fractional-
ized workforce. While in no way pretending to assume that the workforces of yesterday’s eras were in any way homogeneous, it is today’s building sites that are no longer, in the words of Marcel, perceived as ‘Meier-sites’, but are often rotating pools of permanent workers, temporary workers, subcontractors, etc. – ‘you name it!’ Not only producing a chaotic mosaic of different subgroups, this process also creates, not necessarily contradicting, but often very different particular interests, ambitions and anticipated as well as immediate threats, depending on the particular position of the worker in the process of production.

So, what does this mean when we shift our view to collective organisation and, especially, to mobilisation? If we follow the assumption that in a capitalist society, workers’ main power lies in their collective strength (Durrenberger 2007), then we arrive at the somewhat paradoxical conclusion that the very same process making the construction branch more precarious, simultaneously creates a more fractionalized and heterogeneous labour force in a more difficult position to collectively defend itself against that very precarisation. In other words, the same process turning the construction branch into the ‘Wild West’, at the same time makes it more difficult for the workers to tame (Kelley 2014).

Rebuilding Power: Participative Union Renewal in Precarising Labour Settings

During a discussion-workshop at a large Unia construction rally in mid-2014, one construction worker suggested, amongst a vast repertoire of other ideas, that, ‘We need to limit the number of temporary workers and make sure they get the same rights. It’s not only bad for them and us, it’s also harder to do something [i.e. mobilize]. But we will have to fight for it.’ Another one caught the pass: ‘We could organise solidarity rallies between temporary workers and permanent employees!’ ‘And we need to do more against the firms doing wage-dumping. Like we did with the Solidarhaftung.’ a third person added. While obviously intense discussion is needed
on the immense challenge of how to combat further precarisation and simultaneously overcome the fractionalisation arising from it, this seemingly superficial discussion does, in fact, highlight a number of important points.

First of all, while the above discussion obviously represents an exceptional situation, hardly directly representative of the thinking of the entire branch, it does allow us to discard any pessimistic determinism. While the fractionalization constructed may be ‘real’, the divisive effects thereof, i.e. the cognitive fractionalization, can indeed be overcome – especially when embedded in a dynamic of contentious mobilization. In other words, while mobilization can be hindered by the fractionalization at hand, when a dynamic of contentious mobilization is in fact sparked, it is precisely that process which becomes a counteracting force. Initiating such a dynamic, however, often forces unions to think outside the box and calls for comprehensive and innovative methods such as those covered in the umbrella term of organizing (Wetzel 2013). Yet, enough examples show that this is possible, even in precarious settings.

Second, the discussion points to the fact that, when pursuing strategies of revitalization, a union’s institutional engagement can only go hand in hand with a strengthening of the associational power of organized and active labour (Brinkmann et al. 2008; Schmalz & Dörre 2013). It would, of course, be nothing but foolish not to exhaust all avenues of institutional power. These, expressed in such institutions as generally binding CLAs and the flanking measures to the bilateral agreements with the EU, have not only managed to significantly curb the process of precarisation at hand, but can, under circumstances, also make it easier to organise and mobilise. That said, it would be just as naïve to forget that even the most favourable institutions can in no way and at no time substitute a labour movement alive and rooted in work

3. In 2012, after an intense Unia campaign, the Swiss parliament passed legislation holding prime contractors in construction liable for their subcontractors in the case of violations of minimum wages and working conditions.
sites and everyday life. Indeed, existing institutions often reflect and are a product of the concrete relations of power between labour and capital shaped by collective organisation and the capability to translate that organisation into industrial action.

And finally, it lays bare the fact that the process of labour union renewal, especially when set in a precarising labour setting, can only be achieved by authentic grassroots participation (Wetzel 2013). Besides the ‘political’ principle of democratic social-movement-unionism, empowering wage-earners to participate both in the realisation of campaigns, as well as in their original conception, thus making a union campaign their union campaign, is far more the only way possible to build a movement capable of actually having a chance of shifting the relations of power. This point is made again and again both in labour renewal research as well as in the everyday experiences of union organisers.

There are, of course, an endless number of question marks on this path and it is here that critical social sciences, especially the in-depth and down-to-earth ethnographic methods of social anthropology, can play a decisive role, not only in documenting and explaining this odyssey, but, also, in further developing themselves after years of either ignoring the labour movement or categorically declaring its inevitable demise (Brinkmann et al. 2008; Schmalz & Dörre 2013). Let us continue that journey.

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**Bibliography**

BE CAREFUL WHAT YOU WISH FOR

Qatar is embarking on a huge construction programme in preparation for hosting the World Soccer Cup in 2022. In common with other countries in the Gulf, Qatar is dependent on migrant workers from low income countries in Asia to provide its construction workforce. A study by Human Rights Watch released in 2012 has highlighted issues relating to the treatment of construction workers in Qatar, the most serious of which are: poor living and working conditions; low wages and failure to pay wages on time or in full; high fees charged by recruiting agents in the labour sending countries; false promises to workers about the salary, benefits and nature of the work to be performed few; and inaccessible avenues of redress. I have cooperated in several research projects; one of these aimed to assess the contribution that the construction industry (notably public sector clients and principal contractors) could play in addressing the above issues. The main recommendations in that project were, for example, the manda-
tory investigation of public sector clients of measures to improve the flow of funds down the subcontracting chain and contract clauses requiring principal contractors to pay the workers employed by subcontractors if they have not been paid. Principal contractors should also be required to set up a ‘hotline’ for workers to alert all stakeholders about delayed payment of wages by subcontractors.

In this contribution for CLR-News I consider what might happen if the controversial ‘kafala’ system (the sponsorship system, which provides the legal basis for migrants’ residency and employment that has been widely criticised for restricting the freedom of workers to change their sponsor) was removed. Human rights organisations have done a good job in exposing widespread abuse of migrant construction workers in Qatar, but they have paid less attention to proposing measures to tackle the issue beyond calling for the abolition of the kafala sponsorship system. Thus, the kafala has been widely criticised for restricting the freedom of migrant workers to change their sponsor and human rights organisations have been calling for it to be abolished. But if the kafala is abolished nobody is asking what will be put in its place.

This is a complex issue. The desire of Qatar and other countries heavily reliant on migrant labour to exercise some control over the migration and residence of foreign workers is not only understandable, but may also offer better protection to the workers than the alternative of a free and open labour market. Would the workers be better off under a system of uncontrolled migration? The exploitation by recruitment agents of migrants desperate for work in Qatar will not go away but with no sponsor there is less likelihood of work. Greater freedom for workers to switch between employers would almost certainly lead to similar demands from employers for the right to fire workers no longer needed. If the kafala is properly implemented, the worker is guaranteed work and will be better off so long as he is paid.
To understand why workers are not always paid we need to recognise the pressure for a flexible supply of labour in the construction industry and the system that has developed to accommodate it. In the past, contractors in many countries (including the Gulf) employed a large workforce directly and bore the risk themselves of at times having more workers on their payroll than were actually needed, while employing subcontractors only to provide specialist skills. Today contractors around the world outsource the bulk of their labour requirements, thus passing the task of balancing labour needs, and the risks involved, to subcontractors and particularly to labour-only subcontractors.

In most countries it is the workers who will ultimately bear the risk of a flexible labour system, with only short term contracts and inevitable periods of unemployment. But under the *kafala* the contract is for two years, so the risk rests firmly on the subcontractor who has to pay his workers whether or not he has work for them to do. The added risk to subcontractors of slow payment by the client and lead contractors for the work that they have done is well recognised and has been detailed in a recent EAP (Engineers Against Poverty) report. Model contracts and other recommendations to improve workers’ welfare are now putting even more responsibility onto the subcontractors who are the main employers of construction labour. Of course those who deliberately abuse the system should be punished, but assistance is also needed to help emerging contractors to meet their obligations.

One obvious solution would be to ban outsourcing and oblige all contractors (particularly lead contractors which are generally large international firms with financial backing) to take back the workforce in-house. Although worker abuse would not cease, it would be easier to identify and prosecute. However, efficiency would decline and tender prices rise. Qatar public sector clients could afford to pay but even wealthy clients like to drive a hard bargain, so it is unlikely to happen.
The alternative is to preserve the best parts of the kafala system and bring in other measures to address its abuse and the underlying reasons. EAP’s recent report recommended steps that could be taken by the industry itself to tackle the issue of late or non-payment of workers’ wages. The recently released report commissioned by the Qatar Government from DLA Piper has endorsed all of EAP’s recommendations and suggested ways in which the kafala could be modified to further protect the workers. Particularly important is the proposal that employers who fail to pay wages on time, or are in breach of other obligations to the workers, should forego their right to refuse a No Objection Certificate (NOC) for the worker to change sponsor. EAP supports all of the recommendations of the DLA Piper report. We call upon the Government of Qatar to accept them and also to consider commissioning research into the constraints facing contractors at the bottom end of the subcontracting chain.

Download the final report of the research via http://www.engineersagainstpoverty.org/documentdownload.axd?documentresourceid=25

Full version of the DLA Piper Report on Migrant Labour in the Construction Sector in the State of Qatar via http://www.engineersagainstpoverty.org/documentdownload.axd?documentresourceid=58
CONSTRUCTION LABOUR IN INDIA AND CHINA

A group of scholars from SOAS (UK), JNU (India), and Hong Kong Polytechnic University and Peking University (China) have researched labour conditions of the working poor in the construction and garment sectors in Delhi (National Capital Region) and the Greater Shanghai Region. For construction, the 2012–13 fieldwork concentrated on large-scale projects. We interviewed firms and labour contractors (Delhi: 45, Shanghai: 30), their workers (Delhi: 250, Shanghai: 132), government officials, party officials, union representatives and labour NGOs.

We focussed on labour recruitment and labour use. How does this affect labour’s conditions and ability to take action to improve their conditions? To what extent do labour regulations and social legislation affect employment relations and the conditions of workers? The details of the study will be published during the next year but a number of main findings are clear already.

