



10th BIENNIAL

EUROPE WORK EMPLOYMENT

**THE ECONOMIC CRISIS OF THE EU AND THE
EURO: HOW TO STRENGTHEN THE ROLE OF
SOCIAL ACTORS IN ORDER TO EXIT THE
CRISIS?**

PROCEEDINGS

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**THE ECONOMIC CRISIS OF THE EU AND THE
EURO: HOW TO STRENGTHEN THE ROLE OF
SOCIAL ACTORS IN ORDER TO EXIT THE
CRISIS?**

REVIEW OF THE DEBATES

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**ECONOMIC
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Rédacteur : Louis Marc Selva

INTRODUCTION

Thursday, 19 January 2012

Roger Briesch

Europe Delegate of Lasaire

Jean-Paul Huchon

President of the Ile de France Regional Council

Jean-Cyril Spinetta

President of Lasaire

INTRODUCTION

◆ Former Chairman of the European Economic and Social Committee, and currently Lasaire's Europe Representative, **Roger Briesch** welcomed and greeted the participants to the Biennial. He provided a general outline of the backdrop against which the discussions will be held. What can be the role and action of social stakeholders in the face of the debt crisis and the crisis in the European social model? We are confronted on every front by challenges to our common foundation, that of the social attainments, the planned dismantlement of which risks bringing about a definitive change in people's support for the European project. Working people are right to be concerned, but such concern should not lead them to a temptation to withdraw into themselves and to close up -- a fertile breeding ground of populism and to adventurism all kinds.

It is time for the social stakeholders to find their voice and not to abandon to the council of European heads of state the monopoly for initiatives for everything to do with the introduction of governance that is not only economic and financial, but also social and ultimately democratic. It all boils down to getting out of an ambient lethargy and of inciting the European Commission to resist the temptation of being simply the administrative appendage of the European Council of Heads of States. There is an urgent need to restore the initial balance between the Commission, the Parliament and the Council. It is only by getting back to its real prerogatives that the Commission will revive this desire for Europe in the heart of citizens. A leap forward in deeper political integration is needed more than ever before. This Biennial therefore comes at the nick of time.

◆ The Ile-de-France occupies first place among the regions of Europe from an economic and demographic point of view, its president **Jean-Paul Huchon** points out. The Region is naturally also on the front line for the mobilisation against the crisis. In that capacity, those in charge of its management share the common concern of all participants in the Biennial, namely to find the means to reconcile the constraint imposed by limited financial resources and the refusal to feed the depressive cycle triggered by the convergence of restrictive policies throughout the euro zone. In short, it is a matter of yielding to the temptation of a really Keynesian budget to maintain the investment effort.

For public policy to be turned into efficient action, it must find partners that can be treated as real stakeholders. Jean-Paul Huchon points out that in the region he heads, no decision of public scope is taken without long and in-depth consultations, subject to revisions and discussions between communities throughout the process before the final decision. Whether it be about transport policy, ecological conversion, or research and training, they all provide forums where social stakeholders, employers' representatives, spokesmen of intermediate bodies and communities concerned can get their point of view across and contribute to the final decision.

Jean-Paul Huchon finally pointed to the constraints inherent in the master development plan for the Ile-de-France Region. Its next revision will afford an

opportunity on a larger scale to implement this form of public management through consultation and discussion. It is perhaps also the most concrete way to thwart,

beyond the purely economic aspects of the current crisis, the defiance regarding politics that we feel rising on all sides in the minds of citizens and constitutes the most serious of dangers for a society intent on remaining really democratic.

◆ **Jean-Cyril Spinetta**, President of Lasaire, underscored that this tenth biennial is in line with its nine predecessors inasmuch as it is in turn geared to considering the conditions required to put the social stakeholders centre stage and to remind the various European officials that the realities of which they have been put in charge are not merely economic, but just as much, and even more so, of a social nature. There is a great risk of seeing the role of the social stakeholders marginalized and pushed more in the background, if the economic situation worsens, in the name of urgent decisions to be taken, or considerations far too often dictated by short-term financial realism. Such emergencies frequently feign extremely powerful preconceived ideas.

The ninth biennial (in 2008) was already held in the shadow of a crisis: the watchword was a call for mobilisation of all social, employer, union and citizen networks on a European scale to analyse and thwart the effects of that crisis as promptly as possible. It was brought to a close with a memorandum to be presented to the French government which at the time held the six-month presidency of the European Union. At issue was to attract the attention of leaders on the role that social actors had to play in the real economy, so that it could be based on work, innovation and the regulation of the market. By their mere presence at the centre of the game, the social stakeholders would be capable of intervening in the places where economic decisions are taken. The idea of a European social conference on the model of the Val Duchesse meetings was also raised. It is regrettable that these recommendations were not followed, since they could have contributed to solutions for remedying the imbalances inside the European Union, which now stand in the way of any real progress. The situation has only got worse since. Still “local” in 2008, the crisis has spread to the rest of the world. Its driving force is an artificial “stimulation” of demand by debt, that of financial institutions and States, as well as the debt of individuals, of course. This model has now reached its limits. The leaders in office would nonetheless still have to accept to draw conclusions from them.

For its part, this biennial will focus on the role that social stakeholders could play to help introduce instruments and actions for getting out of the crisis which is inseparable from getting the European project back on the saddle.

More specifically, in accordance with the work methods already in place in previous biennials, this tenth biennial plans to rely on the observation and comparative analysis of certain social models that have proved successful in Member States, i.e. where stakeholders were able to play a decisive role in the implementation and operation of efficient social systems. The Scandinavian countries were the most striking example, as Gösta Rehn, the father of the Swedish model, had already had the opportunity to show at the 3rd biennial in 1994. The models are based on a long-term approach, inasmuch as they take into account the anticipation and negotiation time required by the concern to maintain skills and to adapt continuously to change. Faced

with the invasion of short-term rationales, the Swedish example had shown the extent to which a coherent economic project is inconceivable without a long-term vision to establish and maintain full coherence step by step.

