

UNDECLARED LABOUR IN EUROPE
Towards an integrated approach of
combatting undeclared labour

- Final Report -

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PREFACE

Here you find the final report of the study “Combatting Undeclared Work”, by Regioplan Research Advice and Information for the European Commission, Directorate General Employment and Social Affairs.

Seven Member States have been selected for the purpose of the research. National experts from each country were sent a questionnaire about undeclared work in their countries. Based on their answers a report was written, which was sent to another set of experts in the same countries for a second opinion. These opinions resulted in a second interim report. This second interim report was presented at an international seminar in Amsterdam, where the results were further discussed and elaborated.

This document is based upon the contributions of the above-mentioned national experts and would not have been possible without them. We would like to thank them for their valuable contribution to this report. Finally, we would like to address a special word of thanks to Ms. Els van Winckel from the European Commission, DG Employment and Social Affairs, for her inspiring contribution to the project.

The authors, of course, carry final responsibility for the contents of this report.

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EXECUTIVE SUMMARY

This report contains a description and an analysis of the policies to combat undeclared work in seven Member States of the European Union: France, Germany, Italy, The Netherlands, Spain, Sweden and the United Kingdom. After the analysis successful policy mixes are identified.

Undeclared Work in the Member States

Depending on the method of measurement, undeclared labour accounts for between 3 and 15 per cent of European GDP.

In most of the seven countries in this study, the fight against undeclared work is part of a general package of policy measures to promote employment and combat fraud.

The main similarities between the seven Member States are the following:

- Policy measures against undeclared work often concern fiscal or social security policy.
- Control activities are intensified in almost all countries.
- A steady increase in co-operation between control bodies. This refers chiefly to the exchange of information.
- Policy measures to reduce undeclared work are not properly evaluated, which makes it difficult to assess their effectiveness.

There are also many differences in the ways governments of the seven countries try to reduce the amount of undeclared work. These differences relate to the backgrounds of various informal activities in the seven countries.

Towards Good Policy Mixes

An effective approach to combatting undeclared work depends on the context in which it is to be implemented. To determine an efficient policy it is necessary to look at the following categories of causes and determinants of undeclared work:

1. Market relations (labour markets, goods and services markets and information markets).
2. Institutional relations (relations of citizens with public authorities and institutions, taxes e.g.).
3. Individual characteristics.
4. Environmental factors.

The causes within the above-mentioned categories all lead to various manifestations of undeclared work. Successful policy is that which specifically tackles a mix of factors and circumstances. Policy should be tailor-made. There is no standard recipe that can be applied.

However, for each category of causes, a number of possible policy options can be identified. Together these constitute the “toolbox” for policy makers. This toolbox” of policy options can be divided into four categories:

1. Changing the System

When characteristics of the formal socio-economic system itself lead to the emergence of undeclared labour, one should consider changing (parts of) the system. This strategy is most appropriate when undeclared work is caused by e.g. an inflexible labour market, rigid legislation or high non-wage labour costs.

Possible measures to change a socio-economic system include, among others: tax reductions, social security contribution reductions, deregulation and flexibilisation of employment relationships (e.g. temporary work, seasonal work, et cetera.).

2. Enforcing the System

If the causes of undeclared work stem from an unwillingness among citizens to follow the rules or inadequate enforcement of the rules, then a strategy to improve enforcement should be followed.

Policy options to this end include: stepping up controls and sanctions, increasing co-operation and data exchange between authorities, installing multidisciplinary co-operation networks between authorities and field checks.

3. Enhancing Access to the Formal Economy

Some people encounter barriers entering the formal labour market, e.g. through complex legislation, bureaucracy or the poverty trap.

Policy measures that could adequately tackle these problems include: coaching and advice in fulfilling formalities, business start-up grants and tax credits for the employed.

4. Changing Behaviour and Attitudes

An important set of causes of undeclared work relates to attitudes and culture. People might be unwilling to pay taxes because of a low tax morale, but it might also be due to a total lack of confidence that government will spend their tax money appropriately. Furthermore, it seems that a certain level of undeclared work is deeply rooted into the culture of peoples all over Europe (e.g. babysitting, house cleaning).

The appropriate policy option for governments having identified such causes of undeclared work in their countries is to change the attitudes and the behaviour of their citizens. The most important measures involve awareness-raising and information campaigns. These campaigns can have several objectives: warning people about the consequences (sanctions) of performing undeclared work, explaining the consequences and appealing to solidarity and intelligence among the people.

The four main strategy options mentioned above are each related to different (though partly overlapping) sets of causes. The causes exist to various degrees throughout the European Union. Governments, national as well as local, should identify the main causes of undeclared work in their country, region or locality. After having identified the causes, a choice suitable for the specific national or regional context must be made from the presented policy options. A policy mix using the above-mentioned elements as cornerstones seems the most likely to be effective in combatting undeclared work.

PETIT RÉSUMÉ

Le présent rapport donne une description et une analyse des mesures politiques de lutte contre le travail dissimulé mises en œuvre par sept Etats membres de l'Union européenne: la France, l'Allemagne, l'Italie, les Pays-Bas, l'Espagne, la Suède et le Royaume-Uni.. Cette analyse est suivie de l'identification des combinaisons de mesures couronnées de succès.

Travail dissimulé dans les Etats membres

Le travail dissimulé représente entre 3 et 15% du PIB européen, selon la méthode d'estimation.

Dans la plupart des sept pays ayant participé à cette recherche, la lutte contre le travail dissimulé fait partie d'un ensemble général de mesures politiques visant à promouvoir l'emploi et à lutter contre les fraudes.

Les principales similarités entre les sept Etats membres sont les suivantes :

- Les mesures politiques contre le travail dissimulé concernent souvent la politique en matière d'impôt ou de sécurité sociale.
- Les activités de contrôle sont intensifiées dans presque tous les pays.
- La coopération entre les organismes de contrôle est en amélioration constante. Ceci concerne surtout l'échange d'information.
- Les mesures politiques pour réduire le travail dissimulé n'étant pas correctement évaluées, leur efficacité est difficile à estimer.

Cependant, il existe aussi de nombreuses différences entre les moyens mis en œuvre par les gouvernements des sept pays pour tenter de réduire la quantité de travail dissimulé. Ces différences sont liées aux différents contextes dans lesquels se déroulent les activités informelles dans les sept pays.

Vers de bonnes combinaisons de mesures politiques

Une approche efficace de lutte contre le travail dissimulé doit dépendre du contexte dans lequel elle sera mise en œuvre. Pour déterminer une telle politique efficace, il faut considérer les catégories suivantes de causes et de facteurs du travail dissimulé :

1. Les relations de marché (marché du travail, marché des biens et des services et marché de l'information).
2. Les relations institutionnelles (relations des citoyens avec les autorités et les institutions publiques, impôts).
3. Les caractéristiques individuelles.
4. Les facteurs « environnementaux ».

Les causes énoncées dans les catégories mentionnées ci-dessus conduiront, dans diverses combinaisons, à diverses manifestations de travail dissimulé. Une politique réussie est celle qui examine spécifiquement cette combinaison de facteurs et de circonstances. Cela signifie qu'elle doit être adaptée à la situation de chaque pays et qu'on ne peut appliquer des recettes standard. Un certain nombre d'options politiques possibles peuvent cependant être identifiées pour chacune des catégories de causes mentionnées. Ensemble, ces options politiques constituent la « boîte à outils » des responsables politiques. Elles se classent en quatre catégories:

1. Changer le système

Quand les caractéristiques du système socio-économique formel lui-même conduisent à l'émergence du travail dissimulé, on doit envisager de changer le système ou des parties du système. Cette stratégie est la plus judicieuse quand le travail dissimulé est dû par exemple à un marché du travail inflexible, à une législation trop rigide ou à des frais de personnel (salaires non compris) trop élevés.

Les mesures pour changer le système comprennent notamment: les réductions fiscales, les réductions des cotisations sociales, la libéralisation et la flexibilisation des relations de travail (p. ex. travail temporaire, travail saisonnier).

2. Assurer le fonctionnement du système

Si les causes du travail dissimulé résultent d'une réticence des citoyens à respecter les règles ou d'une répression inadéquate, une stratégie à suivre est le renforcement des mesures de répression.

Les options politiques à cette fin comprennent: l'intensification des contrôles, le renforcement des sanctions, le renforcement de la coopération et de l'échange de données entre autorités, la création de réseaux de coopération multidisciplinaires entre autorités et des contrôles sur le terrain.

3. Favoriser l'accès à l'économie formelle

Certaines personnes rencontrent des obstacles pour faire leur entrée sur le marché du travail régulier, à cause p.ex. d'une législation complexe, d'un excès de bureaucratie ou du piège de la pauvreté.

Les mesures politiques pouvant lutter de manière adéquate contre ces problèmes comprennent : un apport d'aide et de conseil dans l'acquittement des formalités, des subventions pour la création de nouvelles entreprises et des crédits d'impôts pour les salariés.

4. Changer le comportement et les attitudes

Un important ensemble de causes du travail dissimulé est lié aux attitudes et à la culture. Les gens peuvent être réticents à payer des impôts en raison d'une morale fiscale déficiente, mais cela peut être aussi parce qu'ils ne sont pas sûrs que le gouvernement dépensera leur argent

fiscal de la bonne manière. De plus, il semblerait qu'un certain niveau de travail dissimulé soit profondément enraciné dans la culture de nombreux peuples dans toute l'Europe (p.ex. le baby-sitting et le ménage).

L'option politique adéquate pour les gouvernements ayant identifié de telles causes de travail dissimulé dans leur pays est de tenter de changer les attitudes et le comportement des citoyens. Les principales mesures mises en œuvre à cette fin comprennent les campagnes de sensibilisation et d'information. Ces campagnes peuvent avoir plusieurs objectifs, tels qu'avertir les gens sur les conséquences (sanctions) liées au travail dissimulé, ou expliquer ces conséquences, et faire appel à la solidarité et à l'intelligence.

Chacune des quatre principales options stratégiques mentionnées ci-dessus pour réduire le travail dissimulé est liée à différents ensembles de causes (se recouvrant en partie). Les causes se retrouvent à divers degrés à travers toute l'Union européenne. Les gouvernements, tant nationaux que locaux, devraient identifier les principales causes de travail dissimulé dans leur pays, leur région ou leur localité. Après avoir identifié les causes, on choisira parmi les options politiques présentées celles qui conviendront le mieux au contexte national ou régional spécifique.

Une combinaison de mesures politiques utilisant comme pierres angulaires les éléments mentionnés ci-dessus semble avoir beaucoup de chances d'être efficace dans la lutte contre le travail dissimulé.

ZUSAMMENFASSUNG

Dieser Bericht enthält eine Beschreibung und eine Analyse der Maßnahmen zur Bekämpfung nicht angemeldeter Erwerbstätigkeit in sieben Mitgliedstaaten der Europäischen Union: Frankreich, der Bundesrepublik Deutschland, Italien, den Niederlande, Spanien, Schweden und dem Vereinigten Königreich. Nach der Analyse werden erfolgreiche *policy mixes* beschrieben.

Nicht angemeldete Erwerbstätigkeit in den Mitgliedstaaten

Abhängig von der angewendeten Messmethode liegt die nicht angemeldete Erwerbstätigkeit zwischen 3 Prozent und 15 Prozent des europäischen Brutto-Inlandsprodukts.

In den meisten von den sieben Ländern, die in dieser Studie beschrieben werden, ist die Bekämpfung der nicht angemeldeten Erwerbstätigkeit Bestandteil eines Gesamtpakets politischer Maßnahmen zur Förderung der Beschäftigung und Bekämpfung von Betrug.

Die wichtigsten Ähnlichkeiten zwischen den sieben Mitgliedstaaten sind die folgenden:

- politische Maßnahmen gegen nicht angemeldete Erwerbstätigkeit enthalten oft steuerliche Maßnahmen oder Eingriffe in die sozialen Unterstützungen;
- die Kontrollen sind in nahezu allen Ländern intensiviert worden;
- die Zusammenarbeit zwischen den Kontrollorganen nimmt stetig zu. Sie bezieht sich in der Hauptsache auf den Austausch von Informationen;
- politische Maßnahmen zur Reduktion der nicht angemeldeten Erwerbstätigkeit sind nicht sorgfältig evaluiert worden, dadurch ist es schwierig, deren Effektivität einzuschätzen.

Es gibt jedoch auch zahlreiche Unterschiede in den Methoden, die die Regierungen der sieben Länder anwenden, um die nicht angemeldete Erwerbstätigkeit zu reduzieren. Diese Unterschiede stehen im Zusammenhang mit den unterschiedlichen Grundlagen für illegale Tätigkeiten in den sieben Ländern.

Bemühungen um gute *policy mixes*

Ein wirkungsvolles Vorgehen zur Bekämpfung nicht angemeldeter Erwerbstätigkeit hängt von dem Kontext ab, in dem dieses Vorgehen implementiert werden soll. Für die Entwicklung einer derartigen effizienten Politik ist es notwendig, die folgenden Kategorien von Ursachen und bestimmenden Faktoren für nicht angemeldete Erwerbstätigkeit zu berücksichtigen:

1. Marktverhältnisse (Arbeitsmarkt, Waren- und Dienstleistungsmarkt und Informationsmarkt).
2. Beziehungen zu Organisationen (Beziehungen von Bürgern zu staatlichen Behörden und Einrichtungen, Steuern).
3. Individuelle Eigenschaften.

4. „Umgebungs“ faktoren.

Die Ursachen innerhalb der oben genannten Kategorien werden in verschiedenen Kombinationen zu unterschiedlichen Erscheinungsformen von nicht angemeldeter Erwerbstätigkeit führen. Eine erfolgreiche Politik ist die Politik, die diese Mischung aus Faktoren und Umständen gezielt anpackt. Das heißt, dass sie maßgeschneidert sein sollte und dass es keine Standardrezepte gibt, die angewendet werden können. Für jede der genannten Kategorien von Ursachen können jedoch mehrere mögliche politische Optionen beschrieben werden. Zusammen bilden sie den „Werkzeugkasten“ für diejenigen, die die Richtlinien der Politik bestimmen. Diese politischen Optionen können in vier Kategorien aufgeteilt werden:

1. Änderung des Systems

Wenn Eigenschaften des offiziellen sozioökonomischen Systems selbst zum Entstehen nicht angemeldeter Erwerbstätigkeit führen, sollte man über eine Änderung (von Teilen) des Systems nachdenken. Diese Strategie ist am besten geeignet, wenn nicht angemeldete Erwerbstätigkeit zum Beispiel durch einen unbeweglichen Arbeitsmarkt, starre Gesetzgebung oder hohe Lohnnebenkosten verursacht wird .

Maßnahmen zur Änderung des Systems umfassen unter anderem: Steuersenkungen, Senkungen der Soziallasten sowie Deregulierung und Flexibilisierung von Arbeitsverhältnissen (zum Beispiel Zeitarbeit, Saisonarbeit).

2. Durchsetzung des Systems

Wenn die Ursachen für nicht angemeldete Erwerbstätigkeit auf den Unwillen der Bürger, die Regeln zu befolgen, oder ungenügende Durchsetzung zurückzuführen sind, ist eine mögliche Strategie, die Durchsetzung zu verstärken. Politische Optionen zu diesem Zweck umfassen: schrittweise Verstärkung der Kontrollen, Erhöhung der Sanktionen, Intensivierung der Zusammenarbeit und des Informationsaustausches zwischen Instanzen, die Schaffung multidisziplinärer Netzwerke für die Zusammenarbeit zwischen Behörden und praktische Kontrollen.

3. Verbesserung des Zugangs zur regulären Wirtschaft

Manche Menschen haben Schwierigkeiten, sich auf den regulären Arbeitsmarkt zu begeben, zum Beispiel wegen komplizierter Gesetzgebung und Bürokratie oder der Armutsfalle. Politische Maßnahmen, die diese Probleme adäquat in Angriff nehmen könnten, umfassen zum Beispiel: Begleitung und Beratung bei der Erfüllung von Formalitäten, Unterstützung startender Unternehmer und Steuervergünstigungen für die Beschäftigten.

4. Änderung des Verhaltens und/oder der Attitüde

Eine wichtige Reihe von Ursachen hängt mit Verhalten und Attitüde zusammen. Menschen sind möglicherweise wegen einer geringen Steuermoral nicht gewillt, Steuern zu zahlen; der Grund könnte aber auch sein, dass sie nicht darauf vertrauen, dass der Staat ihre Steuergelder

auf die richtige Weise verwendet wird. Außerdem scheint es, als wäre ein gewisses Niveau nicht angemeldeter Erwerbstätigkeit in der Kultur der Menschen in ganz Europa tief verwurzelt (zum Beispiel Babysitten, Hausreinigung).

Die adäquate politische Option für Regierungen, die derartige Ursachen für nicht angemeldete Erwerbstätigkeit in ihren Ländern festgestellt haben, ist, die Einstellung und das Verhalten ihrer Bürger zu ändern. Die wichtigsten, zu diesem Zweck angewendeten Maßnahmen umfassen Sensibilisierungs- und Informationskampagnen. Diese Kampagnen können verschiedene Ziele haben; beispielsweise die Menschen vor den Folgen (Sanktionen) einer nicht angemeldeten Erwerbstätigkeit zu warnen oder aber die Konsequenzen zu erläutern und an Solidarität und Einsicht zu appellieren.

Die vier hauptsächlich im Vorstehenden genannten strategischen Optionen zur Reduktion nicht angemeldeter Erwerbstätigkeit beziehen sich jeweils auf verschiedene (sich allerdings teilweise überlappende) Gruppen von Gründen. Die Gründe sind in unterschiedlichen Gradationen in der ganzen Europäischen Union vorhanden. Regierungen, sowohl national als auch lokal sollten die hauptsächlichsten Gründe für nicht angemeldete Erwerbstätigkeit in ihrem Land, ihrer Region oder ihrer Kommune feststellen. Wenn die Gründe festgestellt worden sind, muss aus den vorgelegten politischen Optionen eine, für die spezifische nationale oder regionale Situation geeignete Wahl getroffen werden.

Ein Mix aus politischen Maßnahmen, der die oben beschriebenen Elemente als Eckpfeiler nutzt, scheint die größten Erfolgsaussichten bei der Bekämpfung nicht angemeldeter Erwerbstätigkeit zu haben.

1 INTRODUCTION

1.1 Introduction

In 1998 the European Commission launched a debate on the causes of undeclared work and the policy options to combat it by issuing the *Communication of the Commission on Undeclared Work*¹. Since the publication of the Communication debate has intensified slowly but steadily. The European Parliament recently concluded a *Report on the Commission Communication on Undeclared Work*² in which it urges the Commission to take further action and to take stock of policy measures used in the different Member States to combat undeclared work.

In the year 2000, *Regioplan Research Advice & Information*, funded by the European Commission, began research on policy measures to combat undeclared work. This document is the final report based on this research.

The main purpose of the research was to identify good mixed policies to combat undeclared work. The term ‘mixed policies’ refers to policies that constitute an integrated approach of both policy measures to discourage undeclared work and encourage formal work.

1.2 Definition of Undeclared Work

For adequate interpretation of the research results, a clear definition of what constitutes undeclared work is needed. In this report, whenever mention is made of undeclared work, it will be taken to mean “*any paid activities that are lawful as regards their nature but not declared to the public authorities, bearing in mind that differences in the regulatory system of Member States must be taken into account*”. This is the definition of undeclared work as used in the Communication of the Commission on Undeclared Work.

It is important to realise the consequences of this definition. Criminal activities for example, are not part of undeclared work (as they are not lawful). Some other activities which are usually taken as being part of the informal economy are also not part of undeclared work, for example activities that do not have to be declared (e.g. because there is no payment involved).

¹ Brussels, COM (1998) 219 – C4-0566/1998 – 1998/2082 (COS).

² Brussels, Committee on Employment and Social Affairs, A5-0220/2000 (attached to this document is the *Opinion of the Committee on Women’s Rights and Equal Opportunities*).

1.3 Incidence of Undeclared Work

In recent years, as many of Europe's formal economies have experienced a boost, so too have many of Europe's informal economies, it seems. Undeclared work is by its very nature very difficult to measure, so the incidence of undeclared work can only be estimated. A wide variety of methods for estimation have been developed which we will not discuss here in detail. Depending on the method, the estimates vary widely (see country-specific chapters for illustration).

Nevertheless, most experts do agree that the amount of undeclared work is growing all over Europe.

1.4 Introducing the Problem

From one point of view, the main problem caused by undeclared work is the reduction of tax income. This problem can create a vicious cycle, as the State is likely to increase taxes to compensate for the loss of income. However, as the tax burden increases, the incentive to perform and hire undeclared work also increases.

Not only governments are affected by undeclared work, but so too are individuals. The individual worker performing undeclared work is much more vulnerable than a formal worker. The undeclared worker foregoes many rights, including those protecting him (e.g. social benefits, health and safety conditions), and is much more easily exploited by employers.

All companies and individuals working in the formal economy are affected. Companies employing only legal workers face a competition from companies with undeclared workers that can offer products at lower prices.

There is, however, also another view on undeclared work, which sees it not just as a problem, but also as a solution. This view states that labour legislation cannot keep up with developments on the labour market and as a result people find their own solution in undeclared work. Examples would be the increased need for flexible employment relationships, e.g. flexible working hours and tele working, and the administrative burden that starting entrepreneurs have to go through. Supporters of this view often state that without undeclared work the formal economy would be ruined.

The analysis of undeclared work is an important factor in choosing a strategy to combat undeclared work. Given the above-mentioned views, there are, generally speaking, two approaches possible:

- 1) If undeclared work is viewed as an issue of individuals profiting from the system at the cost of others, interventions such as sanctions and increased control seem appropriate.

2) If undeclared work is seen as a solution to obstacles caused by inappropriate or outdated legislation, interventions should aim at prevention by removing obstacles and reducing burdens.

The European Commission has recognised the need for a policy mix of both elements. People should be both discouraged to take up undeclared work and encouraged to carry out formal work.

Of course the shape and implementation of such policy mixes will have to vary from Member State to Member State, as the appropriate strategy depends very much on the socio-economic context in which policy is applied. This subject will be explained later in the report.

Research Method

For the purposes of this research, seven Member States have been selected: France, Germany, Italy, The Netherlands, Spain, Sweden and the United Kingdom. From each country, national experts were sent a questionnaire about undeclared work. Based on their answers a report was written, which was sent to another set of experts for a second opinion. A second interim report was written and presented and discussed at an international seminar on undeclared work in Amsterdam, The Netherlands, on January 17-19, 2001. This final report is based on the expertise of the above-mentioned experts, the discussions during the seminar, and desk research by Regioplan to fill in the blanks.

Structure of the Report

The report is structured in the following way:

Chapters 2 through 8 contain descriptions of the seven Member States studied and the policy measures these Member States have taken to combat undeclared work.

Chapter 9 summarises the preceding chapters and provides a broad overview of Member States' policies to combat undeclared work.

Chapter 10 is the concluding chapter, in which the causes of undeclared work are identified and linked to the specific policy measures described in this research. It also provides a framework for the development of good mixed policies to combat undeclared work.

In Annex I-V to this report you will find not only a list of references and a list of the abbreviations used in this report, but also 3 tables adapted from the Communication of the Commission and updated for the countries in this study. The tables provide a quick overview of the various policy measures that have been taken in the Member States to combat undeclared work.

Finally, a list of participants in the January 2001 seminar has been included.

2 FRANCE

2.1 Undeclared Work in France

Undeclared work is usually referred to in French legislation by the term “illegal work”, which covers “dissimulated work”, illegal subcontracting of labour, direct and indirect employment of illegal immigrants and irregular double jobbing. The term “dissimulated work” (*travail dissimulée*) is closely related to the definition of undeclared work used by the European Commission. Dissimulated work, hidden or disguised work, occurs when someone performs an economic activity without any formal registration of their business or company, or when an employer conceals all or a number of their employees.

The amount of undeclared labour in France was estimated in 1996 to be between 4% and 14% of the Gross Domestic Product. Schneider (1999) estimates the French shadow economy at 14.7% of GDP using the currency demand approach.

According to the number of reported cases or statements reported by URSSAF, the primary sectors in which undeclared work in France occurs are¹:

- construction (25.5%);
- community, social and personal services (24.4%);
- retailing (20.3%);
- catering (hotel-cafe-restaurant) (14.7%);
- transport (8.4%);
- agriculture (8.4%);
- textile industry (3%).

The undeclared workers population consists mainly of unemployed people, illegal immigrants, self-employed people and jobholders.

The French national government, tax authorities and labour market authorities give a high priority to the combat against undeclared labour, while local authorities and labour unions assign a medium-priority status to this issue.

The focus within the policies and discussions concerning undeclared work in France is on regulations, sanctions and controls and the supply of undeclared labour (by the unemployed, the employed and illegal immigrants).

¹ Source: DILTI, 1998.

2.2 Policy Measures to Reduce the Supply of Undeclared Labour

Changes in Labour Legislation

The following changes in labour legislation have been made to combat undeclared work:

- Individuals and entities (such as companies) are obliged to register with the Commercial and Companies Register to exercise a commercial activity (1997).
- The independent worker has to be registered at the Activity Registry (*Répertoire des Métiers*) before the beginning of his activity (1997).
- All individuals who engage in an activity not submitted to one of the above Registers have to report to the social security and tax administration (1997).
- In 2000, the law *Aubry II* was introduced, which provides for a more flexible organisation of working time. It notably allows the possibility for employees to alternate working periods with non-working periods.
- In January 1997 a circular was issued that submits the sale of items in places not intended for that type of sale to previous authorisation.

Results

No analysis of the results in the above changes has been performed, but the number of recorded offences has plateaued during the past two years.

Increased Sanctions

Generally, the employee is considered as a victim in undeclared work. Yet he may be condemned in violation of the legislation relating to double jobbing or in case of ASSEDIC fraud or false declarations to the ASSEDIC as well. The ASSEDIC, Associations for Employment in Industry and Commerce, provides insurance for loss of work. This association collects contributions made by employees and employers. It also pays out compensation when called upon to do so.

Double jobbing

Public officers may not have a paid second job in the private sector. If an employee has several employers, his amount of working time may not exceed 48 hours per week. The sanction of prohibited double jobbing is a 10.000 FF fine and, concerning public officers, disciplinary measures provided for their particular status.

ASSEDIC fraud

ASSEDIC² fraud and false declarations are sanctioned as fraud: 2 months of imprisonment and 25.000 FF fine for the first, 5 years prison and 2.500.000 FF fine for the latter.

Employers may denounce individuals who supply undeclared work (generally in cases of unfair competition).

Results

No analysis has been performed, but the amount of recorded offences has plateaued (see above).

Control Measures

Between the different administrations involved (e.g. tax and labour market authorities) there exists no professional secrecy. Their actions have been concerted since 1997. Tax officers have a right of notice and the right to research undeclared work cases. Labour inspectors and controllers attend to the application of the Labour Code, conventions and collective agreements. They also note offences against these provisions.

Involvement of Social Partners:

Employers are obliged to provide all required documents. Trade unions negotiate the agreement concerning the combat against undeclared work and can bring a case before the prosecutor.

Results

The number of recorded offences concerning undeclared work has decreased since 1995. The control organised by the different administrations seems to discourage the individual to supply this type of work.

Other Policy Measures

Regularisation

In June 1999 a circular was issued which provides for the regularisation of the employees in irregular situations. This regularisation allows the employees concerned to benefit from a formal job and social protection.

Result

Following this policy measure, 82.000 persons (out of 140.000 demands) were regularised and these persons found a formal job quickly, necessary to renew a residence permit after one

² *Associations pour l'emploi dans l'industrie et le commerce* (Associations for Employment in Industry and Commerce).

year. (A majority of them have obtained a one-year residence permit) Regularisation enables them to work formally and thus presumably reduces undeclared work.

The Minimum Integration Wage

Several experts have stressed that getting off the Minimum Integration Wage (*Revenu Minimum d'Insertion* or *RMI*) to a short job is often too costly and too bureaucratic for the recipients. Especially, the loss of social rights linked to the RMI (e.g. free medical aid, maximal rate of housing benefits, exemption of housing tax) is a dis-incentive. Some beneficiaries would hesitate to accept a job for fear of losing these social security benefits. This situation encourages the development of undeclared work. In other words, undeclared work in addition to the minimum income is sometimes a more comfortable situation for people than taking the risk to leave the system for 2 or 3 months in a temporary job.

