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Plant-level responses to the crisis: can jobs be saved by working less?

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Policy implications

Statutory labour market instruments to support shortened working time at companies hit by the crisis, often interacting with collective agreements, have proved to be an effective instrument to cushion the employment impact of the crisis in a number of European countries. This success highlights, however, the vulnerability of employees in the other countries, especially the new member states, where no such solutions exist. Trade unions have a strong case to demand the creation or expansion of such instruments. Yet short time working schemes can give a temporary relief only and need to be upgraded in two main ways. First, workers on atypical work contracts need to be included; second, the instrument needs to be given a more future-oriented character by incorporating training provisions.

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Introduction

The European member states have been hard hit by the economic and financial crisis. Unemployment is soaring as the numbers of ailing companies and production site closures have surged since late September last year as a consequence of plummeting consumer spending and the credit crunch. All sectors have been affected, with particularly widespread instances of mass redundancy in the banking sector which is notorious for having unleashed the crisis and is now the recipient of government subsidies and guarantees. Equally affected by the downturn in sales, however, are the manufacturing sector – in particular the automotive industry (including suppliers) and the metal and the chemical industry – and the construction sector. As unemployment is rising sharply – and projections are bleak, with a forecast increase of the unemployment rate for the euro area from 7.0 % (2007) to 9.3 % in 2009 and 10.2 % in 2010 (EC 2009¹) – a central question becomes how collective bargaining and labour market instruments can be used to protect employment in companies which temporarily shut down production.

This policy brief presents, for selected countries and for the manufacturing sector – focussing on the automotive industry where the widest range of instruments has been deployed – an overview of the measures adopted. These include company-

sector- and intersectoral collective bargaining initiatives as well as labour market instruments such as 'short-time work' aimed at keeping workers in employment in times of reduced working hours by public (and partial) subsidising of wages.²

We briefly review the situation in Germany, France, Belgium, the Netherlands, the United Kingdom, Hungary, the Czech Republic, Slovakia, Poland and Bulgaria. In some of these countries two sets of instruments for the regulation of working time are available: first, *collective agreements* (at inter-sectoral, sectoral and company/plant level), and, secondly, various labour market instruments incorporated into national labour law and designed to keep workers in employment by subsidising labour costs under certain conditions and for limited periods of time. In other countries statutory measures of this type are lacking.

We examine the main trajectories of company responses to the crisis for the period end of September/beginning of October 2008 to mid-February 2009, as they emerged from media-

1 European Commission (2009), Interim Forecast, January 2009. Directorate-General for Economic and Financial Affairs.

2 This short paper summarises a more detailed description of plant-level responses by the authors: V. Glassner and B. Galgóczi (2009), 'Plant-level responses to the economic crisis in Europe', ETUI Working Paper No. 1, 2009. Here governmental responses in the form of fiscal 'recovery' packages are mentioned only briefly. For a more detailed presentation of the economic policy implications of the economic and financial crisis refer to A. Watt (2008) 'The economic and financial crisis in Europe: addressing the causes and the repercussions', EEE Policy Brief No. 3, 2008. Both texts are downloadable from the ETUI website.

based research in the European countries under consideration and from interviews with labour market policy and trade union actors. The following questions are addressed:

- How have social partners, in particular on the company/plant-level, responded to crisis-induced cuts in production and output?
- What collective bargaining tools are available to deal with the effects of the crisis in relation to the need to safeguard jobs – for example, agreements on working time flexibilisation/reduction such as time banks – and at which bargaining level (industry/sector, company/plant) have they been negotiated?
- What accompanying measures have been taken, including labour market instruments for avoiding redundancies, such as short-time working?

Country overview based on media research and trade union information

Germany: government and plant-level responses supported by short time working

Following the first 'recovery package' of €12 billion, adopted in November 2008, the German government agreed, in January 2009, on another package totalling approximately €50 billion and aimed at investments in public infrastructure. Although no direct subsidies for companies or specific sectors (with the exception of the banking sector) have been included in the package on the federal country level, such measures are currently under discussion, as indicated by the Opel case.

The widest range of policy instruments can be observed in German manufacturing, particularly in the automotive industry. The different collective bargaining and labour market instruments are as follows:

Sectoral collective agreements on the regulation of working time – such as the IG Metall Working Time Agreement that includes the option to reduce working time to 30 hours (West) and 33 hours (East) per week in order to avoid redundancies – provide a basic regulatory framework.

