

ETUC position on the social dimension of the European Union

Adopted at the Executive Committee Meeting of 23 April 2013

In June 2012 the Executive Committee of the European Trade Union Confederation unanimously called for a “social compact for Europe”. That social compact made clear that Europe’s social dimension must be an integral part of economic and fiscal governance and given equal attention; it also made clear that the overriding objective of economic and fiscal governance should be to generate sustainable growth and employment. ETUC key concerns and priorities regarding the social dimension of the European Union are clearly set in that document (see attachment).

Social achievements and policies at national and EU level have been greatly harmed by macro-economic and labour market policies implemented so far. We need a change of course if social Europe is to become a reality. Without this change ETUC support will be in doubt.

We view the European Council examination of a roadmap for the social dimension of the EMU, including social dialogue, as a step in the right direction because coordinated economic and monetary policies prevailing within a single monetary zone have a direct and powerful impact on labour and social framework conditions.

However the ETUC considers that the proposal to discuss a social dimension of the EMU is too restrictive. The EU as a whole aims at full employment and social progress. Therefore a discussion on the social dimension of the EMU is only acceptable if it triggers social progress in the whole of the European Union.

The EU social dimension must be grounded in the respect of fundamental social rights and the improvement of living and working conditions. It must be directed towards the fight against unemployment, poverty, inequalities, wage and tax dumping. It must promote our successful European social model made of strong social protection, quality public services and social dialogue. The EU social dimension must be real and effective.

Democratic processes and the accountability of EU institutions must be considerably strengthened. The European Parliament should be included on an equal footing in the design of new economic governance instruments. This is indispensable to restore citizens’ and workers’ trust in the European project and in its future potential.

We recall that the social dimension of the EU is rooted in the Lisbon Treaty, including the Charter of fundamental rights, and international instruments¹.

¹ Values of democracy and equality (Art. 2 TEU)

Objectives of social progress, social justice and protection (Art. 3 TEU)

The recognition of the rights, freedoms and principles as set out in the Charter of Fundamental Rights (Art. 6 TEU)

Promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health (Art. 9 TFEU)

The promotion of employment, improved living and working conditions, so as to make possible their harmonization while the improvement is being maintained (Art. 151 TFEU)

The European legislator does not have competence on pay (Art. 153 TFEU)

Promoting the role of social partners, taking into account the diversity of national systems, respecting their autonomy (Art. 152 TFEU)

The European social partners have to be consulted on all matters that concern them (Art. 154 TFEU)

ILO Conventions, the European Convention of Human Rights and the (revised) European Social Charter

Our priorities are therefore to:

- Stop cuts in public spending, social protection and wages. They are unfair, they increase unemployment, inequalities and poverty and they worsen recession.
- Stop competition on wage and working conditions. Stop tax competition, tax fraud, tax evasion. The EU is not only a free trade zone. It aims at full employment, and economic and social progress.
- Put the emphasis on investments for sustainable growth and employment.
- Promote social dialogue and collective bargaining at all levels.

ETUC demands are in line with those priorities:

- A major investment programme – a new “European Recovery Programme” – amounting to one to two per cent of European GDP is indispensable to restore sustainable growth and tackle unemployment.
- Wage setting is to remain a national matter and be dealt with according to national practices and industrial relations systems. Negotiations between social partners at the relevant level are the best tool to secure good wages and working conditions. The statutory minimum wage in those countries where trade unions consider it necessary should be increased substantially; in any event all wage floors should respect Council of Europe standards on fair wages.
- The ETUC supports the introduction of a social minimum income in every Member State on the basis of common European principles.
- Implementation of youth employment initiatives, with particular reference to the youth guarantee, the European quality framework for internship and the alliance for apprenticeship. Means should be mobilised to this end. Restructuring processes leading to massive unemployment must be tackled through anticipation of change.
- Country specific recommendations must promote the European social model. They must not challenge or undercut existing national social standards. The ETUC will engage in discussions on the general criteria and principles set up for country specific evaluations and their consequences. At national level Country Specific Recommendations must be negotiated with social partners. The ETUC will support its affiliates in this process.
- Industrial democracy is an integral part of democratic rights. The Commission must explicitly require Governments and/or social partners to report on social developments, social dialogue and industrial relations. EU social partners and European institutions should follow if and how social dialogue and industrial relations are respected and promoted at national level. Adequate tools should be available to this end.
- Social partners must be included and fully involved on an equal footing in the debate about the design of new instruments, such as automatic stabilisers that mitigate the social effects of asymmetric shocks.
- Growth and the fight against unemployment must be the EU priority. As an immediate step, austerity measures must be stopped; and the fiscal flexibility allowed for in times of economic downturn must be fully used.

- Trade imbalances between countries need to be reduced, in countries with trade deficits as well as in countries with trade surpluses, using increasing demand and imports in surplus countries.
- Contractual arrangements, such as existing Memorandums of Understanding, have been put in place undemocratically and have imposed the wrong policy mix. They infringe collective agreements, industrial relations and social dialogue. The ETUC is opposed to any contractual arrangement of this kind.
- The ETUC recognises the need for policies leading to sound accounts. If certain requirements are met, e.g. full involvement of social partners at national and EU level at all stages of the process and monitoring of the impact on labour standards and social protection, ex-ante evaluation and coordination of national reforms could be positive.
- The economic governance process must include the setting and respect of structural social indicators as well as benchmarking of active labour market policies. The ETUC should be involved in this process.
- Legally binding measures must be taken to stop downward competition on wages and working conditions. Equal treatment must be the rule for all workers. The ETUC reiterates its demand for a Social Progress Protocol to be appended to the Treaties with the aim of securing respect of fundamental social rights.
- Tax competition, tax evasion or avoidance, and tax fraud have shown their devastating impact and must be stopped. ETUC demands a strong and binding action plan to tackle this. The corporate tax base and minimum rates of taxation for companies should be harmonised, possibly with the introduction of a minimum rate of 25%, the current average level of imposition in Europe.