The Anti-exclusion Act voted on July 29 1998 included an extension of the period during which one is allowed to add the RMI to a part time or fixed duration job. This measure was meant to reduce the poverty trap risk. As a result, 145,000 RMI recipients (out of total of 990,000 in August 2000) now have a job that they cumulate with their benefits within the framework of this new mechanism.

2.3 Policy Measures to Reduce the Demand for Undeclared Labour

Tax Measures

VAT

According to a directive of May 25, 1999, the financial law provides for a decrease of the VAT concerning the performance of services and supply of materials for the realisation of improvement, transformation and organisation of maintenance work.

Income Tax

The Financial Law for 2000 provides for a decrease of income tax; a rebate of 5% concerning maintenance and covering expenses, and an income tax rebate of 15% on big equipment expenses (elevators, heating systems et cetera). These provisions aim to encourage formal work.

Results

The costs and guarantees resulting from the new tax measures encouraged the employers (companies and private individuals) to hire formal workers, but information concerning results is not available.

Changes in Labour Legislation

- Since 1993, employers are obliged to declare an employee to a social security body (URSSAF) within a week before the employee begins work.
- The law *Madelin* created a health insurance contributions reduction for independent workers in cases where the worker is registered in the Commercial and Companies Register. This law also organises a reinforcement of the co-ordination between structures that combat undeclared work. (1997)
- Employers are obliged to have a unique staff register.
- Pay slips have to mention all the working hours.
- Authorisation for work concerning foreign employees is mandatory.

Chèques Services

In 1996 the *chèques services* (service vouchers) were introduced in order to encourage individuals to hire employees for family and domestic jobs in their residence. With the consent of the employee, the use of service vouchers exempts the employer from administrative formalities attached to hiring and employing employees. The voucher can be used as a means of payment and functions as an employment contract for a fixed term or part time job.

The use of service vouchers has other advantages, such as a tax allowance on the salary paid to an employee (within the limit of 50% of paid salary, with a maximum tax rebate of FF 45.000).

The same advantages apply if an employer contacts authorised associations for hiring employees.

Results

In this way informal work is formalised.

Increased Sanctions

The sanctions on hiring undeclared workers have been stepped up, which has a preventive function. The results of these increased sanctions however are unclear.

Awareness Raising Campaigns and Information Campaigns

Several national and local campaigns have been launched in France. E.g.:

- October 1996, national campaign of the employers federation of removal and storage. 200.000 brochures and posters were distributed.
- Campaign of the Confederation of the craft industry and small building enterprises (CAPEB), in particular the Parisian campaign of autumn 1995.
- Campaign led in the upper Alps warning against illegal work.

- Interprofessional campaign led in the Loiret in which the prefecture, the guild chamber, the professional trade unions of the building, automobile repair and hairdressing industries participated.

Training Campaigns:

From March 1997 to March 1999, the Interministerial Delegation for the Fight against Undeclared Work (DILTI) gave an interministerial training session in each metropolitan and overseas French department in order to make the legislation well-known to all control bodies and to favour the concentration of services. Subsequently it organised training programmes for the control agents.

Publication/Documentation:

The DILTI has also published a number of methodological books and case law files.

Results

The results of these information and awareness campaigns are as yet unknown.

Simplification of Procedures

To simplify the creation, modification and termination of a professional activity, the employers have to contact the *Centre de formalités des entreprises* (CFE). The CFE is a 'one stop shop', a unique place where declarations required by the regulation in the legal, administrative, social, tax and statistical domains are made. This mechanism avoids the company manager having to address the various services and administrations separately. The centre is in charge of informing the other administrations and services of the status of the company manager.

The Unique Employment Declaration

Some formalities linked to the hiring of a wage earner must be fulfilled on a unique document named the "unique employment declaration" (*Déclaration Unique d'Embauche*, or DUE). This declaration is compulsory for all employers, except for private individuals hiring domestic employees.

The DUE must be used for the following formalities: registration at the Social Security service, prior registered declaration, registration to the unemployment benefit, demand for deduction of social security fees for hiring people to part-time jobs, declaration for exemption for hiring of the first employees, demand of registration to a company medical service and demand for a medical check-up.

The DUE is an important instrument for control over undeclared work, because this document has to be sent to the URSAFF before any new recruitment. Omission of the DUE can

be an element of proof of undeclared work. This measure allows for a direct control of the legal situation of employees from the URSAFF database.

Payroll procedure

A copy of the pay slip has to be preserved by the employer.

Simplification of Procedures for Occasional Employment

A law of July 2 1998 provides for a unique recovery organisation for the whole social security contributions (simplification of occasional employment, e.g. artists, technicians in show business, etc.).

2.4 General Policy Measures

A number of specific organisations have been created to combat undeclared work.

In 1997 the *interministerial delegation for the fight against undeclared work* ('Délégation Interministerielle à la Lutte contre le Travail Illégal', or DILTI) was created. The DILTI is placed under the authority of the Ministry of Employment and Solidarity. It consists of officials and civil servants of the Ministry of Employment and Solidarity, magistrates, military personnel, officials and civil servants of other ministries and bodies concerned with the fight against undeclared work.

On a national level:

1. The interministerial delegation for the fight against undeclared work (DILTI), led by the Prime Minister, organises and assesses the Government policy towards combatting undeclared work.
2. The DILTI is in charge of the co-ordination of the action of the different ministries competent in this domain. The Minister in charge of employment leads it. The delegation has the task of attending to the mobilisation and co-ordination of the administrations and organisms. It determines the tendencies of control and prevention and defines the preferred actions incumbent on the local institutions.
3. The DILTI co-ordinates and organises the enabled services.

The role of the DILTI consists of:

- Attending to the implementation of the policy measures decided by the national commission.

- Providing all useful assistance to the services of control as well as to the magistrates, given the relative complexity of the texts about undeclared work and the sophistication of some frauds.

This assistance is also shown by the elaboration and the distribution of specialised documentation for magistrates and control agents, in both reference books and periodical publications.

Finally, the assistance to the bodies of control includes a regular dialogue with their agents, intended to provide them, by verbal or written means, the advice or analysis they can need with inquiries about the mechanisms of complex or repetitive frauds.

- Centralisation and analysis of all information concerning the evolution of fraud in the domain of undeclared work.
- Development of a narrow partnership with the professional organisations that represent the sectors most touched by the undeclared work. Indeed, the latter voluntarily get involved in a fight they do not consider a state concern. The signature expresses this partnership on the national plan, as well as on a local one, of partnership agreements to fight against undeclared work, the principle of which has been determined by a circular of the Prime Minister on 24 January 1992.
- Presentation to the public authorities (beginning with the Minister of Work and Employment) of all propositions that would improve the efficiency of the fight against undeclared work, based on information from the delegation.

On the local plan:

1. The *departmental* (for the French “Départements”) *organisations for the fight against undeclared work* have been created. In each department a commission for the fight against undeclared work has been installed. Making good use of the knowledge of the local context by the whole staff, the departmental commissions are responsible for establishing annual reports of the situation in their domain of competence. In this report, they propose actions to be integrated into the departmental programme for the fight against undeclared work.
2. *The operational committee for the fight against undeclared work.* This includes the members of control bodies reporting in the undeclared work domain, as well as a representative of the prefecture. The operational committee meets every two months and has a permanent secretaryship provided by a control agent. The operational committee determines and implements actions of control in the undeclared work domain, in execution of the departmental programme or on initiative on the basis of information that it obtains. The operational committee also ensures good communication between the different bodies of control.

The Partnership Agreements

Partnership agreements for the fight against undeclared work have been developed since January 1992, following a circular of the Prime Minister expecting the implementation of a contractual policy of prevention between the public authorities and the professional trade union organisations, land authorities and consular bodies.

The aim is to commit these different intermediaries to the policy of public authorities of the fight against undeclared work, by unanimously determining simple and concrete measures of prevention for specific professional sectors. These measures are made official by the elaboration of a convention signed by the minister(s) concerned, for the national agreements or by the prefect for departmental agreements.

Generally, the main measures of these agreements involve informing members of the professional organisations, informing the public, consumers, customers and principals. More specific and targeted provisions can be agreed to in order to answer to particular questions of the signatories of the agreements.

During the first half of 1997, eleven national partnership conventions have been signed in the following sectors:

- craft and industrial building;
- hairdressing;
- clothing industry;
- removal industry;
- garages and automobile repair;
- taxis;
- sales of flowers;
- live and audio-visual shows and performances.

At a local level, more than 200 agreements have been signed, showing the success with which this partnership mechanism has met.

Other initiatives:

1. The National Initiatives

Four initiatives deserve to be pointed out:

a. The charters for the development of the employment

Two national charters for the development of employment, signed between the Minister of Employment and the Craft Confederation of Small Companies of Building and the French Union of the Clothing Industry, include covenants that denounce the damaging effects of undeclared work on employment. These charters refer to their mobilisation in the fight against this unfair competition.

b. The role of the public market

The central commission of markets has integrated into the standard models of declaration for companies the following issues:

- the registration with the Commercial and Companies Register or with the Activity Register;
- their tax and social declarations;
- the regularity of the job of the wage-earner they employ.

This integration facilitates the verification of the administrative position of the companies.

c. The standard contract of subcontracting in the building industry and civil engineering

On 7 March 1995 six professional organisations in the building industry and civil engineering adopted a new standard contract for subcontracting.

This contract includes a provision requiring the company that subcontracts to make sure that, when concluding a contract; the subcontractor exercises his activity within regular conditions, excluding all kinds of undeclared work.

d. The agreement relating to the non-sedentary commerce

The Minister of Companies and Economic Development and the Minister of Interior signed, on 10 February 1994, a convention with the president of the association of the mayors of France and three professional trade unions. It's objective is to preserve and develop conditions favourable to the good functioning of non-sedentary commerce.

In order to foil the practices related to para-commercialism, which often corresponds to undeclared work, the convention expects that the mayors will systematically and regularly examine the titles that guarantee the professional quality of the person who wishes to set himself up on a market.

2. Local Initiatives

At the local level, also, several initiatives have been taken to prevent undeclared work. E.g.: production of a film increasing awareness for the general public, following the initiative of, and in consultation with, the partners of the administrations and the professional organisations of a department.

The circular letters of the prefectures: a circular letter to draw the attention of mayors and beneficiaries of building licences to the risks run by people who turn to undeclared work; a circular letter of a prefecture asking the mayors to mind public markets; to avoid offers that lead principal companies to subcontract in drastic conditions, easily leading to undeclared work.

2.5 Integrated Approach/Policy Mix

Combatting undeclared work is an important issue in French policy. The policy to combat undeclared work is being deployed broadly on a national level as well as on a local level. It is aimed at reducing both demand for, and supply of, undeclared labour through tax and labour regulations and through public awareness and information campaigns.

The French policy measures against undeclared work constitute an integrated approach in that they form a package, both preventive and repressive. The instalment of the various committees for the fight against undeclared work (e.g. DILTI) is of importance to the co-ordination and integration of the various measures used to combat undeclared work.

However, in practice co-operation seems not as efficient as it could be. The most recent annual social security report underlined a low level of participation of both URSAFF and MSA in the Operational committee for the fight against undeclared work. The report recommends that the Prefects organise the local committees within the *départements*, whereas the Operational Committee takes responsibility for the concrete co-ordination based on mutual objectives shared by the various public authorities.

The Unique Employment Declaration (DUE) is one of the most important instruments used to combat undeclared work.

3 GERMANY

3.1 Undeclared Work in Germany

The amount of undeclared labour in Germany is estimated by Schneider and Enste (2000) at around 16% of the Gross Domestic Product (15.5% in 1999, 16.0% in 2000). This estimate was obtained using the currency demand approach. However, using a micro-economic approach and using data from the German Social Economic Panel, Schwarze arrives at an estimate of only about 1 per cent of GDP. These figures should be interpreted very carefully and the discrepancy between them illustrates the difficulty of estimating the amount of undeclared work.

The sectors with the highest percentage of undeclared workers are:

- agriculture;
- community, social and personal services (e.g. cleaning, care);
- manufacturing;
- construction.

The population groups carrying out most of the undeclared labour in Germany are:

- old-age pensioners;
- students;
- illegal immigrants;
- unemployed people;
- self-employed people;
- job holders (people also having a formal job).

The labour market and tax authorities give high priority to combatting undeclared labour, whereas the unions and the federal and local authorities have set a medium priority level for this activity.

Most attention is focused on:

- undeclared labour by the (officially) unemployed;
- undeclared labour by illegal immigrants;
- undeclared labour by the employed;
- the demand for undeclared labour by employers.

3.2 Policy Measures to Combat Undeclared Work

Tax Measures

Subsequent to the change of the Federal Government in September 1998, a three-stage tax reform was implemented in 1999. The first stage, put into practice on January the 1st, 1999, included an increase of basic allowances, a decrease of the bottom rate of income tax and an increase of child support. The implementation in April 1999 of the *Ökosteu*, an ecologically motivated tax on the consumption of fossil energies was accompanied by a slight decrease in the contributions to Public Pension Schemes.

The second step of the tax reform, implemented at the beginning of 2000, has brought further increases of basic allowances and a decline of both the top and the bottom rate of income tax. It also entailed further increases of child support and a rise in children's allowance and further decreases in the contributions to Public Pension Schemes.

The third step will be put into practice at the beginning of 2002 and will include even more declining top and bottom rates of income tax as well as a continuous rise of basic allowances until 2005.

The *Ökosteu* will, on the other hand, although rise continuously, will again be accompanied by declining contributions to Public Pension Schemes.

Results

The aim of this tax reform is to bring monetary relief to private households as well as to the production sector. Seen that Public Pension Schemes contributions are part of social security payments, they are borne by both employees and employers equally.

One might then argue that the decline in marginal tax rates will represent an incentive for individuals to supply more labour. Nevertheless, sinking marginal taxes are accompanied by a substitution effect as well as an income effect. These effects could be, depending on the preferences of individuals, counteracting each other. One might be more willing to take up formal work when taxes are lower, but one does not need to work more as income rises.

Considering the above, it is too soon to tell whether the tax reform will encourage formal work, even though it is one of the intrinsic goals of the reform.

Changes in Labour Legislation

1. An important legal measure in this respect is the Law Against Undeclared Work (*Gesetz zur Bekämpfung der Schwarzarbeit*), which was first implemented March 30th 1957 and has been modified several times since, most recently on June 1st, 1998. It includes definitions of undeclared work in a general and comprising manner, furthermore setting rules

for sanctions (providing an upper limit for fines) when supplying undeclared work, employing undeclared workers and advertising for undeclared work. The law also allows exclusion from public commissions when having infringed upon regulations and it furthermore ensures the co-operation and the competence of the authorities in charge.

Changes that have been made to this law are:

- an increased upper limit for fines (200.000 DM);
- an expansion of the authorities in charge: Social Assistance Offices and Public Pension Schemes have been included and;
- ruling the responsibilities of these authorities in order to ease the detection of undeclared work.

2. Another change in labour legislation concerns a specific form of labour, the so-called 'apparent self-employment' (*Scheinselbständigkeit*). This refers to individuals working in practice as employees, but formally operating as self-employed. In the past, such individuals have been excluded from contributing to social security schemes and thus - in a narrow definition - have been supplying undeclared work. The Law for the Promotion of Self-Employment (*Gesetz zur Förderung der Selbständigkeit*) was put into practice on January 1st, 1999. It offers criteria to judge whether an individual is in fact employed or self-employed, thus combatting undeclared work in an admittedly indirect manner and presumably not quite extensively.

3. Three changes in labour legislation have recently been made that concern employing workers, in particular foreign workers:

- The Law on Posting Abroad of Employees (*Gesetz über zwingende Arbeitsbedingungen bei grenzüberschreitenden Dienstleistungen* or *Arbeitnehmer-Entsendegesetz*).
- The Law on Secondment of Employees (*Arbeitnehmerüberlassungsgesetz*).
- The Law for Combatting Illegal Employment (*Gesetz zur Bekämpfung illegaler Beschäftigung*).

These measures subject *inter alia* the secondment of employees and the employing of temporary workers to strict conditions.

4. Duty for employees (mostly foreign) to carry valid identifications (1998-1999).

Result

A minor (almost negligible) reduction of undeclared work.

Control

1. Control measures have been intensified (i.e. increased), especially in the construction and service sectors, executed by the “customs police” and labour market authorities; especially at high-density places of construction, e.g. in Berlin (government building), and in the whole service sector, especially restaurants and night bars (1994 up to 1998).
2. The customs police have been used for increased controls of shadow economy activities. The customs police have been trained and educated to fight illegal work (1990-1996).

Result

The result of these two measures is that the size of detected undeclared work decreased somewhat. These measures might also have had some preventive effects on the hiring of shadow economy workers. But overall success was only partly achieved, because the incentives to hire undeclared work strongly increased during the 90s due to tax increases and social security burdens and an increase of regulatory (mostly labour market) activities.

To illustrate the huge increase in control efforts: today, there are about 2.800 employees in the Labour Offices and about 1.100 (to be increased up to 2.500) employees in the Customs Police being in charge of detecting undeclared work.

3. The exchange of data between authorities, mainly intended to reveal benefit fraud, has been improved. Since the beginning of 1998 the social assistance offices have been integrated into this automatic data exchange.
4. Hiring of private detectives to “catch” shadow economy workers. Special teams of inspectors have been set up.

Sanctions

1. Increased punishment, higher fees (up to 1 Million DM) or prison up to five years for employers employing undeclared workers.
2. The requirements for issuing a fine against major contractors who employ sub-contractors, who in turn employ illegal workers, have been relaxed.

These sanctions were issued by the state and federal government and are enforced by “customs police” and labour market organisations.

Results

There has been a reduction in the number of detected cases of undeclared work, 13.5 per cent related to ‘common’ undeclared work (a decrease from 254.640 cases in 1998 to 220.161

cases in 1999) and a reduction of 11.5 per cent of cases related to illegal employment of foreign workers (decrease from 85.648 cases in 1996 to 75.829 cases in 1999)¹.

Simplified Procedures

In Germany there has been a heated debate about the introduction and duration of the so-called “630-DM-jobs”. These are jobs for low-skilled work and until April 1999 people who had such jobs were only taxed and did not have to pay social security contributions. Introducing this change in the labour market law helped to limit the shadow economy, because a portion of shadow economy activities could now be legally done and also because these jobs were taxed at a very low rate. In April 1999 the law was changed and since then the full social security burden for these jobs had to be paid again.

Results

At first the 630-DM-jobs reduced the shadow economy, because it became more attractive to work in the legal sector. According to the German government the 630-DM-jobs have been very successful in formalising irregular work and the change in April 1999 did not result in an increase of undeclared work².

Other Policy Measures

The so-called *Bündnis für Arbeit*, literally translated “Alliance for Labour” brings together employers’ associations and unions as partners in the process of making collective agreements. Also, the government provides the frame for employment-oriented collective agreements by e.g. the above mentioned tax reform. The primary aim of this alliance is to combat mass unemployment by ensuring existing jobs, as well as by promoting new jobs.

3.3 Policy Mix

The German policy against undeclared work does not qualify as, nor does it pretend to be, a mix of measures to discourage undeclared work and encourage or facilitate formal work. A number of individual policy measures have been taken to reduce the amount of undeclared work, but they are not part of a specific package of measures to that end. The focus of the German authorities is on sanctions and control, in other words on *discouraging* undeclared work, but little has been done to *encourage* formal work.

¹ Press release by the Federal Ministry of Labour and Social Affairs, *Bekämpfung illegaler Beschäftigung wird verstärkt*, September 27th, 2000.

² Press release by the Federal Ministry of Labour and Social Affairs, *630-Mark-Gesetz hat sich bewährt*, January 26th, 2000.

In Germany little has been done in the past decade to effectively reduce (or stop the increase of) the supply of undeclared labour. Until 1999 tax rates were increased, e.g. value added tax, and social security burdens were also increased. So, the incentive to work in the shadow economy has been steadily increasing. Also, labour market regulations, with the exception of the 630-DM-jobs, have been increased in such a way that stimulated the supply of undeclared work. As a result the amount of undeclared work increased. The *Institut der deutschen Wirtschaft* has called the major increase in undeclared work in Germany a *Schattenwirtschaftswunder*.

As stated, the main focus of the German government has been on sanctions and control. Maybe the tax reform and the *Bündnis für Arbeit* mentioned in this chapter will help to encourage formal work, but it is too soon to tell.

4 ITALY

4.1 Undeclared Work in Italy

In Italy between 1992 and 1997 there was an increase in the number of irregular workers (according to ISTAT, National Institute for Statistics, data). The quota of undeclared work, compared to the total quantity of work in the national productive system, increased during the above-mentioned period, from 13.4% to 15.2%.

Schneider & Enste estimate the size of the Shadow Economy in Italy in 1996-97 to be 27.2% of GDP, based on the currency demand approach.

The sectors in which the majority of undeclared work is being done in Italy are:

- agriculture;
- community, social and personal services;
- manufacturing;
- construction/building;
- transport;
- retailing.

Undeclared work in Italy is mainly carried out by the following population groups:

- students;
- illegal immigrants;
- unemployed people;
- self-employed people;
- job holders (i.e. people also having a formal job).

The combat against undeclared work has a very high priority in Italy, from all authorities.

The policies and discussions on undeclared work that receive the most attention are:

1. The demand for undeclared labour by employers.
2. Regulations.
3. Sanctions and controls.

4.2 Policy Measures to Combat Undeclared Work

Tax Measures

A number of tax measures have been taken to combat undeclared work. These concern VAT and income tax measures, which will be described below.

VAT

With the new Finance Act of 2000, the VAT rate on services of rebuilding and restructuring of residential building has been decreased from 20% to 10%. This reduction is also applicable to the VAT for services of ordinary and extraordinary repairs.

The purpose of this measure is to favour the building sector which is, as always, labour intensive. The introduction of this new regulation is due to a European directive; Directive 99/85.

This provision is related to the arrangement that provides home owners a deduction of personal income tax (Irpef) of 41% on extraordinary repairs expenses made during a tax period. Thus the private person is encouraged to make these expenses by declaring (through an invoice) all the services received from the building company and paying a lower VAT rate. The purpose of this tax policy is to recover the taxable basis in the building sector and encourage the demand for these services, in order to increase the number of people employed in this sector by the companies.

Results

Considering that the tax measures described are still in progress, there are currently no figures about the results produced in terms of reducing undeclared work.

It is also necessary to consider that the specific purpose of these tax measures is to reduce unemployment and, therefore, the fight against undeclared work is affected only indirectly.

Corporate Taxes

The policies adopted by the Italian Government in order to reduce the cost of labour for the companies, and consequently their demand for undeclared labour, consisted of a tax credit granted to the employer for the hiring of new employees.

Two kinds of tax credits are currently in force for the hiring of new employees:

1. Tax credit for the hiring of new employees by SMEs in areas with unemployment over 20%

A tax credit came into force with the new Finance Act of 2000. This tax credit is provided to employers increasing the number of their employees in the period from January 1, 1999 to December 31, 2000. In order to obtain the tax credit the new hiring must constitute an increase of the number of people employed by the company. For each new employee, the State

grants the employer a tax credit of Lit. 1 million for the tax period of 1999, Lit. 3 million for 2000 and 2001.

The total amount of the tax credits granted to the employer cannot exceed Lit. 60 million for each tax period considered by the law. This discipline is applicable only to small and medium-sized companies (as defined by a Decree of Industry Minister) which are located in areas with unemployment rates over 20%. This tax credit is taxable for corporate tax purposes; it is not refundable and can be used only to offset taxes the employer has to pay.

2. Tax credit for hiring of new employees by SMEs in Object 1 areas

A tax credit similar to the previous one, came into force on January 1, 1998 and concerns the hiring done by small and middle-sized companies from October 1, 1997 to December 31, 2000. To qualify for the tax credit, the new employees have to be hired by an indefinite term employment contract or by a temporary employment contract with an expiry date after three years. In this last case, the granted tax credit is only half as much.

The amount of tax credit granted to the employer for each hired individual is Lit. 10 million for the first employee, and Lit. 8 million for the others. The total amount of tax credit granted to the employer cannot exceed Lit. 180 million for each tax period considered by the law. This fiscal incentive is granted only to the small and medium-sized companies as defined by a Decree of Industry Minister, which are located in an “*Objective 1*” area¹, as defined by an EEC rule.

Social Security Contributions

1. Social Security contributions’ reductions for hiring of new employees.

This measure provides employers with a total contribution discharge for three years (1999-2001) in the case that the employer increases a workforce employed, as of 31 December 1998, by hiring new employees. This measure, first adopted in 1994, received several extensions. All the private enterprises (including the economic public entities, but with the exception of the car synthetic fibres economic sectors) located in the regions of Campania, Basilicata, Sicily, Puglia, Calabria and Sardegna, Abruzzo and Molise and a few others, may benefit from the reduction (provided that the hiring occurred on or before August 10, 2000). This measure cannot be cumulated with the above mentioned tax measures for new hiring.

Criteria to qualify

The benefit of the reduction is subject to some conditions, being:

¹ Objective 1: economic re-adjustment of regions whose development is seriously lagging behind and which are considerably poorer than the ‘average’ of the EC; this is defined as being areas with less than 75% of Community Average GDP.

- a. an increase of the employees hired on full time and indefinite-contract basis and of employees enrolled from the employment or mobility lists or beneficiaries of CIGS (Extraordinary wages guarantee fund) during at least 24 continuous months in the regions of interest;
- b. the newly established enterprises should be completely new businesses that do not absorb, not even partially, the activity of the pre-existing enterprises;
- c. maintenance, during the reduction period, of the occupational level reached with the new hiring;
- d. compliance with the reference collective labour agreement;
- e. respect of the provision in the matter of Hygiene and Safety on Work and of the environmental parameters.

Results

It is not possible to quantify the impact that these measures have had on the reduction of undeclared work because it concerns facilities that may only be indirectly reflected in the data. The measures are not explicitly aimed at undeclared work.

2. Social Security reduction for the building sector

This measure consists of the reduction of the Social Security charges (also those relevant to injury insurance) for all wages except those pertaining to the employees' pension fund. The reduction, which is confirmed or re-determined every year, is now equal to 11.5% and was introduced in 1995.

The measures consist of a reduction (i) of the payments due to INPS except those due to the employees' pension fund and (ii) of the contributions due to INAIL. The level of the reduction is 11.5% for the full-time (i.e. 40 hours per week) blue collar workers.

Target group:

The measure applies to the employers in the building sector and acting on a national level, as specified according to special ISTAT indexes of 1991.

Criteria to qualify:

The measure is subject to the following conditions:

- a. the employer should be registered at the Building Companies Employees Fund and the relevant contributions duly paid;
- b. the employer should respect the Collective Labour Agreements.

The measure may be cumulated with others, such as the Social Security contributions' reduction.

Results

It is not possible to quantify the impact that these measures have had on the reduction of undeclared work because it concerns facilities that may only be indirectly reflected in the data. The measures are not explicitly aimed at undeclared work.

Changes in Labour Legislation

The measures to combat undeclared work set forth by the Italian labour legislation have always been linked to reductions in Social Security contributions and *wages alignment* (to the minimum wages provided for by the Trade Unions) *procedures*. The alignment agreements enable businesses, which formerly operated in the clandestine economy, to gradually adjust to the wage rates set out by sectoral collective agreements and to the legally stipulated social security contributions. These agreements are thus a way to formalise informal work.

The first step taken by the labour legislation has been Law Decree October 9 1989 n°389², which provides for an *intervention in favour of the enterprises located in the South of Italy*, being the (temporary) suspension of the condition provided by art. 6, paragraph 9, c), i.e. the impossibility to benefit from Social Security facilities for the enterprises, that apply wages lower than the minimum provided for by the Collective Bargaining.

Law Decree October 1, 1996, n°510 individualised this facility which could originally only be executed by all the Unions that signed the Collective Labour Agreement to be aligned³.

The wages alignment agreements (“contratti di riallineamento”) are negotiation tools aimed at the gradual adjustment of the regional economic treaties to those economic treaties indicated in national agreements.

At a provincial level the Trade Unions of each sector and the corresponding Employers’ Associations agree to a starting wage and the way in which it will be realigned to the wage in the National Collective Agreement for that sector.

The facility applies to all enterprises and to all sectors (industry, artisans, agriculture and tertiary) except enterprises in sectors regulated by the CECA Treaty, the sector of ships construction, synthetic fibres, automobile and building. The regional application of the facility is now limited to the areas indicated in Art.92, paragraph 3, letter a) of the EC Treaty and is bound to the ties and authorisations of the EC Commission (the SG (99) D/2482 authorisation has been given for the following areas: Basilicata, Campania, Calabria, Puglia, Sicily and Sardegna).