What role can a think tank like Lasaire then play in such times of uncertainty? How can it capitalise on the sum of experiences, analyses and proposals represented by the biennials it has organised for more than twenty years? When we look back on the discussions to which they have given rise, we cannot but note that they paved the way to all sorts of reflections and proposals for actions that could have served and indeed should still serve as a counterweight to a certain excessively conventional line of thought, and facilitate an approach closer to the actual situation as well as to influence hold that we can expect to have on it.

The programme of the tenth biennial will be conducted in two steps. First, in Athens, concomitantly with a dramatic economic situation for Greek democracy and for the future of the European Union. Then in Paris where, for two days, the participants will delve into the new aspects of the crisis by focusing on two dimensions: in an initial roundtable, on the *Europeanisation* of social democracy, and in a second roundtable on the question of the regions of Europe and the stakes that they represent for sustainable development and democracy in action.

THE CRISIS AND FINANCIALISATION: CONSEQUENCES FOR THE SOCIAL DEVELOPMENT MODEL AND FOR DEMOCRACY

Thursday, 19 January 2012

Joël Maurice
Lasaire Economist

Emmanuel Julien
Vice-President of the Social Affairs Committee of Business Europe

Bernadette Segol
Secretary General of ETUC

Christos Polyzogopoulos
President of the ESC of Greece

Pervenche Bérès
President of the Employment and Social Affairs Committee of the European Parliament

THE CRISIS AND FINANCIALISATION: CONSEQUENCES FOR THE SOCIAL DEVELOPMENT MODEL AND FOR DEMOCRACY

◆ **Joël Maurice** presented the conclusions of his reflection on the consequences that the financial crisis risks having for the social model understood as a stakeholder for democracy. This question was actually at the centre of the first discussion that opened the Athens seminar in November 2011.

He started by going briefly over the sequencing of the crisis: deepening inequalities in most countries (denounced by the ILO and the OECD), a rise in tensions, as of 2007, on the real estate markets in the United States and in the United Kingdom, the outbreak of the financial crisis with the bankruptcy of *Lehman Brothers*, on 15 September 2008, massive interventions (rather well coordinated) by the central banks, abrupt slowdown in international trade and private investment, (rather poorly coordinated) mobilisation of budget policies to replace private demand, then the G20, without any clear outcome. In the beginning of 2010, the Greek crisis broke out, triggering in turn a violent offensive by the markets against sovereign debts in the euro zone, which had nonetheless protected until now the Member States and had provided low interest rates with insignificant spreads¹; and since then, we have been witnessing a high-speed chase between the demands of the markets, imposing discriminatory interest rates between the Member States of the euro zone, and the defensive reaction of those States, dealing with the most urgent matters, always perceived as doing too little or too late, or even as taking “punitive” measures, deaf to the risks of vicious recessionist circles, insensitive to the rise in the anger of public opinion; and all in the deafening silence on the prospects for the future from which a mobilising European project could draw support.

The euro zone crisis has been played out on two main interdependent fronts, namely budgetary discipline and structural reforms – a euphemism to avoid using the term “internal devaluation”. However, as Joël Maurice has pointed out, these two fields of operations raise important issues concerning the social model and democracy.

This explains the increasingly more obsessive nature of budgetary discipline, as well as the introduction of the “European semester” intended to flank the adoption of national budgets upstream but furthermore, the Commission, with the Council’s approval, tabled a package of six legislative proposals (the famous “six pack”) which the European Parliament ratified on 29 September 2011 giving greater weight to the stability and growth pact. The euro zone summit of 26 October 2011, followed by the European Council of 8 and 9 December 2011, led to the announcement of a new budget as well as to the “development of stabilisation tools to face short-term challenges.” Thus, a commitment was taken to “establish a new budgetary rule whereby the annual structural deficit does not exceed 0.5% of nominal GDP,” which will be introduced in the national legal systems at constitutional or equivalent level. Furthermore, it was agreed to accelerate the implementation of the treaty establishing the European Stability Mechanism (ESM), the aim being to have it enter into force in July 2012, and in case of emergency, to be able to take the decision to

¹ The gap between interest rate exacted from a given country and the one granted to the “most reliable” state, i.e. Germany

use it by a qualified majority of 85%. Given the decision taken by the British Prime Minister, these measures would really take the form of a new treaty to be signed by March 2012, the objective still being to include these provisions in the treaties of the Union as rapidly as possible.

It remains to be seen whether this new hybrid pact, both inter-governmental and destined to be included in the treaties of the Union, will meet the essential democratic requirements in terms of tax budgets and public debts. It often seems as if it is going to be negotiated hastily, and from government to government. At this stage, it must be noted that no progress is emerging on fundamental questions that have been carefully ignored. To cite but two:

- Should the current prohibition of the primary financing of public deficits and the due dates of the debts be preserved by the ECB? Can we be satisfied with “System D” entailing non-conventional financial arrangements by the ECB, whether in the form of buying back sovereign debt on the secondary market, or in the form of liquidities granted to private banks so that they in turn can buy sovereign debt on the primary market? Wouldn’t it be better to entrust the ECB the responsibility of lender of last resort?
- Can an eminently federal single currency be stable without a federal budget? Such a budget would naturally have its own tax resources (taxation of financial transactions or greenhouse gas emissions) or be fed by the transfer of tax resources that already exist in the Member States. This federal budget would then have its own areas of competence concerning expenditures: on the one hand, the mutualisation of existing debts (social hive-off vehicle proposed by the German wise men), and common interest expenditures on the other (energy, the environment, large networks, research).

The competitiveness aspect is just as problematic. Thus, the Pact for the Euro, approved by the European Council of 24-25 March aims to improve competitiveness and to arrive at a higher level of convergence. When it comes to strengthening competitiveness, everything depends on the *unit labour cost* (ULC): The Pact enjoins the euro zone countries “to re-examine the mechanisms for fixing salaries and the degree of centralisation of the bargaining process, as well as the indexing mechanisms.”