The construction sectors in China and India are booming. China overtook the US as the world’s largest construction market in 2010 and India is ninth on the list. Construction employs 10% and 6% of the workforce in India and China respectively. The sector often plays a crucial role as first port of call for rural populations moving out of agriculture.

Central to labour conditions in Shanghai and Delhi was the absence of a formally recognised labour relation. The research

1. Jens Lerche is a Reader in Labour and Agrarian Studies at the School of Oriental and African Studies (SOAS), University of London, UK. This contribution is based on research reports by Ravi Srivastava and Pun Ngai. See also: Jens Lerche, Lui Aiyi, Henry Bernstein, Dae-Oup Chang, Lu Huilin, Terry McKinley, Alessandra Mezzadri, Pun Ngai, and Ravi Srivastava.
2. The work was supported by the Economic and Social Research Council–DFID joint fund for poverty alleviation research (grant number ES/I033599/1).
found that the construction industry in both countries was dominated by extreme subcontracting. Not only were the different stages of production subcontracted out, so were the labour relations. Labour contractors provided the overwhelming majority of workers. All but a few were domestic migrant workers, from faraway states and provinces - and overwhelmingly male, especially in China. While some labour contractors were legally registered, the workers they supplied to the construction sites were unregistered. The contractor was in charge of – and controlled – ‘his’ group of workers at the construction site, and paid the workers, normally at the end of the working year. In Delhi, no workers had a written labour contract, their continuous employment for the same contractor year on year was not recognised, and they had no access to the government-initiated social security scheme for non-formal workers. Moreover, the construction companies, which were the end employers, or principal employers, claimed that they had no responsibility for the employment relation or their employees.

This system also had profound implications in Shanghai. Here, 85% of the workers had no labour contract and were unable to prove the existence of a labour relation. None of the unskilled construction workers had a labour contract. Therefore they could not access the protection offered by the important 2008 labour contract law.

Labour rights were routinely flaunted, more so in Delhi than in Shanghai. These included the right to a minimum wage, to overtime pay, health and safety regulations, and migrant workers’ rights. Wages were far lower in Delhi than in Shanghai: the daily construction wage was $10 PPP in India – below the minimum wage – and $33 PPP in Shanghai. Forced overtime without overtime pay was the norm in both cases, as was weekend work (for which Shanghai workers were sometimes paid extra). Occupational health problems were common. Only in Shanghai was some protective clothing available.
A second core finding is the absence of the right to organise without intimidation and threat of violence. In Delhi the workers lived in temporary sheds, either on the construction sites or in large, unsanitary, labour camps. Worksites and living quarters were fenced in and guarded by the employer’s security service, impeding any contact with union activists and making research challenging. In Shanghai, workers lived in dormitories and food was provided in canteens, but with these better conditions came continuous firm control of the workers’ daily reproductive lives. Moreover, in Delhi, the unions did not prioritise the difficult-to-get-to migrant construction workers. In Shanghai, as elsewhere in China, the state-led unions showed little interest in organising migrant workers.

Domestic migrant workers also suffer from an absence of rights as local citizens. In China this absence is institutionalised through the hukou system. Since migrant workers have no urban hukou they have no urban rights, i.e. no access to urban employment exchanges, schools for their children, urban poverty programmes etc. In India, their lack of urban ID cards meant no access to subsidised food, housing rights etc. Politically the migrants are vulnerable as they do not belong to the constituency of the urban politicians. In China local government is often the major property developer with an interest in keeping construction costs low. The unions are part of the same local power structure as the local state, which cannot be to the advantage of the construction workers.

In spite of this, construction workers in Shanghai are more likely to take wildcat action than those in Delhi, in democratic India. This may relate to the tighter labour market in this part of China, to its socialist legacy and related expectations that the government is obliged to react to labour demands, and to the stronger working class identity which has been documented among migrant workers across China.

The workers interviewed in Delhi considered low pay to be their outstanding problem. In Shanghai they considered main
problems to be the absence of labour contracts and social insurance, closely followed by pay-related issues including late pay, and the absence of trade unions. In both areas the workers would turn to their own labour contractor for assistance – even though their problems resulted from the informal employment relation which the contractor was very much party to and a benefactor of. The Delhi workers had no one else to go to, while a third of the Shanghai workers said they could appeal to the government arbitration system. A quarter of these workers said that if need be they would take illegal, possibly violent, grassroots actions themselves, and three-quarters said they would consider this if the problem was a delay in their pay.

The research thus identified a ‘triple absence’: absence of formally recognised labour relations, absence of the right to organise, and absence of citizen rights. Presiding over this are mega construction companies, local and national governments and absent unions. They should all have a stake in improving the situation.

For further information, see ‘CDPR Development Viewpoint’, No’s 77, 78 & 80, https://www.soas.ac.uk/cdpr/publications/dv/
SHIFTING EMPLOYMENT REVISITED

In recent years several studies have been dedicated to the phenomenon of undeclared or illicit labour. In most EU member states the item is high on the political agenda, and the EU has commissioned over the years a series of surveys and analysis that deal with the item. Early 2014 the European Commission formulated a proposal for the installation of a platform on undeclared work (see the article of Alessia Gramuglia). One of the key sectors always associated with undeclared work is the construction sector. However, detailed studies that focus on the size, the features and the consequences of undeclared labour in the construction sector are still rather scarce.

The CLR-network examined in 2006 the phenomenon of undeclared labour, with specific regard to the construction sector. The resulting study, *Shifting Employment: undeclared labour in construction* (Shifting-study hereafter), gave evidence that this is an area particularly affected by undeclared activities with one of the highest incidence of informal labour. The sector is, in general, strongly sensitive to social dumping and unfair competition; undeclared labour is one of the irregular forms of employment that appear on the construction market\(^2\). In this contribution we want to update some of the findings of the study, based on a small survey that was undertaken in the summer of 2014. The update is based on the national input from four countries, and therefore the conclusions are necessarily of a modest character.

The approach of the Shifting-study

Although undeclared work is seen as a widespread problem, it is not possible to delineate a homogeneous concept, since there are many variations in the way of performing the same

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1. Alessia Gramuglia stayed as a trainee at the Amsterdam Institute of Advanced Labour Studies.
phenomenon in different countries. Nonetheless, it is possible to track down some common features among dissimilarities. Reference is often made to any work not declared to tax and social security authorities. The definition used by EU Institutions states that ‘undeclared work can be defined as any paid activities that are lawful as regards their nature, but not declared to the public authorities’. The European Commission adopted this definition with its Communication on undeclared work of 7 April 1998. But this designation was criticised as it was too much focusing on the legislative side of the problem. With their latest publications, the European institutions have complemented the earlier definition by adding ‘taking into account the differences in the regulatory systems between Member States’. Generally, when a broader definition of undeclared labour is formulated, one of the main problems is how to differentiate between forms of casual or atypical labour relations and, for instance, how to deal with the so-called ‘bogus’ self-employment.

The reasons for the existence of a hidden economy can be several; as a result different patterns performed by workers in different countries can be recorded. In a cross-border context one also has to analyse the impact of migrants. In many cases the main drivers come from the tax and social security system and undeclared work is closely connected to ways to circumvent tax and social security payments. Related to labour migration, undeclared labour also can be connected to the evasion of working conditions and workers’ rights. Thus, several configurations of undeclared labour can be traced, and the attempt to establish a unique strategy appears a wasted effort.

The Shifting-study referred to a distinction made by the OECD between underground and informal production. This demarcation distinguishes the deliberate concealment of legal activities to avoid payment of tax related profits, from non-registration of employees and unreported income from the production of legal goods or services. The research described
four patterns of undeclared labour: informal individual - own account; moonlighting (irregular work next to a regular one); informal undertakings and pyramid of subcontracting. In the study different perspectives were provided, using different dimensions:

- a differentiation between activities that result from autonomous and independent (individual) action and activities belonging to organised dependent undeclared work or undeclared activities by undertakings;
- work that is completely informal and unregistered (as a part of the underground economy) and undeclared labour that is part of registered work in a formal context (but under-registered);
- the role and dynamic between the main actors (employee, employer and the user);
- the character of the performed work (additional, small scale or a substitution for work that belongs to the hard core of the construction business);
- the position of the actors on the labour market and other labour market dynamics.

The first category, informal individual - own account, stood for a type of undeclared work based on manual labour (repair, maintenance and small installation) with private households as the main customer. This informal part of construction is basically undertaken by individual craftsmen and ‘bogus’ self-employed; payment is cash-in-hand and completely undercover.

Moonlighting is a type of undeclared activity that flanks a normal occupation; as such it can also be the undeclared part of work in a normal labour relationship (with a regular contract and the presence of an employer). The irregular activity is own account executed next to the ordinary work, performed for the own employer as well as for the customer. In this last case, mutual trust is needed between the worker and his employer, as in some cases the customer is not even aware of the undeclared character.
A third pattern, informal undertakings, differs from the previous models as it is organised in a collective way: groups of undeclared workers work underground via an agency, a gang master or an informal employer. The product’s liability is guaranteed only by a gentleman’s agreement, this type of work is usually performed by low-skilled and illegal foreign workers.

The last described pattern was the pyramid of subcontracting, with a client that is completely out of sight. The work is split in a chain of subcontracting ending up in a grey zone, with the result that part of the site becomes undeclared. Not all the performed work is irregular, in fact, on top of the pyramid of subcontracting, there are regular and completely legal undertakings and contractors.

Undeclared workers at the lower stratum are recruited via advertising and informal networking. Alongside this classification of different ways to perform undeclared labour, the outcome of the Shifting-study underlined several national policy approaches to face and prevent undeclared labour in the construction sector. This policy was classified in three categories: the integrative policy that is regulation-oriented; the enforcement policy that is based on control and sanctions and the promotional policy that aims to highlight the positive effects of regular work.