² Converted, with some modifications, into the Law of December 7, 1989 n°338.

³ The last provision of law concerning the matter has been article 23 of Law June 24, 1997, n°196, and the following finance acts for 1999 (Law Dec. 23, 1998, n°448 and subsequent Law April 17, 1999, n° 144) and for 2000 (Law Dec. 23, 1999, n°488), that defined the measure in its final form with validity, at the moment, until December 31, 2000.

The execution and the subsequent transfer of the agreement at the corporate level makes it possible to consider wages resulting from the provincial agreements as minimum wages for the calculation of the Social Security contributions. Furthermore, these wages are progressively adjusted within 36 months from the execution to 100 per cent of the minimum wages according to the national collective agreements.

The transfer of the agreement to the corporate level provides for the possibility to proceed with payment of Social Security contributions, within the provided limits, in a lump-sum or in 40 instalments.

Results

The Italian Government has chosen this measure, throughout the 1990s, as the most important way to combat undeclared work. In fact, it is possible to see a slow and continuous increase in the application of wage alignment agreements. This measure is not a remission. Its purpose is only to permit the regularisation of undeclared work or wages lower than the minimum provided for by the Collective Labour Agreements.

Until December 1999, 199 provincial agreements were executed and 22,010 enterprises adhered to them.

It should be stressed that this measure is a sectoral and regional provision actually dedicated to the regions of the South of Italy where undeclared work has the strongest influence. At the moment, it is not possible to register an actual decrease of the demand for undeclared labour as a result of the adoption of wages alignment agreement. Furthermore, statistical data show that in the same period in which the last changes in law occurred, the number of irregular workers increased. In fact, the quota of undeclared work compared to the total quantity of work utilised by the national productive system rose between 1992 and 1997, from 13.4% to 15.2%.

Control Measures

Control by Tax Authorities

Recently the Italian tax authorities have increased their controls in co-operation with the Labour Authorities. Under Italian legislation the fiscal and social contributions problems concerning labour cost are closely related matters.

These controls are carried out especially by the Tax Inspectors, through inspections on the business site or by sending a questionnaire to acquire information on businesses.

It is important to underline that by Law n.314/1997, the taxable base and the social contribution base became roughly the same: this means that for each income received by the employee, he is able to pay taxes and social contributions based on the same amount.

Therefore, a control made by the Labour Authorities against Social Security Contribution evasion also has relevance for tax purposes. In this way the collaboration between tax and labour authorities can increase the number of controls.

Results

Increased controls have permitted discovery of several cases of undeclared work, but in some areas of the South of Italy this kind of activity is still widely diffused. Therefore, the solution to this problem should involve all social parties and authorities, because it seems to be primarily a social problem.

Control by Labour Market Authorities

New labour market authorities controls (1998) entail both the establishment of new control entities and the co-ordinated involvement of subjects who, in their duties, perform inspection and control activities (Labour Market Authorities, Tax Authorities, Social Securities Authorities, Health Authorities).

1. At a central level and inside the office of the Prime Minister a “Committee for the Exposure of Undeclared Work” (*Comitato per l'emersione del lavoro non regolare*) has been appointed, the functions of which are the analysis and co-ordination of all the relevant initiatives such as:

- a. information and awareness campaigns throughout media and in schools;
- b. periodical evaluation of the local control commissions' activities;
- c. examination and forwarding to CIPE (Interdepartmental Committee for the Economical Planning) of the possible proposals for the exposure of undeclared work.

The Committee has nine members appointed by the Government's institutions and administrations.

2. At a regional and provincial level, in the Chambers of Commerce, special local Commissions of 15 members are to be appointed, the functions of which are regional analysis and:

- a. promotion of team work and agreement with the State Authorities;
- b. support to enterprises;
- c. arrangements of special areas dedicated to the execution of wages alignment agreements.

These commissions co-ordinate their activities with Labour Market Authorities, which have a specific interest in providing all the necessary information.

3. New labour market controls also involve taskforces and strict co-operation between all the State Inspection services (Labour Market Authorities, Tax Authorities, Social Securities Authorities, Health Authorities). Centralised and local Labour Market Authorities, in this case, must co-ordinate their activities at local level and in those areas and sectors where undeclared work is more prevalent. For this purpose, a “Central Commission for the Co-ordination of the Inspection Services and Control of all the Tax Contributions and Safety Duties” has been appointed. In consideration of the importance of a total and integrated control to fight undeclared work, the Ministry of Labour will centralise any relevant control.

The Commission consists of several members appointed by the Ministry of Labour, Social Security Authority, Health Authorities, and if necessary General Managers of the same Social Security Authorities. It also has the option to appoint smaller committees tasks, including:

- the provision of relevant and technical documentation for the Commission;
- the delivery of specific and local proposals on the basis of general criteria set forth by the Commission.

The Commission has the following duties:

- study, research and any other work on tax contribution and tax evasion in the labour, social and tax fields;
- setting general planning criteria for the inspection, favouring the identification of the goals relevant to contributions and tax evasion, also by integrated inspection groups;
- collection and analysis of SISTAN's (National Statistical System) Data, including those coming from the "Committee for the Exposure of Undeclared Work" and the Chambers of Commerce;
- identifying local areas and economic sectors where undeclared work is more prevalent, using data coming from the above mentioned "Committee for the Exposure of Undeclared Work" and local commissions appointed to the Chambers of Commerce.

Involvement of Social Partners

- *Trade Unions*. In the local Commissions, to be established at the Chambers of Commerce, eight of the fifteen members are appointed by the employees' and employers' Unions. The Unions' right to appoint members to this body strengthens their historical role. The Unions have always been very concerned about undeclared work due to direct awareness of the need to protect employment positions through the strengthening of control activities.
- *Others*. Following the strengthening of control activities, and due to the relevance of knowledge of the phenomenon at regional level, the INPS (National Social Security Institute) authorised the execution of agreements in 2000. These agreements between regional institutions and organisations having directly or indirectly related interests, such as Regions, Anci (National Association of the Italian municipalities), ISTAT (National Institute of Statistics), the Universities and Unions, were made in order to establish "Regional Monitors on black work, black economy, contributions' evasion and avoidance." The monitors have the following duties:
 - a. analysis of the different economic and social components;
 - b. processing of specific studies;
 - c. suggestion of initiatives aimed to favour exposure involving, among other entities, the Trade Unions.

Results

Given that the changes are particularly recent, there are as yet no reliable data to measure the effectiveness of these measures on the reduction of undeclared work.

The control system, as with all specific measures adopted within the framework of the labour legislation in the combat against undeclared work, interacts with controls based on the Safety at Work legislation, and are thus aimed to limit risk of injury. In particular by:

- controls made by Sanitary Enterprises at the local level and by the operative structures of the National Health Institute, which perform inspections and controls with respect to the law provisions on anti-injury and hygiene in the workplace;
- controls made by INAIL - an Institution for the Insurance against injury at work and professional illnesses - which provide a more effective management method in the same areas stated above.

Other Policy Measures

1. Regulation concerning entry to and residence in Italy for non EC-citizens

Among the cumulative measures directed at the employees and employers, the regulation concerning entry to and residence in Italy for citizens of non-EC countries should be emphasised, as a large part of undeclared work derives from immigration.

A more systematic approach to the matter was devised in 1998 by Legislative Decree July 25, 1998 n°286 and by its regulation of implementation adopted by Presidential Decree August 31, 1999, n°394.

The main purpose of the mentioned rules is to control the illegal immigration flows by limiting the entry and the residence of non-EC citizens in Italian territory. Entry is allowed only for certain reasons (visits, business, tourism, studio and vocational training, work, religion, humanitarian and family). Residence is allowed only to those who lawfully enter and have a residence permit, the request for and duration of which the law provides specific terms.

The (Italian or foreign) employer legally located in Italy wanting to hire a foreign worker from abroad, even seasonally, is obliged to file a specific request of authorisation to work to the proper Provincial Labour Office. In some cases, specifically indicated by the Law, authorisation may be given irrespective of the annual quotas. The maximum duration of a residence permit for work is two years, but it may be renewed.

New principles concerning the harmonisation of the tax base and Social Security contributions may be stressed. These principles, introduced in 1997, provide standard criteria for the issue of declarations and for payments in order to simplify the tax and Social Security duties.

4.3 Policy Measures not Aimed at Combatting Undeclared Work

It is possible to consider recent specific developments and projects in the field of labour law as an indirect reaction to undeclared work.

The competition and the international market changes force employers to adopt different kinds of employment contracts in order to have a wider flexibility. In contrast to the 1980s, when the employees' position was intended to be full time for an indefinite period, the new trend requires employers to adopt atypical or non-standard contracts. The need for higher flexibility collides with a complex and articulated law system, making it difficult for each enterprise to find the most suitable solution.

These labour market changes require solutions that can provide on the one hand more flexibility and, on the other hand, a strict control of the labour market in order to avoid detrimental fragmentation in the workforce.

During the last ten years, one of the most important issues of Trade Unions has been, to set new kinds of employment relationships in order to legalise a number of relevant work positions on the edge of legality.

The new and more flexible kinds of employment relationships (e.g. weekend contracts and job sharing) can answer this need and represent an effective tool both (i) for enterprises to reduce the risk of penalties and (ii) for employees to find jobs with Social Security coverage.

4.4 Integrated Approach/Policy Mix

Since 1999, the Italian government has delivered a coherent package of policy measures to combat undeclared work. The current list of policy measures against undeclared work constitutes a broad spectrum, to both discourage undeclared work and encourage formal work. The creation of the Committee for the 'exposure' of undeclared work has been of particular importance in ensuring the integration between individual policy measures and co-ordination of the many actors involved.

One important aspect of the Italian policy against undeclared work is that the majority of measures have a regional or sectoral character.

Measures to discourage undeclared work consist mainly of increased controls, for example intensified co-operation between control bodies and the creation of new control entities. Measures to encourage formal work include tax incentives on labour cost and the changes in labour legislation, e.g. the social security contributions reduction and the wages alignment procedures.

The social security contributions reduction interacts effectively with the Safety at Work measures as the benefits are subject to specific provisions. Employers have a direct interest in the fulfilment of the obligations deriving from these provisions as they may reduce the work cost.

The tax measures interact with the social security contribution reductions as well. This policy mix has been applied with the specific purpose of encouraging declared work in some particularly underdeveloped areas. In this way the Government aims to recover tax and contribution bases and promotes the development of those areas by increasing the number of people employed.

5 THE NETHERLANDS

5.1 Undeclared Work in the Netherlands

The amount of undeclared work in the Netherlands is estimated at 13.8% of GDP (average 1996-97), using the currency demand approach.

The sectors in which undeclared work mainly takes place are agriculture, community, social and personal services (e.g. cleaning, care) and construction.

The undeclared workers are mainly students, unemployed people, self-employed people and jobholders (people also having a formal job).

Combating undeclared work has a relatively high priority in the Netherlands.

In the policies to combat undeclared work most attention is given to:

- undeclared labour by illegal immigrants;
- undeclared work by the (officially) unemployed;
- stepping up controls and information exchange;
- simplifying the access to formal labour and entrepreneurship.

5.2 Policy Measures to Combat Undeclared Work

In the past years the Dutch government has introduced a package of policy measures primarily aimed at lowering tax and administrative burdens and increasing employment. The following policy measures mentioned are part of this package, unless otherwise stated. Some measures were explicitly meant to combat undeclared work or fraud in general. The impact on undeclared work of the other policy measures will be discussed.

Tax Measures

1. *Value Added Tax (VAT)*. On January 1, 2000 the VAT for some labour intensive services was lowered from 17.5% to 6% (not only in the Netherlands, but also in eight other EU countries). The services concerned are bicycle repair, barbers, housing renovation, clothing repair and shoe repair. This European experiment is meant to increase employment. (The general VAT will rise to 19% in 2001).

Results

It is too early to tell. There are signals that the lower VAT rates are not always computed in the prices. That would mean that consumer prices for e.g. a lot of barbers remain the same, while the VAT has dropped by about 10%.

If the lower rates were computed in the price, it would reduce the cost for consumers, which in turn would decrease the incentive to hire informal workers for the labour intensive services.

2. *Income Tax*. Since 1990 the fixed labour cost reduction (*Arbeidskostenforfait*) has been regularly increased. This reduction is a tax-free sum for the employed. This measure tackles the poverty trap and creates an incentive to take a formal job.

Results

This measure was mainly intended to increase employment, but has had some effect on undeclared work. It has decreased the 'cost' of a formal job relative to an informal job.

Changes in Labour Legislation

1. The coming into force of the *Wet Arbeid Vreemdelingen* (Law on Alien Employment). Its main purpose is that employees from outside the EU can only work in the Netherlands if no employees can be found in the Netherlands or the European Union (priority supply). If this supply is not present (or not present within a reasonable term) an employment permit can be given to employers. This law was introduced in 1995.

Results

This measure reduced the amount of undeclared work somewhat. More controls were carried out, but the number of illegal employees found remained the same.

The law had an important preventive function. Employers know that it is not easy to get a work permit and they are put off by the administrative burden of arranging one. However, one might argue that this administrative burden is exactly one of the reasons to hire undeclared workers.

2. On February 1, 1994 the *Wet ketenaansprakelijkheid confectiesector* (Law on Ultimate Responsibility [for payment of taxes and social security contributions] in the clothing industry) came into force. This law enables Inland Revenue to claim tax and social security debts of subcontractors (usually clothing workshops) from contractors.

Results

This measure had a preventive effect. Since the mid 1990s the number of illegal clothing workshops has been significantly reduced. However this reduction is also an effect of stronger actions against illegal clothing workshops by the police and the so-called *Confektions*

*Intervention Team*¹ and a result of the opening up of Eastern Europe as a cheap production area at a relatively short distance.

Changes in Social Security Legislation

1. In 1996 the *Nieuwe Algemene Bijstandswet* (New Law on Social Assistance) came into force. This new law had a much stronger focus on fraud (including black labour) than the former one. Control mechanisms were introduced, e.g. the linking of data of tax and social security institutions, and social security agencies were obliged to draw up anti-fraud plans.

Results

Clear results are hard to measure, but the linking of data especially has reduced the amount of people enjoying benefit-payments and having a formal job at the same time. This form of “white”-fraud has been significantly reduced. This might, however, have led to a growth of pure black labour by unemployed with social security benefit. Recent research indicates that 18% of the claimants of social security are active in black labour.

Sanctions

Imprisonment or fine for employers who employ illegal aliens. Imprisonment of one year maximum (three in case of repeated incidents) and a “5th category fine” of maximum 45.378 Euro (Dfl. 100.000,-) per employee.

This measure was introduced into the Penal Law on January 1, 1994.

The results are unknown.

Control

1. In 1993 the *Regional Interdisciplinary Fraud Teams (RIFs)* were established. These team's main purpose is to determine with which measures tax, contributions and social security fraud can be prevented. Detecting fraud cases and determining how they came about does this. In these RIFs several organisations are represented. Always represented are the municipal social service, the tax office (Inland Revenue), industrial insurance boards, the Public Prosecutor and the municipal police. Often these teams are extended with representatives of some other control and detection services. Initially, four teams were started, in the four biggest cities. Recently the number of teams has been increased and now 7 teams are active.
2. In 1999 a special team was established for the market gardening in the *Westland*, the *Westland Intervention Team (WIT)*. The Amsterdam Police Squad had a special anti-fraud team for the restaurant and catering sector (*HIT, Horeca Interventie Team*).

¹ The CIT consisted of Social Security institutions, Tax authorities, Labour Inspection Office, (aliens) Police and the Power Company.

Results

The main purpose of the RIF teams is prevention. The WIT and HIT teams have a control and tracing task. According to evaluation reports, it is as yet unclear what the real material costs and benefits are. All partners involved, however, point to the immaterial benefits, such as the multidisciplinary co-operation, the networking, and the symbolic value for society. Although the results of the RIFs are not entirely clear, all parties involved are very enthusiastic about the RIFs and it can be expected that more manpower will be dedicated to these teams in the near future.

3. *Waarneming ter plaatse* or WTP (On the spot observation). WTP is a relatively new instrument that has been stepped up the past few years. It refers to a visit to companies by Inland Revenue, during which three elements are observed: a control on the Law on Identification Obligation (WID), a control on the sector classification of the company and a check whether the personnel file is complete.

Results

The effects of the WTP are considered to be mainly indirect and preventive. It happens that the number of registered employees suddenly increases rapidly after a WTP has been carried out.

Campaigns

Campaign name: 'Zwartwerk is broodroof' (Literally translated: "Black work is taking the bread out of someone else's mouth").

Organisation: National Institute of Social Insurance (Lisv).

Target audience: General public.

Period (year(s)): 1996-1998.

Aim & Description:

The main aim of the campaign was to raise awareness among the general public that undeclared work is damaging to everybody. The campaign consisted of billboards, radio and television commercials, and newspaper ads, together with increased controls by the social security institutions.

Results

Results are as yet unknown. From a communication point of view the campaign was very successful. An evaluation study shows that the majority of the target audience knew of the campaign and what it was about. As for the effects on undeclared work, this is very hard to determine.

Side Effects

In quite a few cases, people spontaneously called the organisation with reports of undeclared work. This was not entirely unexpected, but as it was not the intention of the campaign, one could call it a side effect.

Notes

This campaign has ended. Mainly because there was not enough support in terms of stepped up control.

Simplification of Procedures

1. An important measure in this respect is the so-called MDW operation. MDW stands for Market Forces, Deregulation and Legislative Quality Project (*Marktwerking en Deregulerende Wetgevingskwaliteit*). The main purpose of this operation, which started in 1994, was enhancing competition and removing barriers in regulations. However, one important element of the MDW operation is the reduction of administrative burden for enterprises. This specifically refers to administrative costs made by companies because of information duties (collecting, processing, registration and provision of information) to the government. A number of regulations and procedures have been simplified, e.g. tax forms and criteria for licenses have been simplified, resulting in a huge saving on administration costs for businesses. These simplifications and savings reduce the incentive to hire undeclared workers.

Results:

In 1997, 3 years after the operation started, the goal of a 10% reduction in administration costs for companies had been achieved. The Dutch parliament is now aiming for a further reduction of 25%.

2. A number of measures have been taken to make it easier for people to start their own business. Amongst these can be mentioned the *Tante Agaath-regeling* ("Rich aunt arrangement"). This arrangement is intended for beginning entrepreneurs who need starting capital and receive a personal loan from family or friends (Aunt Agaath). These private moneylenders are then exempt from some taxes.

Another of these measures is the Bbz (*Besluit Bijstandverlening Zelfstandigen*) or Decision Social Security Self-employed. Under the Bbz people who want to start their own business and self-employed people who temporarily earn less than the annual standard (the amount of social security benefit this person could receive if he/she would earn nothing at all that year), can apply for social security benefit.

Results

These measures are primarily aimed at promoting entrepreneurship and the results on undeclared work cannot easily be determined. However, they remove important barriers for people to start their own businesses, thus increasing the incentive to start a formal business.

Subsidies

1. To lower the wage costs and prevent the economically unproductive from dependence on benefits, the WVA, Law on Reduction of Contributions (*Wet Verminderende Afdracht*) was introduced in 1996. The two main elements of this law are:
 - a. A tax rebate for employers who employ or take on low-paid workers² (SPAK, *Speciale afdrachtskorting*).
 - b. A tax reduction for taking on long-term³ unemployed workers (VLW, *Verminderende langdurig werklozen*).

Results

The result of this law on undeclared work is somewhat unclear, as its main purpose and consequently its main result is increased employment. A 1999 evaluation showed that the SPAK arrangement created 46,000 to 59,000 additional jobs since 1996, while the VLW has created 10,000 to 19,000 jobs for the long-term unemployed.

However, these measures reduce labour costs, thus decreasing the incentive for employers to hire informal workers.

2. In 1998 the Job Seekers Employment Act (WIW, *Wet Inschakeling Werkzoekenden*) was introduced. The WIW is aimed at the long-term unemployed and all unemployed youth aged less than 23 years, and offers local authorities a range of possibilities to tackle the employment problems of these groups. Just as the above-mentioned WVA the WIW consists of a number of agreements.

Of importance to the topic of undeclared work are subsidised jobs. Long-term unemployed with a moderate distance to the labour market can be put to work with the municipality (in e.g. security, surveillance and child care) for up to 120 percent of the legal minimum wage, and will be seconded to private enterprises or institutions.

Those with higher employability can be employed in so-called "work experience jobs". The local government can offer a very substantial wage cost subsidy to those firms willing to create work experience jobs for the long-term unemployed.

A subsidised job project for the cleaning sector was introduced in 1998, called the Cleaning Services for Private Persons Arrangement (RSP, *Regeling Schoonmaakdiensten Particulieren*) in 1998. This is an arrangement under which private persons can hire a 'white'

² All workers who earn up to 115% of the National Minimum Wage.

³ Long-term unemployed is defined as 12 months or longer unemployed.

cleaner for a reduced fee. This arrangement was explicitly meant to reduce undeclared work.

Results

The results of the WIW are reasonable in terms of employment, although the flow rate towards regular employment is disappointing. The results of the RSP arrangement on undeclared work are difficult to determine. The arrangement is quite small, but the flow rate towards regular employment is relatively high compared to the WIW.

Other Policy Measures

1. On July 1 1998 the so-called *Koppelingswet* (literally: Linking law) came into force. An important feature of this law is that it allows for the extensive linking of client files from e.g. social security institutions, social services, Inland Revenue and health insurers. This link is made possible by the Social Fiscal Number, which should be registered in all these files.

The law links the appeal of foreigners to provisions, benefits, permits etc., to lawful residence of the foreigner in the Netherlands. It entails a number of changes in 25 laws. The majority of changes have been made in the Alien's Act (*Vreemdelingenwet*).

The aim is twofold:

- To prevent foreigners from being able to continue their unlawful residence by means of provisions, benefits and the like.
- To prevent illegal aliens from attaining a seeming legality, which would prevent expulsion.

Results

Since it has become impossible to work legally without being legal, the only ways of people residing unlawful in the Netherlands to survive are:

1. To be helped by charitable organisations.
2. Performing undeclared work.
3. Resorting to criminal activities.

There are no figures available, but this law can lead to an increase in undeclared work.

Side Effects

Since this law came into force, employers can no longer pay social contributions for illegal employees. Before this law, these contributions could be claimed afterwards. As the fines for employing illegal employees have remained the same, it has become cheaper for employers to hire illegal immigrants.

2. On July 1, 1998 the Law on allocation of workforce by mediators (*Waadi, Wet allocatie arbeidskrachten door intermediairs*) came into force. This law was implemented under the MDW operation (see above: simplification of procedures). Since the introduction of this law man power agencies no longer need a license to supply workforce. This entails that the government no longer checks the financial viability and the competence of new agencies.

Results

Manpower agencies increasingly complain about the rise of new shadow manpower agencies, which supply undeclared workers. Although the two biggest unions of manpower agencies try to respond to this by introducing a hallmark (guaranteeing that the unions have checked financial viability and competence), it is perceived as a big problem. These signals might suggest that the introduction of the Waadi resulted in an increase of undeclared work. However, there is a lack of evidence.

5.3 Additional Remarks

In general, the combat against undeclared labour in the Netherlands has seen a strong increase of co-operation between sectors and several actors. The main element is the stepping up of information exchange between social security, the tax authorities, the government and other actors. Information technology is of ever increasing importance.

An information system has been introduced called the GVI (Gemeenschappelijke verwijzindex (*Common reference index*), an index of the National Institute of Social Insurance (Lisv) wherein is registered which persons are employed or receive social security benefits. This system can be consulted by the tax authorities, the labour market authorities, and social security authorities to prevent fraud.

5.4 Integrated Approach/Policy Mix

The Dutch policy to combat undeclared work constitutes a good mix that maintains the balance between discouraging the supply of and demand for undeclared work and encouraging formal work. On the one hand, it has become very difficult for employers and employees to not declare work, as controls are not only stepped up but are also increasingly effective through e.g. the information exchange, the linking of files (cf. the *Koppelingswet*) and branche/sector specific activities. When incidences of undeclared work are found, they are severely punished.

On the other hand, much has been done to encourage declared work through e.g. tax rebates and reductions, subsidised jobs and simplification of procedures. The lowering of tax burden is also an important factor in this respect.

In short, the supply of formal workers has become cheaper, it has been made easier for the demand side (employers) to hire formal workers and the market process (i.e. the way in which demand and supply meet and match) has been made more flexible. This reduces undeclared work significantly. The undeclared work that remains is, when perceived, punished more severely.

However, this integrated approach is not explicitly meant to combat undeclared work. It is a package of (mainly fiscal) measures to promote employment and combat fraud, which tackles undeclared work in the process.

6 SPAIN

6.1 Undeclared Work in Spain

The size of the 'black' economy in Spain is estimated to be between 15% and 20% of the Gross Domestic Product (GDP). This was estimated through direct interviews with about 7.000 people conducted by the government in autumn 1985, interviews with tax, union and sectoral experts, differences among spent income according to surveys of family budgets and estimations of national income made by the INE and sectoral studies in areas such as clothing industry, footwear and others (discrepancy method).

The sectors in which the majority of the undeclared work occurs are: agriculture, community, social and personal services, manufacturing.

Undeclared work in Spain is mainly carried out by unemployed people and illegal immigrants, according to our informants.

Only the labour market authorities have set combatting undeclared labour as a high priority. The national government treats it as a medium priority, whereas the tax authorities, labour unions and local authorities give a low to very low priority to the combat against undeclared labour.

The topics that receive most attention in the Spanish policies to combat undeclared labour are (in order of importance):

- undeclared labour by the (officially) unemployed;
- regulations;
- undeclared labour by illegal immigrants.

6.2 Policy Measures to Combat Undeclared Work

Tax Measures

Two tax measures have been taken to reduce the supply of undeclared labour:

1. Social security costs for new contracts have been reduced (1997).
2. Income tax has been reduced (1999).

Results

The Spanish employment figure at the end of 1996 was 9.27 million. At the end of 1997 it was 9.69 million with an increase of 420 thousand people, which supposes an increase of 4.5%. That year the real GDP increased 3.5%.

The employment in 1998 rose with 450 thousand people, supposing a 4.6% growth when the real GDP grew 3.7%.

In 1999 employment grew with 690 thousand people: supposed increment of 6.8% when the increase of the GDP was 3.8%.

As the productivity of the existing work increases every year, and employment grows faster than the GDP, a part of the new employment can possibly be ascribed to a growth of undeclared work.

Side Effects

The tax measures had two important effects on the labour market:

- A relatively big increase in the employment figure for employees with indefinite contracts (growth from 6,14 millions in 1996 to 7,28 millions in 1999 while the part time employment grew from 3,13 millions to 3,55 millions in the same period).
- A slight reduction in self-employment.

Interaction with other Policy Measures

The above-mentioned measures interact with monetary policy. In 1994 the Bank of Spain obtained its autonomous status. Since then high priority is given to the stability of the Consumer Price Index (CPI), which gives more consistency to the managerial expectations and it facilitates the making of long term commitments as e.g. to contracts for indefinite periods. During the past years, the trajectory has been one of a slight and continuous descent of the fiscal pressure on companies and, in 1999, also on individuals.

Changes in Labour Legislation

1. Creation of fixed term contracts in 1985. This measure allowed the enlargement and diversification of personnel contracts, which until then were limited to indefinite contracts.
2. In 1994 an end was made to the monopoly of the National Institute of Employment, in labour exchange. Temporary work companies were legalised and apprenticeship contracts were created.
3. Reduction in 1997 of the social security contributions in new contracts for people aged over 45 years and conversion of temporary contracts to indefinite. Lowering of the wrongful dismissal compensation for new contracts (benefits).
4. Creation of stable part time contracts with proportional social security rights (made in 1999).

To elaborate on the creation of new contracts: these are linked to the reduction of dismissal compensations (see below, “Other policy measures”, number 1). The idea being that this would reduce the companies’ reticence in employing workers on an indefinite basis, from which there would be a double effect: going from temporary contracts to indefinite contracts and from undeclared work to formalised work.

Results

The reduction of social security contributions and dismissal costs helped to decrease undeclared work significantly. In the process they have influenced other two aspects:

- A. The moderation of wage claims since 1995.
- B. The reduction of the income tax withholding in the year 2000.