Company and plant-level agreements on working time flexibilisation in the form of **working time accounts** and the reduction of holidays have been the primary instrument since the crisis began. Working time accounts generally serve two aims: 1) 'long-term' working time accounts serve the purpose of the life-time planning of an individual's active career (including training) and retirement; 2) 'flexible' working time accounts are a means of evening out fluctuations of capacity utilisation due to product and market cycles. One of the most prominent examples of a working time account is the agreement at Volkswagen on 'flexible working time' (2004).

When all means of reducing working time through the application of collective agreements have been exhausted,

short-time working as a statutory labour market instrument comes to the fore. It guarantees employment by stipulating hours that fall short of the regular working hours regulated in collective agreements, while compensating for losses in income due to temporary inactivity for certain groups of employees such as construction or seasonal workers. Losses of income due to a decrease in working time are compensated by state subsidies issued by the Federal Agency for Labour (*Bundesagentur für Arbeit*). In the case of complete temporary inactivity, 60 or 67 per cent – according to family status – of the last net wage is borne by the state, while the rest is paid by the employer. The employee retains all social security entitlements such as health, accident, pension and nursing care insurance. Conditions for the deployment of short-time work include economic difficulties, such as sharp declines in demand. Due to the current economic crisis the period of entitlement for short-time work has been extended from 6 to 12 months for the second half of 2008, and to 18 months for 2009. In the event of a protracted crisis, the period of entitlement can be further extended to 24 months by decree of the Minister of Labour. According to data of the Federal Agency for Labour, which registers company applications for the introduction of short-time working, the number of persons in short-time work (excluding construction and seasonal workers) increased from around 52,000 in October to 295,000 in December 2008 and further leaped to approximately 700,000 in February 2009 across a range of manufacturing sectors.

In general, short-time working is preferred by trade unions as it compensates employees for losses in income. However, the downside is that it does not protect employees from redundancy for operational reasons (*'betriebsbedingte Kündigung'*), and such redundancies become unavoidable in a deep and protracted recession when company resources to top up the state-funded wages of inactive employees dwindle.

Since entitlements to payments funded by the public unemployment fund are further specified in collective agreements in some sectors (e.g. the metal sector) and often guarantee more favourable conditions than those stipulated by law, the two levels of regulation, i.e. statutory short-time work and collective bargaining, are closely interlinked. This results in an asymmetry between those sectors where collective agreements on working time flexibilisation are in place (e.g. the metal and construction sector), and others where no such agreements exist (e.g. the services sectors). Measures for the vocational training of employees on short-time working or on reduced working time are gaining in importance with the increased use of this instrument, although such measures have not so far been incorporated into the law on short-time work.

Because the dismissal of *temporary agency workers* and employees with *fixed-time contracts* has been one of the main effects suffered by workers as a result of the economic downturn, trade unions have actively promoted the entitlement to short-time work for agency workers.

France: 'partial unemployment' (*chômage partiel*) and government policies in response to the crisis

The French government announced a recovery pact of €26 billion aimed at creating between 80,000 and 110,000 jobs in 2009. Large-scale public spending is being targeted in particular at the automotive and construction sectors which have been hardest hit by the crisis.

Companies suffering from severe declines in demand have introduced a range of statutory and collectively agreed measures to respond to the economic downturn, as described below.

'Partial unemployment' is a labour market instrument designed to provide partial compensation to employees working shorter hours during periods of economic downturn. This instrument has been adopted particularly in the automotive, metal, chemical and construction industries.

Several improvements were made to the regulation of partial unemployment in mid-December 2008. Following the president's proposal to renegotiate the collective agreement on partial unemployment dating from 1968, the social partners agreed on an increase of state-funded hourly payments (from €2.44 to €3.64/hour for companies with fewer than 250 employees, and from €2.13 to €3.33/hour for other companies), a rise in minimum wage levels (from €4.42 to €6.84/hour, or from 50 to 60 per cent of the hourly gross wage), the extension of the period of entitlement to partial unemployment payments from 600 to 800 or 1,000 hours, and a prolongation from four consecutive weeks to six. Furthermore, it has been decided that part-time workers (working on average fewer than 18 hours/week) will also be entitled to partial unemployment payments as from 2009.

The social partners – and the CFDT in particular – called for increased efforts to adopt training measures for workers in partial unemployment and the setting up of 'crisis funds' to be financed by other public funds for vocational training. However, the employers have underlined the need to involve unemployment insurance institutions in vocational training measures for the partially unemployed and insist on their decision-making power in relation to use of the funds. The most contested issue is the increase in the obligatory employers' contribution for vocational training measures.