Summarising the research findings, it is possible to provide some outcomes about the nature and size of the undeclared labour in construction sector. The Shifting-study underlined the existence of different categories of workers involved in undeclared labour in construction: regular wageworkers, ‘bogus’ self-employed workers and non-registered workers. Most of the existing measures to tackle the shadow economy (for instance the ‘service cheques’ introduced in some countries) were qualified as not tailor-made for the construction sector; as a consequence these measures were often not effective. Indeed, different categories of undeclared workers require different measures. As their status on the labour market
differs, differentiated treatment and measures need to be
designed. Another problematic issue concerned the self-
employment status. This status can lead to an extreme abuse,
e.g. to circumvent payment of social security taxes and other
social contributions. It was recommended to provide genuine
self-employed with possibilities to enter into labour market
organisations and must have better opportunities to be repre-
sented. In generic terms, an improvement was recommended
in the overall coordination and in the cooperation of the la-
bour inspectorate and other inspection services.

Within Member States, a number of measures have been tak-
en. In 2006, some measures were still in their initial phase,
and therefore it was difficult to assess their effectiveness and
importance. In the next section an update in the field of pre-
vention and deterrence is given. The measures adopted are
different, as well as the impact they had on the affected
economies.

**Belgium: from own account to fraud**

In Belgium the law of 6 July 1976 to suppress illicit work of a
commercial or craftsman nature provided a legal definition of
illicit work, only referring to the informal individual work for
own account. It did not contain measures against other ap-
pearances of undeclared labour. With regard to the main ac-
tors involved in the shadow economy, young households and
low-skilled workers were said to belong to the core categories
involved.

Currently, the authorities use the notion of the ‘underground
economy’, divided into black activities, illegal activities, infor-
mal work, unpaid domestic work and a rest category of non-
observed economy. According to the description given, the
black activities fit in the commonly used definition of unde-
clared labour (evasion of taxes and social security payments,
circumvention of labour law and other mandatory provisions).
Applied to the effect on the labour market, undeclared work
is either work that is not registered or under-registered. How-
ever, the demarcation with the other forms is not very clear.
For instance, the non-observed activities are not registered by the authorities, but might easily fit in the category undeclared\(^3\).

The official website provides an overview of the current policy.

<table>
<thead>
<tr>
<th><strong>Statistical level</strong></th>
<th>In compliance with European directives concerning the implementation of the European System of Account, the GDP is computed in an exhaustively way, that takes into account an estimate of the income from shadow economy’s activities.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Political level</strong></td>
<td>In 1999 the Secrétariat d'Etat à la Lutte contre la Fraude Fiscale was introduced, with the purpose to drive the fight against social fraud, but it was deleted in 2007. In the same year, on the occasion of governmental talks, a debate was opened about the introduction of a coordinating agency against social and fiscal fraud.</td>
</tr>
<tr>
<td><strong>Administrative level</strong></td>
<td>A number of measures have been adopted. Particularly important is the establishment of scientific research projects focusing on the underground economy and illegal work including a feasibility study for a permanent observatory to measure the extent of the underground economy and the organisation of national surveys of the population regarding moonlighting in 2008 and 2009.</td>
</tr>
</tbody>
</table>

It has been calculated that one fifth of the population at working age performs undeclared labour full time, part-time or occasionally. The nationality of undeclared workers is in the first place Belgian. In a given ranking of other nationalities involved, Eastern Europeans are placed on top, with a second and third position for respectively Portuguese and non-EEA workers. Workers are low to average skilled and specially smaller and medium sized enterprises are said to be more involved than bigger companies (it is stated that 90% of the bigger companies are clean).

3. [https://www.socialsecurity.be/CMS/fr/about/displayThema/about/ABOUT_6/ABOUT_6_1/ABOUT_6_1_1.xml](https://www.socialsecurity.be/CMS/fr/about/displayThema/about/ABOUT_6/ABOUT_6_1/ABOUT_6_1_1.xml)
Concerning the legislative measures, a very important step has been undertaken with the modification of the so-called ‘withholding obligation’ (or the Article 30bis-procedure), whereby every contractor in a chain is jointly liable for the payment of the social debts of every contractor who is not registered and is involved in the execution of the undeclared work. The procedure was modified in 2012 with an addition of an article 30ter that strengthens the responsibility between a client, a main contractor and eventual subcontractors.

**The Danish case: it is all about taxation**
The appearance of undeclared labour is always ‘explained’ by the very high tax level in Denmark and a mutual feeling among customers and service providers that, from time to time, it is acceptable to carry out small services without involving the tax authorities. This problem generally concerns the comparatively innocent occasional activities of households. However, a more serious problem is conscious social fraud combined with doing undeclared work – in other words, when a person works in a company or shop without paying tax and at the same time receives unemployment benefits. These types of activities were detected in the hotel cleaning industry, where women from outside Europe – mainly Asia – were forced to work for a low wage while receiving supplementary benefits or full benefits at the same time. The *Shifting*-study stated that the main matter of undeclared work in construction was bogus self-employment. The volume of undeclared work had in general declined in the period 2001 to 2005. In 2005, workers performed 153 million ‘undeclared’ hours compared with 207 million hours in 2001. EU enlargement in 2004 resulted in an unexpected and relatively high influx of eastern European labour migrants. The fair play programme developed some special control and cooperation initiatives among the social partners, tax authorities, Danish migration service and the police with the aim of reducing illegal work activities. But, tax system-related measures were still seen as indispensable.
The government has developed two specific actions in recent years. The first is the tax regulation system, the second concerns inspection and measures to be adopted in the working place (see scheme).

**Finland: monitoring sites and liability**

Earlier studies always placed Finland in the category of countries with a rather modest level of undeclared activities, with the share of the black economy remaining at the 1990s level. After the EU enlargement, an increase activity of Finnish companies established in Estonia and an increasing activity of temporary agency workers can be observed. In recent years, the protection of posted and/or migrant workers has become an important issue. Currently, undeclared work is responsible for a significant proportion of total output in the economy,

<table>
<thead>
<tr>
<th>Home-Job Plan</th>
<th>It involves a tax deduction of 15% for each person of the household above 18 years of age for work done at home. The measure is targeted especially at micro and small companies in construction, such as plumbing and heating, electricity and building. The administrative solution ensures that payment is perceived as simple and safe. The scheme is thus ‘self-monitoring’, because too high a deduction for the purchase will result in too high a tax on the person who does the work. The tax value of those deductions is around €121 million (DKK 900 million)4.</th>
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<tbody>
<tr>
<td>New inspection rules against undeclared work</td>
<td>From July 2012, all services amounting to €1,345 (DKK 10,000) and more had to be paid digitally. Furthermore, the Ministry of Taxation is able to inspect private property if outdoor work of a professional nature is being done and all service providers will be asked to show ID. From 2013 it is also obligatory to have visible signs and logos on the construction site and on company cars. Light domestic work for young people under 16 years of age, as well as helping out friends and neighbours, are tax free, and pensioners are allowed to earn up to DKK 10,000 a year through domestic work without paying tax5.</td>
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particularly in certain economic sectors such as construction, hotels and restaurants, or personal services.

<table>
<thead>
<tr>
<th>Subject articles</th>
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<tbody>
<tr>
<td>Tax refund system</td>
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<tr>
<td>Finland decided to introduce a tax refund system to</td>
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<td>help legalise simple maintenance and repair and</td>
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<tr>
<td>curtail the level of undeclared work in small</td>
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<td>household repair activities. Households are eligible</td>
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<td>for a tax refund when they show an official receipt</td>
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<td>provided by the company completing the renovation</td>
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<td>work⁶.</td>
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<tr>
<td>The contractor’s obligations and liability when</td>
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<tr>
<td>work is contracted out</td>
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<td>This measure requires the party responsible for a</td>
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<tr>
<td>construction project to obtain the necessary</td>
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<tr>
<td>guarantees that subcontractors will fulfil their</td>
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<tr>
<td>various obligations. It places the responsibility</td>
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<td>on users of subcontractors to determine that</td>
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<tr>
<td>employers meet their obligations. Contracting</td>
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<td>parties are required to ask for and obtain</td>
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<td>documents that verify certain registrations and</td>
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<td>payment of taxes as well as a reference to an</td>
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<td>applicable collective bargaining agreement or</td>
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<td>corresponding conditions. Depending on the results</td>
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<td>of the background check, contracting may be subject</td>
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<td>to penalty. The contracting party must inform its</td>
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<tr>
<td>employee representatives of subcontracting or the</td>
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<tr>
<td>use of employment agency workers⁷.</td>
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<td></td>
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<tr>
<td>Reverse VAT in construction</td>
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<td>Reverse VAT is a system used in the construction</td>
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<td>sector in which VAT is paid by the buyer (main</td>
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<td>contractor) as opposed to the seller (subcontractors),</td>
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<td>as is usually the case. The purpose is to ensure the</td>
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<td>due collection of VAT and discourage the use of</td>
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<td>undeclared work. The reverse VAT system turns around</td>
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<td>the normal way in which VAT is collected. As it is</td>
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<td>applied to construction services, the party that is</td>
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<td>mainly responsible for a construction project</td>
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<td>disburses the taxes to the tax administration.</td>
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<tr>
<td>Subcontractors do not charge VAT in their invoices</td>
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<td>to the main responsible party. If there is a chain</td>
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<td>of subcontracting, as is typical, all invoicing</td>
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<tr>
<td>excludes VAT, which is only disbursed at the top of</td>
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<td>the chain. The reverse system only applies to</td>
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<td>services, not materials, and private individuals as</td>
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<tr>
<td>clients are excluded⁸.</td>
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<td></td>
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<tr>
<td>Obligatory personal ID in construction</td>
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<tr>
<td>An additional measure to limit the functioning of</td>
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<tr>
<td>the underground economy is the compulsory use of an</td>
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<tr>
<td>identification (ID) access pass system for workers</td>
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<tr>
<td>on construction sites, which can be used to monitor</td>
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<tr>
<td>the shadow economy and illegal labour. It can also</td>
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<tr>
<td>serve to promote industrial safety⁹.</td>
</tr>
</tbody>
</table>
The Netherlands: a more integrative approach is needed

Recent legislative measures undertaken by the government to tackle undeclared labour focus on the issue of migrant labour; in most cases these workers are even paid less than Dutch undeclared workers. As the provision of services is free for all EU citizens, every self-employed within the EU borders (also Bulgarian, Romanian and 3rd country nationals) can enter the labour market without a work permit. Notification of service provision with posted workers or self-employed is mandatory, but is limited to the type of work, the location and duration and the client or user undertaking, not the size of the workforce. Bogus self-employed are often recruited in the home country and then sent to the Netherlands without any knowledge about their rights, working conditions and wages. They often do not know that they are registered as self-employed in their home country. Bettin has documented the use of self-employment as a means of avoiding the temporary transitional measures. Own-account EU2 self-employment in the Netherlands and Belgium had a share of up to four times higher than nationals. The subsequent effect was underpayment and a downward pressure to working conditions. However, reliable data are scarce (as next figures show). In a study delivered to the parliament in 2011 the estimation is made that at least one third of the self-employed is not registered at all in the statistics (for Romanian and Bulgarian up to 50%).