Side Effects

In addition to the above-mentioned effects, the systematic renewal of fixed term contracts led to a decrease of the rotation of personnel. One of the obtained trade union claims was the stability in the employment.

Control Measures

1. The inspection services of Ministry of Labour have hardened their actions towards people who on the one hand receive an unemployment benefit and on the other hand carry out activities incompatible with the mentioned benefits. It brings sanctions to the contracting enterprise and the loss of employee rights to the person. According to information of Ministry of Labour less than 30% of the inspections have found people in the situation mentioned above.

This control has always taken place, but has been gradually increased.

This increased control is linked to an improvement in the control of e.g.: cross-referencing information about people that wrongfully receive retirement complements. In general, the possibilities of crossing information relative to revenues, payments from the Public Administrations and execution of fiscal contributions, are intensively used.

Results

The results of these measures have been minimal.

2. The labour authorities have established a system of incentives to their inspection services in 1997. They make inspection targets.

Involvement of Social Partners

A number of social partners are involved in this policy measure:

- *trade unions*. These do not insist on prosecution because they consider the undeclared labour as, above all, labour. They seem to believe that in the event that controls and the sanctions become tough, undeclared labour could disappear.
- *employers*. They insist on an increase of supervision in order to avoid unfair competition.
- *general public*. Public opinion, in the case of undeclared workers, finds the legalisation process so complex that undeclared work is understandable.

Results

Rather low.

3. Since 1991, the Trade unions should receive copies of all new contracts. This, on the one hand, gives them the possibility to detect and to report irregularities. At the same time this practice helps to prevent irregularities. However, as regards to undeclared labour the unions' intervention is null, because they only contribute to eliminate irregularities in companies that work legally.

For the unions, good supervision is a chance to provide services to workers and to obtain new members, which is why they give much attention to this topic.

Results

This measure had few effects on undeclared work.

Additional Comment

The improvement in the labour market situation and the reduction of undeclared labour has caused difficulties in finding skilled labour and, in some regions, also unskilled labour. In these regions, the negotiating position of the workers has improved substantially. Illegal residents (for different reasons) form the new supply of undeclared labour. This contributes to the maintenance of cases of undeclared labour, especially in agrarian employment and personal services.

Simplification of Procedures

Change of fixed-term contracts to indefinite contracts. In 1997 the possibility was created to convert temporary employment into stable employment. Other procedures related to the labour market, e.g.: declaration of social security, have not been simplified, even in the best of cases, or have, in fact, been complicated.

Result:

Is as yet unknown.

Other Policy Measures

1. The reduction of dismissal compensations

The dismissal compensation (*indemnización en case de despidos improcedentes*) refers to the payments received after a dismissal. There are two possible situations: “fair dismissal”, which implies a payment equal to that of 20 days per year of seniority up to a maximum of one year; and “unfair dismissal”, which implies a right to receive 45 days of payment per year of seniority up to a maximum of 42 months. To this should be added the payment of wages during the period between the dismissal and the judicial sentence (in more than 95% of the cases the worker wins) and the costs of the process. In 1992 250 thousand people lost employment and in 1993 this number rose to 500 thousand.

When a new employee is recruited, a cost analysis is made. This cost analysis includes salaries, social security payments and also the “contingent” cost of payments in case of dismissal. The higher the latter costs are, the less motivated an employer will be to hire new employees.

In 1997 an agreement between trade unions and employers’ federations (which was later included in the regulation passed by the Parliament) accepted a new kind of labour contract including payment in the case of “unfair dismissal” of 33 days (instead of 45) per year of seniority up to a maximum of two years (instead of 42 months).

Results

Despite being limited to young and elderly people or to the conversion of temporary contracts into indefinite ones, the result of this reduction was a rapid increase in new contracts.

2. The reform made in 1999 attempting to regularise the foreign workers

This process is beginning; even so the numbers of legalisation demands is high. Although complete data are not yet available, the number of legalised immigrants is about 800 thousand and estimates place illegal immigrants at an additional 50%.

6.3 Policies Influencing the Emergence of Undeclared Work

The elimination in April 1992 of the possibility of paying the compensations for unemployment in one single time (lump sum) to create a basis for self-employment. Without this option, made possible by Law 1044/85, some people that lose employment are tempted to work undeclared, while they receive unemployment benefit.

Integrated Approach/Policy Mix

The Spanish approach to undeclared work consists mainly of fiscal and social security measures (tax reductions and reduction of non-wage labour costs) and increased sanctions and controls. The controls, however, are mainly directed at benefit fraud and irregularities within legal companies. Many of the policy measures are meant to improve employment and though they may have the effect of reducing undeclared labour, this is not their main objective.

The Spanish approach uses a combined strategy of encouraging formal work as well as discouraging undeclared work. However, this approach does not seem to be part of an integrated package of measures explicitly meant to reduce undeclared work. The Ministry of Employment is improving its inspection resources. The Tax Office is concerned with the fiscal aspects and the Home Office deals with controlling illegal immigration. As the priorities of each ministry are different, there exists a superimposing of focuses, rather than an integrated approach to the issue of undeclared work. As an illustration: in the National Action Plan for Employment for 2000, no mention whatsoever is made of undeclared work.

7 SWEDEN

7.1 Undeclared Work in Sweden

Schneider & Enste (2000) estimate the amount of undeclared work in Sweden to be 19.5% of GDP. However, a 1997-1998 National Audit Office (NAO) survey study¹ estimated that undeclared work accounted for 5% of total work hours, and undeclared earnings corresponded to around 3% of GDP. This study also reports that 11-14% of the adult population had carried out undeclared work in the past 12 months.

The sectors in which undeclared work mainly takes place are the ones where lots of cash money is in circulation. The NAO report also shows that the degree of undeclared work is related to the number of witnesses, i.e. when no other people are present at the transaction, there is a higher probability of undeclared work. This also means that undeclared worker does not exist (or is at least very rare) in businesses where there are structured routines managed by ordinary clerks who have no reason to participate in this kind of activity.

The sectors in Sweden with relatively high amounts of undeclared work are:

- community, social and personal services;
- construction; and
- transport.

Undeclared work in Sweden is mainly being done by job holders, i.e. people already participating in the labour market, and to a lesser extent by the unemployed. Although the incentive to take up undeclared work might be higher for the unemployed, the very fact that they have lost contact with the labour market makes them less suitable to compete on the black labour market. To be able to carry out undeclared work one needs to have access to up-to-date knowledge, access to customers and access to a business area and/or tools. It is evident that job holders have much easier access to these resources than do unemployed people.

The National Audit Office also reports that the group most active in the black economy consists of young men.

The combat against undeclared labour receives medium priority from Swedish government. In the policies and political discussions concerning undeclared work, the issues that receive most attention are:

- sanctions and control;
- reducing bureaucracy/administrative burden and;

¹ Swedish National Audit Office (Riksrevisionsverket) (1998), Illicit work in Sweden. A report on a welfare state dilemma, RRV 1998:61, Stockholm.

- undeclared labour by the unemployed.

7.2 Policy Measures to Combat Undeclared Work

Control Measures

1. Since the mid 1990's co-operation has been established between the different institutional bodies focusing on different business lines, e.g. restaurants, transport etc. Tax authorities have started to perform more random visits and dig even deeper in "strange cases". The police, together with the Benefit Agencies, performs field operations, for example checks in restaurants and discos all over the country.

Results

These raids have some preventive effect, mainly on the controlled business lines. However, on the whole the effect on undeclared work is marginal.

2. The Swedish Unions, in particular the building unions, have also started to do checks on who is working "out there". Unions worry about undeclared work because it lowers the costs for the employer, makes employees vulnerable (as they are not insured) and makes it less interesting for people to become a union member.
3. Recently Swedish authorities have started to encourage the building of alliances between local agencies, such as the local branch offices of the National Tax Board, the National Insurance Board and the police. This co-operation mainly takes place in two areas of activity:
 - Firstly, they exchange and analyse data in an attempt to detect some hint that undeclared work might be involved. They e.g. match info on turnover with info on wage sum for specific companies to find discrepancies.
 - Secondly, the authorities carry out field checks (invading a company, locking the doors and checking all relevant administration).
4. Apart from the local operations mentioned above, the National Tax Board has started a "subcontractor chain analysis" project group in 1998, aimed at the building industry. The procedure is that e.g. a big building company is asked to submit information on what subcontractors it uses. These subcontractors are subsequently asked what subcontractors they use, et cetera. Having identified all parties and levels within a building project, the information from the companies and from the tax authorities database is linked. If strange proportions between contract value and salaries arise from this analysis, undeclared work is most probably involved.

This method seems to be very effective, especially because it is a way to identify companies that provide and use undeclared work, not the individual who does not declare income or taxation.

Awareness Raising and Information Campaigns

Campaign name: Humlan

This campaign was an EU project involving Jobcentre in the city of Kungälv, the Municipality of Kungälv and the educational centre of Kungälv ('Medborgarskolan').

The target audience of the campaign were unemployed people.

Aim of the project was to cut down unemployment through education and to increase the number of available jobs. The education provides knowledge both in theory and practice about working conditions and tasks within a small business.

The project did not want to compete with regular job opportunities using Government funds. Therefore, the labour market for domestic services (cleaning, housework, gardening, window cleaning, repair, babysitting et cetera) was chosen due to the fact that undeclared workers mainly perform these services. There is a great demand for domestic services. However, customers are very price sensitive. If the costs for the services are too high on the regular market the services will be purchased at the 'black' market. Therefore, the project has proposed new tax rules regarding domestic services, e.g. a 50% tax reduction and a lower rate of VAT on domestic services.

Results

The project has been very successful.

Side Effects

Many unemployed people involved in the project have obtained a higher level of competence and self-esteem leading to employment and self-employment.

7.3 Integrated Approach/Policy Mix

In 1998 the National Audit Office (*Riksrevisionverket*) conducted an extensive study on the informal economy. In the report on the study, a large number of policy measures were recommended. Up to this moment (July 2000) however, virtually none of these were implemented and apart from the measures already mentioned above, currently no policy measures aimed at a reduction of undeclared work are taken.

However, it should be mentioned that the tax authorities have launched an internal debate on Black Labour and Leakages of Tax Money after the publication of the NAO report. This debate resulted in a reorganisation of the Tax Institutions and the establishment of a special

project group that should deliver methods and recommendations on how to work in the branch offices throughout the country. The impact this will have on undeclared work remains to be seen.

Finally, the subcontractor chain analysis being used for the building industry seems a promising tool to combat undeclared work.

8 UNITED KINGDOM

8.1 Undeclared Work in the United Kingdom

Estimates about the amount of undeclared work in the United Kingdom are widely disparate. Schneider & Enste (2000) estimate it at 13% of the GDP in 1996-97. This estimate was based on the currency demand approach. However, the official UK Government adjustment for undeclared income in 1997 was 1.5% of the GDP. It is generally accepted among UK experts that the 'shadow' labour market economy accounts for between 8 and 10 per cent of GDP.

The main sectors where undeclared work takes place in the UK are:

- agriculture;
- community, social and personal services (e.g. cleaning, care);
- construction;
- tourism, hotel and catering;
- fashion and clothing manufacture¹.

Undeclared labour in the UK is mostly carried out by job holders (including self-employed people), and to a lesser extent by casual/seasonal workers, unemployed people, benefit claimants and illegal immigrants.

The national government and the tax authorities give a very high priority to the combat against undeclared work. Labour market authorities and local authorities give it high priority, whereas labour unions have set it as a low priority.

Most attention in the policies to combat undeclared work is given to:

1. Undeclared labour by the unemployed.
2. The demand for undeclared labour by employers.
3. Sanctions and control.

8.2 Policy Measures to Combat Undeclared Work

In the Budget of March 2000, the British Government introduced a package of employment measures, many of which are intended to combat undeclared work or the broader issue of fraud. These policy measures will be described below.

¹ The official Government position is that there is little direct information on sectors, but various measures and sanctions target the above areas.

Changes in Labour Legislation

1. Until 1999, the United Kingdom did not have a minimum wage. In April 1999 however, the *National Minimum Wage* was introduced for workers aged over 18 (£ 3.60 per hour for workers over 21 and £ 3.00 per hour for 18-21 year olds). In June 2000 the Minimum Wage for 18-21 year olds was somewhat increased to £ 3.20).

Results

One of the main purposes of this measure was to promote work incentives. The Government has so far evaluated the minimum wage as very successful. The effects on undeclared work have not been determined. But the promotion of work incentives is meant to improve the position of the people who are the victim of the 'unemployment trap' or 'benefits trap', meaning that the cost of participating in the labour market outweighs the benefits of having a job. If the unemployment trap is one of the reasons for people to perform undeclared work, it can be expected that the introduction of a minimum wage helps to reduce the supply of undeclared work. On the other hand, it increases the cost of low paid workers to employers, which could increase the demand for undeclared work.

However, although the measure has clearly benefited significant numbers, particularly women, recent figures indicate that some 300,000 workers were still being paid less than the minimum wage. Furthermore the level of minimum wage remains beneath the European 'decency threshold' established by the Council of Europe to give workers and their dependants a reasonable standard of living. Their formula is that no wage should be less than 68 per cent of average earnings. Finally, there is no requirement that the National Minimum Wage should be periodically updated.

2. Just as central to the UK government's attempts to 'make work pay' have been improvements to means-tested in-work social security benefits. In October 1999, the existing Family Credit scheme was replaced by a more generous Working Families Tax Credit (WFTC), which includes a Childcare Tax Credit. By recasting this benefit as a tax credit it is hoped that people will make a clearer connection between the work they perform and the income they receive. The UK government is considering extending this kind of tax credit to workers without children and is currently running pilot schemes to that end.

Results

Research in both the UK and the USA suggests that in-work benefits and tax credits have a relatively modest impact on labour force participation. However, as the WFTC in the UK has been linked to other long-term policy initiatives (such as those relating to childcare strategy and promotion of 'family friendly' employment policies) it is too early to judge the effectiveness of the measure. Critics argue that in-work benefits and tax credits tend to perpetuate the poverty trap and lock the country into a low-wage economy.

One of the disadvantages of the WFTC is that it makes no allowance for housing costs.

3. Also worth mentioning are the *Personal Advisers* who are the central common feature of a number of New Deal 'welfare to work' policies, programmes aimed at getting key groups of benefit recipients into employment. These advisers advise and assist in connection with training opportunities, job search and in-work benefit entitlements. The rules and extent to which participation in these programmes is compulsory, vary.
4. Introduction of the *Inland Revenue Construction Industry scheme* in 1999. Under this scheme a new registration card has been introduced. Building industry contractors may only pay their subcontractors gross if they hold this Revenue certificate. This measure stemmed from concern about undeclared labour in the construction industry. It is one of the most recent in a long line of initiatives that have attempted to regulate casual labour in the construction industry. The results are yet unclear.

Sanctioning Measures

In the Budget 2000 the evasion of income tax has become a criminal offence, subject to statutory prosecution (to correspond to similar offences in the area of welfare benefit fraud and VAT evasion). Those guilty of benefit fraud will also be prosecuted for tax evasion. Currently tax evasion can already be prosecuted under the Theft Act, but these newly created offences simplify the procedure.

Results

The result of this measure is as yet unclear.

There is however a massive disparity between the amount of administrative effort invested in the detection and prosecution of tax evasion compared with that which has gone into social security fraud. Despite the fact that the total amount of revenue lost to the UK governments in tax evasion is about 50 times as high (£ 100 billion per year) as the amount lost through social security fraud (£ 2 billion a year), the number of prosecutions brought against fraudulent tax payers is just 2-300 a year, whereas the number of prosecutions brought against fraudulent social security claimants have increased to more than 10,000 a year. Furthermore, in fact criminal prosecution has been comparatively rare until now. Inland Revenue is usually content with repayment of underpaid taxes and benefits authorities tend to recover overpaid benefits or simply terminate benefits claims without pressing charges. Although the pressure placed on benefits authorities to prosecute has been increasing recently, it remains to be seen whether this measure signals a greater readiness to prosecute tax evasion.

Control

A number of control measures have been introduced recently, as part of a general package to combat the informal economy, the results of which are yet unclear.

1. Introduction of statutory requirement to prosecute (2000). All government Departments are being encouraged to share data and resources. There are also plans to create a joint investigations unit. An important initiative in the UK is the founding of a joint investigation agency to tackle tax, benefit and VAT fraud. Previously, Departments have not worked co-operatively or shared 'intelligence'. If joint working were successful in reducing the number of people working illegally, it would also tend to reduce labour market tightness and relieve inflationary pressures.
2. The Registrar of Births Marriages and Deaths, Lord Chancellor's Office. It is proposed (for September 2000) to implement stricter controls over the issue of birth certificates and/or tighter controls on their use as a proof of identity (what a recent report calls 'The Day of the Jackal' fraud referring to the Forsyth novel where a criminal built an identity around a deceased person's birth certificate.) It is also designed to link directly to the issue of National Insurance Numbers - a pre-requisite for being legally employed and for claiming welfare benefits.
3. New Businesses are required to register with the Inland Revenue as soon as they are set up, rather than up to 18 months later - the current requirement (2000). This is part of a package being introduced through 1999-2000 to combat fraud and encourage legitimate working practices on the part of employers and employees. Technology could be used to trigger automatic registration with Inland Revenue when the company name/nature is registered at Companies House, instead of relying on the owners to register up to 18 months after the formation of the company.
4. Employers have a duty to check if new employees have a right to work in the UK (i.e. illegal immigrants have no right to work in the UK). Asylum and Immigration Act, 1996.

Campaigns

1. On 22 June 2000 the Tax and Benefits Confidential advice line was established. This phone line is intended to provide advice to people who want to leave the informal economy.
2. *Benefit Fraud Hotline*. A toll-free confidential telephone line where callers can report people suspected of wrongfully claiming benefit (for all types of benefit fraud - not just working whilst claiming). The introduction of this hotline has been controversial, not least because its introduction coincided with the withdrawal of a free telephone help-line designed to increase the take-up of social security benefits.

Results

Around 70 per cent of the “several thousand” calls received each month result in a referral to fraud investigators. The impact in terms of decreased undeclared work is not recorded. Because it is considered to be successful, a new facility has been introduced giving informants the option to report ‘on line’ via the Dept. Social Security website.

3. *Targeting Fraud*. This is a pilot project started in the North West in May 2000 (due to end in December 2000). The aim of the campaign is to publicise sanctions and encourage people to report fraud; TV and radio commercials are used to presenting case studies and these are supported by newspaper advertising and billboards.

Simplified Procedures

1. Transferring from Job Seekers’ Allowance to work. Claims will be suspended rather than stopped when claimants report starting work. If the job is temporary or turns out to be insecure, re-starting a claim is simplified, avoids delay and bureaucracy.
2. Job Seeker Allowance and Income support. These welfare benefits will be extended into the early stages of starting a job - to help with the transition and to ‘close’ the gap between last benefit payment and first wage.

The two procedures mentioned above appear to address the practical and emotional barriers experienced by those wishing to re-enter the labour market.

3. ‘ONE’ is the name of a pilot initiative of one-stop shops for advice and help with benefits, job search and training. The UK government has decided to apply these pilots nationally and will next year be introducing a new “Working Age Agency” which will combine a number of functions of the Benefits Agency and the Employment Service as far as all benefit claimants of working age are concerned. Thus all target groups under the various New Deal programmes will be able to access their benefits through a single agency and will be required to attend “work focused interviews” with Personal Advisers to establish their labour market opportunities.

Results

Pilots are in progress and being monitored but no results are available yet.

Interaction with policies to simplify and make accessible those services which help people to find employment.

Other Measures

1. In 1999, the UK government launched a National Childcare Strategy by which it aims, *inter alia*, to promote local partnerships involving statutory, voluntary and private sector

childcare provision, while simultaneously introducing Childcare Tax Credits that are payable in addition to the Working Families Tax Credit (see “changes in labour legislation”, number 2). These tax credits are available to working parents on a means-tested basis to meet up to 70% of the cost of registered forms of childcare.

2. A new small business service (from April 2000) to improve government support for small firms.
3. From April 2000 self-employed people with low profits need pay only £2 a week National Insurance Contributions (to earn entitlement to contributory benefit such as old age pension) instead of £6.55.

8.3 Integrated Approach/Policy Mix

In the 2000 Budget, the British government introduced a package of policy measures, which constitutes a balanced policy mix mainly motivated by government concerns about uncollected taxes, the lack of social protection for those not working legally and the resulting renewed focus on the problem of the informal economy. As this package has been introduced very recently, it is too soon to say anything about the results.

Although the main aim of this policy mix is to promote employment and combat fraud, reducing undeclared work is explicitly mentioned as one of the objectives.

Previous reluctance to enforce tax compliance was linked to the cost of prosecution, which was often greater than the unpaid tax. Most of these measures target benefit claimants who are also working. Less attention is paid to those in employment who have a second job, part-time or occasional work which they do not declare. Similarly, the self-employed who declare only part of their work may well escape detection. Only if they are registered for VAT (i.e. if their turnover is more than £51,000) is their extra income likely to be evident.

The supply side initiatives of the government - welfare-to-work, in-work benefits et cetera - in themselves represent a well-integrated approach that might help to move people out of the informal and into the formal economy. A dominant concern is the extent to which the social security system is providing a covert subsidy to unscrupulous employers. However the government is quite prepared to provide overt subsidies to low-paying employers (through in-work benefits e.g. the WFTC) and has been extremely cautious about re-regulating the labour market and imposing social costs on employers. The National Minimum Wage has been established at a very moderate level, and, where EU social directives (on e.g. working time, parental leave and part-time working) have been implemented the approach has been minimalist. Measures to combat undeclared work bear disproportionately on the poorest and

those at the periphery of a polarised labour market. To this extent, the UK approach is not well integrated.

9 COMBATTING UNDECLARED WORK IN THE MEMBER STATES

9.1 Introduction

In the previous chapters we have described the policies to combat undeclared work in seven Member States. These descriptions are based upon the structure of the questionnaire sent to six national experts in Germany, France, Italy, Spain, Sweden and the United Kingdom. Regioplan completed the questionnaire on the Netherlands.

The questionnaire was structured in clusters of questions on the following topics:

- A description of undeclared work in the country (size, characteristics of undeclared workers, main sectors involved, focus of government policy).
- Tax measures.
- Changes in labour legislation.
- Sanctioning measures.
- Control measures.
- Awareness raising and information campaigns.
- Simplification of procedures.
- Service vouchers and/or subsidies.
- Policy measures not aimed at combatting undeclared work but having impact on undeclared work.
- Other policy measures.

For each policy measure, the experts were asked to state:

- the effectiveness of the measure;
- any side effects of the measure;
- whether the measure is part of a policy mix and if so, with which other policy measure(s) it interacts.

Based on the answers to the questionnaire an interim report was written, which was sent to a second set of experts for a second opinion. Regioplan has rewritten the report based upon their contributions and has conducted desk research to fill in the blanks or resolve contradictions between contributions from experts. Finally, preliminary results were discussed during an international workshop with experts from ten countries. In the following section we will summarise the findings.

9.2 The Undeclared Labour Market in the Member States

The prevalence of undeclared work

Although by its very nature undeclared work cannot be quantified very well, a number of studies have tried to estimate the size of the black economy. We have asked respondents to state the estimate known to them of the amount of undeclared work in their country.

A recent report by Schneider & Enste¹ mentions estimates of the size of the Shadow Economy in 1996 and 1997 for all European Countries². Many experts mentioned these estimates. For that reason we will mention the Schneider & Enste estimate for each country, to enable comparison³. If the respondents mentioned other estimates, these are included between brackets.

Table 9.1: Estimates of the amount of undeclared work for the countries under study.

Country	Average 1996-1997 (Schneider & Enste,2000) in % of GDP	Other estimate(s)
France	14.7%	
Germany	14.8%	* 16% in 2000 (Schneider & Enste, 2000) * 1% (Schwarze, 2000)
Italy	27.2%	15.2% in 1997 (ISTAT)
Netherlands	13.8%	
Spain	23.0%	
Sweden	19.5%	3% in 1997/1998 (Swedish National Audit Office)
United Kingdom	13.0%	1.5% in 1997 (UK Government)

The table shows that the shadow economy must constitute a considerable amount of employment volume, which on average is over 15% of EU-GDP. Not only this is a large percentage, according to experts it is increasing as well. A recent European Parliament Report⁴ states:

¹ Schneider, F. & Enste, D.H., "Shadow Economies: Size, Causes, and Consequences", in: *Journal of Economic Literature*, 38/1, pp. 77-114, March 2000.

² Based upon the currency demand approach.

³ This does not imply that we consider it to be the most accurate estimate, nor that we endorse the currency demand approach.

⁴ *Report on the Commission communication on undeclared work, A5-0220/2000*, rapporteur: A.-K. Glase, Committee on Employment and Social Affairs, 2000.

“It is clear from all these studies that the figures for the individual countries have increased between two and three times as fast as growth in GDP. The black economy is growing much faster than the official economy”.

In which sectors is undeclared work prevalent?

The sectors mentioned by all, or nearly all, respondents as having a large share of undeclared work are:

- agriculture (France, Germany, Italy, Netherlands, Spain, UK);
- community, social and personal services (such as cleaning and care), (France, Germany, Italy, Netherlands, Spain, UK, Sweden);
- construction (France, Germany, Italy, Netherlands, Spain, UK, Sweden); and
- manufacturing (including textile sector) (France, Germany, Italy, Spain, UK).

Less mentioned sectors are:

- retailing (France, Italy, UK);
- transport (France, Italy, Sweden);
- hotel/tourism/catering (France, United Kingdom).

Sectors with high percentages of undeclared work are often labour-intensive sectors where considerable amounts of cash money are available.

Who are the undeclared workers?

The population groups that perform the bulk of the undeclared work in Europe are (ranked by the frequency with which respondents mentioned them):

- the unemployed (France, Germany, Italy, Netherlands, Spain, Sweden, UK);
- job holders (people carrying out undeclared work next to having a formal job) (France, Germany, Italy, Netherlands, Sweden, UK);
- self-employed people (France, Germany, Italy, Netherlands, UK);
- third country nationals/illegal immigrants (France, Germany, Italy, Spain, UK) and
- students (Germany, Italy, Netherlands).

9.3 Policies to Combat Undeclared Work

Germany

The focus of the German authorities has mainly been on sanctions and controls. Control has been stepped up and sanctions have been increased during the past decades. An important law regulating these sanctions and control measures is the Law Against Undeclared Work (*Gesetz zur Bekämpfung der Schwarzarbeit*) which came into force almost 50 years ago, in

1957, but has been modified several times, most recently in 1998. The main objective of the German government is to discourage undeclared work.

However, little has been done in past years to encourage formal work. Germany is currently implementing a Tax Reform, lowering tax rates and social security contributions, but it is too soon to determine the results of these measures. Another important policy measure to mention is the so-called *Bundnis für Arbeit* (Alliance for Labour) in which government, employers' associations and unions work as partners in the process of collective agreements, providing the frame for employment-oriented collective agreements. The primary aim of this alliance is to combat mass-unemployment by promoting new jobs and ensuring existing ones. The German policy against undeclared work does not qualify as, nor does it pretend to be, a mix of policy measures to discourage undeclared work and measures to encourage or facilitate formal work. A number of policy measures have been taken to reduce the amount of undeclared work, but they are not part of a specific package of measures to that end.

Italy

Since 1999, the Italian government has delivered a package of policy measures to combat undeclared work. The current list of policy measures against undeclared work constitute a broad spectrum of both measures to discourage undeclared work and encourage formal work:

- A very important policy measure has been the creation of the National Committee for the 'exposure' of undeclared work (*Comitato per l'emersione del lavoro non regolare*). The Committee has been of particular importance in ensuring the integration between individual policy measures to reduce undeclared work and the co-ordination of the many actors involved.
- More than forty local commissions have been installed. They try to stimulate local initiatives against undeclared labour. Lots of energy is put into helping the local public administration in combatting undeclared work.
- Co-ordinated by the above-mentioned Committee, control activities have been stepped up and more information has been exchanged between several control agents.
- Tax rates (mainly income tax, corporate tax and VAT) have also been reduced. Although these tax reductions were mainly intended to increase employment, they also reduce the incentive to hire or carry out undeclared work.
- Employment relationships have been made more flexible by expanding the possibilities for temporary work contracts and other forms of atypical contracts.

One important aspect of the Italian policy against undeclared work is that the majority of measures have a regional or sectoral character. Many measures are limited to certain regions or sectors in Southern Italy, where unemployment is high and undeclared work is soaring.

