

Austerity, industrial relations and labour precariousness in Portugal



Mediterranean Capitalism and the Crisis: issues and challenges

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1. Portugal and Europe: between expectations and disappointments

2. The IR & employment system

3. The overwhelming austerity and some “hot issues”

4. Legal and social impacts

5. Labour precariousness, weak regulation and ways of reacting

6. Conclusions

1. Portugal and Europe: between expectations and disappointments

- ⌘ The positive expectations of the past....(despite the “dual vision” of trade union actors)
- ⌘ “European challenge” opened up new paths on the labour market
 - *Greater cross-border mobility*
 - *Access to EU structural funds*
 - *European social model as a reference for welfare*
 - *Access to credit v. indebtedness*
- ⌘ But Europe remains crossed by asymmetries...

2. The IR & employment systems

- ⌘ Main characteristics of the Portuguese industrial relations system
- ⌘ Portuguese employment system

2.1. Some characteristics of Portuguese IR System



- a pluralist and competitive relationship within and among the representative organizations of labour and capital;
- strong politicization of the processes of collective bargaining on working conditions;
- links between trade union and employer organizations and the political party system;
- a central role of the state in the labour-capital relationship, even though the legal and institutional apparatus is based on the principle of separation of powers and on its capacity for self-regulation;
- increasing impediments to collective bargaining;
- increasing casualization of labour relations, which also increases insecurities regarding employment and weakens the overall role of trade unionism

2.2. Portuguese employment system



- low productivity
- low wages
- high labour intensity
- a low level of education, skills and qualifications,
- a lack of quality employment and high incidence of different forms of atypical work, 'green receipts', fixed-term contracts, temporary work, part-time work, work in the informal economy

3. The overwhelming austerity and some “hot issues”



Austerity reinforces the sense (and practice) of precariousness

⌘ According to Clauwaert and Schömann (2012):

- labour law reforms used the argument of the crisis as an excuse;
- these reforms produce negative impacts on social protection and fundamental workers' rights
- there is a lack of democratic basis on the implemented reforms

3.1 Some Controversial issues



- wage devaluation
- reversal of working-time gains
- Flexibilisation of the labour market

4. Legal and social Impacts (a)



- a company can now choose who to dismiss in situations of job extinction;
- dismissal for unsuitability became broader-reaching;
- reductions to overtime pay were introduced;
- individual working-time accounts/*banco de horas* were created;
- severance pay in the case of dismissals were reduced;
- vacation days were reduced;
- the number of public holidays were cut;
- the Labour Inspectorate (ACT) reduced its controls

4. Legal and social Impacts (b)



- ▶ the loss of the autonomy of the social partners, above all of the trade unions, which have seen their position become even more subordinate;
- ▶ greater tension in the relationship between the two sides of industry (and also within the trade union side);
- ▶ a strengthening of asymmetries on the labour market, specifically in the relationship between high income and low income classes or that between public sector and private sector;
- ▶ a sharp reduction in the purchasing power of families

4. Legal and social Impacts



► A quantification exercise

- The halving of retribution for overtime corresponded to a cut between 12% and 17% of the value of that portion of the revenue;
- A reduction in pay for work on holidays corresponded to a cut of 75% of that portion of the income of the worker;
- For every four hours of overtime work, the period of production increased one hour (unpaid now), while the price of every additional working hour was halved;

4. Legal and social Impacts



► A quantification exercise (cont.)

- The subtraction of leisure time was converted in working time (less 4 holidays, 3 vacation days and ending compensatory rest for the overtime work) →the law introduced, on average, a cut between 21% and 30 % of the workers' rest time;
- Over the course of one year, the worker gave to the company between 7.9 to 12.8 days of work, without any additional wage compensation;
- The advantages granted to the companies can be estimated in an increase in the gross operating surplus of enterprises between 2.1 and 2.5 billion euros;

5. Labour precariousness, weak regulation and ways of reacting



5.1. Modalities of precarious employment

5.2. The (weak) regulating mechanisms

5.3. Reactions (counter-movements)

5.1. Modalities of precarious employment



- ▶ *Fixed-term contracts*
- ▶ *“green receipts” (linked to self-employment)*
- ▶ *Involuntary part-time work*
- ▶ *Temporary work*
- ▶ *State-driven precariousness*

5.2. The (weak) regulating mechanisms



- ▶ In July 2013: a citizens' legislative initiative first attempted to draft a “law against precariousness”.
- ▶ other unsuccessful legislative proposals: the proposal to fight permanent employment disguised as fixed-term contracts or the abuse of temporary contracts
- ▶ the only successful initiative culminated in the law 63/2013 (27 August), under which the conditions were created for the “establishment of mechanisms to fight the misuse of services contracts in subordinate work relationships” → aimed at recognising employment relationships involving false self-employment receipts

5.3. Reactions (counter-movements)



- i) Strikes (promoted by trade unions confederations)**
- ii) Larger social demonstrations and protests**
- iii) The role of the Constitutional Court**
- iv) The welfare society as an historical response but also under pressure**

6. Conclusions



- The public debate on the crisis and on alternative public policies in Portugal has been particularly ideologically biased
- “internal devaluation” through wage and social compressions induced a deep reconfiguration in important institutional domains (industrial relations, welfare regimes, political and legal systems)
- such reconfigurations might tend to consolidate the peripheral position of Portugal within EU
- recent governmental elections results (of October 4, 2015) are an open field or a dead end?...