

**Inclusive labour markets and social partnership –  
Does co-operation and social dialogue between trade  
unions and the business sector work in Europe?**

**Addressing Social Cohesion and  
Effects of Migrants' Integration in Europe and Asia**

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As a part of the Treaty establishing the European Community **European social dialogue** is a fundamental element in the European social model. It encompasses the discussions, negotiations and joint actions undertaken by the European social partners.

At Community level, workers are represented by the **European Trade Union Confederation** (ETUC). European employers are represented by three different organisations: (CEEP) – employers in public enterprises; **BUSINESS EUROPE** and UEAPME for SME-s.

Three different levels:

- **tripartite consultation**, exchanges between the social partners and the European public authorities;
- **consultation of the social partners**, which covers the activities of the consultative committees;
- the **European social dialogue** bipartite work of the social partners

Based on the Maastricht Treaty /1991/, the agreements negotiated by the European social partners could, if the partners so wished, be given binding legal effect via a decision by the Council.

In 1997, the 1991 agreement was incorporated into the **Amsterdam Treaty** (Articles 154 and 155 of the (TFEU)). In that context, the European social dialogue led to the implementation of three framework agreements, on **parental leave** in **1996** revised in 2009, on **part-time work** in **1997** , and on **fixed-term contracts** in **1999**, via Council directives.

## **Multiannual Work Programmes**

‘autonomous’ initiatives with the conclusion of framework agreements on **teleworking (2002)** , on **work-related stress (2004)** , **harassment and violence at work (2007)** and on “**inclusive labour markets**” (2010) , **development of lifelong skills and qualifications (2002)** and a **framework on equality between men and women (2005)** .

Since 1997, social partners Meet ahead of the spring European Council. The Tripartite Social Summit is made up of representatives of the Council presidency, the next two presidencies, the Commission and the social partners.

# Framework agreement on ILM

- **The Framework agreement on inclusive labour markets is a major example for the result of trade union business co-operation on the European level**
- **European Social Partners work programme 2009-2010**  
“Negotiation and implementation of an autonomous framework agreement on inclusive labour markets.”
- Inclusion is seen as an important element of Europe’s response to long-term challenges (demographic change, working-age population and sustainability of social protection systems)
- **Negotiations:**
  - 15 meetings – 14 months
  - Signed on **25 March 2010**

# Objective

- **A key concern** for European social partners
- SP have **an important role to play** to address this challenge

**Objective → to promote inclusive labour markets, to maximise the full potential of Europe's labour force and to increase employment rates and to improve job quality, including through training and skills development**

# Scope

- This Framework Agreement covers **those persons who encounter difficulties in entering, returning to or integrating into the labour market (OUT)** and those who, although in employment, **are at risk (IN)** of losing their job due to the factors referred to below.
- This Framework Agreement does not focus on specific groups.

## Social partners' actions

- Various measures, actions and/or negotiations at all levels
- Can be taken by employers, workers, their representatives, jobseekers and third parties
- Promotion of the creation of jobs and of the employability of workers and jobseekers with a view to integrating all individuals in the labour market
- Recognition of SP that they have a responsibility to deepen their reflections and engage themselves to find solutions + mobilise their members

# Social partners recommendations to national public authorities

## Themes covered:

- The extent and quality of specific transitional measures for people who encounter difficulties in the labour market
- The effectiveness of employment and career advice services
- Education and Training
- The adequacy of investment in territorial development
- The adequacy of access to transport / care / housing / education
- The relative ease or difficulty of starting, sustaining and expanding businesses
- The role of tax and benefit systems



# Current labour market situation in Europe

- Europe faces a major employment crisis which, unlike in USA, is worsening by the day
- Dimensions of the problem are too great for piecemeal labour market initiatives.
- It is clear that incremental issues dealt with by the social partners agreement cannot deliver answers to the core of the problem
- The causes are clearly deficient demand provoked by premature austerity measures and economic governance failure (euro crisis)
- The EU approach, as in the Annual Growth Survey is fundamentally misconceived
- Employers and trade unions' positions are further on antagonistic
- **It is a false expectation about solving problems manifesting themselves on the LM by reforming the LM. Instead the EU needs to suspend austerity measures, launch economic governance reforms for balanced recovery, and a major investment program to create jobs where they are needed. And here positions are miles away...**

## BUT does this help in the current situation during the crisis?

Well, having the European Social Dialogue is nice and indeed an important opportunity, but it does not really help to tackle the main conflicts.

European Social dialogue is in deadlock for some years now  
Positions are antagonistic, dialogue is only possible on issues of 'secondary importance'

European crisis management policies often contribute to dismantle social dialogue structure also on the national level

Debate underway within ETUC + affiliates -> ETUC Congress

Predominant view seems to be: rejection of interference in CB, criticism of Europeanisation of economic policy as undemocratic, anger at the perceived shifting of the burden of the crisis on to workers

What 'positive' agenda can trade unions bring to the table?

Crisis burdens must be dealt with, macroeconomic imbalances are a problem: what are trade union solutions?

But the main pillars of EU crisis management go just the opposite way:

Introduction of an 'excessive imbalance procedure' modelled on SGP

Definition of excessive imbalances and technical choice of indicators = 'work in progress'

**Scoreboard of indicators** whereby threshold values trigger 'red lights'

Focus on competitiveness, including wage/unit labour cost trends, but also financial asset bubbles

**IN CONTRADICTION with the PACT for the EURO that is heavily WAGE focused** (instead of multi-indicator approach of AGS)

If a country is deemed to have excessive imbalances, COM can recommend to the Council that specific counteractions are taken

EMU members can suffer sanctions for non-compliance

Welcome recognition of the integrated nature of the euro area economy and need for further-reaching economic policy coordination. Overcoming obsession with fiscal issues a long-standing demand.

Big question-mark on whether approach is symmetrical. Risk of imbalanced focus on

Technical aspects (scoreboard) as yet unclear. Trade-off between encompassing view and clear policy signals.

Risk of top-down approach to, in particular, wage setting, focusing on destruction of CB institutions in deficit countries. No discussion of the role of the social partners and their incorporation in decision-making

Addresses an existing problem (imbalances, divergence within the Eurozone)

The concrete approach and the time horizon is flawed

- wage correction is seen as the tool, although not wage developments led to the divergence
- questionable also if wage could be an instrument
- time horizon is problematic: imbalances accumulated in 10 years, adjustment also needs time (no reason to hurry...)
- asymmetric approach (focus of deficit countries)
- attack on the autonomy of CB
- decentralise CB is not just unacceptable, but irrational: countries with most centralised CB had shown high grade of wage moderation (AT, SLO, FI)

The underlying idea is to copy German wage moderation practice that was one source of the problem

- Insist on the need to focus in parallel on price setting ('progressive' deregulation agenda to reduce oligopolies and rents)
- Demand strengthening of the Macroeconomic Dialogue and shadow institutions at national level
- Call for a 50% of national average wage norm to underpin bottom of the labour market and address distributional concerns
- Prerequisite is much greater internal TU commitment to cross-border wage coordination

There is no shortage in EU employment policy declarations and nice targets:

- Official target is full employment
- The EU2020 Strategy targets are still valid
- And there is still a European Employment Strategy

The concrete adjustment and austerity policies result in an opposite development

2010-2014: catastrophal labour market situation in the EU

Inclusive labour market policies are a nice and important goal, but does not help in the current situation

Employers' and TU positions are antagonistic

Co-operative business TU strategies during the crisis only appeared on the national level in a limited number of cases:

Germany, Austria, Nordic countries

In South Europe and in the East business and TU are either conflictual or in the East, trade unions are too weak to matter