- One of the most important of these regional and sectoral measures is the creation of the Wages Alignment Agreements (*contratti di riallineamento*), which allow enterprises to

regularise their undeclared workers by gradually applying national collective agreements in each economic sector, while providing social security contribution reductions and tax deductions during the period of realignment.

- Tax credits have been made available for employers hiring new workers.
- Reduction of social security contributions for hiring new employees.

The Italian Government puts much effort into combatting undeclared work and the package of policy measures is coherently structured. However, its realisation has not proven to be fully accomplished so far, and the effectiveness of the Italian approach remains yet to be seen.

Netherlands

The Dutch policy to combat undeclared work constitutes a policy mix that maintains the balance between discouraging the supply of and demand for undeclared work and encouraging formal work. Policy measures include:

- reduction of VAT rate for some labour intensive services;
- reduction of Income Tax. Since 1990 the fixed labour cost reduction (*Arbeidskostenforfait*), a tax-free sum for the employed has been regularly increased. This measure tackles the poverty trap and creates an incentive to take on a formal job;
- creation of special fraud intervention teams;
- increased exchange of information between administrative bodies;
- linkage of the appeal of foreigners to provisions, benefits, permits etc. to lawful residence of the foreigner in the Netherlands by the Linking Law (*Koppelingswet*);
- simplification of administrative burden for enterprises;
- subsidised jobs.

The supply of formal workers has become cheaper, it has been made easier for the demand side (employers) to hire formal workers and the market process (i.e. the way in which formal demand and supply meet and match) has been made more flexible. This reduces undeclared work significantly. The undeclared work that remains is, when perceived, punished more severely.

However integrated or coherent this approach might be, it is not explicitly meant to combat undeclared work. It is a package of (mainly fiscal) measures to promote employment and combat fraud, which tackles undeclared work in the process.

Recently two related developments seem to bring about a (new) growth of the amount of undeclared labour. First of all, the demand for cheap labour is growing fast in an already tight labour market. The second development is that this demand is being partly met by the supply

of illegal aliens, either refugees from Africa and Asia or economic immigrants from Eastern Europe⁵.

Spain

The Spanish approach to undeclared work consists mainly of fiscal and social security measures and increased sanctions and control. This control however is mainly directed at benefit fraud and irregularities within legal companies. Many of the policy measures are meant to improve employment and though they may have the effect of reducing undeclared labour, this is not their main objective.

To summarise the Spanish policy measures to combat undeclared work:

- social security costs for new contracts have been reduced;
- income tax has been reduced;
- new employment contracts have been created, allowing for more flexible employment relationships within the formal economy, encouraging formal work;
- sanctions have been hardened and control has been increased, mainly by an increase in information exchange between several authorities.

The Spanish approach uses a combined strategy of encouraging formal work as well as discouraging undeclared work, but this does not seem to be part of an integrated package of measures explicitly meant to reduce undeclared work. The Ministry of Employment is improving its inspection resources; the Tax Office is concerned with the fiscal aspects and the Home Office deals with controlling illegal immigration. As the priorities of each ministry are different, there is more a superimposing of focuses rather than an integrated approach of the issue of undeclared work.

Sweden

In 1998 the National Audit Office (*Riksrevisionverket*) conducted an extensive study on the informal economy⁶. In the report on the study, a large number of policy measures were recommended. Up to this moment (July 2000) however, virtually none of these were implemented, and currently only a few policy measures aimed at a reduction of undeclared work are taken:

- Control activities have been stepped up. Institutional bodies focusing on different business lines have started to co-operate, and Tax authorities, Benefit Agencies and the police increasingly perform field checks. Also the Trade Unions have started to do checks on undeclared work.
- Co-ordination between institutions on a regional level.

⁵ Visser, J.Ph., & Van Zevenbergen, R.G. (2000), *Illegale tewerkstelling verkend*, Leiden.

⁶ Swedish National Audit Office/Riksrevisionsverket (1998), *Illicit work in Sweden. A report on a welfare state dilemma*, Stockholm.

- A subsidised job project (*Humlan*) was started for the unemployed, in sectors where a lot of undeclared work takes place.
- A project group for the building industry has been started by the National Tax Board to “follow the money” along chains of subcontractors, thus identifying strange proportions between contract (value) and salaries and being able to identify firms that employ undeclared workers.

Furthermore, the tax authorities have been reorganised; a special project group has been established, to deliver methods and recommendations on how to work in the branch offices throughout the country.

The topic of undeclared work does not have high priority from the Government. As a consequence, relatively very little is being done in Sweden to reduce undeclared work.

United Kingdom

In the 2000 Budget, the British government introduced a package of policy measures which constitutes a more or less balanced policy mix. This policy is mainly motivated by government concerns about uncollected taxes, the lack of social protection for those not working legally and the resulting renewed focus on the problem of the informal economy. As this package has been introduced very recently, it is too soon to say anything about the results. Policy measures include:

- Introduction of the National Minimum Wage.
- Introduction of the Working Families Tax Credit (WFTC), which includes a Childcare Tax Credit for the employed.
- Introduction of *Personal Advisers*, aimed at getting key groups of benefit recipients into employment. These advisers advise and assist in connection with training opportunities, job search and in-work benefit entitlements.
- The *Inland Revenue Construction Industry Scheme*, under which a new registration card is required for subcontractors. Building industry contractors may only pay their subcontractors gross if they hold this Revenue certificate.
- Control measures have been increased, e.g. legal requirements for starting up a business, increased co-operation between government Departments and the founding of a joint investigation agency to tackle tax, benefit and VAT fraud.
- Several campaigns were launched, for example, an advice line for people wanting to leave the informal economy and a hotline to report undeclared work.

Although the main aim of this policy mix is to promote employment and combat fraud, reducing undeclared work is explicitly mentioned as one of the objectives. As a consequence of the emphasis on fraud however, most of these measures target benefit claimants who are also working. Less attention is paid to those in employment who have a second job, part-time or oc-

casual work which they do not declare. Similarly, the self-employed who declare only part of their work may well escape detection.

The supply side initiatives of the government - welfare-to-work, in-work benefits etc. - in themselves represent a well-integrated approach that might help to move people out of the informal and into the formal economy. The government has been extremely cautious about re-regulating the labour market and imposing social costs on employers. The National Minimum Wage has been established at a very moderate level. Measures to combat undeclared work seem to bear disproportionately on the poorest and those at the periphery of a polarised labour market. To this extent, the UK approach is not well integrated.

France

The policy to combat undeclared work is being deployed broadly on a national level as well as on a local level in France. It is aimed at reducing both demand for and supply of undeclared labour through tax and labour regulations, public awareness and information campaigns.

Policy measures include:

- Creation of one stop shops (*Centre de formalités des entreprises* (CFE)) for all administrative actions required when starting, modifying or ending a professional activity.
- Introduction of the “unique employment declaration” (*Déclaration Unique d’Embauche*, or DUE), compulsory for all employers and required for many formalities. The DUE has to be sent to the URSAFF⁷ before any new recruitment. Omission of the DUE can be an element of proof of undeclared work.
- Creation of the *inter-ministerial delegation for the fight against undeclared work* (‘Délégation Interministerielle à la Lutte contre le Travail Illégal’, or DILTI).
- Heightened registration requirements for employees.
- Flexibilisation of employment contracts,
- Hardening of sanctions.
- Increased co-operation and information exchange between the different administrations involved.
- Policy measures providing for the regularisation of irregular workers.
- Tax reductions (income tax and VAT).
- Service vouchers (*chèques services*) to encourage the hiring of legal workers for family and domestic jobs by minimising administrative burden.
- A number of public awareness campaigns.

The French policy measures against undeclared work constitute an integrated approach in that they are a package of both preventive and repressive measures. The instalment of the

⁷ Union pour le Recouvrement des cotisations de Sécurité Sociale et d’Allocations Familiales (Union for Collective Social Insurance Fees and Family Welfare Payments).

various committees for the fight against undeclared work (e.g. DILTI) is of importance for the co-ordination and integration of the various measures used to combat undeclared work. However in practice this co-operation seems not to be as efficient as it could be.

9.4 General summary

The fight against undeclared work is part of a general package of policy measures to promote employment and combat fraud in most of the 7 countries described in this study. A few countries (France and Italy) have created specific organisations concerned with the fight against undeclared work, which subsequently have issued specific packages aimed at reducing undeclared work.

There are many differences in the ways governments of the seven countries try to reduce the amount of undeclared work. Italy, for example, stands out for its approach that is specifically aimed at certain regions and sectors where undeclared work is prevalent. Sweden also stands out as it has very little policy against undeclared work.

The main similarities between the seven countries are the following:

- Policy measures against undeclared work often concern fiscal or social security policy.
- Control activities have been intensified in almost all countries.
- There is a steady increase in co-operation between control bodies. This mainly refers to the exchange of information.
- Hardly any of the policy measures to reduce undeclared work have been properly evaluated, which makes it difficult to assess their effectiveness.

10 TOWARDS GOOD POLICY MIXES

10.1 Adapting Policy to the Context

As the preceding chapters show, the approach to combat undeclared labour varies widely among the Member States. Of course, the approach chosen to combat undeclared work depends very much on the context in which this approach is to be implemented. One should take account of the national, regional and local context. For example, undeclared work in Southern Italy requires a different approach than undeclared work in Sweden. To determine an efficient policy it is necessary to look at the causes and determinants of undeclared work.

10.2 Causes and Determinants of Undeclared Work¹

When we are able to pinpoint the main determinants of the coming about of undeclared work, we should be able to create an effective mix of policy measures to counteract this shadow economy. The research done on undeclared work and the discussion with experts at the seminar lead to the following sets of factors that are of relevance to the growth of a shadow economy:

1. Market relations.
2. Institutional relations.
3. Individual characteristics.
4. 'Environmental' factors.

Ad. 1. Market Relations.

Three markets are of specific relevance to the development of a shadow economy. These are:

- the labour market;
- the goods and services market; and
- the information market.

The growth of the informal economy is often seen as a reaction to imperfections in the formal labour market. When formal supply and demand do not meet, the possibilities for informal labour market grow. Circumstances that lead to these imperfections can be the high cost of labour, the shortage of labour (quantity or quality), shortage of jobs, or the inflexibility of labour.

¹ Renooy, P.H., *The Informal Economy. Meaning, Measurement and Social Significance*, Netherlands Geographical Studies, Amsterdam 1990. For further reading, consult this book or e.g. Schneider, F. & Enste, D.H., "Shadow Economies: Size, Causes, and Consequences", in: *Journal of Economic Literature*, 38/1, pp. 77-114, March 2000.

The goods and services market can also show imperfections that lead to a shadow economy. Goods and services can be too expensive on the formal market or can even be absent. Another possibility is that services offered do not meet the quality standards of the demand or cannot be delivered at the requested times of day.

Finally, the information market is of importance. Access to information is possibly more important in the shadow economy than in the formal sphere. The market is far from anonymous. The existence of social networks, therefore, can be a stimulus for the development of the shadow economy.

Ad. 2 Institutional Relations.

Under the heading institutional relations, we refer to relations between citizens and public authorities and their relations with organisations and institutions of the so-called civil society, such as trade unions and churches. In this regard, of great importance is the degree of trust people have in government and government agencies and the degree of inclusion people experience in society. When there is very little identification with government or society at large, people will more easily act against common rules. Institutional relations, therefore, are closely related to *culture* as an influencing factor.

An important cause within institutional relations is the tax level. High taxes are likely to encourage tax evasion and do not enhance the relationship between citizens and government (unless the citizens get something highly valued in return for tax payments). Other influential factors are the transparency of legislation and legislation enforcement. If control mechanisms are unclear and inefficient, people will be less reluctant to evade taxes by performing undeclared work. The absence of certain control mechanisms can also stimulate undeclared work. For example, the absence of a national population registration system in the UK has facilitated identity fraud.

Ad 3. Individual Characteristics.

Given certain market and institutional relations on the micro-level, the step into the shadow economy depends on characteristics of the individual, or more specifically, of the household to which the individual belongs. Research² shows that especially in the development phase of a household (e.g. family building), the income situation, available skills and the level of education of members of the household play an important part in the decision to “go informal”. In determining which kind undeclared labour is performed, gender also plays an important role. The existing inequality between men and women in the formal labour market is reflected in the informal economy.

² See Pahl, R.E. Divisions of labour. Oxford 1985. NAO, Illicit Work in Sweden, Stockholm 1998.

Ad 4. Environmental Factors

This heading refers to factors at macro- level that are very difficult to influence. Examples are globalisation and migration. Globalisation has an impact on undeclared work in that companies increasingly shift labour-intensive divisions of their business to countries where labour is cheap. This situation, on the one hand, reduces the demand for undeclared work in European countries, but on the other hand, it increases competition, causing a rise in demand for undeclared work for smaller businesses.

The influence of migration on undeclared work means that immigration provides a potential supply of undeclared work, especially if access of immigrants to the formal labour market is hindered.

10.3 Good Practices

The causes described in 10.2 will in various combinations lead to various manifestations of an informal economy. Successful policy is that policy which specifically tackles this mix of factors and circumstances. A successful policy should be tailor made and there are no standard recipes that can be applied. However, for each of the mentioned categories of causes, a number of possible policy options can be identified. Together these constitute the “toolbox” for policy makers. These policy options can be divided into four categories:

1. Changing the system.
2. Enhancing access to the formal economy
3. Enforcing the system.
4. Changing behaviour and/or attitudes.

1. Changing the System

When it is clear that characteristics of the socio-economic system itself lead to the emergence of undeclared labour, one should consider changing (parts of) the system. This strategy is most appropriate when undeclared work is caused by e.g. an inflexible labour market, rigid legislation or high non-wage labour costs. It is also appropriate when the system allows too much space for undeclared work, for instance when the system is difficult to enforce or control. Measures involving changing the system are:

- tax reductions;
- social security contributions reductions;
- deregulation;
- subsidised employment;
- flexibilisation of employment relationships (e.g. temporary work, irregular work, seasonal work);
- service vouchers;

- the introduction of forms of direct democracy, thus reducing the psychological distance between citizens and government; and
- the creation of one-stop shops for all employment related administration, which reduces bureaucratic obstacles to enter the formal labour market.

Good examples of policy measures in this category include the reduction of social security contributions for hiring low-skilled workers (Italy) and the VAT reduction for labour intensive services (various countries).

2. Enforcing the System

If the causes of undeclared work are not inherent to the system, but instead seem to stem from an unwillingness among citizens to follow the rules and/or inadequate enforcement of the system, a strategy is to increase the enforcement.

Policy options to this end include:

- stepping up controls;
- increasing sanctions for employers and/or employees;
- increasing co-operation and data exchange between authorities;
- increasing co-operation between authorities and social partners;
- the installation of national, regional or even local multidisciplinary co-operation networks between authorities;
- field checks;
- an undeclared work hotline where cases of undeclared work can be reported anonymously;
- creation of an efficient centralised population register;
- increasing registration and identification requirements;
- arranging house visits or appointments with benefit claimants unannounced and/or during regular working hours, thus making it impossible for them to have an undeclared job on the side;
- strict immigration policy;
- border controls and;
- excluding companies having made use of undeclared workers from public tenders.

There also a number of policy options that are not enforcement measures themselves, but the result of which can lead to enforcing policy measures. These include:

- sector analysis;
- subcontractor chain analysis;
- scientific research.

3. Enhancing Access to the Formal Labour Market

Even when the economy is properly organised and legislation well enforced, it might be that some people encounter barriers to enter the formal labour market, for instance when the legislation is complex or when following the rules entails a lot of bureaucracy. Another important barrier is the poverty trap. People might also need more incentives to take the step from the informal to the formal.

Policy measures that could adequately tackle these problems include:

- coaching and advice (for employers and employees) in fulfilling formalities;
- business start-up grants;
- tax credits for the employed and;
- training of civil servants, ensuring proper implementation of the rules and increasing the efficiency and transparency of the system.

Examples of policy measures enhancing access to the formal labour market are the anonymous telephone help lines for people wanting to leave the informal economy (UK) and the tax credits for working families (WFTC) (UK).

4. Changing Attitudes and Behaviour

Finally, as mentioned before, an important set of causes is related to attitudes and culture. People might be unwilling to pay taxes. This can be due to a low tax morale, but it might also be because people have no confidence that the government will spend their tax money in the right way.

Furthermore, in many countries/regions of Europe there is a certain level of cultural acceptance that some activities do not have to be declared. Babysitting, house cleaning and painting the house of a friend are good examples. It seems that some level of undeclared work is deeply rooted into the culture of peoples all over Europe.

The adequate policy option for governments having identified such causes of undeclared work in their countries is to try and change the attitudes and/or the behaviour of their citizens.

The main measures used involve awareness raising and information campaigns. These campaigns can have several objectives, e.g. to warn people about the consequences (sanctions) of performing undeclared work or to explain the consequences and appeal to solidarity and intelligence. Examples of policy measures in this category are the campaigns *Illegal ist unsozial* (Germany), *Zwartwerk is broodroof* (Netherlands) and *Targeting Fraud* (UK).

As we have shown, the four main strategies to reduce undeclared work are each related to different (though partly overlapping) sets of causes. Figure 10.1 shows the causes linked to the policy options.

The above-mentioned sets of causes are present in various degrees throughout the European Union. Governments, national as well as local, should identify the main causes of undeclared

work in their country, region or locality. After having identified the causes, the scheme in figure 10.1 can be used to develop a policy mix that adequately combats undeclared work. A policy mix using the above-mentioned elements as cornerstones seems most likely to be effective in combatting undeclared work.

European Policy

Every year, the Council of the European Union issues Guidelines for Member States' employment policies for the following year.

The Employment Guidelines for the year 2001 consist of 4 pillars, which contain many elements of the above-mentioned policy options:

Pillar I: Improving Employability

This pillar refers among others to activation and unemployment prevention, including reform of benefit and tax systems to remove poverty traps and provide incentives for unemployed or inactive people to seek and take up work.

Pillar II: Developing Entrepreneurship and Job Creation

This pillar explicitly mentions undeclared work. Member States are urged to encourage the increase of entrepreneurial activities by:

- reducing any obstacles that may exist, especially within tax and social security regimes, as well as a significant reduction of overhead costs and administrative burdens for businesses.
- “combatting undeclared work and encouraging the transformation of such work into regular employment, making use of all relevant means of action, including regulatory measures, incentives and tax and benefit reform, in partnership with the Social Partners”³.

It is noteworthy that combatting undeclared work is not mentioned as a goal in itself, but as part of a strategy to promote entrepreneurship and job creation. This may also explain why in most Member States the fight against undeclared work is part of a general package of measures to promote employment.

Pillar II also calls for a gradual reduction of the overall tax burden and the fiscal pressure on labour and non-wage labour costs.

³ Council of the European Union (2000), Council Decision on Guidelines for Member States' employment policies for the year 2001, Annex: The Employment Guidelines for 2001.

Pillar III: Encouraging Adaptability of Businesses and their Employees

This pillar calls for flexible working arrangements, reducing barriers to employment and helping the labour market adapt to structural change in the economy, among other measures.

Pillar IV: Strengthening Equal Opportunities Policies for Women and Men

Pillar IV calls for removal of gender-specific barriers to employment and entrepreneurship, tackling gender gaps and flexible working arrangements enabling the reconciliation of work and family life.

The Employment Guidelines furthermore call for implementation of the Guidelines in partnership with the Social Partners, taking account of the national traditions, practices and differences, as well as regional and local differences.

We can conclude that the Employment Guidelines 2001 contains basic ingredients for an effective policy mix to reduce undeclared work.

10.4 Bad Practices

In addition to the recommended policy options there are also a number of policy options to avoid.

- A general rule of thumb is to avoid a one-sided approach towards undeclared work. It is useless to *only* increase sanctions or *only* to de- or re-regulate the labour market. Such approaches neglect the fact that there are many interacting causes of undeclared work. The approach to combatting undeclared work should also not be one-sided as to the target group. A lot of attention is being paid to undeclared workers. It is of vital importance that employers should also receive adequate attention. After all, any market will deteriorate when either supply or demand decreases. In terms of control, it seems most efficient to invest in identifying employers using undeclared workers. In this way many undeclared workers are identified at the same time.
- When launching campaigns to change peoples' attitudes towards undeclared work, one should avoid stressing the proportion of people performing undeclared work. Stressing this fact could have an adverse effect. People might think "if everybody is doing undeclared work, why should not I do it too?".
- Avoid 'target setting' in combatting fraud. Target setting refers to the setting of objectives, e.g. the number of fraud cases that should be identified in a year. First of all, this results in too much attention for the easy-to-catch cases and thus reduces the time invested in identifying the more difficult, and therefore probably more structural, cases. Secondly, 'target setting' reduces the effort put into prevention. In the long run this method is not a very effective way to combat undeclared work.

CAUSES	Changing the system	Enhancing access to the formal economy
<i>Institutional relations</i>		
High income tax	Income tax reduction	
High levies (social security costs) on labour	Social Security costs reduction for e.g. hiring long-term unemployed	
High tax on labour	Labour tax reduction	
High Value Added Tax	VAT reduction for labour intensive services	
Regulation – Inflexible labour market for demand side	Deregulation	Coaching/advice for employers fulfilling
	Flexibilisation of employment relationships	Business start up grants
	Facilitating temporary contracts	
	Facilitating part time contracts	
	Facilitating seasonal work	
Regulation – Inflexible labour market for supply side	Flexibilisation of employment relationships	
	One-stop shops for all employment related administration	Coaching/advice for employees fulfilling formalities
	Deregulation	Coaching/advice for people wanting to leave the informal economy
	Facilitating temporary contracts	
	Facilitating part time contracts	
	Facilitating seasonal work	
High wages in certain sectors (productivity gap)	Subsidised employment	Subsidised employment
Low transparency of legislation	Direct democracy	Coaching and advice
	Deregulation	
Complex legislation	Simplification of procedures	
	Deregulation	Coaching and advice
Unclear control mechanisms		
Low perceived risk of getting caught		
Poverty trap/means testing	Subsidised employment, service vouchers, higher wages	Tax credits for the employed
Covered tolerance by authorities		Training of civil servants
Mental and geographical distance between citizens and	Direct democracy	
Relationship citizens-government	Direct democracy	
Inefficient government	Improvement of government services	Training of civil servants
Job Uncertainty	Regulation	
Degree of protection of workers	Flexibilisation of employment relationships	
<i>Individual / household / company characteristics</i>	(Changing the system)	Enhancing access to the formal economy
Lifestyle / Cultural acceptance of undeclared work		
Dual earner households		
Technology/technical possibilities		
Poverty/financial needs	Higher minimum wages/social security	
'Private sphere'/culture	Allowing informal transactions in the private sphere	
Development phase/skills		
Perception of local deficiencies		
Competitive strategy		
<i>Market relations</i>		
Labour market		
High non-wage labour costs	Tax reductions	
	Reduction of social security contributions	
No formal supply of certain goods or services to meet the demand		
Supply of labour that does not want or does not need to go formal		
Reduction of working hours		
Low transparency of market	Deregulation	One-stop shops for all employment related administration
Lowering of retirement age		
Labour shortage		
Unemployment	Social security contributions reductions e.g. for hiring long-term unemployed	
	Tax rebates e.g. for hiring long-term unemployed	
	Subsidised employment	
<i>Environmental factors</i>		
Immigration	More strict rules	
Illegal immigration	More strict control mechanisms, legalisation	
Globalisation		

- An important cause of undeclared work is too much bureaucracy. It is therefore advisable to reduce the bureaucracy to the minimum required for adequate regulation.
- Finally, although an efficient and thorough sanctioning and control system is highly important, such a system should not lead to the blocking of new initiatives by creating ever more obstacles to enter the formal labour market. New initiatives are the engine behind the economy. One should avoid putting all effort into sanctions and controls, without creating opportunities for new businesses and new economic initiatives.

10.5 Recommendations

Although sanctions and controls are being stepped up all over Europe, they are not always as effective as they could be. Control often focuses on the easy-to-catch undeclared workers and employers, e.g. illegal immigrants or people working while receiving social benefits, while these account for only a small percentage of the undeclared workers. More attention should be given to methods of effectively identifying undeclared work carried out by job holders.

A phenomenon that receives less attention than undeclared work is under-declared work. Little is known about the damage inflicted by this 'grey' work and more research into this subject is needed.

Another recommendation would be to install a European Committee to Combat Undeclared Work based on the French (DILTI) or Italian (Committee for the Exposure of Undeclared Work) model. This committee could ensure a continuation of the European debate on undeclared work and could ask Member States to report on a regular basis about their progress in the combat against undeclared work.

More co-operation on the issue of undeclared work between European countries is needed. An interesting and potentially valuable instrument is to harmonise registration systems; to allow for data exchange between Member States.

Finally, it is vital that policy measures to reduce undeclared work are properly evaluated. There is an enormous lack of reliable data on the effectiveness of existing measures. This lack of data leads to myths, such as the myth that most undeclared work is carried out by illegal immigrants. This particular myth fosters xenophobia and seriously hampers European integration. The lack of data on effectiveness and efficiency of control measures makes it increasingly hard to justify the enormous amount of manpower and money spent on the mea-

sures. It would therefore be advisable to further invest in the development of reliable evaluation tools and to stimulate the debate on how to measure undeclared work.

11 SUMMARY

Introduction

In the year 2000, *Regioplan Research Advice & Information*, began research on policy measures to combat undeclared work, funded by the European Commission. This document is the final report based on this research. The main purpose of the research was to identify good mixed policies to combat undeclared work. The term 'mixed policies' refers to policies that constitute an integrated approach of both policy measures to discourage undeclared work and to encourage formal work.

Method

For the purposes of this research, seven Member States have been selected: France, Germany, Italy, The Netherlands, Spain, Sweden and the United Kingdom. From each country, two national experts were consulted about undeclared work. Based on their contributions a report was written and presented and discussed at an international seminar on undeclared work in Amsterdam, The Netherlands, on January 17-19 2001.

This final report is based on the expertise of the above-mentioned experts, the discussions during the seminar, and desk research by Regioplan to fill in the blanks.

Undeclared work in the Member States

The incidence of undeclared work

Undeclared work is by its very nature very difficult to measure, so the incidence of undeclared work can only be estimated. Depending on the estimation method, the estimates vary widely from about 3 per cent of GDP to 15 per cent of GDP. Nevertheless, most experts agree that the amount of undeclared work is growing all over Europe.

Affected sectors

The sectors mentioned by all or nearly all respondents as having a large share of undeclared work are agriculture, community, social and personal services (such as cleaning and care), construction and manufacturing. Sectors mentioned less often are retailing, transport and hotel/tourism/catering.

Sectors with high percentages of undeclared work are often labour intensive sectors where considerable amounts of cash money are available.

Characteristics of the undeclared workers?

The population groups that perform the bulk of the undeclared work in Europe are (ranked by the frequency with which respondents mentioned them): the unemployed, job holders

(people performing undeclared work next to having a formal job), self-employed people, third country nationals/illegal immigrants and students.

Policies to combat undeclared work

Germany

The focus of the German authorities has mainly been on sanctions and control measures. An important law regulating these sanctions and control measures is the Law Against Undeclared Work. The focus has been on discouraging undeclared work. However, little has been done in past years to encourage formal work. Germany is currently implementing a Tax Reform but it is yet too soon to determine the results of this measure. Another important policy measure to mention is the Alliance for Labour in which government and social partners provide the framework for employment-oriented collective agreements. The primary aim of this alliance is to combat mass-unemployment by promoting new jobs and ensuring existing ones. The German policy against undeclared work does not qualify as, nor does it pretend to be, a mix of policy measures to discourage undeclared work and measures to encourage or facilitate formal work. A number of policy measures have been taken to reduce the amount of undeclared work, but they are not part of a specific package of measures to that end.

Italy

Since 1999, the Italian government has delivered a package of policy measures to combat undeclared work. The current list of policy measures against undeclared work constitute a broad spectrum of both measures to discourage undeclared work and encourage formal work:

- A very important policy measure has been the creation of the Committee for the exposure of undeclared work. It ensures the integration between individual policy measures to reduce undeclared work and co-ordinates the many actors involved.
- Control activities have been stepped up and information exchange has increased.
- Tax rates (mainly income tax, corporate tax and VAT) have also been reduced.
- Employment relationships have been made more flexible.