As an accompanying active labour market policy measure, the so-called **occupational transition contracts** ('CTP' – *Contrats de transition professionnelle*) have been extended from 8 to 25 'employment pools' (*bassins d'emploi*). These contracts provide for the compensation of employees made redundant by funding 80 per cent of their gross income for a period of one year, during which time the employees in question undergo vocational training. This measure, originally applicable only to companies with more than 1,000 employees, has now been extended to all companies. Social partners and unemployment agencies are required to find solutions to ensure that occupational training is provided for the unemployed.

Collective bargaining represents an important instrument for the regulation of reductions in working time. **The framework agreement on the 35-hour working week** (1999) provides a basic framework for the reduction of working time without loss of wages and allows for the flexible shifting or prolongation of holidays according to provisions – such as working-time accounts – laid down in company-level collective agreements.

In cases where redundancies cannot be avoided, the measure of '**voluntary departures**' guarantees severance payments for employees, provided their redundancies are backed up by a **social plan**.

Belgium: cushioning the social impact of the crisis

In response to the crisis, the Belgian government adopted a €2 billion recovery plan that provides an extra €100 million for 'economic unemployment' (*chômage technique*), the boosting of consumer purchasing power by means of energy subsidies, VAT cuts for the construction sector, and investments in public infrastructure. In addition, labour market measures have been announced for the activation of the unemployed and for vocational training.

In response to crisis-induced declines in demand and the temporary shutdown of production sites, there exist in Belgium both labour market policy and collective bargaining instruments. These are presented below.

Economic/temporary unemployment (*chômage technique*), a labour market policy instrument for which Belgian labour law contains provision, aims at the partial compensation of employees on short-time work – termed 'economic unemployment'. However, rates of compensation are often not sufficient to make up for income losses. Workers affected by economic unemployment remain employed, and in some sectors – such as metals – the collective agreement guarantees the payment of a daily allowance, in addition to economic unemployment benefits, which are partly funded by the state. Between December 2008 and January 2009, a number of companies in the steel sector and the automotive industry registered to make use of temporary unemployment in the wake of recourse to collectively agreed provisions on the flexibilisation of working time including working time accounts and the prolongation of Christmas holidays.

Sectoral collective agreements often contain provisions that further elaborate upon the statutory regulations governing economic/temporary unemployment. The agreement for the metalworking industry, for example, contains provision for a daily allowance to be paid over and above the compensation for economic unemployment.

Working time accounts and other **plant-level arrangements** for the flexibilisation/reduction of working time have been adopted, in the automotive industry in particular, and these often serve as an additional instrument in companies resorting to temporary unemployment.

The Netherlands: government spending to boost demand and lessen human costs of the crisis

In late November 2008 the Dutch government announced a €6 billion recovery package to stimulate consumer spending and industrial production. The government has also decided to make the unemployment benefit fund available to companies that find it necessary to dismiss workers or introduce shorter working hours as a consequence of cuts in production. A second package, providing for – among other measures – public spending to prop up unemployment benefit schemes, is currently being negotiated.

In the Netherlands – as in the countries described above – working time reductions are regulated through **collective agreements on the inter-sectoral, sectoral and company levels** (i.e. flexible working time accounts). Furthermore, it is possible to resort to statutory short-time work as a labour market policy instrument in accordance with provisions contained in the **Law on Unemployment – Werkloosheidswet** ('WW'). Workers who are – for a limited period of time – employed on shorter hours are covered by this law. Public unemployment funds based on the Law on Unemployment have around €9 billion in accumulated capital and in November 2008 an extra €200 million were added by the government. Furthermore, the regulation on short-time work (*'werkijdvermindering'*), that normally applies in situations of temporary crisis caused by 'force majeure' (fire, flood, etc.), has been extended to include economic crisis.

In November 2008 the Minister of Social Affairs temporarily extended the regulation on short-time work. Companies that can prove an average reduction in profits of 30 per cent – previously 20 per cent – during the two months before the application to introduce short-time work is made are entitled to access temporary unemployment funds fully or partly for a period of 6 to 24 weeks. The temporary unemployment allowance funded by the public unemployment fund is equivalent to 75 per cent of the wage in the first two months and 70 per cent thereafter. The trade unions have expressed their discontent that only permanent staff are entitled to temporary unemployment benefits, while temporary and agency workers are excluded. The government extended the deadline for applications for short-time work to 1 March 2009. By mid-January 223 applications had been submitted for a total of 340,000 hours, by companies such as the steel producer Corus, as well as several car producers and ICT companies.