Posted workers often lack information about their residence or work status, and their rights or obligations. They rarely know their employer and their jobs hang in the balance from one day to the next. The main item is non-payment of applicable wages and problems with working hours/non-respect of overwork. Third item is the skills-job mismatch. Finally, the impression from recent cases is that there is to a certain extent an abuse of the social security legislation. Workers from Eastern Europe mainly find employment in the construction and steel industries, although they also work in sectors such as agriculture, horticulture, and cleaning. Illegal employment practices in the horticultural sector feature regularly in the news. A large number of posted workers can be found in the construction industry. Union representatives often picket large-scale building projects to tell foreign colleagues of their rights and of the applicable collective agreements.

Until recently, the key problem was the lack of enforcement and of coordination between the different inspections and competent authorities. The enforcement methods were fragmented and essential tools were missing (registration of workers, decent notification of posting and regular check of respect for the social security obligations). The Labour Inspectorate can prosecute an employer when there is a question of underpayment, no holiday allowance paid or the employer fails to present information about the sort of work or terms of employment and/or number of hours.

<table>
<thead>
<tr>
<th>Total number of self-employed workers</th>
<th>In total 73,000 to 100,000 self-employed are active in construction (with an estimated 2,000 from CEE-countries).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of cases of false self-employment</td>
<td>No reliable figures (estimates vary from 20-70%, this includes the Dutch self-employed).</td>
</tr>
</tbody>
</table>

13. EIB (2012) Verwachtingen bouwproductie en werkgelegenheid 2012, Amsterdam. The percentage is from Zwartboek schijnzelfstandigen (2012); however, the underlying data cannot be verified.
Final remarks
The reasons for the presence and development of the hidden economy essentially are in general clusters into two groups of motives: 1) market entry costs (e.g. registration fees, bribes, permits and licences, ensuring utility access, hiring workers) and 2) costs of market operations in full compliance with all legal requirements (payment of taxes and social security contributions, conformity to labour legislation and the various sector-specific regulations). The main literature links the bulk of the shadow economy to the circumvention of barriers to the market entry, and a smaller part to market operation costs. Consequently, control and law-enforcement systems should ensure a high level of compliance with legal regulations of the companies in the official economy and present a real threat to business operating in the underground economy. The country reports show different measures that European States have adopted to tackle undeclared work. The most dominant measures are to monitor and sanction illicit migrant labour.

Looking at the list of proposals and measures implemented, it is possible to trace the patterns of undeclared labour that are seen as the most problematic (or political sensitive). At the same time, some questions arise: which of the measures have proven successful elsewhere or in the past? How will their effectiveness be monitored? Good practises suggest that there is no universal solution to uncovering the hidden economy, since what has worked in some countries, has proven ineffective in others. Thus, when developing a sound policy system, it is necessary to take into account the national specifics as well, both economic and sociological ones. Among the countries treated here, we can distinguish several solutions that respond to the models previously described. In the Shifting-study three approaches were defined in the policy against undeclared labour. Some of the new instruments are strictly related to economic features and problems. For instance, in Finland and Denmark, where the undeclared work is mostly caused by the tax-regulation system, the integrative approach
is dominant. The Home-Job Plan in Denmark and the tax refund system and reverse VAT in construction, implemented in Finland, have as objective to foster the transfer of certain types of undeclared labour into the official labour market, by offering to the actors involved better outcomes as they would gain performing hidden economy. Additionally, in Denmark it is possible to highlight a mixed approach, since measures of the enforcement approach are also implemented, like the inspection rules against undeclared work, that entail the enforcement and the improvement of inspection and control of service providers. The use of an enforcement approach is visible also in Belgium, where a number of initiatives have been settled to improve the coordination against social and fiscal fraud and to obtain a clear estimate of the extent of underground economy. In the Netherlands, the legislation to fight undeclared labour has been oriented to the issue of abusive migrant labour. One can question this approach.\footnote{See: Cremers J. and J. Janssen (2008) Undeclared labour: don’t blame the migrants, Transfer, Brussel, 4/08}

From this update, it is possible to formulate some conclusions about the dominant measures and their effectiveness. Control and sanctions are the most introduced tools by governments, but from some national experiences, we can affirm that tight control often only have a short-lived effect in terms of curbing the hidden economy. It is necessary to develop initiatives to enhance the effectiveness and to ensure voluntary compliance on the part of business. A key factor for the achievement of results could be concerted action of control authorities on major offenders. In this sense, the authorities would need to coordinate actions (and sanctions) against notorious offenders. At the same time, it is necessary to seek a permanent change in the perception of the shadow economy in terms of costs and benefits by the citizens and businesses. In this respect, control authorities should adopt standard systems of monitoring and assessment of implemented policies and control measures, including those aimed at reducing hidden economy. The assessment of the impact of a given measure...
could be structured around two pillars: implementation process efficiency, i.e. the rational use of resources for the achievement of optimal results, and output effectiveness, i.e. the broadest possible scope and effect of the result achieved in terms of clearly set goals. The main purpose of such a system would be to reduce resource expenditure, particularly in control and sanctioning activities.

Looking at measures adopted by the countries analysed, it is possible to evaluate instruments’ effectiveness and obstacles. Among the instruments previously examined, the most envisaged in current debates are the use of an identification (ID) access pass system, especially in the construction sector; and reforms of tax-system regulations. Regarding tax-system regulations, different measures have been implemented. The reduction of VAT can be particularly attractive for smaller businesses. In the Danish case, the Home job Plane has been a success. 270,000 people used the deduction in 2011 and by far most of the deducted wages took place in construction. Furthermore, the initiative of a tax deduction for home services – also called the ‘craftsman deduction’ – was very well received by the trade association, the Danish Federation of Small and Medium-Sized Enterprises (Håndværksrådet), which is an important political force for small craftsman enterprises. The Finnish Tax refund system brought enterprises that previously operated on an entirely informal basis to the advance tax register and consequently under the scope of the taxation system.

The measures that are considered or introduced are not necessarily self-evident. Concerning the ID-card, significant differences can be observed in the use of personal IDs and it is possible that subcontractors might not comply with the contractor’s guidelines if the contractor does not have sufficient resources to monitor the situation. The potential gain from criminal activities still outweighs any eventual fine. And work conducted without an official receipt is still very common, even though the reforms of tax regulation system have
Subject articles

changed the situation somewhat. In general, the experience with most measures shows that a common instrument to fight shadow economy is not realistic, rather tailor-made measures are required to face this phenomenon and measures that have been found productive in one place need adaptation elsewhere to the local market. When a measure against undeclared work has to be implemented, some features of the economic and sociological structure have to be borne in mind, such as the size of companies, the level of trust in the institutions on the part of the public and the business, the enforcement of sanctions, the quality of public services and the capacity of controlling institutions, to mention just a few.
THE EU PLATFORM ON UNDECLARED LABOUR – FEASIBLE AND NEEDED?

Dealing with undeclared work is high on the political agenda in Europe, both at national and EU level. With its communications, the EU Commission describes the fight against the undeclared economy as one of the main problems affecting the European economy, requiring a policy mix based on prevention measures, improved law enforcement and the application of sanctions, placing particular emphasis on the use of information campaigns aimed at increasing fiscal morality. The purpose of this policy is, first of all, to prevent workers from entering undeclared work, as well as to favour transition from undeclared to declared work. The European Commission defines undeclared labour as any paid activity that is lawful as regards its nature but that is not declared to public authorities, taking into account differences in the regulatory systems in Member States\(^1\). According to a Eurobarometer survey carried out in 2013, around one in ten Europeans (11%) admitted to having bought goods or services involving undeclared work in the previous year, while 4% conceded that they had performed undeclared work\(^2\). The survey reflects the incidence of the phenomenon in a wide range of sectors and uncovers significant differences among Member States.

**Basic thoughts on drivers and societal impact**

The European Commission concentrates on the one hand on measuring the size of the phenomenon; on the other hand, the attempt has been to manage the issue within a European framework, in order to achieve a more effective approach. A first Communication from the Commission of 7 April 1998 on undeclared work presented a review of its causes and impacts and highlighted some experiences. Undeclared work was

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qualified as a form of social dumping that introduces unfair competition between firms on the basis of low wages and the non-payment of social security benefits. Above all, it leads to working situations that violate the rights and dignity of workers. The Commission interpreted the problem of undeclared work as a situation in which individuals or firms take advantage of the system, damage solidarity, and secondly as the outcome of the inappropriateness of legislation to new forms of work. The main impact has been identified on public finances, due to the resulting tax and social contributions revenue losses. Another aspect considered in the Communication, was the effect on individuals and society. Workers performing undeclared activities are not covered by unemployment insurance or insurance against workplace accidents. Consequently they abstain from all the benefits of working with a formal contract, such as training, obtaining career advancement, pay rises and a sense of belonging to the firm. Therefore, the Commission pointed out the importance of reducing the economic incentives for not declaring work and to change the risk/advantage balance. The 1998 Communication prepared the ground for an EU-wide policy debate on undeclared work, which culminated in the adoption of the common policy approach set out in the Employment Guidelines 2003-2005. The Guidelines advocate a balanced mix of prevention (notably through well adapted tax-benefit and administrative regulations) and awareness raising, sanctions and law enforcement. This policy mix was further articulated in the Council resolution of 29 October 2003 on transforming undeclared work into regular employment, which also called for action by the social partners. The approach deepened in the 2008-2010 European Employment Strategy Guidelines and in the Employment Guidelines contained in the Europe 2020 Integrated Guidelines. The EC envisages different measures, including a legal and administrative framework encouraging declared work (e.g., simplification of administrative procedures) and a system of strengthened inspections and penalties. The EC is concerned about the lack of coordinated mutual learning; this problem has been emphasized in a European Parliament reso-
olution in 2008, calling on Member States to step up the fight against undeclared work.