However, as Joël Maurice points out, integrating productivity gains boils down to stabilising the wage/profit sharing in added value. Nothing is said about the level of this sharing, even though the wage share has clearly dropped in many countries, including Germany. Is it possible to get out of the crisis without considering the advisability of redressing this balance in more favourable terms for wage earners, i.e. supporting the demand side ?

Furthermore, the Pact for the Euro insists on the need to involve the social partners in the tripartite social summit, whose independence must be preserved in collective bargaining agreements. This appeal seems quite formal, given the questioning of the collective bargaining agreements as well as the level of wages and pensions in countries “under adjustment,” with the prospect of seeing them extend to the rest of the euro zone. It is moreover recommended to promote “flexicurity”, reduce the tax burden on work so as to make it attractive while preserving the overall level of tax revenues, as if flexicurity would in and by itself create jobs at a time when there is no growth.

As to social consultation, the Pact for the Euro stipulates that “particular attention” is to be paid to countries facing “major challenges” on the competitiveness front! Fortunately, the European Parliament secured that productivity surveys should pertain also to countries with a surplus. The question then arises why it would make more sense to ask countries with a deficit to reduce their wages (“internal devaluation”) rather than asking countries with a surplus to increase theirs (“internal revaluation”).

As in the case of public finances, the current management of the euro crisis has profound insidious implications for the European social model and for democracy. There is therefore a considerable need for a democratic debate on the social stakes to be preserved and promoted within the euro zone as a whole. In short, rather than put up with an exclusively coercive international agreement concluded on the sly, isn't it high time to call for a really democratic in-depth reform, by having the euro zone rest on three pillars – monetary, budgetary and social – without which no stability can be possible? Such a reform would naturally be open to the other EU Member States that wanted to adhere thereto.

◆ Before turning the floor over to Emmanuel Julien, **Joël Decaillon**, Executive Vice-President of Lasaire, raised two questions: What meaning could still be given to the idea of independence of the social partner in the context of such a serious crisis? Secondly, at which level should trade unions and employers' organisation conduct their negotiations in order to implement the effect of solidarity and coherence for which they are responsible in a really European framework?

◆ **Emmanuel Julien** pointed out that *Business Europe*, which he represents here, comprises 34 employers' organisations from 30 countries. For the MEDEF, which is a stakeholder, Europe must be built on the basis of two requirements: economic governance, and social dialogue. As *Business Europe* sees matters, it is wrong to speak of the crisis, while on the other hand it is true that there are crises which are different in time and space. At present, the crisis affects especially southern and Baltic countries. Similarly, it would be wrong to think that the financial crisis of 2008 can explain the debt crisis that is raging in Europe at this time. MEDEF has in fact been alarmed for a long time by the rise of public debt in all European countries.

The social system, in France and elsewhere in Europe, is suffering from a deficit in terms of accounting but also of credibility. Each country is a particular case, but also a venue of stimulating experimentation. So no one should be made a scapegoat. Some European countries have fared better economically and socially. They are countries which, upon closer scrutiny, have paid twice, i.e. by being net contributors to the EU budget, and by coming to the rescue of Member States in difficulty. Emmanuel Julien wanted to commend the composure that ETUC had managed show in the face of a particularly tense political and social situation in a certain number of countries. At MEDEF's instigation, *Business Europe* is currently negotiating a work programme with ETUC on the European social dialogue for the period 2012-2014, with particular focus on European countries that were more efficient and successful in weathering the crisis than others. The conclusions to be drawn from this type of work help go beyond what are at times rather stereotypical views of the social dialogue. Accordingly, decentralised bargaining is not necessarily synonymous with *wage moderation* any more than centralised collective bargaining is

synonymous with wage inflation. That said, the social development model that has been so successful in Europe is now admittedly broken, due to a lack of growth, a lack of European vision on the economic and social front, and a lack of a world vision as well. This lack of joint perspectives on globalisation has a direct effect on the construction of Europe, inasmuch as progress on that front is no longer separable from that for the world as a whole. In the view of *Business Europe*, Europe has reached the limits of its collective choices. All the rules and criteria of economic growth have changed since the *Single Act* signed in 1986, and its impact on the currency, customs, accounting standards, to be followed soon by those of new communication technologies.

Whether on the economic or the social front, globalisation forces Europe to ask the question about the limits of mutualisation. It is for that matter normal that greater resistance to change should be encountered on the social front. How can personal responsibility be restored without destroying solidarity? There can be no question of letting go the two ends of the rope. However, this undertaking is becoming more and more difficult at European level. Conversely, there is real European unity on the commercial front. In that respect, the *euro plus pact* and the treaty that is to ensue are good signs. Furthermore, this pact offers many guarantees, which are not found at European level, because the IMF acts without bothering to engage in coordination with an institution such as the ILO, and vice versa, even if the question was raised at the G20. For its part, the *euro plus pact*, does not lack ambition in terms of coordination, competitiveness and convergence. Furthermore, there are sizeable social safeguards: respect for the traditions of the social dialogue, respect for the independence of the social partners, tripartite social summits, and well distributed balanced growth in the euro zone – at least in theory. The situation is less rosy in practice: Three questions arise, in fact:

1. Is there real transparency in the application of this pact? Apparently not. For instance, we do not know anything about the exact nature of relations between Greece and the Troika.
2. Does *governance really exist*? It is difficult to say at this time that this word covers a clearly identifiable system.
3. What is the consensus aimed at? Isn't it clear that, as at no previous time, the conditions are simply not met to reach such consensus? On this issue, replying to the question raised by Joël Decaillon, Emmanuel Julien offered his definition of the independence of the social partners: their capacity to respond together to the problems raised, whether at the national or the Community level.