UK: large-scale job losses and 'voluntary' redundancies as means of reducing working hours

The government's stimulus package included measures such as VAT cuts, £3bn in capital spending for roads, schools, and social housing, the introduction of a green stimulus of £535 million of capital spending on energy efficiency, rail transport, and adaptation measures. For SMEs, payment of all forms of tax is to be spread over a longer period and a £1bn credit facility provided in form of a 'Small Business Finance Scheme'.

For labour market policy purposes, an additional £1.3 billion will be provided to deliver effective support for the unemployed in seeking new jobs, while the support programme 'Train to Gain', applicable in pre-redundancy situations, has also been refocused.

As a sector-specific measure, guarantees have been issued to unlock loans for the automobile industry of up to £1.3bn from the European Investment Bank, as well as a further £1bn in UK government loans, to fund investment in greener vehicles. The Department of Innovation, Universities and Skills has increased funding to help train car manufacturing employees from £65m to £100m.

Trade unions, such as Unite, are pressing for a 'strategic support package' from the government that would involve direct payments to car manufacturers, and the Confederation of British Industry proposed the provision of short-term loans to troubled auto producers in order to safeguard jobs. In January, the government announced plans to set up a multibillion-pound 'special liquidity scheme' that would give finance companies linked to the auto industry access to loans from the Bank of England.

Temporary plant closures have been reported by the main car producers, as well as their suppliers. Temporary agency and fixed-term workers have been most severely affected by redundancies. As a means of ensuring a longer-term reduction of working capacity, HRM programmes such as 'voluntary' sabbaticals have been adopted by some motor car manufacturers (e.g. Honda and GM) in order to avoid redundancies.

The doubts of British trade unions concerning the effectiveness of voluntary schemes – such as 'sabbaticals' – to achieve temporary redundancies have been justified in the wake of large-scale dismissals in manufacturing and services, as well as in the public sector. Due to the lack of labour market instruments for the protection of employees in times of economic crisis, in contrast to those available in countries such as Germany, France, Belgium and the Netherlands, British workers – in particular those on temporary contracts – are vulnerable to redundancy.

New member states

The new member states from Central and Eastern Europe (CEE), and most particularly the so-called Visegrad Four (V4) countries – the Czech Republic, Hungary, Poland and Slovakia – are particularly affected by the crisis because of their high level of economic and trade integration with western Europe, especially Germany.

The large automobile production capacities established in the Visegrad countries are highly dependent not only on the economic cycle but also on their foreign parent companies. The electronic components industry, and especially contract manufacturers, are even more exposed to economic cycles. As these industries constitute a large part of the reshaped industrial landscape in the new member states, they are vulnerable to external shocks.

The affiliates of multinationals that have been severely affected by the fall in demand, with order books suffering double-digit setbacks by autumn 2008, have started to apply measures similar to those introduced by their parent companies, but with a heavier hand and on the basis of less negotiation. In the event of temporary breaks in production, either the normal holiday reserves are used or, in many cases, workers have been sent home on basic pay (examples being the NMS affiliates of leading car companies). Suppliers of motor-car components have been even harder hit.

Large-scale redundancies have commenced. In the case of larger firms these have affected vulnerable groups of employees, first of all, temporary agency workers, migrant workers, workers on fixed-term contracts (or on probation) and commuters. In the case of SMEs and suppliers, redundancies have been, from the outset, the major means of adjustment, and permanent employees have been just as much affected as those on non-standard contracts.

Lay-offs are regulated by labour law, within the framework of which there is provision for a minimum level of severance pay. Beyond this, collective agreements – where they exist – are applied and works councils and trade unions are involved in managing the measures. As in the case of lay-offs, they negotiate on concrete measures and compensation packages.

Specific labour market policy measures similar to the German '*Kurzarbeit*' or the French '*chômage partiel*' exist in a few cases only, such as in Hungary from January 2009 and Bulgaria from April 2009.

