



European Economic and Social Committee

SOC/507
Social dialogue in the
context of EMU

Brussels, 10 September 2014

OPINION

of the
European Economic and Social Committee
on the

**Structure and organisation of social dialogue in the context of a genuine Economic and
Monetary Union (EMU)**
(Exploratory opinion)

Rapporteur: **Mr Dassis**

On 5 February 2014 the European Parliament decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Structure and organisation of social dialogue in the context of a genuine Economic and Monetary Union (EMU)

Exploratory opinion.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 27 August 2014.

At its 501st plenary session, held on 10 and 11 September 2014 (meeting of 10 September), the European Economic and Social Committee adopted the following opinion by 169 votes to 1, with 9 abstentions.

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1. Recommendations and conclusions

- 1.1 Social dialogue in the European Union (EU) is an inherent part of the European project and of the growth and employment policies and measures aimed at overcoming the crisis that must necessarily be based on the wealth of social dialogue at every level: national, sectoral, regional and company.
- 1.2 Social dialogue is bipartite, between social partners, supplemented by tripartite coordination with the European institutions and political bodies and various forms of consultation at European and national levels.
- 1.3 A clear distinction must be drawn between *social dialogue*, the subject of this opinion, and *civil dialogue*: both are a reality. Although they cannot be merged, as at European level the treaty defines the participants, competences and procedures involved in social dialogue and gives the social partners a quasi-legislative role in the area of working conditions in the broadest sense, neither should they be completely divorced from each other. The European social partners take an open approach and have already broadened their range of activities, undertaking specific work with a number of European associations and NGOs.
- 1.4 The social partners must continue to increase their autonomy and their capacity for collective bargaining and the European institutions must take their joint declaration of October 2013¹ into account. It is the institutions' responsibility, and especially that of the Commission, to

¹ http://ec.europa.eu/europe2020/pdf/2014/socjointcontrib_ags2014.pdf.

facilitate European-level social dialogue and help to translate its achievements into practice at interprofessional and sectoral levels.

- 1.5 The social partners must also implement their autonomous agreements more effectively so as to cover every country and guarantee all European Union workers and companies proper application of the rights laid down in them, in accordance with national legislation and practice.
- 1.6 The complexity and scale of the challenges engendered by the crisis and by the economic and social changes call for ad hoc cooperation with other civil society representatives with due consideration for their respective responsibilities and competences.

2. **From the European Coal and Steel Community (ECSC) to EMU: the importance of the social partners and social dialogue in the European project**

- 2.1 The commitment of social partner organisations to the European project was not born of necessity but, leaving aside their differences, of the conviction that the European Community was the only way to reunite our peoples in peace, democracy, economic growth and social progress. The history of social partner involvement in the development of the European project, from the ECSC to EMU, is thus characterised by this basic commitment and shows the decisive role that social partner organisations have played and must continue to play in the current phase of EMU in order to address the cyclical challenges of the crisis and the structural changes facing our countries. Against this backdrop, EMU must guarantee sustainable economic and social recovery in all EU countries, generating high-quality jobs and ensure that all stakeholders are involved in the areas under their remit. The European dimension of social dialogue must also take account of the backdrop of globalisation and allow the EU to be part of the necessary global regulation that will ensure, as the EESC announced in its opinion of May 2007², that achieving "both globalisation with a human dimension and European integration" become "matters which involve the people and organised civil society".
- 2.2 With its specific experience, the ECSC Consultative Committee proved its effectiveness for each of the aspects of interest to the industrialists and the workers, namely industrial policy, market development, social intervention mechanisms, and technical and social research. It therefore made sense to ensure that the treaties continued to include both provisions relating to industrial policy and social consultation instruments; now it is a matter of developing them further. As part of its responsibilities, the EESC can therefore play a major part in supporting and anticipating these developments, (as was the case with its opinion on the 1989 Community Charter of the Fundamental Social Rights of Workers³).

² [OJ C 175, 27.7.2007, p. 57.](#)

³ http://europa.eu/legislation_summaries/human_rights/fundamental_rights_within_european_union/c10107_en.htm.