According to Renooy and Williams it is possible to distinguish various groups in society who face consequences: governments, legitimate businesses, individuals and businesses working in the undeclared economy, and customers. For governments, the main problems are both economic and social: a loss of state revenue in terms of non-payment of income tax, national insurance and VAT and the knock-on effect in attempts to create social cohesion at a societal level by reducing money available to governments to pursue social integration and mobility. Businesses operating in the legal economy are particularly affected by unfair competition from illegitimate enterprises. The ‘race to the bottom’ away from regulatory compliance can entice legal businesses to enter the hidden economy. On the other hand, businesses operating in the shadow economy are in a disadvantageous position operating outside, or at the margins, of the declared economy. Individuals workers in the shadow economy experience lack of access to health and safety standards in the workplace, lack of employment rights such as annual leave, sickness pay, severance pay, training and other disadvantages. But also customers suffer for working activities performed at underground level, since they find themselves without legal recourse, insurance cover and guarantees in relation to the work conducted.

The Annual Growth Survey 2013 that highlighted the importance of fighting undeclared work stated that Social Partners have a key role to play alongside public authorities. Social partners expressed in joint analyses their concern about the high level of undeclared work in several Member States that creates unfair competition for businesses in labour-intensive sectors, placing workers in insecure working condi-

tions, and undermining the financing of social protection, the collection of tax revenues and government spending in general. They see it as a joint responsibility of public authorities and social partners to act. In a Consultation of Social Partners under Article 154 TFEU on enhancing EU cooperation in the prevention and deterrence of undeclared work, they call upon Member States to fight undeclared work by *inter alia* improving cooperation between social administrations throughout EU5.

In terms of national level actions, three types of enforcement bodies are involved: labour inspectorates, social security inspectorates fighting fraud on social insurance contributions, and tax authorities that deal with tax evasion. In addition, social partners, customs authorities, migration bodies, the police and the public prosecutor’s office can be involved. Most measures used by EU countries are deterrence measures, adopted to influence people’s behaviour with stricter sanctions or focusing on more effective inspections. Member States also use preventive measures, such as tax incentives, amnesties and awareness-raising, to decrease the incidence of undeclared work and facilitate compliance with the existing rules6.

If cross-border aspects of undeclared work occur, inspection authorities face specific challenges, e.g. when they try to identify the employment relationship of workers from other countries, communication difficulties due to different languages, lack of knowledge and means of enforcement to address the situation adequately. To a large extent these challenges are caused by the fact that most measures are designed to tackle domestic aspects of undeclared work. The

5. Second stage consultation of Social Partners under Article 154 TFEU on enhancing EU cooperation in the prevention and deterrence of undeclared work (2014) [http://ec.europa.eu/social/keyDocuments.jsp?type=50&policyArea=0&subCategory=0&country=0&year=0&advSearchKey=&mode=advancedSubmit&langId=en](http://ec.europa.eu/social/keyDocuments.jsp?type=50&policyArea=0&subCategory=0&country=0&year=0&advSearchKey=&mode=advancedSubmit&langId=en)

intensification of cross-border work has made national measures inadequate as an enforcement instrument. After the 2004 enlargement, a link was often supposed between labour migration and the expansion of the black economy and informal work. In an opinion survey undertaken in 2007 across the Member States, people were found to associate migrant workers very closely to the phenomenon of undeclared work. Migrants are often perceived as exploitable and expendable for dangerous and degrading jobs. Lack of adequate legal protection and/or inadequate enforcement make these workers vulnerable to informal practices. They easily accept underpaid work, are confronted with a lack of workplace safety and health protection, and have neither contract guarantees nor defence of rights or union support.

A Platform proposed
The idea has been developed to create a common forum at EU level where enforcement authorities from all Member States, such as labour inspectorates, social security and tax authorities, can meet with their counterparts and exchange information and best practice, develop knowledge and engage in more operational cooperation in order to fight undeclared work more effectively and efficiently. In 2013, the European Commission made a proposal for a Decision of the European Parliament and of the Council on establishing a European Platform to enhance cooperation in the prevention and deterrence of undeclared work. It is a first tangible instrument, intended to increase cooperation among Member States in fighting shadow economy jointly and to prevent and deter undeclared work more effectively.

The ambition is to gather all enforcement bodies involved in tackling undeclared work, such as labour and social security

inspectorates, as well as tax and migration authorities and other stakeholders, such as EU-level representatives of employers and employees. The proposal foresees a full participation of all Member States at the Platform, as only a joint effort will be useful to address cross-border problem. The initiative is an attempt to respond to the vacuum at EU level, where until now the shadow economy has been discussed in an uncoordinated way in different committees and working groups. The Platform should allow for more effective cooperation between those who deal with undeclared work on the ground every day. The proposal is the outcome of a series of initiatives taken by the Commission and can be considered the first concrete initiative to involve Member States in a real debate at a European level. For example, by sharing experience, money can be saved by implementing measures to tackle undeclared work which have already proven to be successful in other countries. In addition, reducing undeclared work requires more coordinated steps on the part of enforcement authorities of the Member States. It would be helpful, for example, to develop more structured cooperation between different enforcement authorities also at national level by joining forces for inspection activities, sharing information and data etc. Also, the EU aims to reinforce the capacity of the national authorities and to ensure good governance on how undeclared work is tackled in a Member State.

EU level Social Partners (employers and employees organisations), representatives of the European Foundation for the Improvement of Living and Working Conditions (Eurofound), the European Agency for Safety and Health at Work (EU-OSHA) and the International Labour Organisation are to be invited as observers. The Platform would work in cooperation with other relevant EU level expert groups and committees, whose work has a link with undeclared work. These are, in particular, the Senior Labour Inspectors Committee (SLIC), the Expert Committee on Posting of Workers, the Administrative Commission for Social Security Coordination, the Employment Committee, the Social Protection Committee and the Working
Group on Administrative Cooperation in the Field of Taxation. Concerning the concrete tasks of the Platform, it would tackle matters related to undeclared work in a holistic way, covering all aspects (labour law, labour inspections, health and safety, social security, tax, migration etc.). This means that it is not limited, for example, to health and safety issues, but can look at the whole range of measures designed to tackle its different aspects. Sharing of best practices is seen as the first concrete step to enhance mutual aid that improves the knowledge and helps to develop a better understanding about how undeclared work is tackled and who the main actors are in Member States. The exchanges of best practice could lead to the development of common guidelines and principles to help inspection authorities. The Platform would be responsible for joint training and exchange of staff and coordinate cross-border operational actions, including joint inspections. In addition, Member States’ enforcement authorities could be assisted through a mechanism of data-sharing held by the Platform.

The Platform also has to deal with ‘bogus’ self-employment. The abuse of the status of self-employed, either at national level or in cross-border situations, is frequently associated with undeclared work. Bogus self-employment occurs when a person, whose work fulfils all the criteria that are used by national law and practice to characterise an employment relationship, is registered as a self-employed. The driver behind this is to avoid certain obligations arising from laws and practices applicable to employees, such as labour regulations and the payment of taxes or social security contributions. The social consequences of this custom are similar to those of undeclared work, including unfair competition between companies. Self-employed persons can provide cheaper services due to the fact that they pay less tax and do not have to comply, for instance, with obligations arising from working conditions regulations. Due to all these features, bogus self-employment is falsely declared work and, therefore, it fits into the Platform’s objectives.
One of the crucial elements of the proposal is the required participation of all Member States. If some Member States fail to participate, this will weaken the extent of the EU level action. The Commission has underlined the need of their participation considering some important issues: undeclared work is a challenge for all Member States; despite their best efforts, undeclared work still persists; better enforcement of national and EU law in fields linked to undeclared work (such as working conditions, health and safety and social security coordination) is in the interests of all Member States; undeclared work often has a cross-border dimension, with a negative impact on the functioning of the Single Market, as employers providing services in other Member States using undeclared workers might cause unfair competition. Thus, they can provide cheaper services due to the fact that they neither pay taxes nor comply, for instance, with obligations arising from health and safety rules and labour legislation.

The EU competence and different options
The item of undeclared work has been considered within the framework of the Lisbon Strategy for the European Employment and connected to the need to make the EU the most competitive economy in the world. In that context, the role of a fair competition and a transparent labour market has been highlighted. The problem has not been treated directly, but most of the times has been part of broader discussions about employment and social security. Among the most discussed issues, the Commission pointed out the importance of reversing the actual national strategy against grey economy that is mostly to implement policies in order to deter undeclared work. With its second communication in 2007 *Stepping up the fight against undeclared work* the EC proposed three approaches to pursue policy measures to transform the shadow economy into declared activities: preventative measures that stop from the outset occurrences of non-compliance; curative

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measures, to help those already working on an undeclared basis to transfer into the declared realm, and commitment measures that foster an allegiance to tax morality.

