

ETUC position on the European Commission communication on Strengthening the social dimension of Economic and Monetary Union

Adopted at the Meeting of the Executive Committee on 3-4 December 2013

In our Social Compact for Europe, adopted in June 2012, the European Trade Union Confederation (ETUC) emphasised that Europe's social dimension must be an integral part of economic and fiscal governance and be given equal footing. Following the European Council's request that the Commission should, among others, further develop 'the social dimension of the EMU, including the social dialogue', the ETUC Executive Committee adopted its position on '*the social dimension of the European Union*' (April 2013), as a further contribution to this debate.

ETUC priorities for a social dimension of the EU are:

1. Stop cuts in public spending, social protection and wages. They are unfair, they increase unemployment, inequalities and poverty and they worsen recession.
2. 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, economic and social progress.
3. Put the emphasis on investments for sustainable growth and employment.
4. Promote social dialogue and collective bargaining at all levels.

In response to the European Council's request, on 2 October the European Commission adopted a Communication on Strengthening the Social Dimension of the Economic and Monetary Union. For the ETUC the issue at stake is whether the EMU can have a social dimension capable of balancing economic policy with Europe's social objectives. Our overall assessment of the Communication is that the proposals presented will do little to achieve this.

This position paper responds to the proposals set out in the Communication in the context of the EMU, however the ETUC has stressed that a discussion on the social dimension of the EMU must trigger social progress in the whole of the EU.

The Commission's adoption of the Communication on Regulatory Fitness and Performance (REFIT) on the same day as the Social Dimension Communication was not lost on us. We condemn this further advance in the Commission's deregulatory approach which amounts to a frontal attack on a range of social rights. For example, there will be no new European Health and Safety Strategy before 2015 and the Commission also seeks to weaken legislation on information and consultation of workers. The disregard for Treaty provisions on the social dialogue, in particular blocking the European Framework Agreement on the Protection of Occupational Health and Safety in the Hairdressing Sector, is unacceptable. The ETUC is also appalled at the current lack of initiatives to establish a level playing field for workers' protection.

The Commission proposes to strengthen the social dimension of EMU in four respects: stronger multilateral surveillance and policy coordination of employment and social policies, greater financial solidarity, enhanced action on employment and labour mobility, and a stronger social dialogue.

The ETUC supports the objective of improved surveillance and better coordination of employment and social policies. The Commission suggests that this can be achieved through the addition of auxiliary indicators to the macroeconomic imbalance procedure (MIP) and the development of a scoreboard of key employment and social indicators to be used as part of the European Employment Strategy. The Commission also proposes

a stronger coordination of employment and social policies within the European Semester, using existing monitoring tools, complemented by the scoreboard, based on benchmarking and best practice promotion.

The proposed scoreboard, while possibly improving analysis of social issues, will be powerless to correct economic policy even when the analysis shows that this will lead to negative consequences for the employment and social situation. The ETUC continues to insist that a mechanism must be introduced that enables macroeconomic policy to be corrected as necessary.

The ETUC takes the view that economic and social factors are inseparably linked. Social indicators are already in use but are given little priority. They are, however; essential points of reference if economic and monetary union is to move forward in a coherent and socially positive way. Improved indicators could result in a more systematic monitoring and analysis of employment and social trends across Europe.

The Commission has proposed five headline indicators for the scoreboard: unemployment rate; share of young people not in education; employment or training (NEET) and youth unemployment rate; real gross household disposable income; at risk of poverty rate and inequalities. These are lagging indicators which confirm long-term trends and the ETUC believes that the analytical value of the scoreboard could be greatly enhanced by the introduction of leading indicators. This would provide greater scope for preventative policy measures rather than trying to implement corrective ones once the damage is done. However, despite our requests, the European social partners have not so far been consulted on the development of these indicators.

The ETUC proposes that indicators should be considered for inclusion in the scoreboard: for example, employment / unemployment figures, showing the in-work poverty rate; the share of low wages; part time or fixed-term employment work in employment; profit share; involuntary part-time or fixed-term employment; long-term unemployment; access to education and training; expenditure on active labour market policies; wage inequality between women and men; health and safety at work; and social protection expenditure. This list is not exhaustive. The European Parliament has also called for the inclusion of additional indicators, including a 'decent work index'. The Commission should give consideration to developing such an index. All indicators must be gender sensitive and the data supporting them should be gender disaggregated to demonstrate relevant gender gaps and gender-specific impacts.