- 2.3 It was in 1985, with the launch of bipartite social dialogue promoted by Jacques Delors, president of the Commission, that social dialogue at Community level evolved into a genuine European forum for negotiation.
- 2.4 The social partners reached a key milestone with their agreement of 31 October 1991, which would subsequently be incorporated in the Treaty of Maastricht's Social Protocol⁴. They affirmed their willingness to take part in the EU's social governance by themselves becoming regulators, by means of negotiation, alongside the legislative dimension.
- 2.5 **Subsidiarity:** the principle of subsidiarity is generally understood to mean making the upper level - in this case, the European Union - responsible for what the lower level - the Member States - could not implement as effectively (Article 5 of the Treaty on European Union (TEU)). Recognising that the social partners have the capacity to resolve problems in areas in which they are competent within the framework of social dialogue might be considered another application of the principle of subsidiarity⁵. This capacity is clearly extended to the European social partners under Articles 154 and 155 of the Treaty on the Functioning of the European Union (TFEU). Providing they are effectively and regularly followed through in practice and adequately publicised, these provisions, which bring decision-making closer to the public, can promote the role of organised civil society in general and combat the poor image that the public have of the EU and its institutions as being distant powers.
3. **Ever stronger monetary union while economic governance and social integration remain weak**
- 3.1 The economic and financial crisis affecting most EU countries has resulted in a tendency to seek competitiveness by cutting immediate production costs (the cost of wages, raw materials, etc.) whereas Europe should be making serious efforts to excel in non-cost competitiveness (quality of products and services, research and innovation, quality of work and industrial relations, organisation of work and corporate social responsibility, education and training, etc.).
- 3.2 In order to overcome the crisis and restore public confidence it is time to stimulate the economy properly through public, private and social investment (see EESC opinion⁶) at European and national levels, in order to achieve sustainable and innovative development that generates high-quality jobs and social progress and also secures sound and sustainable macro-economic conditions.

⁴ [OJ C 191, 29.7.1992, p. 90.](#)

⁵ Sometimes referred to as horizontal subsidiarity.

⁶ EESC own-initiative opinion on The impact of social investment on employment and public budgets, [OJ C 226, 16.7.2014, p. 21.](#)

- 3.3 In October 2013, the European social partners adopted 10 principles to underpin their involvement in EU economic governance⁷. The second principle states: *"Social dialogue and well-developed industrial relations at all levels are a crucial element of the European social model and democratic government. Appropriate involvement of social partners in economic and employment policies is thus essential."*
- 3.4 In the fifth principle, the social partners point out that *"Social dialogue can be a driving force for successful economic and social reforms. Social partners can raise awareness of the consequences of economic and social change on social systems and labour markets. They can also play a key role in putting in place the conditions that will stimulate job creation, notably by facilitating economic recovery and labour market and social inclusion."*
- 3.5 Social dialogue must therefore be strengthened in terms of its autonomy and the importance of its contributions so as to be able to rise to the challenges of current times.
- 3.6 European social dialogue must be based on the wealth of national social dialogue at the various levels: interprofessional, sectoral, regional and company. At these levels, coverage by collective agreements in a significant number of countries is currently growing weaker⁸, however, partly as a result of European intervention in governance, undermining the position of workers and contributing to growing inequality.
- 3.7 What is needed is a new approach that gives greater consideration to the regional dimension, so as to find appropriate responses to the consequences of restructuring leading to redundancies and site closures. These situations often have a dramatic local and regional impact, not only for workers and their families but also for local authorities and the companies that depended directly or indirectly on the site concerned.
- 3.8 In these difficult times of change and adaptation, one might expect a driving force to emanate from the euro area, whose governance is more developed and where there might be more joined-up action. Any such move must take account of the need to maintain the economic and social cohesion of the EU as a whole. Bearing in mind the social divisions that already exist, a mechanism is needed to monitor disparities with a view to taking corrective action. This monitoring mechanism would be based on closer surveillance and take account of the fact that employment systems are interdependent. The task could be assigned to the European Foundation for the Improvement of Living and Working Conditions or be based on the work of the Employment Committee which has drawn up the "Employment Performance Monitor".

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http://www.etuc.org/sites/www.etuc.org/files/other/files/layout_declaration_governance_21_10_13_clean_3.pdf.

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The Appendix to the present opinion contains a graph presenting data from the Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts (ICTWSS) managed by the Amsterdam Institute for Advanced Labour Studies (AIAS), of the University of Amsterdam.

4. **The different forms of coordination, consultation and social dialogue: the challenge of a new form of governance**

4.1 The Laeken declaration on social dialogue (2001) and the joint declaration by the social partners on governance (2013) are part of a logical progression.