Though the competence of social policies is not entrusted to the EU, the European Commission derives the right to act in the field of undeclared work from Social Policy articles in the TFEU. In particular Article 153 consents to the adoption of an EU initiative with the main objective to promote employment and improve working conditions, by supporting Member States efforts in the prevention and deterrence of undeclared work. It allows for an enhancement of the cooperation between Member States by exchanging information and best practices, developing expertise and more operational coordination of actions involving the enforcement authorities covering all the pillars of undeclared work, in particular: labour, social and tax. Thus, the EU competences lie in addressing the cross-border aspects of distortion and destabilisation linked to high levels of undeclared work, the benefits of mutual learning and the need for cooperation across borders to fight some forms of undeclared work. The Commission’s executive summary of the impact assessment, accompanying the proposal for a platform, lists some objectives to be adopted by the EU, next to the general policy objective to support Member States in their efforts to prevent and deter undeclared work:

- To improve cooperation between Member States different enforcement authorities at EU level to prevent and deter undeclared work more efficiently and effectively.
- To improve Member States' different enforcement authorities technical capacity to tackle cross-border aspects of undeclared work.
- To increase Member States' awareness of the urgency of the problem and to encourage Member States to step up their efforts to fight undeclared work.

During the Impact Assessment, different policy alternatives and options have been analysed\(^\text{10}\).
Policy option 1: No new action beyond the existing working groups and initiatives. Keeping the status quo suggests that although the Commission has identified the seriousness of the problem, it does not really intervene on the subject, which could be equalised with not being serious about tackling the phenomenon.

Policy option 2: Better coordination of the work of the different existing working groups/committees at EU level that discuss topics linked to undeclared work. According to the Commission, the objectives of interdisciplinary and cross-border learning and coordination will then hardly be achieved.

Policy option 3: A Platform with voluntary membership which comprises of representatives of Member States' enforcement bodies and other stakeholders, such as social partners. The improvements linked to this option depend very much on the question of how many Member States will decide to participate in this group. Before setting up the group it should be ensured that a broad majority of Member States (if not all) participate. The uncertainty about whether all Member States would participate or not remains and presents a major shortcoming of this option. If – in a very positive scenario – all Member States participated, there is only one difference as compared to a mandatory membership: Member States will have decided to participate voluntarily, i.e. they have committed themselves.

Policy option 4: A European Platform as a body with mandatory membership. The Commission sets up a platform which comprises of representatives of Member States' enforcement bodies and other stakeholders, such as social partners and Member States are automatically members. The strength of this option lies in including all Member States from the start. Since it does not involve a decision on whether to join or not,
some Member States could be less committed to engage in more operational coordination of actions or developing expertise. They might want to limit the cooperation to the exchange of information and best practices without proceeding to substantial cross-border cooperation.

**Policy option 5:** Attaching the Platform to an existing body. A possible way forward could be to entrust EUROFOUND in Dublin with this task. As its tasks are limited to research and projects to provide knowledge and support to EU policies, it can be expected that this might limit the activities of the Platform. The activities would be mainly related to exchange of best practices and information and to the development of expertise. Other options such as the creation of a new decentralised agency responsible for the enforcement of EU law and fight against undeclared work were discarded as not realistic at the moment.

**Political debate and consultations**
The body of the proposal has been formulated by the Commission taking into account the outcome of consultations of the Social Partners. By mid-2013, the Commission carried out a first stage consultation with EU-level representatives of employers and employees on future EU measures to increase cooperation between national enforcement authorities. The purpose was, in accordance with the Article 154(2) TFEU, to obtain the Social Partners' views on the possible direction of an EU action. The main problems and topics related to undeclared work were presented. The proposal was to establish a European Platform, set up by the Commission with representatives of the Member States and other stakeholders. Questions concerning membership, scope, tasks and the form of the Platform were submitted. The Commission received 15 replies from Social Partners: 2 joint replies (TUNED - EUPAE; UNI Europa - EuroCommerce); 3 replies from trade unions (ETUC, CESI, EPSU, ) and 10 replies from employers' organisations (BusinessEurope, UEAPME, CEEP, CER, CoESS, GEOPA-COPA, Eurociett, FIEC, EFCI, HOTREC). The consultation pro-
vided the Commission with detailed positions of the social partners regarding several key aspects of the initiative\textsuperscript{11}.

A second stage of consultation followed at the beginning of 2014. In both cases, Social Partners indicated that actions at EU level will bring added value to the efforts at national level as the platform brings together, for the first time, the relevant authorities of all Member States. Social Partners agreed with the overall problem description and stated that action at EU level is justified with the main objective of assisting national authorities, such as labour inspectorates, social security and tax authorities, to prevent and deter undeclared work. In general, Social Partners agreed that a European Platform could be an appropriate vehicle and suggested additional aspects that could be covered by the Platform, such as enhancing national mechanisms and strengthening European and national tools to improve cross-border prevention, control, inspection and the enforcement of sanctions (ETUC), improving measurement and knowledge of the phenomenon (UEAPME, UNI Europa-EuroCommerce) and supporting more and better enforcement of existing labour standards (EPSU).

At the end of the first stage, all Social Partners had replied that, since the fight against undeclared work is mainly the responsibility of the public authorities, the Social Partners cannot address the issues raised by the consultation through negotiations. In the light of this statement, the Commission requested the Social Partners to forward to it an opinion or, where appropriate, a recommendation concerning the objectives and content of the envisaged initiative, in accordance with Article 154 (3) of TFEU. Another round of consultation was held in January 2014, a summary of their replies is provided in the Annex (see pages 64-66).

\textsuperscript{11} Cited in: Second stage consultation of Social Partners under Article 154 TFEU on enhancing EU cooperation in the prevention and deterrence of undeclared work (2014) \url{http://ec.europa.eu/social/keyDocuments.jsp?type=50&policyArea=0&subCategory=0&country=0&year=0&advSearchKey=&mode=advancedSubmit&langId=en}
From the employers' side, the general opinion was that the Platform should be established, but with no need for a separate new structure. BusinessEurope prefers cooperation on undeclared work within existing bodies, avoiding an overlap; options such as the creation of a subgroup to an existing group or better coordination of existing groups could be considered. BusinessEurope and CEEP did not agree to include the issue of bogus self-employment among the objectives of the Platform. Likewise, CEEP considered that, before focusing on the operational ways to tackle bogus self-employment, the Platform should concentrate its efforts on the problem description at EU level. Amongst Social Partners who suggested better coordination, some also pointed out that EUROFOUND could be hosting the Platform, as the agency that has at its disposal relevant data, both at sectorial and national levels and if needed, its scope could be extended.

Most trade unions and some employers’ representatives favoured the establishment of an independent new body. In addition, they considered that its work should be interlinked with existing groups and committees at EU level to avoid duplication. Trade unions supported a new body in order to avoid the situation that only certain facets of the theme would be covered (ETUC, EPSU), which could happen if existing structures were to be used. The trade unions agreed that there are links between undeclared work and bogus self-employment and, therefore, the latter should be included in the problem description and tackled at EU level. EPSU agreed on the inclusion of bogus self-employment within the Platform aims, but claimed to have more details of how the Platform will tackle bogus self-employment and false posting of workers. CER suggested that false trainees, false volunteers, false managers and false representatives might also be covered. However, UNI Europa jointly with EuroCommerce and BusinessEurope expressed the opinion that bogus self-employment is a separate phenomenon: not undeclared, but a wrongly declared activity.
Regarding the scope and tasks of the Platform, Social Partners considered that cross-border as well as national issues should be covered, though some preferred focussing on cross-border issues. Many replies stressed that cooperation at EU level should be mostly about sharing best practices and mutual learning. The development of specific expertise or a more operational coordination could follow at a later stage. Concerning participation in the Platform, a majority of Social Partners stressed that being part of this cooperation project should be mandatory for all Member States and that all relevant bodies should be included. But other organisations favoured voluntary participation of Member States.

Social Partners discussed their participation in the Platform and stressed that European cross-sectoral level social partners should be involved. EPSU stated that Social Partners representing particularly effected sectors should be associated. Some considered the importance of establishing a link with Social Dialogue committees or stressed the right to decide autonomously which sectors were to be represented in the Platform. Others disagreed and claimed that Social Partners should have a voluntary member status.

**The Council debate**

The most controversial political aspect was the participation of the Member States. Most Member States acknowledge the importance of the initiative, and consider the proposal as a first step towards a common struggle against undeclared work; others are still suspicious about the Commission’s idea. Between 25 April and 3 June 2014, the Social Questions Working party of the Council met five times to examine the text. The file was examined by the Committee of Permanent Representatives and the Presidency decided to revise the file. A number of delegations called for more time to examine the

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opinion of the Council Legal Service and some issues remained open. In particular, CZ, LV, LU, MT, HU, PL and UK called for a progress report to be submitted to the Council. The most problematic topics were the nature of Member States’ participation in the Platform and the Platform’s mission and initiatives.

The Working Party examined the appropriateness of the proposed legal basis (Article 153(2)(a) TFEU) and the different limitations on the legislator in the use of that Article, including the possibility of Member States’ mandatory participation as envisaged by the Commission. Despite delegations acknowledging that the widest possible participation contributes to fully implementing the aims, a number of them are still uncertain. A second problematic topic concerned the extent of the Platform’s action and the measures it could take, defined by the Articles 3, 4(1) and 7(2). Some MS were concerned by the words ‘in particular’ in the Commission’s text that could imply a possibility to expand the list of initiatives set out in the article 4(1). A compromise text proposed by the Presidency excludes this possibility and makes clear that there is only limited flexibility in adding initiatives to the list included in the Decision. Any new initiative the Platform might undertake would have to be for the execution of its mission as set out in Article 3 and in accordance with the priorities set in the Platform’s two-year work programme. In addition, the latest Presidency compromise text states that Member States’ participation in certain activities will be on a voluntary basis and the Commission has explained that the participation can be modulated, letting Member States carry out some activities on demand and according to their needs. The Member States will be able to decide on their participation in any joint cross-border operations and in working parties set up by the Platform.

Other reservations from delegations concern the lack of definition at EU level; the inclusion of bogus self-employment; the need to cover posted workers and social security fraud. But, while these suggestions received some support from the
Working Party, a large majority of delegations considered that the Platform should only deal with undeclared and falsely declared work. Moreover, MT, HU and UK maintained scrutiny reservations on the cooperation with the Administrative Cooperation Working Group in the field of Taxation (Article 8.1). To reassure Member States about their competence in tax matters, the Presidency stressed that the aim of the draft Decision would not require any changes to that law or any other laws of Member States.