The fact remains that the financial situation is serious and that the social partners are there to intervene as guarantors of democracy. From this point of view, the social partners are equally perplexed on how to respond to the current challenges. The level of the social dialogue in the different countries of Europe cannot claim to replace the parliaments and the eminently democratic responsibility incumbent upon them to vote on the budget. Whence MEDEF's proposal to entrust the task of considering the means for involving the social partners in the economic and social reform in progress in many European countries to a subcommittee stemming from the committee on the European social dialogue. In conclusion, Emmanuel Julien points out that although democracy is far too serious a matter to be

left only to governments, it cannot bypass a representative system worthy of that name.

◆ **Bernadette Ségol**, ETUC General Secretary, in turn pointed out that ETUC represents 36 European countries and 87 confederations. Like *Business Europe*, ETUC has a project for Europe, even if it is somewhat different than that of the employers.

The bottom line is that the news is bad, very bad even, on the economic as well as on the social front. Unemployment has reached record levels in the euro zone as a whole. For their part, public deficits have largely exceeded the limit set in the Maastricht Treaty. European decision-makers are refusing to face reality. They are proposing nothing else than an austerity strategy, in spite of calls for the need for a stimulus.

The fact is that we have “lectured” European workers for a good decade, enjoining them to be more flexible and less demanding concerning wages. Furthermore, they had to become less dependent on social services, accept occupational mobility unconditionally, and resign themselves to less job security. The workforce has become an adjustment variable for a supply policy in the name of companies; conversely, they have been really “pampered.” These social results are at the heart of the action of the Troika and the different economic governance packages. This upsurge is paralleled by a movement aimed at decentralising the wage bargaining process, from the sectoral level to that of the individual company. Whatever one might say, this movement most often entails a drop in wages. As a result, the annual growth of wages negotiated by collective bargaining has dropped by about 2% since the 1990s. Furthermore, even during periods when the economy improved, wages remained stagnant in the euro zone.

On the business side, shareholders and executives have seen their remuneration skyrocket: staggering salaries, munificent dividends, share redemptions, etc. Whence the increasingly more unfair nature of European economies. Now the rich do not spend all their income, whereas poor households do not have enough income to meet their needs. This is the ordinary contradiction that served as the basis for the boom of the *casino economy*, or put another way, the almighty financial markets: The United States, Spain, Ireland and, surprisingly, Sweden, are the countries where this easy credit policy open to modest income households has been the most systematically implemented. In these countries, and in the rest of Europe by contagion, the economic miracle was therefore based on collective indebtedness that went long undetected. In the wake of financial deregulation, the banks were goaded to extend their loans to private individuals far beyond the resources of the latter, through lending formulas that were relatively impenetrable from the outside.

In short, for ETUC, the current crisis, i.e. the crisis of the financial markets, is necessarily contingent upon the existence and even the aggravation of inequalities in access to income. The limits have now been reached. The speculation boom has turned into a fiasco. Only Germany managed to resist the temptation of financial speculation. Its economic growth is based on its export, combined with a policy of wage moderation and competitive disinflation. There are now efforts to impose this model on other European countries, forgetting that the German “success” was achieved to the detriment of domestic demand. For ETUC, on the other hand,

“social recovery” is a means of getting out of the recession. Far from being part of the problem, social rights, including the right to work, are part of the solution. There is therefore an urgent need to discourage speculation, tax financial transactions, and issue eurobonds to stimulate growth. Furthermore, ETUC is in favour of the idea of making the European central bank the *lender of last resort*. Finally, the time has come to devote major investments in the fight against climate change and the sustainable economy.

Returning to the social aspect of her recommendations, the general secretary of ETUC cited the *Laval* case law of the European Court of Justice which prioritises the economic right over the right to strike. This trend must be reversed, as must the facilities of the posting of workers to the lowest social bidder that accelerates the drift towards precarious and unstable employment. In a more general manner, ETUC supports the determination of trade union confederations in all countries to obtain wage floors equivalent to at least 50% of the median wage or 60% of the average wage in the country. ETUC is fully aware that the Troika’s directives to Greece have in particular lowered the minimum wage threshold and generally eliminated wages negotiated at the sectoral level. This is a dead end. In this respect, it is in the very interest of companies not to favour the growing precariousness of wage contracts. Furthermore, the *golden rule* provided by the recent budgetary discipline treaty can only drive workers to despair. ETUC is nonetheless pinning its hope on the implementation of social consultation at European level – which must nonetheless bring about real changes in the condition of workers. ETUC is for its part ready to discuss the forms that such a tripartite approach could assume provided that its interlocutors do not erect a wall with their ideological certainties, namely the adjustment of the labour market in exchange for a promise of growth postponed indefinitely! ETUC needs to see initiatives taken to restore hope for workers. Otherwise, Europe will be at the mercy of different forms of populism and nationalism – positions completely alien to the values that ETUC defends.

◆ **Christos Polyzogopoulos**, President of the Greek Trade Union Federation, was delighted to see that the Paris biennial provides an opportunity to continue and deepen the analyses concerning the future of social Europe initiated in Athens. He noted that since the EU has been dominated by an ultra-conservative philosophy, the “European social attainments” are seen as a prisoner’s ball, purportedly weighing too heavily on the competitiveness of the economy. This reversal of social attainments is bound to have consequences on the state of society in general, as its cohesion is coming apart, whilst budgetary constraints imposed by pressure from the markets enslave political power. The citizens are right to hold the politicians in office responsible for such a debacle, without exonerating the trade unions nonetheless. It is high time to change radically the *governance* put in place in Europe, which does not mean that it is necessary to comply with the preconditions of the German chancellor Angela Merkel. Such preconditions can only feed the ambient Euro-scepticism and push people in their national entrenchment. If such a development were to continue, it would mean the absolute negation of the European ideal.