The ETUC supports economic solidarity in the EU, a good example of it being structural funds, but also European investments directed particularly to countries in difficulty.

In the context of developing greater financial solidarity based on responsibility, the Commission returns to its idea for a Convergence and Competitiveness Instrument (CCI) or so-called "contractual arrangements". Contractual arrangements have been put in place undemocratically and have imposed the wrong policy mix. They have infringed collective agreements, industrial relations and social dialogue. The ETUC is opposed to such contractual arrangements. The experience of Member States subject to the Troika's programmes is that such contractual arrangements are often linked to wage cuts, the lowering of workers' protection and weakening of social relations. The Memoranda of Understanding have breached the principles and spirit of the European Social Acquis, including the Charter of Fundamental Rights and key ILO Conventions. The ETUC is opposed to contractual arrangements which would roll out such policies across the EU. The ETUC is also concerned that access to structural funds could be made conditional on carrying out such structural reforms, to which we are clearly opposed.

The ETUC supports mobility for workers and European citizens. Mobility can contribute to an individual's employment prospects but will not resolve Europe's economic and social crisis. The Commission advances the premise that labour mobility can act as an

adjustment mechanism for the EMU to respond to asymmetric shocks. The ETUC insists that mobility should be voluntary and take place within a framework of respect for labour rights, including collective agreements, and the application of the principle of equal treatment. The ETUC unequivocally condemns those employers who use quasi slave labour.

The 'brain drain' is a major problem for countries in difficulties; it has a severe impact on their economies, fiscal revenue, public and other services, as well as the social fabric. More should be done to provide the necessary investment to foster job creation, develop quality and accessible public services and generally improve living standards, particularly in areas of high unemployment.

National automatic stabilisers have come under severe strain as a result of the crisis. The ETUC will further reflect on the implications of Convergence and Competitiveness Instruments (CCIs) and automatic stabilisers. The ETUC agrees that every European should be guaranteed a social protection floor with universal access to health care, income support, subsistence security and decent pension on the basis of minimum standards. The ETUC reiterates its demand for a legal framework on restructuring. The ETUC supports the introduction of a social minimum income in every Member State on the basis of common European principles and calls on the Commission to take the appropriate initiative.

The ETUC welcomes the emphasis on the need to strengthen the role of social dialogue at EU and national level and to better involve the social partners in economic governance. The joint declaration on the social partners' involvement in European economic governance should act as a reference in this respect. The ETUC is open to discuss proposals from the Commission on what can be done to give weight to social indicators.

While scope for improvement remains, some progress has been made at European level. For the past two years the European social partners have been consulted prior to the publication of the AGS and, this year, while not fully acceding to our request to annex our respective views to the AGS, the Commission has nevertheless included links to the European social partners' contributions on the main 2014 AGS web page. We also welcome the improved dialogue with the Employment Committee (EMCO) and the Social Protection Committee and their willingness to explore how to further develop this.

However, the national social partners' involvement in the European Semester remains wholly inadequate and must be improved. Member States should consult the national social partners in a timely and effective manner in the preparation of their National Reform Programmes and Job Plans. The Commission should monitor this and ensure that it is happening. If requested, the views of the social partners should be annexed to the NRPs and in the event that a common position does not exist, both opinions should be included. The Commission should also meet with the social partners, jointly or separately, during country visits to discuss the forthcoming country specific recommendations.

The ETUC agrees that the macroeconomic dialogue (MED) and the Tripartite Social Summit (TSS) need to be improved. As a starting point, an in-depth analysis is needed on how to improve the outcome of these meetings. The ETUC believes that there is scope to use the Social Dialogue Committee to improve the social partners' involvement in the European Semester. However, the autonomy of the European social partners must be respected and the SDC should not become a forum just for discussions on the European Semester.

The ETUC is prepared to discuss how to improve the social dialogue in the context of the European Semester. However, the current state of play regarding the sectoral social partners' framework agreements on health and safety in the hairdressing sector and on the organisation of working time in the inland waterways sector is an unacceptable

infringement of the autonomous social dialogue. This casts severe doubts on the Commission's sincerity in wishing to strengthen the social dialogue in general.