The most negative reaction came from the UK that forwarded a reasoned opinion to the Presidents of the European Institutions. In a statement, the House of Commons suggests that the draft Decision does not comply with the principle of subsidiarity for the reasons set out in the annex to Chapter One of the Forty-ninth Report of the European Scrutiny Committee; and, in accordance with Article 6 of Protocol (No. 2) annexed to the EU Treaties on the application of the principles of subsidiarity and proportionality. According to the House of Commons, the Commission has not demonstrated that the proposal is necessary or effective to achieve the objective of tackling undeclared work. Furthermore, the EC has not justified the requirement for mandatory participation in any EU Platform. In reaching this assumption, the House takes into account a statement adopted by the Commission, declaring that ‘the main responsibility for tackling undeclared work lies with the Member States’. This conclusion is motivated by the differences in the nature of undeclared work and the legitimate differences in Member State approaches to tackling it. Therefore, requiring compulsory participation in the Platform would interfere with this responsibility. The House affirms that, even though there are a number of cross-border dimensions of undeclared work, the extent is not well defined to which the role of the Commission would substitute the Member States’ action. In fact, the main problem of undeclared work is the serious budgetary implication and the negative impacts for individuals involved in undeclared activities. But these issues are not likely to involve a cross-border dimension, or require cross-border coop-
eration. To this extent, participation in an EU Platform is unlikely to give Member States significant additional awareness of the problem, as the Commission claims: they can coordinate each other through voluntary participation in existing EU fora, and it would be more favourable for the engagement of Member States, rather than mandatory participation. For all these reasons, the House of Commons considers that the proposal does not comply with the principle of subsidiarity. The doubts presented by the UK delegation have weakened the progress of Platform’s work.

Conclusion
The EU Commission has stated that undeclared work, if not properly dealt with, threatens to undermine the EU’s ability to meet its employment targets for more and better jobs and stronger growth. Through two Communications in 1998 and 2007 and the Employment Guidelines, the Commission has started the pathway to make Member States aware of the risks provoked by the shadow economy. The most important initiative has been the proposed European Platform to enhance cooperation in the prevention and deterrence of undeclared work. The instrument’s strength is a mandatory participation of all Member States and their involvement in joint operations to tackle undeclared work.

If considered as an attempt to uniform Member States actions, the initiative does not really match national needs. A homogenization will not be feasible for different reasons. Given the diverse features of undeclared work and workers in Europe, a broader range of innovative policy measures should be considered. The overview of the existing and proposed measures and policies (in the Cremers/Gramuglia article) reveals the difficulty to adopt a common approach. Not even the possibility to group all the measures described together is practicable:

how they interconnect remains unclear. There is neither an
assessment of their collective impact, nor of their mutual in-
teraction. Some may achieve rapid effect while others aim to
permanently change behavioural models and can only have
an effect in the long run. In this sense, it could be necessary to
compile a balanced portfolio of measures.

Initiatives undertaken by the EU, like the Platform, will not
fulfil their purpose, as long as Member States maintain their
own divergent policies. The weak provisions regarding EU
competence hardly provide the EU the means to act as a real
supranational authority in this area. In fact, Member States
maintain the control, preventing the EU from adopting a
proper discipline, fully functional for all Member States.
NEUJOBS, Ageing Society in Europe and UK: Employment and Policy Changes

London School of Economics and Political Science (LSE), 15 September 2014

This conference was an opportunity to get a glimpse of a vast project under the 7th Framework Programme of the European Commission under the heading of NEUJOBS. 28 political and scientific partner institutions coordinated by the Centre for European Policy Studies (CEPS) are engaged in this project. Funded with a budget of € 8m, it started in February 2011 and ought to end in January 2015.

‘Its objective is to analyse likely future developments in the European labour markets, in view of four major transitions that will impact employment and European societies in general. ... The first is the socio-ecological transition: a comprehensive change in the patterns of social organisation, culture, production and consumption that will drive humanity beyond the current industrial model towards a more sustainable future. The second is the societal transition driven by population ageing, low fertility rates, changing family structures, urbanisation and growing female employment. The third transition concerns new territorial dynamics and the balance between agglomeration and dispersion forces. The fourth is a skills (upgrading) transition, and the organizers of the project are interested in its likely consequences for employment and equality.’ (Invitation of the LSE)

The particular event on ‘Ageing Society in Europe and UK’ at the LSE was organised in cooperation with the European Social Observatory as a component of the NEUJOBS sub-project ‘Creating and adapting jobs in Europe in the context of a socio-ecological transition’. The participants, about 50 in all, came from as far away as Egypt and Japan as well as from many European countries and represented a wide range of
disciplines, institutions and countries. It is worth taking note of the varieties of institutional backgrounds of the invited speakers:

London School of Economics and Political Science: Iain Begg, Nicholas Barr, Adeline Comas-Herrera; Centre for European Policy Studies/Luxembourg: Hilmar Schneider; UK Government, Department for Business, Innovation and Skills: Bill Wells; Deutsches Institut für Wirtschaftsforschung/Berlin: Johannes Geyer; European Social Observatory/Brussels: David Natali; Centre for Research on Ageing/University of Southampton: Ashgar Zaidi; Institute for Structural Research/Warsaw: Marcin Lis; Age Platform Europe/Brussels: Philippe Seidel; The Age and Employment Platform/London: Chris Ball; Institute for Employment Research/Warwick: Bernard Casey; Free University of Amsterdam: Anton Hemerijck; European Trade Union Institute/Brussels: Maria Jepsen.

This enormous number of and diversity in presentations as well as responses from the audience within the space of four hours, 1-3pm and 3.30-5.30pm, was perhaps the main reason for the lack of focus on fundamental changes and strategies associated with ageing society. Conversely, the quantity of disparate, detailed - often statistical - information was almost indigestible. However, the issues raised at a high level of expertise and scholarship were most relevant to this burning issue of social policy and employment, which was divided into four sessions:

1. Demographic transition;
2. Long-term care trend;
3. Elderly employment;
4. Round Table on Policy Challenges and Solutions.

Interestingly, Hilmar Schneider put the demographic figures into relation with employment, wages and social security contributions (1). It was also very pertinent that Johannes Geyer highlighted the rise of care as an economic sector in comparison with the changing family environment as its private counterpart (2). Not surprisingly, employment in ageing societies is
a most controversial issue from the point of view of productivity, ergonomics, health and safety, human rights etc., hardly lending itself to evident solutions (3). The concluding discussion on policies was far from relating to a common approach. Improving income protection in retirement (Anton Hemerijck), better pay and working conditions for care workers (Maria Jepsen) and adjusting working conditions to ageing workers (Bernard Casey) are just a few points raised at this Round Table composed of academics from the Universities in Warwick and Amsterdam as well as from the European Trade Union Institute. Contributions from the audience did not help to reduce the political and theoretical diversity (4). But all this did not diminish the sympathetic and often genuinely committed atmosphere of the gathering. It was one of those events where politicians, practitioners and academics meet and widen or consolidate their contacts.

Criticising this conference for its lack of a focussed political debate, let alone a perspective of a better future based on an egalitarian social policy, should not prevent us from proposing our own strategy. If we take the distribution of the social product through wages as the point of departure, every adult citizen - irrespective of the status of employment - ought to have a right to receive a life-long wage. Thus, old age might become a stage of productive activity without the constraints of employment.

In the series of research reports of the Hans-Böckler-Foundation in spring 2014 a very interesting study by Gerhard Syben on changes in construction management has been published. This study documents 13 case studies covering almost the whole spectrum of the construction industry from road- to house-building, from underground railway sites to the construction of factories. In all reports the focus is on construction management, in particular the manager and the foreman. They present their working conditions, focussing primarily on the changes of working conditions in the last 25 years. As in this period construction management has not been a subject for studies of industrial sociology, Syben in his summaries often refers to research of Hanns-Peter Ekardt (Arbeitsorientierte Berufsforschung in hochschuldidaktischer Absicht. 1992) and makes comparisons.

For changes in the working conditions of construction management a wide space is attributed to the introduction of electronic data processing and the mobile phone. It is fair to say that this has fundamentally changed many work processes for management on the construction site. Through permanent connection in construction management the foreman and the construction manager can coordinate faster and more precisely, and the client and the material supplier can be contacted much faster. But, in almost all case studies, this is also experienced as an enormous strain.

If formerly disagreements, for instance between client and contractor, could be settled face to face on site with a shake of the hand between those in charge, nowadays many e-mails have to be sent in order to ascertain juridical claims against
one or the other. This, in turn, increases the time spent at the
desk for construction managers, which is lacking for direct super-
vision of workers and performance at the point of produc-
tion.

In summary, Gerhard Syben has really succeeded in describing
the present conditions of construction management, in provid-
ing a documentation of changes in recent years and, thus, giv-
ing an incentive for further explorations.

This book with all its case studies is a source of information in
particular for students of this discipline, but also for those in
the construction industry employed in construction manage-
ment, to be able to assess their own working conditions in
comparison with those of others.

International Labour Organisation (2014) *Fair migration: Set-
groups/public/---ed_norm/---relconf/documents/
meetingdocument/wcms_242879.pdf](http://www.ilo.org/wcmsp5/
groups/public/---ed_norm/---relconf/documents/
meetingdocument/wcms_242879.pdf)

The ILO-report Fair migration has three chapters and an Ap-
pendix with a graphic diagram that illustrates global migration
flows. According to Director-General Guy Ryder, it is intended
to offer an opportunity for tripartite global debate on the mi-
gration issue, ‘a key feature of today’s world of work and one
which raises complex policy challenges’.