In brief, according to Christos Polyzogopoulos, instead of managers and technocrats, Europe needs visionaries capable of giving credit again to the values of equality before the law, solidarity and social cohesion. In the meantime, the situation in Greece is deteriorating rapidly, but the responsibility for this situation is not

exclusively Greek. Other countries to have their share of responsibility, starting with Germany, which took the wrong initiatives to deal with the crisis, or when it opted for the right initiatives it did so late. In any event, by prescribing a internal devaluation through a reduction of wages and pensions by 20%, the Troika set up by Europe triggered a long-term recession which, according to several estimates, risks lowering GDP by about 20%. Unemployment is already hovering at the 20% mark of the working population. All the European economies are at any rate under attack from the market, as attested by the lowering of France's rating by one of the major agencies.

What does the Greek speaker recommend? First, an issue of Eurobonds and the taxation of financial transactions. There is also a need to reach a European agreement on minimum wage, which has become mandatory, at a level equivalent to 60% of the average salary in the country concerned. In a more general matter, there is a need for a stimulus which would in turn boost productivity throughout the EU. Christos Polyzogopoulos concluded by wishing that Lasaire would organise similar seminars in other EU countries, such as the Baltic countries, Southern Europe and Eastern Europe.

GENERAL DISCUSSION

◆ **Bogdar Hossu**, president of the Cartel Alfa (Romanian Christian trade union) was struck by the lack of social vision in the forms of European *governance*, as attested to by the very modest place reserved for social legislation in the “community attainments” which Romania undertook to comply with upon becoming an EU Member State. Priority is given to economic issues and deregulation, a field in which the European Union on the one hand, and the IMF and the World Bank on the other, do not always get their story straight. Indeed, the international institutions which have brought considerable weight to bear on the direction of the reforms needed in the “third way” of countries that acceded to the EU, limited themselves to the conceptions of Bretton Woods, thoroughly imbued with American values, according to which individual responsibility must replace all forms of collective solidarity. It should come as no surprise therefore that Romania proceeded to privatise its public services like crazy and found no fault with the *Bolkenstein* directive. The President of the Romanian Republic accordingly drew the conclusion in a very official manner with these words: “It is the end of the Welfare State.” Not only the Welfare State, but even more radically, it is the destruction of the social contract between the State and the citizen. Is the European Union ready to meet the challenge thus thrown down to it?

The first consequence of the dismantlement of the Welfare State is naturally the obliteration of the social actors and the disappearance of consultation mechanisms. Privatisation has become an instruction that the authorities in place intended to apply with fanaticism. One example: Raed Arafat, a doctor (of Palestinian origin), which had become enormously popular throughout the country for having set up the Romanian equivalent of the Emergency Medical Aid Service (known by the French acronym SAMU), was stigmatised by the President of the Republic as an “enemy of Public Health” for having protested against the privatisation of public hospitals, where he, like most Romanians, sees the source of uncontrollable

corruption and privileges bought at handsome prices. All these cavalier privatisations are causing a great deal of agitation and demonstrations that the trade unions have supported without however taking the lead. Without wishing for a revolution, Bogdan Hossu hopes that the trade unions and proponents of change will avail themselves of ETUC's recommendations and manage to implement wage floors calculated in accordance with the respective GDP of each Member State, ensuring a minimum percentage of investment for every social segment, such as education, health, etc. This is how convergence towards a European standard could be developed step by step, in line with the values proclaimed by the EU.

◆ **Javier Doz Orrit**, International Secretary of CCOO, started by referring to the drastic austerity cure prescribed for Spain: a reduction of €16.5 billion in 2012 for all the public authorities was fixed by Angela Merkel at her meeting with Prime Minister Mariano Rajoy. Added to the reduction of public allocations already voted by the previous government, the Spanish State and the autonomous regions will have to forego some €50 billion, chiefly expenditures on education and health. In brief, the two successive Spanish governments have shown great discipline in regard to the European and German injunctions. The outcome, however, is a total failure: Far from preparing the economic recovery, Spain, like the rest of Europe, is sinking into recession. The shrinkage of the tax base reduces all the more the possibilities of the State and the regions to stimulate the economic machinery. It is really an insult to common sense.

For its part, the reform of the labour market undertaken by the Zapatero government has turned out to be an absolute failure. Unemployment has risen to six million people, or 22% of the working population, even if this figure should be tempered by the so-called information economy, which is said to represent about 23% of the Spanish GDP. The difference in income between the 20% richest and 20% poorest Spanish households has widened enormously in these last four years. The social dialogue with the employers has not succeeded either. In desperation, the trade unions are hoping to save at least the principle of independence of the social actors that the government is tempted to contest. Javier Doz stressed that the austerity policy imposed by the European authorities in general and by Germany in particular is being more and more discredited. There is a genuine crisis of democratic legitimacy at the very core of European *governance*. Three examples provide an illustration difficult to contest:

1. The power that the European Troika has assumed to impose its directives and its injunctions – and in spite of the domestic laws of Portugal and Greece. The power to order is wielded by European civil servants and bureaucrats acting outside the real democratic control we could expect of the European Council or the European Parliament.
2. The German Chancellor's merciless refusal in Deauville of President Sarkozy's recommendation of a guarantee in principle of all sovereign debts issued by the States of the euro zone. Angela Merkel's refusal prevailed over the point of view of the majority of the ministers for economic affairs.
3. The Hungarian example is even more flagrant. Victor Orbán's government undoubtedly pushed through amendments to the country's constitution, the direction of which is debatable. But from the perspective of the strict operation

of democratic procedures, the reforms adopted by the Hungarian parliament lend themselves infinitely less to criticism than the regulations of all the European States without the counterweight of any real democratic control. The diagnosis is clear: Europe is built on the denial of real democratic values.

◆ **Károly György**, International Secretary of the Hungarian Trade Union Federation pointed out that he came from the only country of the European Union which had escaped austerity measures – at least the Prime Minister has committed himself to as much. In point of fact, we are faced with a case of double speak here, as Victor Orban sang a completely different tune in Strasbourg. Two points must be underscored:

1. The democratic deficit in Hungary itself and in the functioning of the European institutions.
2. The degree of participation of trade unions in the social policy pursued in Hungary.