4.1.1 **Adopting precise definitions:** reference should be made here to the social partners' contributions to the Laeken Summit (December 2001)⁹:

"UNICE/UEAPME, CEEP and ETUC insist on the importance of making a clear distinction between three different types of activities involving the social partners:

- 1. tripartite concertation to designate exchanges between the social partners and European public authorities,*
- 2. consultation of the social partners to designate the activities of advisory committees and official consultations in the spirit of Article 137 of the Treaty,*
- 3. social dialogue to designate bipartite work by the social partners, whether or not prompted by the Commission's official consultations based on Article 137 and 138 of the Treaty."*

4.1.2 **Step up the partners' role in EU governance:** the important joint declaration by the social partners of 24 October 2013¹⁰ on social partner involvement in European economic governance, intended for the Tripartite Social Summit, highlights the key role of social dialogue at both national and European levels as well as the broadened sphere of consultation that should be shored up (annual report on growth, national reform programmes, country-specific recommendations, macro-economic imbalance procedure, labour market indicators).

4.1.3 **Deepening the contractual dimension of social dialogue:** at difficult times, every kind of instrument available (agreements transposed by directives or implemented autonomously, action frameworks, joint declarations, etc.) should be deployed to put forward effective solutions, particularly with respect to employment and quality of work.

4.1.4 **Consolidate the results of social dialogue:** various assessments made by both the social partners (see the joint final reports on teleworking in June 2006¹¹, on stress in June 2008¹², on harassment and violence in the workplace in October 2011¹³ and on inclusive labour markets

9 [Joint contribution of the social partners to the Laeken European Council](#). UNICE has since become BUSINESSEUROPE and Articles 137 and 138 TEC have been replaced by Articles 153 and 154 TFEU.

10 See footnote 7.

11 http://www.ueapme.com/docs/joint_position/061010_telework_implementation_report_final.pdf.

12 http://www.ueapme.com/IMG/pdf/Stress_Final_Implementation_report_231108.pdf.

13 http://www.etuc.org/sites/www.etuc.org/files/BROCHURE_harassment7_2_.pdf.

in June 2014) and the Commission (see reports¹⁴) have revealed major disparities when it comes to transposing autonomous agreements, weakening their effectiveness and scope compared with legislation and resulting in European workers and companies not all having the same rights. It seems obvious that autonomous agreements should entail mandatory implementation, regardless of how the legislative or contractual transposition is undertaken. It is up to the social partners to develop current arrangements further and define new rules for ensuring that their European agreements are effectively implemented within their set timeframe, not only by the European signatory organisations, but also their statutory members at national level. All autonomous concluded under Article 155 TFEU should of course be considered part of the Community acquis.

4.1.5 **Strengthening capacity for autonomy and synergy with EU policies:** the social partners' autonomy must be increased and extended (see reference below to the social partners' joint declaration on governance of October 2013) but this does not absolve the Commission from necessary and urgent action in areas such as restructuring, health and safety, mobility and structural reforms, particularly of the labour market, with a view to encouraging job creation. Boosting the social partners' capacity for autonomy should not weaken the Commission's ability to take the initiative and act as a catalyst; on the contrary, it should work in synergy and in tandem with this process. The social partners have already made progress in managing the way social dialogue is carried out at both the interprofessional and sectoral levels, not least through the negotiation of biannual programmes. Their declaration on governance of October 2013¹⁵ marked a new milestone. Increasing their autonomy could lead the social partners, if they so wished, to conduct a trial involving setting up a permanent secretariat for social dialogue with bipartite membership. The EESC already mentioned this idea in its opinions of 24 November 1994 and 29 January 1997¹⁶.

4.1.6 **Broadening consultation:** as our increasingly complex societies evolve, all stakeholders representing trade unions, employers, the voluntary sector, the social economy and public interests should be involved in consultations regarding Community policies and projects within the areas under their remit. The social partners already often take part in European public consultations, which helps to improve exchanges with other elements of civil society. These exchanges also take place within the quadripartite forum on corporate social responsibility. Nevertheless, the practical arrangements for consultations have to be managed carefully, especially if use is made of electronic consultation, and consideration must be given to the various contributors' competences and representativeness, depending on the subject concerned: the social partners, meanwhile, already undergo representativeness assessments regularly.

14 [Framework Agreement on Telework, SEC\(2008\) 2178](#) ; [Framework Agreement on Work-related Stress, SEC\(2011\) 0241](#).

15 See footnote 7.

16 [OJ C 89, 19.3.1997, p.27](#); [OJ C 397, 31.12.1994, p. 40](#).

