

ROLE OF SOCIAL DIALOGUE IN EUROPEAN ECONOMIC AND SOCIAL GOVERNANCE

Summary report of the seminar held on 8 October 2015



Social dialogue has been “challenged” by current changes (globalisation, the energy and digital transitions, etc.). Yet social dialogue is the sine qua non of a social market economy that works²¹. Social dialogue has an essential role to play in agreeing national and European reforms, as well as appropriate policy mixes.

The **European Commission has therefore committed to giving new momentum to social dialogue, 30 years after Val Duchesse**. Hence the importance of reinforcing the role of social dialogue in European economic and social governance.

In 2011, the EU set up a yearly cycle of economic policy coordination called the “**European Semester**”, during which the European Commission assesses Member States’ budgetary, macroeconomic and structural reform policies in detail. It then issues country-specific recommendations for the following 12 to 18 months. These recommendations also address employment and social policy issues.

In November each year, the European Commission conducts an **Annual Growth Survey** that defines the economic priorities of the EU and its Member States for the year to come. In the following January, the Member States submit their “**national reform programmes**”. The Member States then receive “**country-specific recommendations**” regarding their national reform policies, which are approved by the European Council in June and formally adopted by ECOFIN in July.

The role of national social partners in the European Semester is not defined in the European economic governance framework (the “Six-pack”). Yet they have a key contribution to make in developing and implementing the above recommendations. **Today, there is a general consensus that their role in economic and social governance should be strengthened. The result would be greater acceptance and therefore more effective implementation of the reforms needed.**

At European level, involvement of social partners has recently been reinforced. They are consulted before the Annual Growth Survey is published. In 2015, the Commission’s country reports were published three months sooner (in February rather

than May) to enable Member States to more effectively engage stakeholders. In 2014, social partners participated directly in informal meetings of the ministers of employment and social policy. At political meetings on the Commission’s key initiatives, social partners have talked with Vice-President Katainen about the Investment Plan (April 2015) and Vice-President Sefcovic about the energy union (June 2015). They have also been able to voice their opinions on the labour market integration of the long-term unemployed (April 2015), the mobility package (June 2015) and the pillar of social rights announced by President Juncker in his State of the Union address. Two thematic groups have been tasked with monitoring the implantation of two priorities: on one hand the strengthening of the role of social dialogue in economic governance and of the capacity building, and on the other hand of the participation of social partners in EU policy- and law-making.

However, the EU institutions agree with the social partners that they should be more involved not only at European level but also at national level²².

At national level, social partners in most Member States have been involved in developing national reform programmes²³. They are involved in the five Member States covered by this study: Germany, France, Italy, Poland and Sweden. **Greece must be considered separately because it takes part in the macroeconomic adjustment programme.**

However, among our five countries, there are **significant differences in the level of involvement**. In some countries, like Sweden and Poland for example, social partners are regularly consulted and sufficient time is allowed for the information and consultation process. Yet **the impact on national reform programmes is considered significant in Sweden but limited in Poland**. In other countries social partners are consulted regularly but **not enough time is allowed, for example in Italy**. **In France and other countries, consultation is irregular,**

²² See the presentation by David Dion, Head of Unit for Social Dialogue and Industrial Relations at the European Commission’s DG Employment, seminar of 8 October 2016.

²³ Eurofound, Role of the social partners in the European Semester, Christian Weltz, February 2016. http://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1570en.pdf

²¹ Its essential role is recognised in the European Treaties, the EU Charter of Fundamental Rights, the European Social Charter and ILO conventions.

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unbalanced and hurried. As a result, its impact is limited. Similar differences also exist in other countries: in **Germany**, while social partners are consulted regularly and an appropriate length of time is afforded to employers, the impact on national reform programmes is limited. Furthermore, **trade unions are not allowed sufficient time and have no influence at all. Sweden is a good example of a country where national social partners have an impact on country-specific recommendations**²⁴: when, in June 2012, the European Council recommended Sweden decrease its minimum wage rates, Swedish trade unions expressed concern that such a measure would undermine the independence of social partners, and the Council withdrew its recommendation. Sweden's exemplary performance in this area (Dufresne, 2015) has probably given national social partners more influence. While in other countries significant labour market reforms have been adopted without consulting the social partners.

Trade unions take a rather negative view of public policies recommended during the European Semester process: they believe they are unfair and that they promote austerity rather than the social objectives of the Europe 2020 strategy (such as social cohesion and poverty prevention). Employers on the other hand tend to approve all the policies proposed.

AVENUES TO EXPLORE AND/OR DEVELOP

- Increase the involvement of social partners in the early stages of the national and EU policy making process, without trying to turn them into "after-sales agents".
- Take into consideration **the functional (but substantial) involvement of social partners in the policy making process by reaching a consensus** on how to reconcile demand for quality jobs (trade unions) with the need for competitiveness (employers). The "joint labour market analysis" conducted by European social partners provides a **common definition of competitiveness**²⁵ (July 2015)²⁶ and **the beginnings of an agreement on**

macroeconomic policy²⁷. They have also developed a joint work programme for 2015-2017.

- Do not separate economic and social matters, and further increase involvement of social partners, **especially in matters related indirectly to employment**: all the European Commission's Directorate Generals should consult social partners in the future²⁸.
- **Promote the specific role of social partners in employment-related matters**, and distinguish it from consultations with civil society²⁹. Social partners should be involved closely in the discussion on social benchmark indicators.
- **Further increase opportunities for cooperation, especially with sector-level social partners**: work on the macroeconomic indicators used in the metal industry has helped improve social partners' involvement in economic governance³⁰.
- **Explore the possibility of jointly renewing the flexicurity strategy at European level.**
- Opinion is divided between social partners about what constitutes "good quality social dialogue"³¹: **we must resist the temptation of a top-down approach** from the European Commission (BusinessEurope), respect social partners' independence and diversity in national industrial relations systems, **and intervene in any Member State (not just new ones) where social dialogue is inefficient** (ETUI). Otherwise, social partner participation in the European Semester will be inadequate. Explore opportunities for the European Commission and the EU institutions to play a more incentive role, for example by making ESF resources available to social partners in different countries (ETUI/Business Europe).
- Consolidate the position of "European Semester Officers" in Member States, systematically establish specific "European committees" at national level, **reinforce capacity-building among national social partners (combining financial, political, institutional and legal aid)** and propose reforms to make ESF resources more accessible to national social partners based on current mapping of use of these resources.

²⁴ See Eurofound, Role of the social partners in the European Semester, February 2016.

²⁵ Competitiveness "encompasses a wide number of factors that ultimately influence a country's growth and jobs performance favourably such as: macroeconomic fundamentals, labour market policies, innovation and investment in R&D, business environment including infrastructure, skills, education and training, labour cost and high performing public services."

²⁶ https://www.business-europe.eu/sites/buseur/files/media/reports_and_studies/joint_idea_report_july_2015_final_v3.pdf ETUI, BusinessEurope, CEEP, UEAPME, July 2015.

²⁷ All social partners agree on the necessity of long-term public finance sustainability, but the ETUC is against the Fiscal Compact.

²⁸ Cinzia Sechi, Policy Advisor, ETUI, seminar of 8/10/2015.

²⁹ Antje Gerstein, Head of the Brussels office of the Confederation of German Employers' Associations (BDA), seminar of 8/10/2015.

³⁰ Maxime Cerrutti, Director of Social Affairs, BusinessEurope, 8/10/2015.

³¹ Right now, the European Commission does not intend to define benchmarks for social dialogue, an idea supported by the ETUI but opposed by BusinessEurope.