◆ Károly György noted that eight political groupings are used to discuss their views in a public discussion in the hall of the Economic and Social Committee. The contrast with Hungary is flagrant, as ever since he came to power in that country, Victor Orban has not been afraid to announce to the trade unions and the employers' organisations that they represented no one, whereas he, having obtained two thirds of the votes in Parliament, monopolised in and by himself the full legitimacy of representation.

Hungary is still a democracy, of course. That said, the instruments for implementing it are biased. Continuing his remarks, Károly György wanted to draw a distinction between the official visibility of treaties, directives and regulations, and their concrete application by the Member States. To what extent do they still have the means to exercise real democratic control? As a unionist and a worker, Károly György hailed the pertinent closing phrase uttered by the representative of Business Europe, Emmanuel Julien, to the effect that there can be no democracy without “a representative system worthy of that name.”

In Hungary, a government that wants to last, must above all manage to control the judiciary, the docile functioning of the electoral system and the media, or in other words, marginalize the counter-balances, with the ulterior motive that even if it were to lose the elections in the two years ahead, it could cling on to power in a minority capacity. Astute appointments here and there will clinch the deal. In this respect, an important difference between the two Europes must be taken into account. In Eastern European countries, senior civil servants feel indebted to the person who appointed them. In Western Europe, loyalty is to the State. There are consequently two different, even opposed cultural contexts for the same rule of law.

What about what is known as participatory democracy? In Hungary, where the institutions are henceforth sham appearances, where the social dialogue is non-existent, where and when can bodies that represent the interests of the different social groups be found? Whereas the social dialogue works more or less satisfactorily at the European level, it is quickly being turned into shadow theatre at the Hungarian level. The question therefore arises as to the means by which the social dialogue

requirements provided by the European treaties can be turned into real practices in Hungarian institutions. Democracy is as invisible as the air we breathe. The different expressions of Hungarian society – parties, trade unions, civil society organisations – are in need of an opportunity for an uninterrupted – and therefore sustainable -- democratic debate. If the values that Europe wants to defend are as real as it claims, its institutions must find the wherewithal to assert them as well when expressed in national communities which have acceded to it.

◆ **Pervenche Bérès**, Chairwoman of the Employment and Social Affairs Committee of the European Parliament, is strongly committed to the idea that whereas the construction of Europe was initially synonymous with peace, its continuation in the 21st century must be the equivalent of a will to democracy inseparable from a strong social ambition. It is in this spirit that the European Parliament criticised Hungary. Which are the most urgent matters? It is worth noting first that over time, what was long called the *Washington consensus* turned into the *Brussels consensus*, or rather the *Frankfurt consensus*. It is based on the idea, that as there is only one way possible to continue the construction of Europe, there is no need any longer to discuss the matter with the social partners. Four cases illustrate this confinement of the discussion:

- *Case 1*: Whether it be the agreement on the *golden rule* which aims to impose austerity strategies on the member States, the European semester or the legislative package on economic *governance*, at issue is a common content which can only lead to a long period of stagnation Japanese style. The counterweight of the *social dialogue* is needed to fight against this view which is supported at all levels by the powers that be. Whence the urgency for the social partners to mobilise for the European summit of 1 March 2012, devoted for the first time to social questions in the wake of the effects brought about by the *golden rule*. It would be an opportunity to initiate a real social dialogue on a European scale to contest the monopoly of these issues by the experts of the ECB or the Commission.

In the same spirit, the social partners should require that the ILO be represented in these famous Troikas. The social impact of measures such as those currently inflicted on Greece should be part of the diagnosis. That would entail the most appropriate application of Article 9 of the Lisbon Treaty – an article that has remained a dead letter, although it provides expressly for a “horizontal” assessment of the social impact of European policies.

- *Case 2*: Since May 2010, French and German leaders have pursued two objectives: Impose the *golden rule* and define the macro-economic conditionality on the structural funds without encountering any resistance. It is to be hoped that the parliament will be able to find a majority to correct certain aspects of these two measures.
- *Case 3*: The restructuring of companies. The commissioner for social affairs has just initiated a consultation which Mr Barroso hopes will remain as vague as possible. It is up to the social partners to bring more precise weight to bear so that the social dimension in such restructuring operations be taken thereof seriously.

- **Case 4:** The competitive effect of the social dialogue. This entails taking the proponents of hardline economic efficiency at their word: where the social dialogue functions, society is more efficient, including economically. Proof of this is provided, for instance, by the history of the *globalisation adjustment fund*. Germany was against it at the outset – but it is Germany that draws the greatest advantage from it. More specifically, the authorities concerned mobilise this fund only after having set up a project in which the social partners are involved, thanks to which they identify clearly and more concretely the training offers entailed by the project and the needs of the populations concerned.

◆ Taking the floor one last time, Bernadette Ségol insisted on the position of ETUC: although it is in favour of a discussion on the content of a macro-economic policy on a European scale, the latter should not serve as a simple alibi. For this dialogue to have scope and meaning, the real conditions to give it credibility must be met.

◆ **Carlos Carvalho**, a Portuguese trade unionist at the CGTP-IN, could not, for his part, dissociate the origins – and indeed the persistence – of the crisis, from a profound movement to devalue the work intrinsically connected to the increase of profits that remunerate shareholders. This trend is reinforced by the turn that the construction of Europe has taken, which is now reduced to the deregulation of the market. This supposes that social charges be subjected to an ever growing erosion and that corporate taxation that finances them is constantly relieved. Europe is being built on the idea that competition is the best rule of the game -- Whence the aggravation of divergences between the European economies and inside each of them, and a growing income gap between the richest and the poorest. Portugal is nearly in the same situation as Greece. The recession that grips the country has had no equivalent since the 19th century. GDP shrank by 1% in 2012 and by 3% in 2011. Domestic demand has fallen to a level lower than that of 1999.