The first chapter Moving the debate forward notes that migra-
tion always has been a concern for the ILO. The 1919 Constitu-
tion already called for the ‘protection of the interests of work-
ers when employed in countries other than their own’ (page
3). In 2006 the organisation adopted a Multilateral Framework
on Labour Migration. Migration is growing and patterns of
migration are evolving rapidly, the item is high on the nation-
al, regional and global policy agenda bringing with it a set of

Reviews

Jan Cremers, AIAS
controversies and, despite positive experiences, migration is too frequently associated with labour abuses. The report signals the marked divergence between the widely demonstrated economic benefits of migration and the equally widely held public opinion regarding its negative impact. But, confronting erroneous perceptions with hard facts is not enough and it is necessary to look beyond the one-dimensional reasoning advanced in the ‘utility maximizing’ case, which rests on the proposition that the best economic outcome will be obtained by moving labour to the location where its productive capacity can be used to best effect, without regard to any other consideration. Labour is not just ‘one more factor of production to be brought into use where and when the pay-off is highest’ (page 5).

The search for work and decent jobs, the different living standards and income differences figure among the strongest mobility incentives. The best way of ensuring that migration is not misused for the purpose of undercutting existing terms and conditions of work is the application of the principles that migrant workers must enjoy equal pay for work of equal value. The notion has to be dismissed that it is acceptable for migrants, by virtue of the major disadvantages they face in their countries of origin, to be subjected to lower conditions and injustice in the countries to which they go to seek work.

Chapter two On the move: Labour mobility in the twenty-first century treats the nature of the phenomenon. At the global level 232 million migrants build a sizeable part of the labour force (2014). This overall total is 57 million higher than it was in 2000, with a deceleration to developed countries since 2010 as a result of the crisis. Most migrants belong to the age group 20-34 years. Estimates indicate that the irregular migration constitutes between 10-15% of the total. The higher the level of skills a worker has, the easier it is for him or her to enter and settle. Thus, a de facto segregation has emerged between the concentration of lower skilled workers in temporary migration schemes and higher skilled workers who have much greater chances of permanent residence. However, a situation that continues to exist in which workers are systematically cycled in and
out of a job is no less fair than filling a permanent vacancy with a series of temporary contract workers in any single country. Migrant workers tend to be concentrated in low-paid, often low-skilled and undervalued jobs, whilst evidence points to higher levels of (over)qualification among them. The ILO signals evidence of widespread abuse connected with the globalised feature of intermediaries in cross-border recruitment and dispatch of agency workers (ranging from excessive fees to poor pay and working conditions).

In Chapter three Towards a fair migration the question is raised how well equipped the international community is to meet the challenges. The report notes that there is a high degree of institutional fragmentation with several groups, networks and dialogues with members who, by virtue of their respective mandates and responsibilities, address migration issues from very varied perspectives, at different levels of priority and with unequal investment of resources. The ILO’s role must be to promote and protect human rights and fundamental freedoms of all migrants, as well as international labour standards. The organisation is calling for a strongly rights-based, normative approach to migration and development. Further areas for action are: the promotion of decent work in the countries of origin, the formulation of orderly and fair migration schemes, the promotion of bilateral agreements that can frame well-regulated and fair migration, adequate regulation of the recruitment processes, adequate countering of abuses, capacity building and tripartism.

All in all, the ILO analysis is correct, but the problem is how to make these ideas concrete. Workers exploited in a foreign constituency live and work far away from any theoretical dispute or analytical deliberations. Migrant workers hardly have any possibilities to derive their rights or means for redress. Based on the practical experiences that have been documented (e.g. in CLR-News), one can conclude that the slogan ‘Think global, act local’ stays topical for the advocacy of migrants’ rights.

‘Social protection policies play a critical role in realizing the human right to social security for all, reducing poverty and inequality, and supporting inclusive growth – by boosting human capital and productivity’. With these words, the ILO explains the importance of social protection and the creation of this comprehensive report.

The report consists of 364 pages and includes most things you need to know about:
- Social protection for children and families,
- Social protection for women and men of working age including unemployment and disability benefits,
- Social protection for older women and men including pensions.

The executive summary starts by explaining the importance of social protection and how the lack of social protection leads to poor living and working conditions in the world.

The report includes facts and statistical figures, comprising most countries in the world. The lack of some protection in many countries speaks for itself: For unemployment benefits, there is no programme at all in many countries. Only 27 per cent of the global population enjoy access to comprehensive social security systems, whereas 73 per cent are covered partially or not at all. However, there are divergent trends in richer and poorer countries: While many high-income countries are contracting their social security systems, many developing countries are expanding them.

We know that the distribution of benefits in absolute terms differ between Europe and developing countries. What we
may not know is the rate of GDP that is allocated to social protection expenditure for women and men in ensuring income security during working age. Worldwide, 2.3 per cent is allocated to that. However, this ranges from 0.5 per cent in Africa to 5.9 per cent in Western Europe.

On average, governments allocate 0.4 per cent of GDP to child and family benefits, ranging from 0.2 per cent in Africa to 2.2 per cent in Western Europe. Despite that, child poverty actually increased in 19 of 28 EU countries between 2007 and 2012.

Only 28 per cent of the world-wide labour force is covered by benefits in case of unemployment. 80 per cent are covered in Europe (maybe surprising that the rate is not higher). This compares with 17 per cent in Asia or 8 per cent in Africa.

This ILO report does not only give information that the readers can interpret themselves, but draws conclusions about recent fiscal consolidation and its impact on social protection in the European Union. A lot of the member states have reduced the range of social protection benefits and limited access to quality public services. Together with persistent unemployment, lower wages and higher taxes, these measures have contributed to increases in poverty or social exclusion now affecting 123 million people in the European Union, 24 per cent of its population.

This is not a report that you read from the first to the last page. It’s not easy to search in a report packed with details on 364 pages. If you search for something specific, it can take some time to find it but as a source for further research; it’s almost a goldmine. The report is full of facts and figures although it’s not always easy to judge the real value of some benefits that the report refers to. However, the combination of these facts, combined with a description of recent trends should be a valuable source or information for lots of researchers. The ILO describes the importance of social protection for all. Those of us who believe in social justice find strength in the report. Those who oppose social justice will probably not read it.
## Annex to the subject article:
The EU platform on undeclared labour – feasible and needed?

<table>
<thead>
<tr>
<th>Overview 1 European employers PART I</th>
<th>BusinessEurope Cross-Industry</th>
<th>UEAPME Craft and SMEs</th>
<th>FIEC Construction</th>
<th>CoESS Security service</th>
<th>CEEMET Metal, Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>General comments</td>
<td>Supports effective fights against UDW.</td>
<td>Enhanced cooperation with focus on cross-border issues.</td>
<td>Coherent and overall approach needed, all stakeholders involved.</td>
<td>Supports the establishment of the Platform.</td>
<td>Inviting MS at EU level to discuss could be beneficial.</td>
</tr>
<tr>
<td>New structure</td>
<td>No.</td>
<td>Yes.</td>
<td>No.</td>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>Other issues</td>
<td>Tackling UDW primarily task of the MS, EU should not go further from sharing info and best practices - No common principles/standards.</td>
<td>Sanctions and enforcement of fin. - No common principles/standards for inspections, but support guidelines</td>
<td>EU Platform should complement and add value to national initiatives.</td>
<td>Explore links between UDW and public procurement.</td>
<td>Reduction of tax wedge would reduce segmentation &amp; transform UDW to regular employment.</td>
</tr>
<tr>
<td><strong>Overview 1 European employers</strong>&lt;br&gt;<strong>PART II</strong></td>
<td><strong>Geopa-Copa</strong>&lt;br&gt;Agriculture</td>
<td><strong>EuroCommerce</strong>&lt;br&gt;Retail, wholesale, int. trade.</td>
<td><strong>HOTREC</strong>&lt;br&gt;Hotels, restaurants, café</td>
<td><strong>EUROCIETT</strong>&lt;br&gt;Private employment agencies</td>
<td><strong>CEEP</strong>&lt;br&gt;Public service</td>
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</tr>
<tr>
<td><strong>General comments</strong></td>
<td>Focus on cross-border issues.</td>
<td>Welcomes the establishment of the Platform – mainly deals with cross-border issues.</td>
<td>Welcomes initiative to tackle mostly cross-border issues.</td>
<td>Fully supports the initiative to set up a Platform.</td>
<td>Agrees with the Platform with a strong educational component.</td>
</tr>
<tr>
<td><strong>Bogus self-empl.</strong></td>
<td>Yes.</td>
<td>No.</td>
<td></td>
<td></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Member States participation</strong></td>
<td>Voluntary.</td>
<td>Voluntary.</td>
<td></td>
<td></td>
<td>Mandatory.</td>
</tr>
<tr>
<td><strong>New structure</strong></td>
<td>No.</td>
<td>No.</td>
<td>Yes.</td>
<td></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Other issues</strong></td>
<td>Tasks should not go further from sharing practices and mutual learning.</td>
<td></td>
<td>No guidelines, common principles and standards.</td>
<td>Supports development of guidelines and guide of good practices.</td>
<td>Concerns about standards for inspections and development of guidelines.</td>
</tr>
<tr>
<td>Overview 2 Trade unions</td>
<td>ETUC Cross-Industry</td>
<td>CESI Independent TUs</td>
<td>CEC European managers</td>
<td>EPSU Public service</td>
<td>EFCI-UNI Europa (joint statement)</td>
</tr>
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</tr>
<tr>
<td>General comments</td>
<td>Agrees with the aim and the initiatives.</td>
<td>Agrees with objectives</td>
<td>Welcomes the establishment of the Platform.</td>
<td>Supports establishment of Platform. First cross-border issues, then national.</td>
<td></td>
</tr>
<tr>
<td>New structure</td>
<td>No.</td>
<td>Yes.</td>
<td>No.</td>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>Social Partner participation</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other issues</td>
<td>Required more info on knowledge bank. - Identify causes of UDW in each MS.</td>
<td>Platform should elaborate further the establishment of common indicators.</td>
<td>Creation of European LI unit to fight UDW with autonomous inspection powers.</td>
<td>Strongly welcome common EU principles/standards.</td>
<td>Overview of different social security contribution systems in MS. Transnational execution of fin. penalties.</td>
</tr>
</tbody>
</table>