One very important aspect of the Italian policy is that the majority of measures have a regional or sectoral character. Many measures are limited to certain regions or sectors in Southern Italy, where unemployment is high and undeclared work is soaring:

- One of the most important of these measures is the creation of the Wages Alignment Agreements.
- Tax credits have been made available for employers hiring new workers.
- Reduction of social security contributions for hiring new employees.

The Italian Government puts much effort into combatting undeclared work and the package of policy measures is coherently structured. However, its realisation has not proven to be

fully accomplished so far, and the effectiveness of the Italian approach remains yet to be seen.

Netherlands

The Dutch policy to combat undeclared work constitutes a policy mix that maintains the balance between discouraging the supply of and demand for undeclared work and encouraging formal work. Policy measures include:

- reduction of VAT rate for some labour intensive services;
- reduction of Income Tax. Since 1990 the fixed labour cost reduction, a tax-free sum for the employed, has been regularly increased;
- creation of special fraud intervention teams;
- increased exchange of information between administrative bodies;
- linkage of the appeal of foreigners to provisions, benefits, permits etc. to lawful residence of the foreigner in the Netherlands by the Linking Law (Koppelingswet);
- simplification of administrative burden for enterprises;
- subsidised jobs.

The supply of formal workers has become cheaper, it has been made easier for the demand side to hire formal workers and the market process has been made more flexible. This reduces undeclared work significantly. The undeclared work that remains is punished more severely.

However integrated or coherent this approach might be, it is not explicitly meant to combat undeclared work. It is a package of measures to promote employment and combat fraud, which tackles undeclared work in the process.

Spain

The Spanish approach to undeclared work consists mainly of fiscal and social security measures and increased sanctions and control. This control however is mainly directed at benefit fraud and irregularities within legal companies. Many of the policy measures are meant to improve employment and though they may have the effect of reducing undeclared labour, this is not their main objective.

To summarise the Spanish policy measures to combat undeclared work:

- social security costs for new contracts have been reduced;
- income tax has been reduced;
- new employment contracts have been created, allowing for more flexible employment relationships within the formal economy, encouraging formal work;
- sanctions have been hardened and control has been increased, mainly by an increase in information exchange between several authorities.

The Spanish approach thus uses a combined strategy of encouraging formal work as well as discouraging undeclared work, but this does not seem to be part of an integrated package of

measures explicitly meant to reduce undeclared work. The Ministry of Employment is improving its inspection resources; the Tax Office is concerned with the fiscal aspects and the Home Office deals with controlling illegal immigration. As the priorities of each ministry are different, there is more a superimposing of focuses rather than an integrated approach of the issue of undeclared work.

Sweden

In a 1998 National Audit Office report a large number of policy measures to reduce undeclared work were recommended. Up to this moment (June 2001) however, virtually none of these were implemented, and currently only a few policy measures aimed at a reduction of undeclared work are taken:

- Control activities have been stepped up.
- A subsidised job project (*Humlan*) was started for the unemployed, in sectors where a lot of undeclared work takes place.
- A project group for the building industry has been started by the National Tax Board to “follow the money” along chains of subcontractors enabling the identification of firms that employ undeclared workers.
- Furthermore, the tax authorities have been reorganised; a special project group has been established, to deliver methods and recommendations on how to work in the branch offices throughout the country.

The topic of undeclared work does not have high priority from the Government. As a consequence, relatively very little is being done in Sweden to reduce undeclared work.

United Kingdom

In the 2000 Budget, the British government introduced a package of policy measures, which constitutes a more or less balanced policy mix mainly motivated by government concerns about uncollected taxes, the lack of social protection for those not working legally and the resulting renewed focus on the problem of the informal economy. It is yet too soon to say anything about the results. Policy measures include:

- Introduction of the National Minimum Wage.
- Introduction of the Working Families Tax Credit (WFTC), which includes a Childcare Tax Credit for the employed.
- Introduction of *Personal Advisers*, aimed at getting key groups of benefit recipients into employment.
- The *Inland Revenue Construction Industry scheme*, under which scheme a new registration card is required for subcontractors.
- Control measures have been increased.
- Several campaigns were launched.

Although the main aim of this policy mix is to promote employment and combat fraud, reducing undeclared work is explicitly mentioned as one of the objectives.

The supply side initiatives of the government - welfare-to-work, in-work benefits etc. - in themselves represent a well-integrated approach that might help to move people into the formal economy. However, the National Minimum Wage has been established at a very moderate level and measures to combat undeclared work seem to bear disproportionately on the poorest and those at the periphery of a polarised labour market. To this extent, the UK approach is not well integrated.

France

The policy to combat undeclared work is being deployed broadly on a national level as well as on a local level in France. It is aimed at reducing both demand for and supply of undeclared labour through tax and labour regulations and public awareness and information campaigns. Policy measures include:

- Creation of one stop shops (CFEs) for all administrative actions required when starting, modifying or ending a professional activity.
- Introduction of the “unique employment declaration” (DUE), compulsory for all employers and required for many formalities.
- Creation of the *interministerial delegation for the fight against undeclared work* (DILTI).
- Heightened registration requirements for employees.
- Flexibilisation of employment contracts.
- Hardening of sanctions.
- Increased co-operation and information exchange between different administrations.
- Policy measure providing for the regularisation of irregular workers.
- Tax reductions (income tax and VAT).
- Service vouchers (*chèques services*) to encourage the hiring of legal workers for family and domestic jobs by minimising administrative burden.
- A number of public awareness campaigns.

The French policy measures against undeclared work constitute an integrated approach in that they are a package of both preventive and repressive measures. The installation of the various committees for the fight against undeclared work (e.g. DILTI) is of importance for the co-ordination and integration of the various measures used to combat undeclared work.

Overview

In most of the seven countries described in this study, the fight against undeclared work is part of a general package of policy measures to promote employment and combat fraud.

The main similarities between the seven Member States are the following:

- Policy measures against undeclared work often concern fiscal or social security policy.

- Control activities are intensified in almost all countries.
- There is a steady increase in co-operation between control bodies. This mainly refers to the exchange of information.
- Policy measures to reduce undeclared work are not properly evaluated, which makes it difficult to assess their effectiveness.

However, there are also many differences in the ways governments of the seven countries try to reduce the amount of undeclared work. These differences relate to different backgrounds of informal activities in the seven countries.

Towards good policy mixes

An effective approach to combat undeclared work depends on the context in which this approach is to be implemented. To determine such an efficient policy it is necessary to look at following categories of causes and determinants of undeclared work:

1. Market relations (labour market, goods and services market and information market).
2. Institutional relations (relations of citizens with public authorities and institutions, taxes).
3. Individual characteristics.
4. 'Environmental' factors.

The causes within the above mentioned categories will, in various combinations, lead to various manifestations of undeclared work. Successful policy is that policy which specifically tackles this mix of factors and circumstances. This means that it should be tailor made and there are no standard recipes that can be applied. However, for each of the mentioned categories of causes, a number of possible policy options can be identified. Together these constitute the "toolbox" for policy makers. These policy options can be divided into four categories:

1. Changing the system

When characteristics of the formal socio-economic system itself lead to the emergence of undeclared labour, one should consider to change (parts of) the system. This strategy is most appropriate when undeclared work is caused by e.g. an inflexible labour market, rigid legislation or high non-wage labour costs.

Measures changing the system include, among others: tax reductions, social security contributions reductions, deregulation and flexibilisation of employment relationships (e.g. temporary work, seasonal work).

2. Enforcing the system

If the causes of undeclared work stem from an unwillingness among citizens to follow the rules or inadequate enforcement, a strategy to follow is to increase the enforcement.

Policy options to this end include: stepping up controls, increasing sanctions, increasing co-operation and data exchange between authorities, the instalment of multidisciplinary co-operation networks between authorities and field checks.

3. Enhancing access to the formal economy

Some people encounter barriers to enter the formal labour market, e.g. through complex legislation, bureaucracy or the poverty trap.

Policy measures that could adequately tackle these problems include e.g.: coaching and advice in fulfilling formalities, business start-up grants and tax credits for the employed.

4. Changing behaviour and/or attitudes

An important set of causes is related to attitudes and culture. People might be unwilling to pay taxes because of a low tax moral, but it might also be because they have no confidence that government will spend their tax money in the right way. Furthermore it seems that a certain level of undeclared work is deeply rooted into the culture of peoples all over Europe (e.g. babysitting, house cleaning).

The adequate policy option for governments having identified such causes of undeclared work in their countries is to try to change the attitudes and the behaviour of their citizens. The main measures used to that end include awareness raising and information campaigns. These campaigns can have several objectives such as to warn people about the consequences (sanctions) of performing undeclared work or to explain the consequences and appeal to solidarity and intelligence.

The four main strategy options mentioned above to reduce undeclared work are each related to different (though partly overlapping) sets of causes. The causes are present in various degrees throughout the European Union. Governments, as well national as local, should identify the main causes of undeclared work in their country, region or locality. After having identified the causes, a choice suitable for the specific national or regional context must be made from the presented policy options.

A policy mix using the above-mentioned elements as cornerstones seems most likely to be effective in combatting undeclared work.

European policy

Every year, the Council of the European Union issues Guidelines for Member States' employment policies for the next year. The Employment Guidelines consist of 4 pillars, which contain many elements of the above-mentioned policy options:

Pillar I: Improving Employability

This pillar refers among others to activation and to unemployment prevention, including reform of benefit and tax systems to remove poverty traps and provide incentives for unemployed or inactive people to seek and take up work in the formal sector.

Pillar II: Developing entrepreneurship and job creation

This pillar explicitly mentions undeclared work. Member States are urged to encourage the take up of entrepreneurial activities by:

- reducing any obstacles which may exist, especially within tax and social security regimes, as well as a significant reduction of overhead costs and administrative burdens for businesses.
- “combatting undeclared work and encouraging the transformations of such work into regular employment, making use of all relevant means of action, including regulatory measures, incentives and tax and benefit reform, in partnership with the Social Partners”¹.

It is noteworthy that combatting undeclared work is not mentioned as a goal in itself, but as part of a strategy to promote entrepreneurship and job creation.

Pillar III: Encouraging adaptability of businesses and their employees

This pillar calls among others for flexible working arrangements, reducing barriers to employment and helping the labour market adapt to structural change in the economy.

Pillar IV: Strengthening equal opportunities policies for women and men

Pillar IV calls for removal of gender specific barriers to employment and entrepreneurship, tackling gender gaps and flexible working arrangements enabling the reconciliation of work and family life.

This guideline is also of importance in this context. Research has shown that gender inequality on the formal labour market is reflected in the informal economy. One could therefore say that a growth of the informal economy aggravates gender inequality.

The Employment Guidelines furthermore call for implementation of the Guidelines in partnership with the Social Partners, taking account of the national traditions, practices and differences as well as regional and local differences.

We can conclude that the Employment Guidelines 2001 contain important ingredients for an effective policy mix to reduce undeclared work.

¹ Council of the European Union (2000), Council Decision on Guidelines for Member States' employment policies for the year 2001, Annex: The Employment Guidelines for 2001.

Bad practices

Next to the recommended policy options there are also a number of policy options to avoid.

- One-sided approaches

It is useless to *only* increase sanctions or *only* to de- or re-regulate the labour market. Such approaches neglect the fact that there are many interacting causes of undeclared work. The approach to combatting undeclared work should also not be one-sided as to the target group. A lot of attention is being paid to undeclared workers. It is of vital importance that employers should also receive adequate attention.

- Stressing proportions of undeclared work

When launching campaigns to change peoples' attitudes towards undeclared work, one should avoid stressing the proportion of people performing undeclared work. Stressing this fact could have an adverse effect. People might think "if everybody is doing undeclared work, why should not I do it too?".

- 'Target setting' in combatting fraud.

Target setting refers to the setting of objectives, e.g. the number of fraud cases that should be identified in a year. First of all, this results in too much attention for the easy-to-catch cases and thus reduces the time invested in identifying the more difficult and therefore probably more structural cases. Secondly, target setting reduces the effort put into prevention. In the long run this method is not a very effective way to combat undeclared work.

- Too much bureaucracy.
- An important cause of undeclared work is too much bureaucracy. It is therefore advisable to reduce the bureaucracy to the minimum required for adequate regulation.
- Discouraging new initiatives.

One should avoid putting all effort into sanctions and controls, without creating opportunities for new businesses and new economic initiatives.

Recommendations

1. Although sanctions and control are being stepped up all over Europe, it is not always as effective as it could be. Control often focuses on the easy-to-catch undeclared workers and employers, e.g. illegal immigrants or people working while receiving social benefits, whereas these account for only a small percentage of the undeclared workers. More attention should be given to methods to effectively identify undeclared work carried out by job holders.
2. A phenomenon that receives less attention than undeclared work is the underdeclared work. Little is known about the damage inflicted by this 'grey' work and more research into this subject is needed.
3. Another recommendation would be to install a European Committee to Combat Undeclared Work based on the French (DILTI) or Italian model. It could ensure a continuation of

the European debate on undeclared work and could ask Member States to report on a regular basis on their progress in the combat against undeclared work.

4. More co-operation on the issue of undeclared work between European countries is needed. An interesting and potentially valuable instrument is to harmonise registration systems, to allow for data exchange between Member States.
5. Finally, it is vital that policy measures to reduce undeclared work are properly evaluated, as there is an enormous lack of reliable data on effectiveness of measures. This leads to myths, like the myth that most undeclared work is carried out by unemployed and illegal immigrants.

ANNEXES

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ANNEX II:

List of used abbreviations (listed alphabetically per country)

France

ASSEDIC	<i>Associations pour l'emploi dans l'industrie et le commerce</i> (Associations for Employment in Industry and Commerce)
ACOSS	<i>Agence Centrale des Organisations de Sécurité Social</i> (Central Agency of Social Security Organizations)
CAPEB	<i>Confédération de l'Artisanat et des Petites Entreprises du Bâtiment</i> (Confederation of the craft industry and small building enterprises)
CFE	<i>Centre de formalités des entreprises</i> (Centre of Formalities for Enterprises)
DILTI	<i>Délégation Interministerielle pour la Lutte contre le Travail Illégal</i> (Interministerial Delegation for the Combat against Illegal Work)
DUE	<i>Déclaration Unique d'Embauche</i> (Unique Employment Declaration)
URSSAF	<i>Union pour le Recouvrement des cotisations de Sécurité Sociale et d'Allocations Familiales</i> (Union for Collective Social Insurance Fees and Family Welfare Payments)

Italy

ANCI	<i>Associazione Nazionale dei Comuni d'Italia</i> (National Association of Italian Communities)
CECA	<i>Comunita' Europea del Carbone e dell'Acciaio</i> (European Coal and Steel Community)
INAIL	<i>Istituto Nazionale per l'Assicurazione contro gli Infortuni sul Lavoro</i> (National Employment Accident Insurance Institute)
INPS	<i>Istituto Nazionale della Previdenza Sociale</i> (National Institute for Social Security)
IRAP	<i>Imposta Regionale sulle Attività Produttive</i> (Regional Tax on Productive Activities)
IRPEF	<i>Imposta sui redditi delle persone fisiche</i> (Personal Income Tax)
ISTAT	<i>Istituto Nazionale di Statistica</i> (National Institute of Statistics)

Netherlands

Bbz	<i>Besluit Bijstandverlening Zelfstandigen</i> (Decision Social Security for the Self-employed)
GVI	<i>Gemeenschappelijke Verwijsindex</i> (Common Reference Index)
HIT	<i>Horeca Interventieteam</i> (Fraud Team for the restaurant and catering sector)
Lisv	<i>Landelijk Instituut Sociale Verzekeringen</i> (National Institute of Social Insurance)

MDW	<i>Marktwerking en Deregulering Wetgevingskwaliteit</i> (Market Forces, Deregulation and Legislative Quality Project)
RIF	<i>Regionaal Interdisciplinair Fraudeteam</i> (Regional Interdisciplinary Fraud Team)
RSP	<i>Regeling Schoonmaakdiensten Particulieren</i> (Cleaning Services for Private Persons Arrangement)
SPAK	<i>Speciale Afdrachtskorting</i> (Special Contribution Reduction)
VLW	<i>Vermindering Langdurig Werklozen</i> (Reduction Long-term Unemployed)
Waadi	<i>Wet allocatie arbeidskrachten door intermediairs</i> (Law on allocation of workforce by mediators)
WID	<i>Wet Identificatieplicht</i> (Law on Identification Obligation)
WIT	<i>Westland Interventieteam</i> (Fraud Team for Market Gardening in the Westland)
WIW	<i>Wet Inschakeling Werkzoekenden</i> (Job Seekers Employment Act)
WTP	<i>Waarneming ter Plaats</i> (On the spot observation)
WVA	<i>Wet Vermindering Afdracht</i> (Law on Reduction of Contributions)

General

CPI	Consumer Price Index
GDP	Gross Domestic Product
SMEs	Small and Medium-sized Enterprises
VAT	Value Added Tax

ANNEX III:

Legal or control related measures

**(updated tables from the Communication of the Commission on Undeclared Work:
com (98)-219)**

Table III-1: Legal or control or control related measures.

	<i>Increased control by tax authorities</i>	<i>Increased control by labour market authorities</i>	<i>Strengthening of sanctions</i>	<i>Change in labour legislation or other</i>
Austria		Yes	Yes	Simplification of Commercial and Industrial Activities Regulation and more flexible working time arrangements
Belgium	Yes	Yes	Raise of fines	
Denmark	Yes	Yes		
Finland	Re-enforced fiscal action and control	Increased control on unemployed	Yes	Changes concerning atypical work
France	Increased control	<ul style="list-style-type: none"> - Increased inspection and control - Creation of DILTI and departmental and operational committees against undeclared work 	Yes, on double jobbing, ASSEDIC fraud and hiring undeclared workers	<ul style="list-style-type: none"> - Increased registration requirements - More flexible organisation of working time (law Aubry II) - Extension of RMI period when starting a job
Germany	<ul style="list-style-type: none"> - Data exchange - Hiring of private detectives 	Yes, in co-operation with customs police	Yes, raise of fines and prison sentences	<ul style="list-style-type: none"> - Changes in Law Against Undeclared Work, more strict conditions for secondment and temporary work - Expansion of number of authorities in charge of combating undeclared work - Duty for employees to carry valid ID
Greece	Re-enforced fiscal control		Yes, raise of fines	Registration of illegal immigrants legalising their situation for 9-12 months
Ireland	Re-enforced application of tax laws		Yes	

	<i>Increased control by tax authorities</i>	<i>Increased control by labour market authorities</i>	<i>Strengthening of sanctions</i>	<i>Change in labour legislation or other</i>
Italy	Yes, in co-operation with labour market authorities	Establishment of Committee for the surfacing of undeclared work and regional and local committees		<ul style="list-style-type: none"> - Flexibilisation of employment relationships - Strict conditions on entry and residence in Italy of non-EC citizens
Luxembourg				
Netherlands	Establishment of RIFs	On the spot observation	Yes	<ul style="list-style-type: none"> - Liberalisation of private manpower agencies - Strict conditions for employment of non-EC citizens - Linking law (Koppelingswet) - Law on ultimate responsibility for subcontractors
Portugal			Yes, for child labour	Deregulation on illegal immigrants
Spain	Yes	Yes, increased control on benefit fraud		<ul style="list-style-type: none"> - Reduction of compensations for wrongful - Creation of new employment relationships - Regularisation of foreign workers (1999)
Sweden	<ul style="list-style-type: none"> - increased control - subcontractor chain analysis 	Yes		

	<i>Increased control by tax authorities</i>	<i>Increased control by labour market authorities</i>	<i>Strengthening of sanctions</i>	<i>Change in labour legislation or other</i>
United Kingdom		<ul style="list-style-type: none"> - statutory requirement to prosecute - stricter control over issue of birth certificates - increased registration requirements 	Yes	<ul style="list-style-type: none"> - Introduction of National Minimum Wage - 'welfare to work' personal advisers - Inland Revenue Construction Industry Scheme

ANNEX IV:

Measures relating to subsidies or cost reductions

**(updated tables from the Communication of the Commission on Undeclared Work:
com (98)-219)**

Table IV-1: Measures relating to subsidies or cost reductions.

	<i>Service vouchers</i>	<i>Subsidies for house repairs or domestic services</i>	<i>Changes in tax legislation</i>	<i>Tax-deductions (services)</i>	<i>Reduction of non-wage labour costs</i>
Austria		Pilot projects for the unemployed			Yes
Belgium	Introduction of cheque-service				
Denmark		Yes, home service scheme	Yes (lower marginal taxes)		
Finland		Yes			
France	Introduction of cheque-service			- Tax reductions for maintenance - Health insurance contribution reduction for registered workers (Loi Madelin)	Yes (loi Robien)
Germany	Introduction of cheque-service		Tax reform reducing income tax and increasing basic allowances		630 DM jobs
Greece			Tax-reform reducing possibilities of tax-evasion		Yes
Ireland			Yes, reduction of personal taxation		Yes, reduction of social security contributions for certain categories of workers
Italy		VAT reduction for house repairs		Yes (professional services)	Tax credits and social security contribution reductions for hiring new employees in some regions/ sectors

<i>Service vouchers</i>	<i>Subsidies for house repairs or domestic services</i>	<i>Changes in tax legislation</i>	<i>Tax-deductions (services)</i>	<i>Reduction of non-wage labour costs</i>
Luxembourg	Subsidies for house repairs, tax-deductions			
Netherlands	<ul style="list-style-type: none"> - Subsidies to suppliers of some services - Subsidised jobs (RSP) 	<ul style="list-style-type: none"> - Higher tax-free sum for the employed 	<ul style="list-style-type: none"> - VAT reduction for labour-intensive services 	<ul style="list-style-type: none"> - Tax rebate for employing low-paid workers (SPAK) - Tax reduction for hiring long-term unemployed
Portugal		Yes		
Spain		Reduction of Income Tax		Reduction of social security costs for new contracts
Sweden		Tax reform lowering marginal taxes		
United Kingdom		Working Families Tax Credits (WFTC)	Yes (house refurbishing)	Yes

ANNEX V:

Other measures

**(updated tables from the Communication of the Commission on Undeclared Work:
com (98)-219)**

Table V-1: Other measures.

	<i>Simplification of employer related bureaucracy</i>	<i>Information campaigns</i>	<i>Other campaigns</i>	<i>Co-operation with sectors</i>
Austria	Simplification of administrative procedures			
Belgium				
Denmark		Yes		
Finland	Yes	Yes (1996)		Collaboration with industry and commerce
France	<ul style="list-style-type: none"> - Introduction of Unique Employment Declaration (DUE) - One-stop shops for business administration (CFE) 	Yes, at sector level	Training for control bodies	Contribution from social partners (partnership agreements)
Germany		Yes ("illegal ist unsozial")		Yes, Bundnis für Arbeit
Greece		Information on stricter controls and sanctions		
Ireland				
Italy	Yes, harmonisation of taxable basis for tax and social security contributions		Yes (+special phone line to report tax fraud)	<ul style="list-style-type: none"> - (Regional) wages alignment agreements (contratti di riallineamento) - Social partners participate in regional and local committees against undeclared work
Luxembourg				
Netherlands	<ul style="list-style-type: none"> - Facilitation of business start-up - Deregulation (MDW operation) 	Yes, ("zwartwerk is broodroof")		Yes, central agreements and sectoral policy
Portugal	Simplification of administrative procedures			
Spain		Yes (Humlan)		

	<i>Simplification of employer related bureaucracy</i>	<i>Information campaigns</i>	<i>Other campaigns</i>	<i>Co-operation with sectors</i>
Sweden				<ul style="list-style-type: none"> - Social partners participate in control activities - Establishment of Alliances between local agencies
United Kingdom	<ul style="list-style-type: none"> - ONE, one stop shops for job and benefits advice - Suspension of benefit claim when claimants start work - business start-up support 	<ul style="list-style-type: none"> - Tax and Benefits Confidential Advice Line - Awareness campaigns 	Yes, encourage to report suspected tax fraud through fraud hotlines, TV and Internet campaigns	

ANNEX VI:**List of participants at seminar on Undeclared Work
Amsterdam, January 17-19, 2001**

Ms. Liliana Bàculo	University of Napoli	Italy
Mr. Frank Carson	Dept. for Education and Employment, EU Division	United Kingdom
Ms. Jennifer Cavounidis	National Labour Institute / University of Athens	Greece
Mr. Anders Christensen	Ministry of Taxation	Denmark
Mr. Hartley Dean	University of Luton	United Kingdom
Mr. Karel Deridder	Ministry of Employment and Labour	Belgium
Mr. Dominik Enste	University of Cologne	Germany
Mr. Ger Homburg	Regioplan	The Netherlands
Ms. Loes van Hoogstraten	Employersorganization VNO-NCW	The Netherlands
Mr. Staffan Ivarsson	(former Audit Director) National Audit Office	Sweden
Mr. Henrik Jonsson	Inregia consultancy	Sweden
Mr. Jan Lambooy	University of Utrecht/Amsterdam	The Netherlands
Ms. An Marchal	HIVA/University of Leuven	Belgium
Mr. Jo Marcic	Ministry of Social Affairs and Employment	The Netherlands
Mr. Sander Mateman	Regioplan	The Netherlands
Mr. Frank Pedersen	Ministry of Taxation	Denmark
Mr. Piet Renooy	Regioplan	The Netherlands
Mr. Ed Riewald	Fraud squad Twente	The Netherlands
Ms. Paola Salazar	Ernst & Young	Italy
Mr. Roger Spear	Open University Milton Keynes	United Kingdom
Ms. Laura Tagle	Ministry of Treasury	Italy
Mr. Joaquin Trigo Portela	National Labour Institute	Spain
Ms. Isabel Vidal Martinez	University of Barcelona	Spain
Ms. Els van Winckel	European Commission	Belgium
Ms. Olga van der Wusten- Gritsai	Russian Academy of Sciences	The Netherlands/Russia

Résumé

Introduction

Regioplan Research, Advice & Information a entrepris en 2000 une recherche sur les mesures politiques mises en œuvre pour lutter contre le travail dissimulé. Cette recherche a été financée par la Commission européenne. Le présent document est le rapport final de cette étude. L'objectif premier de cette recherche était d'identifier une bonne combinaison de mesures pour lutter contre le travail dissimulé. L'expression « combinaison de mesures » désigne une approche intégrée de plusieurs mesures politiques destinées à la fois à décourager le travail dissimulé et à encourager le travail déclaré.

Méthode

Sept Etats membres ont été sélectionnés pour participer à cette recherche: la France, l'Allemagne, l'Italie, les Pays-Bas, l'Espagne, la Suède et le Royaume-Uni. Deux experts nationaux de chaque pays ont été consultés sur la question du travail dissimulé. Un rapport basé sur leurs contributions a été écrit, puis présenté et discuté lors d'un séminaire international sur le travail dissimulé qui s'est tenu à Amsterdam, au Pays-Bas, du 17 au 19 janvier 2001. Le présent rapport final est basé sur l'expertise des experts susmentionnés, sur les discussions ayant eu lieu durant le séminaire et, pour combler les lacunes, sur l'étude sur documents effectuée par Regioplan.

Le travail dissimulé dans les Etats membres

L' incidence du travail dissimulé

Le travail dissimulé étant de par sa nature très difficile à mesurer, l'incidence du travail dissimulé ne peut faire l'objet que d'une estimation. Les estimations varient généralement de quelque 3 à 15 % du PIB, selon la méthode d'estimation. Néanmoins, la plupart des experts reconnaissent que la quantité de travail dissimulé va croissant partout en Europe.

Les secteurs touchés

Les secteurs mentionnés par toutes ou presque toutes les personnes interrogées comme connaissant une grande part de travail dissimulé sont l'agriculture, les services collectifs, sociaux et personnels (comme le nettoyage et les soins), le bâtiment et l'industrie manufacturière. Les secteurs moins souvent mentionnés sont le commerce de détail, les transports, l'hôtellerie, la restauration et le tourisme.

Les secteurs connaissant de hauts pourcentages de travail dissimulé sont souvent les secteurs à forte densité de main d'œuvre, où circulent de grandes quantités d'argent liquide.

Les caractéristiques du travail dissimulé

Les groupes de population qui effectuent le plus gros du travail dissimulé en Europe sont (rangés par ordre de fréquence où ils ont été mentionnés par les personnes interrogées) : les chômeurs, les personnes cumulant deux emplois, les personnes exerçant une activité indépendante, les ressortissants de pays tiers, les étudiants et les immigrants illégaux.