Investment is at the lowest point in twenty years. The most serious aspect for the Portuguese and for the trade unions, is the denial of sovereignty inflicted on the country by the Troika which dictates the decisions that the government has to take. Last week, the tripartite social consultation (government, employers and trade union federation) was a real farce because it was conducted as if to a script written in advance by the Troika, the conclusion of which is plain for all to see: **collective bargaining no longer exists in Portugal**. Dismissals come at no cost and are devoid of any real justification on the part of the employer. As Carlos Carvalho sees it, this form of *governance* represents an unprecedented **step backwards for civilisation** in the 36 years that Portugal has known democracy. Ten years ago, unemployment in Portugal stood at 4%. Today, it stands officially at 15%, but the real figure is undoubtedly 18%. The government is reduced to recommending emigrating elsewhere in Europe or to other continents! The salaries of civil servants have been reduced by 30%. Health and education services are in a free fall. The offensive against the trade unions has become so virulent that they feel even more threatened than under the Salazar regime. Democracy is seriously imperilled.

Resistance is therefore called for: demonstrations, generalised strikes before the revolt spreads. It is not that Portugal refuses to reimburse its debts. But it must be treated as a sovereign state, ready to sit at the negotiating table, with the IMF and the other representatives of its creditors, to consider a method of reimbursement

whose effects are socially acceptable for the Portuguese people. For the time being, the policy imposed by the Troika is turning out to be a disaster for the entire Portuguese population.

◆ **Emmanuel Julien** wanted to go over a precise point. As a member of the board of Directors of the International Labour Office, he had the opportunity to table proposals four ago that were very close to those of Pervenche Bérès. The president of the International Labour Office found them too adventurous, but nonetheless contacted the IMF and the World Bank discretely to explore the idea of a duplication of the International Labour Office, namely the secretariat of the International Labour Organisation, which has a far stronger representative dimension inasmuch as it includes in its ranks members from the States, employers' associations and trade unions. The plans for reform proposed by the international organisations would be submitted to the dialogue of the social partners before they were presented to the governments of the States concerned. Doing so would be in the spirit of Articles 153 and 154 of the European Treaty currently in force, as well as the Larcher Law of 2007. This would entail no delay in the implementation of the plans themselves. Instead, representatives of employers and workers, who are in closer contact with the field in which the reforms will produce their effects, would be involved in charting those plans.

THE EUROPEANISATION OF SOCIAL DEMOCRACY: THE CASE OF TRANSNATIONAL COMPANY NEGOTIATIONS

Friday, 20 January 2012

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THE EUROPEANISATION OF SOCIAL DEMOCRACY: THE CASE OF TRANSNATIONAL COMPANY NEGOTIATIONS

◆ **Anne-Marie Grozelier**, Lasaire General Secretary, introduced the roundtable which she chaired entitled “The Europeanisation of social democracy.” More specifically, the task was to explore a topic already broached in Athens, but this time from a new angle, namely, transnational bargaining in multinationals. The Athens seminar had focused on the question of wage bargaining in the Member States. To be more precise, as is somewhat the rule of the game for Lasaire biennials, the issue of social relations is broached in terms of its 2 essential aspects, namely the development of national models and the way they are affected by Europe; and the gradual development of the supra-national social dialogue, i.e. at European level.

At the Athens seminar, the discussion has focused on the development of national wage bargaining models, with particular emphasis on the impact that deliberate labour market deregulation policies have on sectoral collective bargaining, seen as a wage stabilisation mechanism, which is henceforth to be restricted if not cancelled altogether. Even in Italy and more so in Germany, where bargaining at sectoral level still holds the high ground, considerable pressure is being exerted to replace, wherever the relations of strength permit, sectoral bargaining with bargaining at company level where employers’ representatives feel more at ease to assert their views. As a result the wage gap widens and social cohesion is weakened. The participants no doubt remember the presentation given by Vera Glassner on this issue during the seminar.

The Paris meeting is taking up the same topic, but is broaching it from the angle of the supra-national social dialogue, taking the rise of *European Works Councils (EWCs)* as an indicator of its relative vitality. Each of the biennials has followed its development since the historic directive. Initially, their role was limited to informing and consulting the workers whom they represented. Today, their role is undergoing a new development. Some have got involved in the negotiations. In that capacity, they serve as host structures for transnational agreements, within the European area, concerning employment and working conditions, to the exclusion of questions relating to wage bargaining proper.

◆ **Udo Rehfeldt**, a researcher at the IRES, outlined the structure of the social dialogue in Europe. There is a legal framework for inter-professional bargaining and for sectoral bargaining at European level that defines very precisely the actors empowered to negotiate, the procedures to be followed and the implementation of the agreements. Conversely there is no legal framework at this time for national bargaining at company level either in Europe or in the world.

The lack of a legal framework commensurate with an ambitious conception of the social dialogue can be attributed to the lack of implementation of a real European company status, as had been planned in the beginning of the 1970s. Both the employers’ organisation and, surprisingly, the trade unions are against it. Only one aspect of this plan has survived, namely the establishment of a European Works Council to inform and consult the workers, as well as a right to participate in the supervisory and management bodies of companies, far too few of which have so far adopted the status of European company according to a recent directive.

The path to trans-national collective bargaining was opened by the directive on European Works Councils. There are nearly one thousand such councils. Some of these EWCs have undertaken to go beyond their information and consultation mission and have started to negotiate themselves agreements. As a result, we now have a certain number of trans-national company agreements that can be subdivided into two categories: for one, what the trade unions themselves have decided to call *international framework agreements (IFAs)*, i.e. agreements signed by the international trade union federations on the one hand, and by international companies on the employer side on the other; secondly, there are *European framework agreements (EFAs)*, which are distinguished from the previous ones inasmuch as their scope is limited to Europe, but also by the fact that their signatories are more diversified. More specifically, in most cases, these agreements were signed by EWCs, or also co-signed by European or national trade unions. There are even certain cases where the agreement had been signed by a single trade union federation, particularly under the aegis of the European Metalworkers' Federation (EMF). Some of these agreements were co-signed by European Work Councils (EWC) or by World Works Councils (WWC), themselves stemming from an extension of an EWC. The EFAs enable the EWCs that have signed them to broach issues relating to restructuring, health and safety etc. Why are companies spurred to sign such agreements? First, in order to acquire a really European identity; but also, and by extension of the previous rationale, this may reflect a concern to unify the social management of companies in order to remedy their habit of managing their relations with the trade unions in too disjointed and too decentralised a manner. Under these conditions, it becomes easy to understand that these major framework agreements do not always stem from a trade union initiative, but often from the industrial group's human resources department.