Hungary: in search of measures to tackle the employment effects

Work organisation measures and negotiated ways of managing the crisis are more characteristic of large (multinational) companies with a trade union presence, workers' participation and collective agreements. Even in such cases redundancies take place, mostly involving those employed on non-standard contracts. The situation is much more difficult at SMEs, which do not have the resources, institutional or other, to cushion the effects of the crisis. For example, most firms in the Pannon Automobile Cluster (PANAC), which includes 450 automobile suppliers (around 300 of which are Hungarian SMEs), do not have the flexibility or financial means to cope with production breakdowns and bottlenecks and cannot afford production to lay in stock. Several thousand workplaces are under threat in this segment. In response, the Hungarian government has developed a special subsidy programme to help finance such SMEs with targeted credit schemes.

The case of the Suzuki car factory in Esztergom, North Hungary, highlights a controversial instance of 'forced voluntary redundancies' that has become a widespread 'human resource policy' tool in several new member states. Suzuki terminated bus transport services for commuter workers and offered the employees in question a top-up of their statutory severance pay. Eight hundred employees accepted voluntary redundancy, mostly Slovakian guest workers.

In other cases the crisis has not affected Hungarian plants adversely; on the contrary, the parent companies' cost-saving measures have led to job creation. Electrolux, the household electronics company, has announced 3,000 job cuts worldwide, but has expanded production in Hungary by 330 employees. Daimler will press on with its planned establishment of a new Mercedes factory in Kecskemét, in accordance with its plan to produce low-emission small vehicles, at a time when production is being cut in Germany.

The Labour Ministry has developed a specific labour market policy instrument to address the consequences of the crisis on the basis of western European examples. The employment-creation pillar of the Labour Market Fund (used to subsidise firms that make major investments involving job creation) was redesigned into a pillar for the 'maintenance of employment'. Companies applying for this support can run production on a four-day-week basis, while a compensation for the lost working hours is financed by the Labour Market Fund providing up to 80% of the lost income with a maximum level of the double of the statutory minimum wage.

Czech Republic: radical employment cuts in the automobile industry

The 17.4 per cent year-on-year fall in industrial production registered in November 2008 was among the highest in Europe. In response, companies have applied radical measures, redundancy being the instrument most frequently used.

Czech automobile firms intend to lay off 13,550 employees in the near future, that is, 10 per cent of all employees in the sector, as revealed by a survey conducted by the Czech Automobile Employer Federation (SAP) in November 2008.

Skoda, with a total workforce of 20,000, has been hardest hit by the crisis. It implemented a production break between 20 December and 5 January and a four-day week will remain in effect until June 2009. Furthermore, 1,500 temporary agency workers were dismissed, with further dismissals involving 2,000 workers from January 2009, mostly temporary agency workers and migrant workers, the majority of the latter coming from Poland.

Production on the basis of shortened working time is managed in accordance with company resources and negotiation, as no corresponding labour market programmes exist in the country. Flexible working time arrangements, reorganisation of shifts, and other measures to adjust work organisation are the main avenues of adaptation. Employees are only partially compensated for the loss of pay.

Slovakia: relying on market forces to fend off the more limited employment effects

The vulnerability of Slovakia appears in its 'mono-industrial structure' heavily based on the automobile industry. The country hosts three major car producers: Kia, Peugeot-Citroen and Volkswagen.

Larger companies have made an effort to overcome the crisis without major labour reductions and have implemented measures to increase internal flexibility by means of reduced working time and a higher share of part-time labour. Where redundancies take place, early retirement is used as a buffer.

Volkswagen Bratislava, the largest automobile producer in the country, cut back production already in 2008. The company has already announced the laying off of most of its temporary agency workers and offered a voluntary redundancy scheme for regular employees. 300 employees opted for this formula, as the compensation of – on average – six months salary goes well beyond the mandatory severance pay.

Apart from exploiting internal flexibility by means of a limited number of lay-offs, no other measures have so far been taken in Slovakia where there is no specific labour market policy instrument to support flexible working time arrangements by companies. There would seem to be a consensus among the major policy players in Slovakia that the effects of the crisis can be tackled by the market within the framework of normal labour market fluctuations. The Slovakian Metalworkers' Union Kovo announced that it would pursue a wage moderation strategy in order to minimise job losses.

Poland: no specific measures to deal with the employment effects of the crisis

After a huge wave of employment creation in 2006–2007, the employment trend has been reversed in Poland. Limited employment creation continues, nonetheless, through the relocation of production from western Europe.