Les stratégies de lutte contre le travail dissimulé

Allemagne

Les autorités allemandes ont surtout mis l'accent sur les sanctions et les mesures de contrôle. Une loi importante, la Loi contre le travail dissimulé, régit ces sanctions et ces mesures de contrôle. L'accent est mis sur le découragement du travail dissimulé. Cependant, peu de choses ont été faites au cours des années passées pour encourager le travail déclaré. L'Allemagne met en œuvre actuellement une réforme fiscale, mais il est encore trop tôt pour déterminer les résultats de cette mesure. Une autre mesure politique importante à mentionner est l'Alliance pour le travail, dans laquelle le gouvernement et les partenaires sociaux fournissent les grandes lignes d'accords collectifs orientés vers l'emploi. L'objectif premier de cette alliance est la lutte contre le chômage de masse en créant de nouveaux emplois et en garantissant ceux qui existent.

La politique allemande contre le travail dissimulé n'est pas, ni ne prétend être une combinaison de mesures pour décourager le travail dissimulé et de mesures pour encourager ou favoriser le travail déclaré. Un certain nombre de mesures politiques ont été prises pour réduire la quantité de travail dissimulé, mais elles ne font pas partie d'un ensemble de mesures spécifiquement destinées à cette fin.

Italie

Depuis 1999, le gouvernement italien a mis en œuvre un ensemble de mesures politiques pour lutter contre le travail dissimulé. La liste actuelle des mesures politiques contre le travail dissimulé constitue un large spectre de mesures visant à la fois à décourager le travail dissimulé et à encourager le travail déclaré :

- Une mesure politique très importante a été la création du Comité pour la « révélation » du travail dissimulé. Cet organisme garantit l'intégration entre les mesures politiques individuelles pour réduire le travail dissimulé et coordonne les nombreux acteurs concernés.
- Les activités de contrôle ont été intensifiées et l'échange d'informations a été renforcé.
- Les taux fiscaux ont été réduits (en particulier l'impôt sur le revenu, l'impôt sur les sociétés et la TVA).
- Les relations de travail ont été flexibilisées.

Un aspect très important de la politique italienne est que la majorité des mesures prises ont un caractère régional ou sectoriel. De nombreuses mesures sont limitées à certaines régions ou à certains secteurs en Italie du Sud, où le chômage est élevé et où le travail dissimulé monte en flèche :

- L'une des plus importantes de ces mesures est la création des Conventions sur l'alignement des salaires.
- Des crédits d'impôt ont été mis à la disposition des employeurs qui engagent de nouveaux salariés.
- La réduction des cotisations sociales pour l'engagement de nouveaux salariés.

Le gouvernement italien fait beaucoup d'efforts pour lutter contre le travail dissimulé et l'ensemble des mesures politiques est structuré de manière cohérente. Cependant, leur mise en œuvre n'étant pas encore terminée jusqu'ici, l'efficacité de l'approche italienne doit encore être établie.

Pays-Bas

La politique néerlandaise de lutte contre le travail dissimulé consiste dans une combinaison de mesures maintenant l'équilibre entre le découragement de l'offre et de la demande de travail dissimulé et l'encouragement du travail déclaré. Ces mesures politiques comprennent :

- la réduction du taux de TVA pour certains services à forte densité de main-d'œuvre;
- la réduction de l'impôt sur le revenu. Depuis 1990, la réduction des frais de personnel fixée, une somme exonérée d'impôts pour les salariés, a été régulièrement augmentée;
- la création d'équipes spéciales d'intervention contre les fraudes;
- le renforcement de l'échange d'informations entre organismes administratifs;
- l'établissement d'un lien entre la demande de services, de prestations, d'autorisations, etc. faite par des étrangers et la résidence légale de ces étrangers aux Pays-Bas par le biais de la Loi de couplage (*Koppelingswet*);
- la simplification du fardeau administratif pour les entreprises;
- la création d'emplois subsidiés.

L'offre de travailleurs déclarés étant devenue meilleur marché, il est devenu plus facile du côté de la demande d'engager des travailleurs déclarés et le processus de marché a été flexibilisé. Cela réduit considérablement le travail dissimulé. Le travail dissimulé restant est plus sévèrement puni. Aussi intégrée ou cohérente que soit cette approche, elle n'est pas explicitement destinée à lutter contre le travail dissimulé. Il s'agit d'un ensemble de mesures pour favoriser l'emploi et lutter contre les fraudes, qui lutte aussi par la même occasion contre le travail dissimulé.

Espagne

L'approche espagnole du travail dissimulé consiste surtout dans des mesures en matière d'impôts et de sécurité sociale, et dans le renforcement des sanctions et du contrôle. Ce contrôle est cependant orienté surtout vers le recours abusif aux prestations et les irrégularités au sein des sociétés légales. De nombreuses mesures politiques visent à améliorer l'emploi et, bien qu'elles ont pour effet de réduire le travail dissimulé, ce n'est pas leur objectif principal.

Les mesures politiques espagnoles de lutte contre le travail dissimulé se résument comme suit :

- la réduction des frais de sécurité sociale pour les nouveaux contrats;
- la réduction de l'impôt sur le revenu;
- la création de nouveaux contrats de travail permettant des relations de travail plus flexibles au sein de l'économie formelle, afin d'encourager le travail déclaré;
- le renforcement des sanctions et du contrôle, en particulier grâce à un renforcement de l'échange d'informations entre différentes autorités.

L'approche espagnole applique donc une stratégie combinée consistant à encourager le travail déclaré et à décourager le travail dissimulé, mais cela ne semble pas faire partie d'un ensemble intégré de mesures visant explicitement la réduction du travail dissimulé. Le ministre du Travail est en train d'améliorer ses moyens d'inspection ; le fisc se charge des aspects fiscaux et le ministère de l'Intérieur s'occupe du contrôle de l'immigration illégale. Chaque ministre ayant des priorités différentes, il s'agit plus d'une superposition d'enjeux que d'une approche intégrée du problème du travail dissimulé.

Suède

Dans un rapport du Bureau de contrôle national de 1998, de nombreuses mesures politiques ont été recommandées pour réduire le travail dissimulé. Jusqu'à la date actuelle (juin 2001) cependant, pratiquement aucune d'entre elles n'a été mise en œuvre et actuellement seules quelques mesures politiques visant la réduction du travail dissimulé ont été prises:

- l'intensification des activités de contrôle;
- le lancement d'un projet d'emplois subsidiés (*Humlan*) pour les chômeurs dans des secteurs connaissant beaucoup de travail dissimulé;
- le lancement par l'Administration nationale des impôts d'un groupe de travail pour l'industrie du bâtiment pour « suivre l'argent » le long des chaînes de sous-traitance et permettre l'identification des sociétés qui emploient des travailleurs non déclarés ;
- la réorganisation des autorités fiscales ; un groupe de travail spécial a été créé pour formuler des méthodes et des recommandations sur la manière de travailler dans les bureaux locaux dispersés dans tout le pays.

Le gouvernement n'accordant pas une haute priorité au thème du travail dissimulé, on fait relativement peu de chose en Suède pour réduire le travail dissimulé.

Royaume-Uni

Dans le budget 2000, le gouvernement britannique a introduit une combinaison de mesures politiques constituant un ensemble plus ou moins équilibré, motivé surtout par les préoccupations gouvernementales concernant les impôts non perçus, le manque de protection sociale pour ceux qui ne travaillent pas légalement et le nouvel impact qui en résulte sur le problème de l'économie informelle. Il est encore trop tôt pour dire quoi que ce soit sur les résultats. Les mesures politiques comprennent :

- l'introduction du salaire minimum national;
- l'introduction du crédit d'impôt pour les familles de travailleurs (*Working Families Tax Credit, WFTC*), incluant un crédit d'impôt pour les frais d'entretien des enfants pour les salariés ;
- l'introduction de conseillers personnels, visant à mettre au travail des groupes clés de bénéficiaires de prestations sociales ;
- le système du fisc pour l'industrie du bâtiment (*Inland Revenue Construction Industry scheme*), dans le cadre duquel une nouvelle carte d'immatriculation est requise pour les sous-traitants) ;
- le renforcement des mesures de contrôle ;
- le lancement de plusieurs campagnes.

Bien que l'objectif premier de cette combinaison de mesures politiques soit la promotion de l'emploi et la lutte contre les fraudes, la réduction du travail dissimulé est explicitement mentionnée comme étant également l'un de ses objectifs.

Les initiatives gouvernementales du côté de l'offre - *welfare-to-work* (campagne pour faciliter l'entrée des chômeurs sur le marché du travail), subventions accordées aux employeurs qui engagent des chômeurs pendant la période de rodage, etc. - représentent en soi une approche bien intégrée pouvant aider les gens à entrer dans l'économie formelle. Cependant, le salaire minimum national a été établi à un niveau très modéré et des mesures de lutte contre le travail dissimulé semblent concerner de manière disproportionnée les plus pauvres et ceux qui se trouvent à la périphérie d'un marché du travail polarisé. Sur ce point, l'approche du Royaume-Uni n'est pas bien intégrée.

France

La politique de lutte contre le travail dissimulé en France est en train d'être largement mise en œuvre au niveau national ainsi qu'au niveau local. Son objectif est la réduction à la fois de la demande et de l'offre du travail dissimulé, par le biais de règlements fiscaux et régle-

mentations de travail, ainsi que de campagnes publiques de sensibilisation et d'information. Les mesures politiques comprennent :

- la création de guichets uniques (CFE) pour toutes les actions administratives requises lorsqu'on commence, modifie ou termine une activité professionnelle ;
- l'introduction de la « déclaration unique d'embauche » (DUE) obligatoire pour tous les salariés et requise pour de nombreuses formalités ;
- la création de la Délégation interministérielle pour la lutte contre le travail dissimulé (DILTI) ;
- davantage d'obligations d'immatriculation pour les salariés ;
- la flexibilisation des contrats de travail ;
- le renforcement des sanctions ;
- le renforcement de la coopération et de l'échange d'informations entre les diverses administrations ;
- une mesure politique pourvoyant à la régularisation des travailleurs en situation irrégulière ;
- des réductions fiscales (impôt sur le revenu et TVA) ;
- des chèques-services pour encourager l'engagement de travailleurs déclarés pour des emplois familiaux et domestiques en minimisant le fardeau administratif ;
- plusieurs campagnes publiques de sensibilisation.

Les mesures politiques françaises contre le travail dissimulé constituent une approche intégrée réunissant des mesures à la fois préventives et répressives. La création des divers comités pour la lutte contre le travail dissimulé (p.ex. DILTI) est importante pour la coordination et l'intégration des diverses mesures appliquées dans la lutte contre le travail dissimulé.

Résumé

Dans la plupart des sept pays décrits dans la présente étude, la lutte contre le travail dissimulé fait partie d'un ensemble général de mesures politiques visant la promotion de l'emploi et la lutte contre les fraudes.

Les principales similarités entre les sept Etats membres sont les suivantes:

- Les mesures politiques contre le travail dissimulé concernent souvent la politique en matière d'impôts ou de sécurité sociale.
- Les activités de contrôle sont intensifiées dans presque tous les pays.
- La coopération entre les organismes de contrôle est en amélioration constante. Cela concerne surtout l'échange d'informations.
- Les mesures politiques pour réduire le travail dissimulé ne sont pas correctement évaluées, ce qui rend difficile l'estimation de leur efficacité.

Il existe néanmoins aussi de nombreuses différences dans la manière dont les gouvernements des sept pays s'efforcent de réduire la quantité de travail dissimulé. Ces différences sont liées aux différents contextes dans lesquelles les activités informelles sont effectuées dans les sept pays.

Vers de bonnes combinaisons de mesures politiques

Une approche efficace de lutte contre le travail dissimulé dépend du contexte dans lequel elle sera mise en œuvre. Pour concevoir une politique efficace, il est nécessaire de considérer les catégories suivantes de causes et de facteurs du travail dissimulé :

1. Les relations de marché (marché du travail, marché des biens et services, et marché de l'information).
2. Les relations institutionnelles (relations des citoyens avec les autorités et les institutions publiques, impôts).
3. Les caractéristiques individuelles.
4. Les facteurs « environnementaux ».

Les causes énoncées dans les catégories mentionnées ci-dessus conduiront, dans différentes combinaisons, à différentes manifestations de travail dissimulé. Une politique réussie est celle qui aborde spécifiquement cette combinaison de facteurs et de circonstances. Cela signifie qu'elle devrait être adaptée à la situation de chaque pays et qu'on ne peut pas appliquer de recettes standard. Un certain nombre d'options politiques possibles peuvent cependant être identifiées pour chacune des catégories de causes mentionnées. Ensemble, ces options politiques constituent la « boîte à outils » des responsables politiques. Elles se classent en quatre catégories :

1. Changer le système.

Quand les caractéristiques du système socio-économique formel lui-même conduisent à l'émergence du travail dissimulé, on doit envisager de changer le système ou des parties du système. Cette stratégie est la plus judicieuse quand le travail dissimulé est causé par exemple par un marché du travail inflexible, une législation trop rigide ou des frais de personnel (salaires non compris) trop élevés.

Les mesures pour changer le système comprennent notamment : les réductions fiscales, les réductions des cotisations sociales, la libéralisation et la flexibilisation des relations de travail (p.ex. travail temporaire, travail saisonnier).

2. Assurer le fonctionnement du système.

Si les causes du travail dissimulé résultent d'une réticence des citoyens à respecter les règles ou à une répression inadéquate, une stratégie à suivre est le renforcement des mesures de répression.

Les options politiques à cette fin comprennent : l'intensification des contrôles, le renforcement des sanctions, le renforcement de la coopération et de l'échange de données entre autorités, la création de réseaux de coopération multidisciplinaires entre autorités et des contrôles sur le terrain.

3. Renforcer l'accès à l'économie formelle.

Certaines personnes rencontrent des obstacles pour faire leur entrée sur le marché du travail régulier, en raison p.ex. d'une législation complexe, d'un excès de bureaucratie ou du piège de la pauvreté.

Des mesures politiques pouvant lutter de manière adéquate contre ces problèmes comprennent : un apport d'aide et de conseil dans l'accomplissement des formalités, des subventions pour la création de nouvelles entreprises et des crédits d'impôts pour les salariés.

4. Changer le comportement et les attitudes.

Un important ensemble de causes du travail dissimulé est lié aux attitudes et à la culture. Les gens peuvent être réticents à payer des impôts en raison d'une morale fiscale déficiente, mais cela peut être aussi parce qu'ils ne sont pas sûrs que le gouvernement dépensera leur argent fiscal de la bonne manière. De plus, il semblerait qu'un certain niveau de travail dissimulé soit profondément enraciné dans la culture de nombreux peuples dans toute l'Europe (p.ex. le baby-sitting, le ménage).

L'option politique adéquate pour les gouvernements ayant identifié de telles causes de travail dissimulé dans leur pays est de tenter de changer les attitudes et le comportement de leurs citoyens. Les principales mesures mises en œuvre à cette fin comprennent des campagnes de sensibilisation et d'information. Ces campagnes peuvent avoir plusieurs objectifs, tel qu'avertir les gens des conséquences (sanctions) liées au travail dissimulé, ou expliquer ces conséquences, et faire appel à la solidarité et à l'intelligence.

Chacune des quatre principales options stratégiques mentionnées ci-dessus pour réduire le travail dissimulé est liée à différents ensemble de causes (se recouvrant en partie). Les causes se retrouvent à divers degrés à travers toute l'Union européenne. Les gouvernements, tant nationaux que locaux, devraient identifier les principales causes de travail dissimulé dans leur pays, leur région ou leur localité. Après avoir identifié les causes, ils devront choisir entre les options politiques présentées celles qui conviendront le mieux au contexte national ou régional spécifique.

Une combinaison de mesures politiques utilisant comme pierres angulaires les éléments mentionnés ci-dessus semble avoir beaucoup de chances d'être efficace dans la lutte contre le travail dissimulé.

La politique européenne

Chaque année, le Conseil de l'Union européenne publie pour l'année suivante des Directives pour la politique de l'emploi des Etats membres. Les Directives sur l'emploi sont formulées en 4 volets contenant de nombreux éléments des options politiques mentionnées ci-dessus:

Volet I : Améliorer l'aptitude au travail

Ce volet traite notamment de l'activation des chômeurs et de la prévention du chômage, y compris de la réforme des systèmes fiscaux et d'aide sociale pour supprimer les pièges de la pauvreté et fournir aux chômeurs ou aux personnes inactives des mesures incitatives pour chercher et trouver du travail dans le secteur formel.

Volet II : Développer l'esprit d'entreprise et la création d'emplois

Ce volet mentionne explicitement le travail dissimulé. Il enjoint les Etats membres à encourager l'exercice d'activités d'entreprise :

- en réduisant tous les obstacles pouvant exister en particulier dans les régimes fiscaux et de sécurité sociale, ainsi qu'en réduisant considérablement les frais généraux et le fardeau administratif pour les entreprises.
- « en luttant contre le travail dissimulé et en encourageant la conversion de ce genre de travail en un emploi déclaré, utilisant à cette fin tous les moyens d'action pertinents, y compris des mesures réglementaires, des mesures incitatives et la réforme des systèmes fiscaux et d'aide sociale dans le cadre d'un partenariat avec les partenaires sociaux »¹.

Il faut noter que la lutte contre le travail dissimulé n'est pas mentionnée comme un objectif en soi, mais comme un élément de la stratégie visant à promouvoir l'esprit d'entreprise et la création d'emplois.

Volet III : Encourager l'adaptabilité des entreprises et de leurs employés

Ce volet préconise notamment des modalités de travail flexibles afin de réduire les obstacles à l'emploi et d'aider le marché du travail à s'adapter aux changements structurels dans l'économie.

¹ Conseil de l'Union européenne (2000), *Décision du Conseil sur les directives pour les politiques de l'emploi des Etats membres pour l'année 2001, Annexe : Directives pour l'emploi 2001*.

Volet IV: Renforcer les politiques d'égalité des chances pour les hommes et les femmes

Le volet IV préconise la suppression des obstacles à l'emploi et à l'esprit d'entreprise dus spécifiquement à l'appartenance à un sexe déterminé afin de lutter contre les inégalités entre hommes et femmes, ainsi que des modalités de travail flexibles permettant la réconciliation du travail et de la vie de famille.

Cette directive est également importante dans ce contexte. La recherche a montré que l'inégalité des sexes sur le marché du travail formel se reflète dans l'économie informelle.

On pourrait donc dire qu'un développement de l'économie informelle aggrave l'inégalité entre les sexes.

De plus, les Directives pour l'emploi préconisent la mise en œuvre des Directives dans le cadre d'un partenariat avec les partenaires sociaux, compte tenu des traditions, des pratiques et des différences tant nationales que régionales et locales.

Nous pouvons conclure que les Directives pour l'emploi 2001 renferment d'importants éléments pour la mise au point d'une combinaison efficace de mesures politiques visant à réduire le travail dissimulé.

Les mauvaises pratiques

Outre les options politiques recommandées, il existe un certain nombre d'options politiques à éviter.

- Les approches unilatérales

Il est inutile de *se contenter* de renforcer les sanctions, de libéraliser le marché du travail ou de modifier sa réglementation. Une telle approche néglige le fait que de nombreuses causes de travail dissimulé s'influencent mutuellement. L'approche pour lutter contre le travail dissimulé ne devrait pas non plus être unilatérale au niveau du groupe cible. Beaucoup d'attention est donnée aux travailleurs non déclarés. Pourtant, il est d'importance vitale que les travailleurs salariés reçoivent eux aussi de l'attention.

- Souligner les proportions dans lesquelles est effectué le travail dissimulé

En lançant des campagnes pour changer les attitudes des gens envers le travail dissimulé, il faudrait éviter de souligner la proportion de personnes qui effectuent du travail dissimulé. Souligner ces données pourrait avoir un effet inverse, car les gens pourraient se dire : « Si tout le monde, sauf moi, fait du travail dissimulé, pourquoi n'en ferais-je pas moi aussi ? ».

- « Fixer des cibles » dans la lutte contre les fraudes

Fixer des cibles signifie fixer des objectifs, p.ex. prescrire le nombre de cas de fraude devant être identifiés en un an. Premièrement, cela aboutit à donner trop d'attention aux cas faciles à découvrir et par conséquent à réduire le temps pouvant être investi dans

l'identification des cas les plus difficiles et donc probablement les plus structurels. Deuxièmement, cela réduit les efforts à faire en matière de prévention. A long terme, ce n'est pas un moyen de lutte très efficace contre le travail dissimulé.

- Trop de bureaucratie

La bureaucratie est une cause importante de travail dissimulé. Il est donc recommandé de réduire la bureaucratie au minimum requis pour une réglementation adéquate.

- Décourager les nouvelles initiatives

Il faut éviter de concentrer toute son énergie sur les sanctions et les mesures de contrôle, sans créer en même temps des possibilités pour de nouvelles entreprises et de nouvelles initiatives économiques.

Recommandations

1. Bien que les sanctions et les mesures de contrôle s'intensifient dans toute l'Europe, cela n'est pas toujours aussi efficace que cela pourrait être. Le contrôle porte souvent sur les employeurs et les travailleurs non déclarés faciles à découvrir, par exemple les immigrants illégaux ou les personnes qui travaillent tout en recevant une prestation sociale, alors que cela ne représente qu'un petit pourcentage des travailleurs non déclarés. Davantage d'attention devrait être accordée à des méthodes efficaces d'identification du travail dissimulé effectué par des personnes ayant déjà un emploi.
2. Un phénomène qui reçoit moins d'attention que le travail dissimulé est le travail semi-dissimulé. On sait peu de choses sur les dommages causés par ce travail « gris ». De plus amples recherches sont nécessaires sur ce sujet.
3. Une autre recommandation est de créer un comité européen de lutte contre le travail dissimulé, basé sur le modèle français (DILTI) ou le modèle italien. Ce comité pourrait garantir la continuation du débat européen sur le travail dissimulé et demander aux Etats membres de rapporter sur une base régulière les progrès réalisés dans la lutte contre le travail dissimulé.
4. Une coopération plus intensive sur le problème du travail dissimulé est nécessaire entre les pays européens. Un instrument intéressant et potentiellement valable est l'harmonisation des systèmes d'immatriculation permettant l'échange de données entre les Etats membres.
5. Finalement, il est d'importance cruciale que les mesures politiques pour réduire le travail dissimulé soient correctement évaluées, car il y a un énorme manque de données fiables concernant l'efficacité des mesures. Cela aboutit à la création de mythes, tel celui que la plupart du travail dissimulé est effectué par des chômeurs ou des immigrants illégaux.

Zusammenfassung der Ergebnisse und Empfehlungen

Einführung

Regioplan Research, Advice & Information ist im Jahre 2000 mit einer Untersuchung nach politischen Maßnahmen zur Bekämpfung nicht angemeldeter Erwerbstätigkeit begonnen, die von der Europäischen Kommission finanziert wurde. Dieses Dokument ist der abschließende Bericht über diese Studie. Das wichtigste Ziel dieser Untersuchung war, gute *mixed policies* zur Bekämpfung nicht angemeldeter Erwerbstätigkeit zu finden. Der Ausdruck „*mixed policies*“ bezeichnet Strategien, die eine integrale Anwendung politischer Maßnahmen zur Verhinderung nicht angemeldeter Erwerbstätigkeit und zur Förderung regulärer Arbeitsverhältnisse darstellen.

Methode

Für diese Untersuchung sind sieben Mitgliedstaaten ausgewählt worden: Frankreich, die Bundesrepublik Deutschland, Italien, die Niederlande, Spanien, Schweden und das Vereinigte Königreich. Aus jedem Land wurden zwei nationale Sachverständige über nicht angemeldete Erwerbstätigkeit befragt. Auf Grund von deren Beiträgen ist ein Bericht geschrieben worden, der während eines internationalen Seminars, das vom 17. bis 19. Januar 2001 in Amsterdam stattgefunden hat, vorgelegt und diskutiert wurde.

Dieser Abschlussbericht ist auf der Sachkenntnis der oben genannten Sachverständigen, den Diskussionen während des Seminars und theoretischen, durch Regioplan zum Auffüllen der Lücken durchgeführten Untersuchungen basiert.

Nicht angemeldete Erwerbstätigkeit in den Mitgliedstaaten

Die Häufigkeit nicht angemeldeter Erwerbstätigkeit

Nicht angemeldete Erwerbstätigkeit ist aus der Natur der Sache heraus sehr schwer zu messen, deshalb kann die Häufigkeit nicht angemeldeter Erwerbstätigkeit nur geschätzt werden. Abhängig von der angewendeten Methode variieren die Schätzungen zwischen etwa 3 Prozent und 15 Prozent des Brutto-Inlandsprodukts. Dennoch sind sich die meisten Sachverständigen darüber einig, dass die Menge der nicht angemeldeten Erwerbstätigkeit in ganz Europa zunimmt.

Betroffene Sektoren

Die Sektoren, von denen alle oder fast alle Befragten angeben, dass sie einen großen Anteil von nicht angemeldeter Erwerbstätigkeit aufweisen, sind Landwirtschaft, allgemeine, soziale und persönliche Dienstleistungen (wie Reinigungsarbeiten und Pflege), Baugewerbe und

Produktion. Sektoren, die weniger oft genannt wurden, sind Einzelhandel, Transport und Tourismus und Hotel- und Gaststättengewerbe.

Sektoren mit einem hohen Prozentsatz nicht angemeldeter Erwerbstätigkeit sind oft arbeitsintensive Sektoren, in denen erhebliche Mengen von Bargeld zur Verfügung stehen.

Merkmale der nicht angemeldeten Erwerbstätigen

Die Bevölkerungsgruppen, die den größten Teil der nicht angemeldeten Erwerbstätigkeit in Europa ausführen (geordnet nach der Häufigkeit mit der sie von den Befragten genannt wurden), sind: Arbeitslose, Berufstätige (Personen, die zusätzlich zu einem regulären Beschäftigungsverhältnis einer nicht angemeldeten Erwerbstätigkeit nachgehen), Selbstständige, Personen aus Drittländern, illegale Einwanderer und Studenten.

Programme zur Bekämpfung nicht angemeldeter Erwerbstätigkeit

Bundesrepublik Deutschland

Für die deutschen Behörden lag der Schwerpunkt in der Hauptsache auf Sanktionen und Kontrollmaßnahmen. Ein wichtiges Gesetz, das diese Sanktionen und Kontrollmaßnahmen regelt, ist das Gesetz zur Bekämpfung der Schwarzarbeit. Die Hauptsache ist die Verhinderung nicht angemeldeter Erwerbstätigkeit. In den vergangenen Jahren ist jedoch nur wenig dafür getan worden, reguläre Arbeitsverhältnisse zu fördern. Deutschland ist zur Zeit dabei, eine Steuerreform durchzuführen; es ist jedoch noch zu früh, die Auswirkungen dieser Maßnahme zu beurteilen. Eine andere wichtige politische Maßnahme, die erwähnt werden sollte, ist das Bündnis für Arbeit, in dem Regierung und Sozialpartner den Rahmen für beschäftigungsorientierte kollektive Vereinbarungen schaffen. Das wichtigste Ziel dieses Bündnisses ist die Bekämpfung der Massenarbeitslosigkeit durch Förderung der Schaffung neuer und Sicherung bereits vorhandener Arbeitsplätze.

Das deutsche Programm gegen nicht angemeldete Erwerbstätigkeit kommt als Mix aus politischen Maßnahmen zur Verhinderung nicht angemeldeter Erwerbstätigkeit und Maßnahmen zur Förderung oder Unterstützung regulärer Beschäftigungsverhältnisse nicht in Betracht und gibt auch nicht vor, dies zu sein. Es sind zahlreiche politische Maßnahmen zur Reduktion der Menge der nicht angemeldeten Erwerbstätigkeit ergriffen worden, sie sind jedoch nicht Bestandteil eines speziellen, zu diesem Zweck geschaffenen Maßnahmenpakets.

Italien

Seit 1999 hat die italienische Regierung ein Bündel politischer Maßnahmen zur Bekämpfung nicht angemeldeter Erwerbstätigkeit erlassen. Die aktuelle Liste der politischen Maßnahmen gegen nicht angemeldete Erwerbstätigkeit enthält ein breites Spektrum von Maßnahmen zur Verhinderung nicht angemeldeter Erwerbstätigkeit und zur Förderung regulärer Beschäftigungsverhältnisse:

- Eine besonders wichtige politische Maßnahme war die Schaffung eines Ausschusses, der die nicht angemeldete Erwerbstätigkeit sichtbar machen soll. Er sichert die Abstimmung der einzelnen politischen Maßnahmen zur Reduktion nicht angemeldeter Erwerbstätigkeit und koordiniert die zahlreichen Aktionen der Beteiligten.
- Kontrollaktivitäten sind schrittweise verstärkt worden und der Austausch von Informationen hat zugenommen.
- Die Steuersätze (vor allem Einkommensteuer, Körperschaftssteuer und Mehrwertsteuer) sind außerdem herabgesetzt worden.
- Beschäftigungsverhältnisse sind flexibler gestaltet worden.

