

Labour Foundation Agreement, 25 March 2009

Introduction

The economy is in trouble. Unemployment is rising, and many companies are losing money. Firm measures are required to battle the economic crisis, and they must have the backing of as many people as possible. Social stability is important, especially in difficult times. It is vital that confidence should be restored.

The number of unemployed must be kept to a minimum, and where unemployment cannot be avoided, everything must be done to help them find work again or to improve their opportunities in the labour market through training. Young people are the most important group in that respect. Unemployed young people must find work as quickly as possible. It is crucial to retain skilled workers and knowledge workers and avoid unemployment, from both a social and an economic perspective. Taking a broader view, the social partners believe that it is imperative to retain the productive capacity of our economy. Temporary measures can help prevent long-term weaknesses, which are difficult to correct. Such measures should therefore go to preserve the liquidity of businesses, innovativeness and sustainability. In addition, public spending on the knowledge economy must continue, partly with a view to the situation after the crisis. The Netherlands still lags behind other countries in that respect, even though investing in education has been shown to have a multiplier effect on the economy. If everyone is willing to do their share, the Netherlands should emerge from the crisis with a relatively strong economy.

The crisis has already affected many people, and there are further risks ahead. The parties that make up the Labour Foundation believe that solidarity is a priority. Everyone must help resolve the problem. We must avoid a situation where particular groups are forced to bear the brunt of the burden.

Labour market

The Labour Foundation agrees with the Government's plans to introduce a part-time unemployment benefit and will recommend supporting policy measures. It regards this as an effective measure in the current circumstances.

The social partners have identified the prevention of youth unemployment as an important aim for the period ahead. Taking the longer view, it is crucial that we keep young people in the labour market and offer them good career prospects. Every school-leaver who is jobless for more than three months should be offered a traineeship. Where possible, the social partners in the various economic sectors will offer trainees an employment contract after they complete their traineeship. The crisis appears to be reducing the number of traineeships in some sectors as host companies get into difficulties. The social partners will make every effort to prevent a situation in which pupils are unable to graduate because they cannot find a traineeship.

Once the economy begins to recover, various sectors may once again have difficulty filling vacancies. It is important for these 'labour shortage sectors' to begin training people now for the jobs that become available in a few years' time. Benefits recipients who are being retrained for positions in labour shortage sectors should be relieved of the obligation to apply for jobs for the duration of their training. They should have a traineeship at the start of their retraining programme, and the prospect of a job at the end. To ensure that those made redundant by the economic crisis can resume working as soon as possible, we must set up mobility centres closely allied with the various sectors. Professional support is vital in that respect. Sectors or

companies may set up their own mobility centres with the assistance of public and/or private intermediaries. In cases of public/private partnership, the private intermediaries should be able to conclude agreements with the social security agency/job centre, the UWV Werkbedrijf, giving them access to public funding (for example reintegration funding). The sectors can provide a good idea of the labour demand, and money from the Education & Training funds [*O&O-fondsen*], for example, can be put to specific use. It is up to the funds and government to work together to encourage mobility between sectors. The Foundation calls on sectors/employers to report as many vacancies as possible to UWV Werkbedrijf and private intermediaries.

The emphasis at this stage should be on using training to resolve the discrepancy between labour market supply and demand. As the number of unemployed rises, the emphasis must obviously shift from the obligation to apply for work to the obligation to train. To promote mobility between jobs, the Foundation believes that company redundancy plans must focus as much as possible on measures that encourage employees threatened with unemployment to transfer to another job.

The opportunities available in the labour market must be exploited as quickly and as flexibly as possible. In addition to temping work and temporary appointments, sectors and temping agencies should consider making use of contracts in which the number of working hours is not pre-determined but depends on the supply of work. The social partners regard such contracts as temporary in nature, and they are concluded when the ultimate intention is to conclude a standard employment contract.

To protect weaker groups in the labour market from being disproportionately affected by the crisis, the Labour Foundation is particularly keen to improve the position of flexible workers at this point. It wishes to do this by making additional arrangements in collective agreements about flexible worker training, and by eliminating the competition clause for this group.

We must take full advantage of any opportunity to guide people from one job to another. This emphasis, however, should not be at the expense of those groups who have more difficulty finding work, such as the long-term unemployed, young persons with a disability, older employees, etc. The social partners at sector level will direct their efforts toward these groups as well. Government should facilitate these efforts by introducing incentive schemes.

Pensions

The Labour Foundation agrees with the modified policy on pension recovery plans, as discussed during the meeting between the Government and the Labour Foundation on 24 March 2009.

State pension

The Labour Foundation is aware of the Government's plans to increase the age at which individuals qualify for their state pension. The social partners will work together in the Social and Economic Council to develop an alternative to the Government's state pension proposal.

Purchasing power and wages

The present situation requires us to put work above income. That means spending any money available on job security and training before using it to improve incomes. Wage movements will be differentiated, but modest across the board. That applies to everyone in the company, including those who earn the highest incomes. The main aim is to preserve the purchasing

power of private-sector and public-sector employees and benefits recipients.

Agreements to stimulate employment will be made in a broad spectrum of fields – including training – at sector and company level, and wage movements will be negotiated to match the level of inflation, provided that no additional tax or social insurance payments are imposed, either nationally or locally, that undermine purchasing power. Where more money is available, it will be used for jobs, training, trainees places for young people or for those retraining to work in labour shortage sectors, and for pensions. This concerns the fixed component of the wage movement. Any extra money available will be also used in accordance with the above approach. It is naturally up to the parties at company or sector level to decide whether the money will be used to finance occasional wage components. The social partners realise that wage rises can have a major impact on the pension funds, and they will therefore explicitly consider the position of retirees and working people when deploying the available funds.

This general agreement between the parties covers the years 2009 and 2010. The wage demand for 2010 will be finalised in the autumn, as soon as the Netherlands Bureau for Economic Policy Analysis publishes the relevant figures. The social partners will consider all the various options pertaining to the relationship between the structural and occasional components of any wage rises, the main purpose being to meet the wage demand in a way that guarantees solidarity between working people, benefits recipients and retirees. The social partners believe that this approach offers a reasonable method of preserving the link between wages and benefits.

Final remarks

The purpose of a social agreement is to help ensure that our economy remains structurally strong and healthy. We must see to it that as many people as possible keep their jobs, and where that is not possible, that their unemployment is as brief as possible. Rising and persistent unemployment poses a threat to social cohesion and will aggravate existing tensions in society. We can only prevent that by ensuring that companies in the Netherlands remain strong, competitive and innovative. By continuing to work together and with government, the social partners believe that they can join forces in tackling the crisis head-on while taking special care to protect more vulnerable groups in society.