The Polish automobile industry is experiencing deepening crisis as in October 2008 the number of assembled cars was 17 per cent lower than the previous year. In the case of Opel Gliwice, production was reduced by 60 per cent in October, while a reduction of 50 per cent was recorded at FSO Warsaw. Opel, VW Poznan and MAN in Niepolomice all announced temporary shutdowns of production at the end of 2008. MAN has also laid off 150 employees. In the metal sector, Arcelor Mittal Poland has reduced its workforce by 1000 employees in its four steel mills, while the Polish telecommunication Company (TP) has announced that it will make 4900 employees redundant by 2011. Telefonica Cables has laid off 900 workers at its four Polish locations, while Bank Handlowy has reduced its workforce by 500.

Internal labour market flexibility is very limited in Poland; neither collective agreements nor labour market policy instruments can tackle major demand shocks and related changes in working time arrangements. Working time accounts exist in only a few firms and can deal only with smaller fluctuations in working time. Collective agreements, where they exist, are valid for longer periods and are unable to respond to short-term changes. No labour market policy measure – for example, shortened working time – exists to tackle crisis situations.

Bulgaria: the first signs of crisis

Bulgaria has so far been affected by the crisis to a limited extent. Indeed, it was not until November 2008 that the government admitted that the crisis had reached this country. Company redundancies have so far been reported in just a few cases and in limited numbers.

The government has introduced a programme of employment protection, to become effective from April 2009, for companies affected by the financial and economic crisis. The programme is designed to offer financial support to companies that retain their workers by reducing working hours rather than resorting to redundancy measures. It is expected that 100,000 workers will remain in employment thanks to this initiative.

Conclusions

Across Europe plant-level responses to the drop in demand resulting from the economic downturn are highly diverse. One main distinction can be drawn between instruments that ensure a high degree of 'internal flexibility' within the company through collective bargaining, and instruments anchored in the legal-institutional framework of labour market organisation. The existence of an inclusive multi-level system of collective bargaining is an important condition for the adoption of comprehensive company/plant-level agreements on the flexibilisation of working time, insofar as it is able to be responsive to short-term challenges.

From the country case studies, it is apparent that both collective bargaining at the company, sector or inter-sectoral level, and statutory labour market instruments aimed at cushioning the negative wage impacts of working time reductions or long periods of inactivity coexist in many of the western European countries under consideration. In Germany collective agreements at sectoral and plant level complement one another and are backed up by state wage subsidies for employees working shorter hours than usual. The same holds true for France, Belgium and the Netherlands, with the difference that in the latter two countries workers suffer more severe income losses because state subsidies for short-time work are either more difficult to access or provide a lower level of compensation. The institutional framework in the UK is more limited, however.

In the new member states, however, such an institutional framework is largely lacking, although some new initiatives have been taken. Consequently, plant-level responses in the new member states have tended to involve more drastic measures than in most western European companies. Collective agreements in the new member states do not, even where they exist, offer sophisticated instruments for flexible working time arrangements with the scope required to handle the serious downturns facing most companies. At best, they can cushion an initial period, as the examples of some affiliates of European multinationals in the new member states and in the UK have demonstrated. In the absence of specific labour market policy instruments – with the exceptions of Hungary and

Bulgaria where a measure similar to the German 'Kurzarbeit' has been introduced in January and April 2009 respectively – the compensation of temporarily inactive employees has rested mostly on unilateral management decision. Large-scale redundancies concentrated on vulnerable employee groups, such as temporary agency workers, fixed-term contract employees and migrant workers.

It can also be concluded that there is a clear divide between large and often multinational companies, which are generally better equipped to fend off sudden external shocks through collective agreements, and SMEs where redundancies have been the immediate response to the crisis.

A related conclusion is that the strong intermeshing of collective bargaining and legal provisions for short-time working implies a divergence of protection and coverage for different types of employee depending on the degree of collective bargaining coverage in their sector or firm.

There is also a serious divide between regularly employed workers and temporary and agency workers. Only some countries – principally Germany and France – with extensive legal provisions for short-time workers include agency workers to some degree under these regulations. In a number of countries the extension of such schemes to vulnerable groups of workers is a key trade union demand.

Overall, the measures discussed here will help to cushion the immediate impact of the crisis on employment levels. However, against the background of a deep and protracted crisis these measures will not be sufficient to prevent massive redundancies among all groups of employees in the longer term. This implies a need to expand existing measures but equally to ensure that they also make a contribution to longer-term recovery by expanding the provision of training opportunities.

The views expressed in *ETUI Policy Briefs* are those of the respective author(s) and do not necessarily reflect the views of the ETUI.

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