Ein sehr wichtiger Aspekt der italienischen Politik ist die Tatsache, dass die Mehrzahl der Maßnahmen einen regionalen oder sektoralen Charakter hat. Viele Maßnahmen sind auf bestimmte Regionen oder Sektoren in Süditalien beschränkt, wo die Arbeitslosigkeit groß ist und nicht angemeldete Erwerbstätigkeit zunimmt:

- Eine der wichtigsten dieser Maßnahmen ist der Abschluss der Vereinbarung über die Lohnanpassung.
- Arbeitgeber, die neue Arbeitnehmer einstellen, können Steuervergünstigungen in Anspruch nehmen.
- Verminderung der sozialen Prämien bei Einstellung neuer Arbeitnehmer.

Die italienische Regierung steckt viel Energie in die Bekämpfung nicht angemeldeter Erwerbstätigkeit und das Maßnahmenpaket ist zusammenhängend strukturiert. Dessen Verwirklichung hat jedoch bisher noch nicht bewiesen, dass es seinen Zweck vollständig erfüllt hat; die Effektivität des italienischen Vorgehens muss sich noch erweisen.

Niederlande

Die niederländische Politik zur Bekämpfung nicht angemeldeter Erwerbstätigkeit ist ein *policy mix*, der das Gleichgewicht hält zwischen der Verhinderung von Angebot und Nachfrage hinsichtlich nicht angemeldeter Erwerbstätigkeit einerseits und der Förderung regulärer Beschäftigungsverhältnisse andererseits. Die politischen Maßnahmen umfassen:

- Verminderung des Mehrwertsteuersatzes für einige arbeitsintensive Dienstleistungen;
- Verminderung der Einkommensteuer. Seit 1990 ist der absetzbare Pauschalbetrag für Berufskosten, ein steuerfreier Betrag für die Beschäftigten, regelmäßig gestiegen;
- Schaffung spezieller Teams zum Eingreifen bei Betrug;
- zunehmender Informationsaustausch zwischen Verwaltungsinstanzen;
- Kopplung der Anträge von Ausländern auf Versorgung, Unterstützung, Genehmigungen und so weiter an einen rechtmäßigen Aufenthalt dieser Ausländer in den Niederlanden; die Grundlage hierfür bildet das Koppelungsgesetzes (*Koppelingswet*);
- Vereinfachung der administrativen Belastung für Unternehmen;

- subventionierte Arbeitsplätze.

Die Einstellung regulärer Arbeitskräfte ist billiger geworden, es ist für die Frageseite einfacher geworden, reguläre Arbeitskräfte einzustellen und der Marktprozess ist flexibler gemacht worden. Damit wird die nicht angemeldete Erwerbstätigkeit signifikant reduziert. Die verbleibende nicht angemeldete Erwerbstätigkeit wird schwerer bestraft. Wie integriert oder kohärent dieses Vorgehen auch sein möge, es ist nicht ausdrücklich für die Bekämpfung nicht angemeldeter Erwerbstätigkeit bestimmt. Es ist ein Maßnahmenpaket zur Förderung der Beschäftigung und zur Bekämpfung von Betrug, das nicht angemeldete Erwerbstätigkeit in den Prozess einbezieht.

Spanien

Das spanische Vorgehen gegen nicht angemeldete Erwerbstätigkeit besteht hauptsächlich aus steuerlichen Maßnahmen und Maßnahmen hinsichtlich der sozialen Sicherheit sowie verstärkten Sanktionen und Kontrollen. Diese Kontrolle richtet sich jedoch in der Hauptsache auf Unterstützungsbetrug und Regelwidrigkeiten innerhalb legaler Unternehmen. Viele von den politischen Maßnahmen sind für die Förderung der Beschäftigung bestimmt und obwohl sie Auswirkungen auf die Verminderung nicht angemeldeter Erwerbstätigkeit haben dürften, ist dies nicht ihr hauptsächliches Ziel.

Zusammengefasst sind die spanischen politischen Maßnahmen zur Bekämpfung nicht angemeldeter Erwerbstätigkeit:

- die Kosten für soziale Sicherheit sind für neue Verträge reduziert worden;
- die Einkommensteuer ist vermindert worden;
- es sind neue Arbeitsverträge geschaffen worden, die mehr flexible Beschäftigungsverhältnisse innerhalb der regulären Wirtschaft zulassen und damit reguläre Beschäftigungsverhältnisse fördern;
- die Sanktionen sind härter gemacht und die Kontrollen sind verschärft worden, hauptsächlich durch eine Verstärkung des Informationsaustausches zwischen verschiedenen Behörden.

Das spanische Vorgehen verwendet also eine kombinierte Strategie aus Förderung regulärer Beschäftigungsverhältnisse und Verhinderung nicht angemeldeter Erwerbstätigkeit, dies scheint jedoch nicht Bestandteil eines integrierten Maßnahmenpakets zu sein, das ausdrücklich für die Reduktion nicht angemeldeter Erwerbstätigkeit bestimmt ist. Das Arbeitsministerium verstärkt seine Kontrollmöglichkeiten, die Steuerbehörde beschäftigt sich mit den finanziellen Aspekten und das Innenministerium sorgt für die Kontrolle der illegalen Einwanderung. Da die Prioritäten der einzelnen Ministerien unterschiedlich sind, gibt es eher eine Überlagerung der Brennpunkte als ein integriertes Vorgehen gegen nicht angemeldete Erwerbstätigkeit.

Schweden

In einem Bericht des staatlichen Rechnungshofes aus dem Jahre 1998 wird eine große Zahl von politischen Maßnahmen zur Reduktion nicht angemeldeter Erwerbstätigkeit empfohlen. Bis zum gegenwärtigen Zeitpunkt (Juni 2001) ist jedoch keine von diesen Maßnahmen praktisch implementiert worden und zur Zeit sind nur einige politische Maßnahmen ergriffen worden, die auf eine Reduktion nicht angemeldeter Erwerbstätigkeit gerichtet sind:

- Kontrollen sind schrittweise verstärkt worden-
- Für Arbeitslose ist ein subventioniertes Arbeitsprojekt (*Humlan*) in Sektoren gestartet worden, in denen viel nicht angemeldete Erwerbstätigkeit vorkommt.
- Der nationale Steuer-Ausschuss hat eine Projektgruppe für die Bauwirtschaft gebildet, deren Aufgabe es ist, „dem Geld auf dem Weg zu folgen“, den es entlang den Reihen von Subunternehmern ablegt; damit ist die Identifizierung von Firmen möglich, die nicht angemeldete Erwerbstätige beschäftigen.
- Zusätzlich sind die Steuerbehörden reorganisiert worden; es wurde eine spezielle Projektgruppe gebildet, deren Aufgabe es ist, Methoden und Empfehlungen für die Arbeit in den einzelnen Finanzämtern im Land zu erarbeiten.

Das Thema nicht angemeldete Erwerbstätigkeit genießt bei der Regierung keine hohe Priorität. Als Folge davon ist in Schweden nur sehr wenig für die Reduktion der nicht angemeldeten Erwerbstätigkeit getan worden.

Vereinigtes Königreich

In ihrem Haushalt für das Jahr 2000 hat die britische Regierung ein Paket von politischen Maßnahmen eingeführt, das einen mehr oder weniger ausgewogenen *policy mix* darstellt, der hauptsächlich durch die Sorgen der Regierung über entgangene Steuern, das Fehlen sozialer Sicherheit für diejenigen, die nicht legal arbeiten, und das, sich daraus ergebende, erneut in den Brennpunkt Rücken der Probleme der Schattenwirtschaft bestimmt wird. Es ist jetzt noch zu früh, irgendetwas über die Ergebnisse zu sagen. Die politischen Maßnahmen umfassen:

- Einführung des nationalen Mindestlohns.
- Einführung von Steuerfreibeträgen für Arbeitnehmerfamilien (*Working Families Tax Credit—WFTC*), in dem ein Kinderfreibetrag für den Arbeitnehmer enthalten ist.
- Einführung von *persönlichen Beratern*, deren Aufgabe es ist, wichtige Gruppen von Unterstützungsempfängern wieder in den Arbeitsprozess zurückzuführen.
- Das System der Steuerbehörde für die Bauindustrie (*Inland Revenue Construction Industry scheme*) in dessen Rahmen eine neue Meldekarte für Subunternehmer erforderlich ist;
- Kontrollmaßnahmen sind verschärft worden.
- Verschiedene Kampagnen sind gestartet worden.

Obwohl der Hauptzweck dieses *policy mix* die Förderung der Beschäftigung und die Bekämpfung von Betrug ist, wird die Reduktion nicht angemeldeter Erwerbstätigkeit ausdrücklich als eine der Zielsetzungen benannt.

Die ergänzenden flankierenden Initiativen der Regierung - aus dem sozialen Netz in die Erwerbstätigkeit (*welfare-to-work*), Subventionen für die Einarbeitung neuer Mitarbeiter u.s.w. - stellen an sich ein gut integriertes Vorgehen dar, das helfen könnte, Menschen in die reguläre Wirtschaft einzugliedern. Der nationale Mindestlohn ist jedoch auf einem sehr moderaten Niveau festgelegt worden und Maßnahmen zur Bekämpfung nicht angemeldeter Erwerbstätigkeit scheinen die Ärmsten und diejenigen, die am Rande eines polarisierten Arbeitsmarkts stehen, unverhältnismäßig zu belasten. In dieser Hinsicht ist das Vorgehen im Vereinigten Königreich nicht gut integriert.

Frankreich

In Frankreich wird die Politik zur Bekämpfung nicht angemeldeter Erwerbstätigkeit sowohl auf nationaler als auch auf lokaler Ebene breit durchgeführt. Mit Hilfe steuerlicher und arbeitspolitischer Regelungen sowie durch Sensibilisierungs- und Informationskampagnen will man so die Frage nach nicht angemeldeter Erwerbstätigkeit und deren Ausführung reduzieren. Die politischen Maßnahmen umfassen:

- Schaffung einer Anlaufstelle (*Centre de formalités des entreprises - CFE*) für alle erforderlichen administrativen Handlungen bei Beginn, Änderung oder Beendigung einer beruflichen Aktivität.
- Einführung der Bescheinigung über das einzige Beschäftigungsverhältnis (*Déclaration Unique d'Embauche - DUE*), die für alle Arbeitnehmer vorgeschrieben und bei zahlreichen Formalitäten erforderlich ist.
- Einsetzung der interministeriellen Arbeitsgruppe für die Bekämpfung nicht angemeldeter Erwerbstätigkeit (*Délégation Interministerielle pour la Lutte contre le Travail Illégal - DILTI*).
- Höhere Anforderungen an die Registrierung von Arbeitnehmern;
- Flexibilisierung von Arbeitsverträgen.
- Verschärfung der Sanktionen.
- Intensivere Zusammenarbeit und zunehmender Informationsaustausch zwischen verschiedenen Instanzen.
- Politische Maßnahmen zur Legalisierung irregulärer Arbeitsverhältnisse;
- Steuersenkungen (Einkommensteuer und Mehrwertsteuer).
- Service-Schecks (*chèques services*) zur Förderung der Einstellung legaler Arbeitskräfte für Aufgaben in Familie und Haushalt, indem die administrative Belastung auf ein Minimum reduziert wird.
- Eine Anzahl öffentlicher Sensibilisierungskampagnen.

Die französischen politischen Maßnahmen gegen nicht angemeldete Erwerbstätigkeit zeigen ein integriertes Vorgehen, da sie ein Paket aus sowohl präventiven als auch repressiven Maßnahmen darstellen. Die Bildung der verschiedenen Komitees zur Bekämpfung nicht angemeldeter Erwerbstätigkeit (zum Beispiel DILTI) ist wichtig für die Koordination und Integration der Maßnahmen, die zur Bekämpfung nicht angemeldeter Erwerbstätigkeit angewendet werden.

Übersicht

In den meisten der sieben, in dieser Studie beschriebenen Ländern ist die Bekämpfung nicht angemeldeter Erwerbstätigkeit Bestandteil eines allgemeinen Pakets politischer Maßnahmen zur Beschäftigungsförderung und zur Bekämpfung von Betrug. Die hauptsächlichsten Ähnlichkeiten zwischen den sieben Ländern sind die folgenden:

- Politische Maßnahmen zur Bekämpfung nicht angemeldeter Erwerbstätigkeit enthalten oft auch Maßnahmen der Steuer- oder Sozialpolitik.
- Die Kontrollen sind in fast allen Ländern intensiviert worden.
- Die Zusammenarbeit zwischen Kontrollorganen nimmt stetig zu. Das bezieht sich hauptsächlich auf den Austausch von Informationen.
- Politische Maßnahmen zur Verminderung nicht angemeldeter Erwerbstätigkeit sind nicht sorgfältig evaluiert worden, dadurch wird es schwierig deren Effektivität zu beurteilen.

Es gibt jedoch auch zahlreiche Unterschiede in der Art und Weise, wie die Regierungen der sieben Länder sich bemühen, die Zahl nicht angemeldeter Beschäftigungsverhältnisse zu vermindern. Diese Unterschiede beziehen sich auf die verschiedenen Hintergründe für nicht reguläre Aktivitäten in den sieben Ländern.

Bemühungen um gute *policy mixes*

Ein wirkungsvolles Vorgehen zur Bekämpfung nicht angemeldeter Erwerbstätigkeit hängt von dem Kontext ab, in dem dieses Vorgehen implementiert werden soll. Für die Entwicklung einer derartigen effizienten Politik ist es notwendig, die folgenden Kategorien von Ursachen und bestimmenden Faktoren für nicht angemeldete Erwerbstätigkeit zu berücksichtigen:

1. Marktverhältnisse (Arbeitsmarkt, Waren- und Dienstleistungsmarkt und Informationsmarkt).
2. Beziehungen zu Organisationen (Beziehungen von Bürgern zu staatlichen Behörden und Einrichtungen, Steuern).
3. Individuelle Eigenschaften;
4. „Umgebungs“faktoren.

Die Ursachen innerhalb der oben genannten Kategorien werden in verschiedenen Kombinationen zu unterschiedlichen Erscheinungsformen von nicht angemeldeter Erwerbstätigkeit führen. Eine erfolgreiche Politik ist die Politik, die diese Mischung aus Faktoren und Umständen gezielt anpackt. Das heißt, dass sie maßgeschneidert sein sollte und dass es keine Standardrezepte gibt, die angewendet werden können. Für jede der genannten Kategorien von Ursachen können jedoch mehrere mögliche politische Optionen beschrieben werden. Zusammen bilden sie den „Werkzeugkasten“ für diejenigen, die die Richtlinien der Politik bestimmen. Diese politischen Optionen können in vier Kategorien aufgeteilt werden:

1. Änderung des Systems

Wenn Eigenschaften des offiziellen sozioökonomischen Systems selbst zum Entstehen nicht angemeldeter Erwerbstätigkeit führen, sollte man über eine Änderung (von Teilen) des Systems nachdenken. Diese Strategie ist am besten geeignet, wenn nicht angemeldete Erwerbstätigkeit zum Beispiel durch einen unbeweglichen Arbeitsmarkt, starre Gesetzgebung oder hohe Lohnnebenkosten verursacht wird.

Maßnahmen zur Änderung des Systems umfassen unter anderem: Steuersenkungen, Senkungen der Soziallasten sowie Deregulierung und Flexibilisierung von Arbeitsverhältnissen (zum Beispiel Zeitarbeit, Saisonarbeit).

2. Durchsetzung des Systems

Wenn die Ursachen für nicht angemeldete Erwerbstätigkeit auf den Unwillen der Bürger, die Regeln zu befolgen, oder ungenügende Durchsetzung zurückzuführen sind, ist eine mögliche Strategie, die Durchsetzung zu verstärken. Politische Optionen zu diesem Zweck umfassen: schrittweise Verstärkung der Kontrollen, Erhöhung der Sanktionen, Intensivierung der Zusammenarbeit und des Informationsaustausches zwischen Instanzen, die Schaffung multidisziplinärer Netzwerke für die Zusammenarbeit zwischen Behörden und praktische Kontrollen.

3. Verbesserung des Zugangs zur regulären Wirtschaft

Manche Menschen haben Schwierigkeiten, sich auf den regulären Arbeitsmarkt zu begeben, zum Beispiel wegen komplizierter Gesetzgebung und Bürokratie oder der Armutsfalle. Politische Maßnahmen, die diese Probleme adäquat in Angriff nehmen könnten, umfassen zum Beispiel: Begleitung und Beratung bei der Erfüllung von Formalitäten, Unterstützung startender Unternehmer und Steuervergünstigungen für die Beschäftigten.

4. Änderung des Verhaltens und/oder der Attitüde

Eine wichtige Reihe von Ursachen hängt mit Verhalten und Attitüde zusammen. Menschen sind möglicherweise wegen einer geringen Steuermoral nicht gewillt, Steuern zu zahlen; der Grund könnte aber auch sein, dass sie nicht darauf vertrauen, dass der Staat ihre Steuergelder auf die richtige Weise verwenden wird. Außerdem scheint es, als wäre ein gewisses Niveau

nicht angemeldeter Erwerbstätigkeit in der Kultur der Menschen in ganz Europa tief verwurzelt (zum Beispiel Babysitten, Hausreinigung).

Die adäquate politische Option für Regierungen, die derartige Ursachen für nicht angemeldete Erwerbstätigkeit in ihren Ländern festgestellt haben, ist, die Einstellung und das Verhalten ihrer Bürger zu ändern. Die wichtigsten zu diesem Zweck angewendeten Maßnahmen umfassen Sensibilisierungs- und Informationskampagnen. Diese Kampagnen können verschiedene Ziele haben; beispielsweise die Menschen vor den Folgen (Sanktionen) einer nicht angemeldeten Erwerbstätigkeit zu warnen oder aber die Konsequenzen zu erläutern und an Solidarität und Einsicht zu appellieren.

Die vier hauptsächlich im Vorstehenden genannten strategischen Optionen zur Reduktion nicht angemeldeter Erwerbstätigkeit beziehen sich jeweils auf verschiedene (sich allerdings teilweise überlappende) Gruppen von Gründen. Die Gründe sind in unterschiedlichen Gradationen in der ganzen Europäischen Union vorhanden. Regierungen, sowohl national als auch lokal sollten die hauptsächlich Gründe für nicht angemeldete Erwerbstätigkeit in ihrem Land, ihrer Region oder ihrer Kommune feststellen. Wenn die Gründe festgestellt worden sind, muss aus den vorgelegten politischen Optionen eine, für die spezifische nationale oder regionale Situation geeignete Wahl getroffen werden.

Ein Mix aus politischen Maßnahmen, der die oben beschriebenen Elemente als Eckpfeiler nutzt, scheint die größten Erfolgsaussichten bei der Bekämpfung nicht angemeldeter Erwerbstätigkeit zu haben.

Europäische Politik

Der Rat der Europäischen Union gibt jedes Jahr Leitlinien für die Beschäftigungspolitik der Mitgliedstaaten im folgenden Jahr heraus. Diese Beschäftigungsleitlinien bestehen aus vier Pfeilern, die verschiedene Elemente der oben genannten politischen Optionen enthalten:

Pfeiler I: Verbesserung der Beschäftigungsmöglichkeiten

Dieser Pfeiler richtet sich unter anderem auf die Belebung des Arbeitsmarktes und die Bekämpfung der Arbeitslosigkeit, einschließlich einer Reform der Unterstützungs- und Steuersysteme um Armutsfallen zu beseitigen und Anreize dafür zu schaffen, dass Arbeitslose oder nicht aktive Menschen Arbeit im regulären Arbeitsmarkt suchen und annehmen.

Pfeiler II: Entwicklung von Unternehmertum und Schaffung von Arbeitsplätzen

Dieser Pfeiler benennt ausdrücklich nicht angemeldete Erwerbstätigkeit. Die Mitgliedstaaten werden aufgefordert, die Aufnahme unternehmerischer Tätigkeit auf die folgende Weise zu fördern:

- Reduzierung aller eventuell vorhandenen Hindernisse, besonders innerhalb der Steuer- und sozialen Sicherheitssysteme sowie eine deutliche Verringerung der Gemeinkosten und der administrativen Belastungen für Betriebe.
- „Bekämpfung nicht angemeldeter Erwerbstätigkeit und Förderung der Umwandlung derartiger Tätigkeiten in reguläre Beschäftigungsverhältnisse, unter Anwendung aller geeigneten Aktionsmittel einschließlich Ausführungsmaßnahmen, Anreizen und Reformen der Steuer- und Unterstützungssysteme in Zusammenarbeit mit den sozialen Partnern“¹.

Es ist bemerkenswert, dass die Bekämpfung nicht angemeldeter Erwerbstätigkeit nicht als Ziel an sich genannt worden ist, sondern als Teil einer Strategie zur Förderung von Unternehmertum und der Schaffung von Arbeitsplätzen.

Pfeiler III: Förderung der Flexibilität von Unternehmen und deren Mitarbeitern

Dieser Pfeiler setzt sich unter anderem für flexible Arbeitsverträge, die Beseitigung von Beschäftigungshindernissen und Unterstützung des Arbeitsmarktes bei der Anpassung an die strukturellen Veränderungen der Wirtschaft ein.

Pfeiler IV: Verstärkung der Gleichberechtigungspolitik für Frauen und Männer

Pfeiler IV fordert dazu auf, geschlechtsspezifische Barrieren für Beschäftigung und Unternehmertum zu beseitigen, die Unterschiede zwischen der Behandlung der Geschlechter aufzuheben und die Arbeitsverträge zu flexibilisieren um ein Gleichgewicht zwischen Berufstätigkeit und Familienleben zu ermöglichen.

Diese Leitlinie ist auch in diesem Zusammenhang wichtig. Untersuchungen haben gezeigt, dass ungleiche Behandlung der Geschlechter auf dem regulären Arbeitsmarkt sich in der Untergrundwirtschaft widerspiegelt. Man könnte deshalb sagen, dass ein Wachstum der Untergrundwirtschaft die ungleiche Behandlung der Geschlechter verschärft.

Die Beschäftigungsleitlinie fordert außerdem dazu auf, die Leitlinie im Einvernehmen mit den Sozialpartnern zu implementieren und dabei die nationalen Traditionen, Gewohnheiten und Unterschiede genauso zu berücksichtigen, wie regionale und lokale Unterschiede.

Wir können folgern, dass die Beschäftigungsleitlinie 2001 wichtige Bestandteile für einen effizienten *policy mix* zur Reduktion nicht angemeldeter Erwerbstätigkeit enthält.

¹ Rat der Europäischen Union (2000), Ratsbeschluss über Leitlinien für die Beschäftigungspolitik der Mitgliedstaaten im Jahre 2001, Beilage: Die Beschäftigungsleitlinien für 2001

Schlechte Praxis

Neben den empfohlenen politischen Optionen gibt es auch verschiedene politische Optionen, die man vermeiden sollte.

- Einseitiges Vorgehen

Es ist zwecklos, *nur* die Sanktionen zu verstärken oder *nur* den Arbeitsmarkt zu deregulieren oder zu reregulieren. Ein solches Vorgehen lässt die Tatsache außer Acht, dass es viele Ursachen für nicht angemeldete Erwerbstätigkeit gibt, die sich gegenseitig beeinflussen. Das Vorgehen bei der Bekämpfung nicht angemeldeter Erwerbstätigkeit sollte also nicht einseitig auf die Zielgruppe gerichtet sein. Arbeitnehmern, die einer nicht angemeldeten Erwerbstätigkeit nachgehen, ist viel Aufmerksamkeit gewidmet worden. Es ist jedoch auch von entscheidender Wichtigkeit, sich mit den Arbeitgebern zu beschäftigen.

- Betonung des Umfangs nicht angemeldeter Erwerbstätigkeit

Wenn man Kampagnen startet, die die Einstellung der Menschen gegenüber nicht angemeldeter Erwerbstätigkeit ändern sollen, sollte man vermeiden, die Anzahl der Menschen zu betonen, die einer nicht angemeldeten Erwerbstätigkeit nachgehen. Eine solche Betonung könnte in dem Sinne eine entgegengesetzte Wirkung haben, dass Menschen denken könnten: „Wenn alle in nicht angemeldeten Beschäftigungsverhältnissen tätig sind, warum sollte ich das dann nicht auch machen?“

- „Ziele festlegen“ bei der Bekämpfung von Betrug

Zielsetzung bezieht sich auf die Festlegung von Vorhaben, zum Beispiel der Anzahl der Betrugsfälle, die in einem Jahr aufgeklärt werden sollten. Erstens resultiert dies in zu viel Aufmerksamkeit für die Fälle, die leicht zu überführen sind und reduziert damit die Zeit, die in die Klärung der schwierigeren und damit möglicherweise strukturellen Fälle investiert werden kann. Zweitens wird dadurch die Energie reduziert, die in die Vorbeugung investiert wird. Langfristig ist das kein sehr wirksamer Weg zur Bekämpfung nicht angemeldeter Erwerbstätigkeit.

- Zuviel Bürokratie

Bürokratie ist eine wichtige Ursache für nicht angemeldete Erwerbstätigkeit. Es ist daher zu empfehlen, die Bürokratie auf das Minimum zu beschränken, das für eine adäquate Regelung erforderlich ist.

- Entmutigung neuer Initiativen

Man sollte vermeiden, alle Energie für Sanktionen und Kontrollen aufzuwenden ohne Möglichkeiten für neue Geschäftsideen und neue wirtschaftliche Initiativen zu schaffen.

Empfehlungen

1. Obwohl Sanktionen und Kontrollen in ganz Europa schrittweise verschärft worden sind, ist dies nicht immer so effektiv, wie es sein könnte. Kontrollen richten sich oft auf die Arbeitnehmer und Arbeitgeber im Rahmen nicht angemeldeter Erwerbstätigkeit, die einfach zu überführen sind, zum Beispiel auf illegale Einwanderer oder Menschen, die arbeiten,

während sie Sozialzahlungen beziehen, obwohl auf diese nur eine geringer Prozentsatz der nicht angemeldeten Erwerbstätigkeit entfällt. Man sollte mehr Energie auf Methoden zur effektiven Identifizierung nicht angemeldeter Erwerbstätigkeit durch Personen verwenden, die gleichzeitig einer regulären Beschäftigung nachgehen.

2. Ein Phänomen, dem weniger Aufmerksamkeit gewidmet wird als der nicht angemeldeten Erwerbstätigkeit, ist die nicht vollständig angemeldete Erwerbstätigkeit. Über den Schaden, der durch diese „graue Erwerbstätigkeit“ verursacht wird, ist nur wenig bekannt; deshalb sind mehr Untersuchungen zu diesem Thema notwendig.
3. Eine andere Empfehlung wäre die Schaffung eines europäischen Komitees zur Bekämpfung nicht angemeldeter Erwerbstätigkeit (*European Committee to Combat Undeclared Work*), deren Arbeit auf dem französischen (DILTI) oder italienischen Modell beruht. Sie könnte eine Fortsetzung der europäischen Diskussion über nicht angemeldete Erwerbstätigkeit sicherstellen und die Mitgliedstaaten auffordern, regelmäßig über ihre Fortschritte bei der Bekämpfung nicht angemeldeter Erwerbstätigkeit zu berichten.
4. Hinsichtlich der nicht angemeldeten Erwerbstätigkeit ist mehr Zusammenarbeit zwischen den europäischen Ländern notwendig. Ein interessantes und möglicherweise wertvolles Instrument ist die Harmonisierung der Registrierungssysteme; damit wäre ein Datenaustausch zwischen den Mitgliedstaaten möglich.
5. Schließlich ist es unerlässlich, dass politische Maßnahmen zur Reduktion nicht angemeldeter Erwerbstätigkeit sorgfältig evaluiert werden, denn es gibt ein erhebliches Defizit an zuverlässigen Daten über die Wirksamkeit von Maßnahmen. Das führt zu Mythen, wie dem Mythos, dass die meisten, nicht angemeldeten Erwerbstätigkeiten durch Arbeitslose und illegale Einwanderer ausgeübt werden.