Annex : A Social Compact for Europe
ETUC resolution adopted by the Executive Committee at its meeting on 5-6 June 2012

Gathered within the European Trade Union Confederation, we, trade union leaders of Europe, want to launch an appeal and propose a Social Compact for Europe.

We see increasing inequalities, rising poverty and exclusion, soaring unemployment, work insecurity that affects particularly young people, and growing disillusion about the European project.

We see a worrying increase in nationalism, racism and xenophobia. This trend, exacerbated by low wage competition, could lead to a rejection of the European project that the ETUC has always supported.

We see that the post-war economic and social settlement, which led to the creation of the European Union and the European social model, is threatened. This unique social model has brought considerable gains for citizens and workers and has allowed us to rebuild from crisis to prosperity.

We affirm that fundamental social rights must have priority over economic freedoms. That is the spirit of the Charter of Fundamental Rights integrated in the Treaty of Lisbon. That should be emphasised in a Social Progress Protocol to be appended to the Treaties.

We believe that monetary union must serve the European integration process, based on the principles of peace, democracy and solidarity, as well as economic, social and territorial cohesion. This is the way to secure a future for citizens in a globalised world.

We recall that the EU's stated purpose is economic and social progress. Achieving the EU's 2020 objectives requires socially stable societies, sustainable economic growth and financial institutions serving the real economy.

We believe that it is through social dialogue that we will be able to seek fair and efficient solutions in response to the grave crisis that the Union faces. But, regrettably, we see democracy at work and social dialogue often being disregarded, attacked and undermined.

We call on the EU to focus on policies improving living and working conditions, quality employment, fair wages, equal treatment, effective social dialogue, trade union and other human rights, quality public services, social protection - including fair and sustainable health and pension provisions - as well as an industrial policy favouring a just transition towards a sustainable development model. Such policies would contribute to building citizens' trust in their common future.

We reject all policies leading to downwards competition be it on labour rights, wages, working time, social security, taxes or the environment.

We support coordinated economic policies as well as the objective of sound public accounts but we deplore the economic governance measures put in place that undermine social achievements of the past decades, stifle sustainable development, economic recovery and employment and destroy public services. This is why we oppose the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG).

We are also concerned at the method used to produce the TSCG Treaty that excluded meaningful involvement of the European Parliament and citizens.

We insist that the EU and its member states should observe scrupulously European and international instruments such as ILO conventions, the jurisprudence of the European

Court of Human Rights and the revised European Social Charter, to which the European Union should accede as well as to its Protocol providing for a system of collective complaints (1995).

For all these reasons, we demand a Social Compact for Europe, the contents of which we offer to discuss and agree upon at EU tripartite level.

The European Trade Union Confederation considers that the following elements should be included in this Social Compact:

Collective bargaining and Social dialogue:

Free collective bargaining and social dialogue are an integral part of the European Social Model. Both must be guaranteed at the EU and national level. Each member state should put in place the relevant supporting measures;

The autonomy of the social partners at national and European level as well as their role and position must be respected; there must be no unilateral intervention by the public authorities in collective bargaining or existing collective agreements; and coverage of workers by collective agreements should be maximised;

Effective involvement of social partners, as from the diagnostic phase, in European economic governance and national reform plans is essential. Efforts to adapt to changing circumstances should be commensurate with peoples' means and not be borne by workers and their families alone.

Economic governance for sustainable growth and employment:

Urgent measures to bring the sovereign debt crisis to an end and give the ECB the role of lender of last resort, thus enabling it to issue Eurobonds. Growth programmes adapted to each country should be discussed, agreed and monitored with social partners;

European industrial and investment policies aimed at meeting the economic and environmental challenges; priority should be given to investments in sustainable infrastructure, research and development, climate technology and renewable resources. They should not to be included in the calculation of public deficits;

Rules to secure a regulated, solid and transparent financial sector at the service of the real economy;

Extra resources, raised from improved use of the European structural funds, the European Investment Bank, project bonds, and an adequately engineered financial transaction tax, should be allocated to social and environmental purposes;

Stop EU pressure to liberalise public services which are a national responsibility;

Decent wages for all, contributing to growth and internal demand;

A youth guarantee for all young people in Europe, ensuring the provision of a decent job, or of adequate training opportunities, within four months of unemployment or leaving school;

Measures to improve the quality of jobs and combat precarious jobs; fight abuses in the practice of part time, temporary and fixed term contracts;

Active labour market policies including initiatives to support people with little or no links to the labour market.

Economic and social justice:

Redistributive and graduated taxation on income and wealth, and the end of tax havens, tax evasion, tax fraud, corruption and undeclared work;

Determined action against speculation;

Effective measures to secure equal pay and equal rights for work of equal value for all; collective agreements and equal wages should apply to all whatever the form of their contract, specifically when they work at the same work place;

Implementation of policies to end the pay gap between women and men;

Wage-setting to remain a national matter and to be dealt with according to national practices and industrial relation systems. Negotiations between social partners at the relevant level are the best tool to secure good wages and working conditions; the statutory minimum wage, in those countries where trade unions consider it necessary, should be increased substantially. In any event, all wage floors should respect Council of Europe standards on fair wages.

Harmonisation of the corporate tax base and minimum rates of taxation for companies, possibly with the introduction of a minimum rate of 25%, the current average level of imposition in Europe.

We call on European employers' organisations, EU institutions, national governments and supportive organisations to engage in a discussion on this ETUC proposal for a Social Compact for Europe.