5. The various dimensions of social dialogue

- 5.1 **Interprofessional:** the 2012-2014 work programme brought the action framework on youth employment to completion. The social partners made a commitment to begin negotiations on a new joint work programme for 2015-2017 that will be of major importance over the next three years. They will need to use all the mechanisms at their disposal to establish rights and launch practical policies to meet the challenges of the moment.
- 5.2 **Sectoral:** thanks to the Sectoral Social Dialogue Committees (SSDCs) in particular, there is considerable scope for anticipating the changes under way and managing them more effectively. In the context of industrial and sectoral policy especially, the European Works Councils, in conjunction with their professional federations, can also make a valuable contribution by using their expertise and experience to generate proposals and alternatives for industrial policy.
- 5.3 **European works councils (EWCs):** in a context of globalisation and on-going technological innovation, companies and workers in all European countries are faced with continuous and rapid change in the way work and production are organised. Experience shows that EWCs can help management and workers to build a corporate culture and adapt to change in fast-evolving transnational companies or groups, when changes relate to the group's strategy and affect sites in several countries. In the case of global companies, European Works Councils also play an essential role in building the human dimension of globalisation on the basis of the EU's democratic and social values and promoting ILO standards. They can also be involved in the implementation of European or international framework agreements or agreements on corporate social responsibility¹⁷.
- 5.4 **SMEs:** the industrial fabric needs to be regenerated by encouraging the development of SMEs and securing their prosperity and stability. To this end, social dialogue should be underpinned by a policy of resource-pooling, for instance in the area of training and health and safety at work.
- 5.5 **Cooperatives, mutuals and social enterprises:** their specific characteristics and the way their development is based on solidarity, cooperation and the distribution of the wealth generated by the enterprise make them major stakeholders in terms of growth and job creation. It is therefore natural to take their characteristics into account as part of the social dialogue and to think about how to encourage their development.

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See the opinion of the European Economic and Social Committee on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — A renewed EU strategy 2011-14 for Corporate Social Responsibility COM(2011) 681 final, [OJ C 229, 31.7.2012, p. 77](#).

- 5.6 **Cross-border areas:** our cross-border regions are new zones for mobility and economic development. Appropriate forms of social dialogue should be set up for these cross-border regional areas encouraging employment and equality of treatment and safeguarding the conditions for cross-border mobility.
6. **Building on the synergies between and complementary nature of social and civil dialogue in order to respond to societal challenges**¹⁸
- 6.1 Society has become more complex and social and environmental problems more interdependent. For companies there is a connection between what is internal and what is external: building the regional dimension into business development; the transition to a low-carbon economy; a sustainable development policy bringing together public and voluntary sector stakeholders; enabling the unemployed to find work, not least by setting up mentoring schemes bringing together company workers and the voluntary sector fighting for inclusion through the economy; corporate social responsibility with particular regard to companies sub-contracting in developing countries, etc.
- 6.2 Social and civil dialogue exist side-by-side. They cannot be merged, but neither can they fail to influence one another. Bipartite social dialogue is focused on salaries, employment, organisation of work, health and safety, etc. through collective bargaining at all levels. Civil dialogue covers a wide range of subjects ranging from the environment, consumption, family policy, discrimination and combating poverty to human rights, and is part of the process for resolving societal problems. The social partners have already broadened their spheres of activity as part of a more open and people-friendly approach, as reflected in their agreement on "Inclusive labour markets" of March 2014¹⁹ and the specific activities they undertake with European NGOs and associations working on environmental protection, consumer protection, disabled people's rights, women's rights and gender equality, the fight against poverty, and for social inclusion, etc.

¹⁸ A major seminar was held at the EESC in June 2003, in conjunction with Notre Europe and involving Jacques Delors, on the theme *European social dialogue: differences and complementarities* (<http://www.notre-europe.eu/media/semi19-fr.pdf>).

¹⁹ This agreement acknowledges the need for social partners to work together with the third sector in order to support people experiencing particular difficulties in connection with the labour market (<http://www.etuc.org/framework-agreement-inclusive-labour-markets>).

Faced with this complexity and the wide range of stakeholders, existing links between social dialogue and civil dialogue must be strengthened to secure synergies and mutually beneficial measures, within the scope of each party's competences and responsibilities.

Brussels, 10 September 2014.

The President
of the
European Economic and Social Committee

Henri Malosse

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