What about the legitimacy of the actors? From a strictly legal point of view, due to the lack of a legal framework, both the EWCs and the trade union federations can lay the same claim to signing agreements. But from a sociological point of view, this legitimacy may be subject to discussion. The trade unions wanted to assert their exclusive right to sign as soon as the legal framework, which is still pending, was put in place. Many of these agreements continue to be signed by other actors for the time being. In the absence of binding rules for negotiation, a triple coordination is necessary : both internally, between the EWC and other bodies present in the company, and externally, between the EWC and national and European trade unions, and finally, between trade unions. Udo Rehfeld sees this as an issue to be broached in the discussion that will follow.

◆ **Fernando Vasquez** from the European Commission presented the situation of the European framework agreements. He wanted to stress one of his basic convictions from the outset: the economic and social crisis that the EU is currently going through would not find a solution, in his view, in the extensive social regression being organised upon the illusion that the problems facing the 21st century Europe will be solved by turning back to the 19th! Another conviction that is more focused on the subject of his talk: it is neither legal experts nor civil servants, however competent, that create or conduct see social negotiations through. Such negotiations can be conducted only by the social partners to meet their own needs and to reach the right balance between the interests of the employers and of the employees. The collective trans-national bargaining, established outside any pre-determined legal framework and on the spur of momentum geared to the future

needs of companies, inasmuch as they are aware of the need to place themselves on the European market, must be realigned with this perspective.

The Commission's role is to facilitate the signing of such agreements by providing financial support, by encouraging them through information or by erecting a proposal for a legal framework where the Commission could take the initiative. The Commission had for that matter already announced that it planned to define a regulation for organising European collective bargaining agreements. More specifically, it had noted that since the 1994 directive, the number of European Works Councils had leaped from 30 to more than 900, which seemed to show the extraordinary stimulating power inherent in the simple existence of a prior European legal framework. In any event, insofar it would help to clarify unclear points at stake in the negotiations, it would also help to reduce the sources of every possible dispute between two parties whose negotiating framework had not been "stalled" from the outset. Such a framework would in any event have been optional, because an obligation to negotiate for companies, trans-national or otherwise, could not be imposed to parties that did not want it.

But the idea of a legal framework, albeit simply optional, runs all too quickly into technical as well as political obstacles. More specifically, in endeavouring to define labour relations at the supra-national level, the question arises as to who could conclude and sign such agreements? The trade unions or also the European works councils? The issue is very delicate. Furthermore, what value do these agreements have? At what legal level are they concluded? Do they take precedence over national collective bargaining agreements and national legislation?

In terms of their specific purpose, such European company agreements broach all aspects of work, with the exception of wages. In short, for as long as all these issues have not been settled, it will not be possible to define a satisfactory legal framework for all the parties concerned. Irrespective of the efforts to publicise the value of defining a European legal framework to structure the social dialogue through conferences, exhibitions or information campaigns, the social partners will remain divided on the advisability of such a step forward.

In conclusion, Fernando Vasquez insisted on the "educational" effect of sorts that the crisis is currently having on the social dialogue. Initiatives are taken by the social partners as a matter of urgency to adapt companies to difficult market conditions through the introduction of internal flexibility practices such as part-time unemployment – measures that they had hitherto been reticent to consider.

◆ **Georg Leutert**, coordinator of Ford's EWC, insisted on the indispensable role of European Works Councils, at Ford but also in other trans-national companies, to protect the interests of workers. The EWCs actually represent the scale at which problems relating to the contract of employment are to be raised with employers who are keen to have a world strategy prevail for their company.

That said, it may come as a surprise that the European social dialogue has not been more successful in the business world. The reason is simple: neither the employers' organisations in the different countries nor the trade unions on the other side of industry are used to broaching problems in terms that go beyond the national framework in which both sides are wont to reason. In trans-national companies themselves, the social dialogue is needed for preserving jobs and seeing restructuring

operations through, i.e. preserving sites. This is at least the case of the EWC of Ford Europe, marked heavily as it is by the strong trade union affirmation specific to the Germany tradition: the EWC plays a role of information, consultation and negotiation there both at the local and the national level in saving jobs and taking support measures during restructuring operations. This German “fingerprint” has a tendency of spreading at the trans-national level at Ford Europe. Accordingly, Ford’s EWC is party to the *joint venture* set up by Ford and a German subcontractor specialising in transmissions. This agreement, 50% signed, has afforded the EWC an opportunity to defend the interests of workers whose job could be affected by the operation itself. Similarly, during the launch of new products concerning a British and a German company concurrently, the EWC intervened to negotiate several agreements with management geared to protecting the interests of the workers concerned.

That being said, the social dialogue in its advanced form, i.e. as practised by the EWC, could not reckon on a secure future. To stick to the sector where it is best structured, i.e. the automobile industry, which is faced with a drop in demand in Europe, coupled with the pressure exerted by competition from outside Europe, there are no encouraging signs for the coming years. Put another way, there is a danger lurking in the European automobile sector. And yet, it is precisely these large multinationals that have the most dynamic form of social dialogue. If these bastions are lost, how can we hope to find a relay in purely national or local companies where the social dialogue is more sparing?

What is to be done? On the one hand, it is necessary to promote the idea of an industrial policy on a European scale; on the other, to accelerate the preparation and implementation of a European legal framework for the dialogue whose mere existence, as we have seen, and as Fernando Vasquez has reiterated, can encourage progress for the social dialogue on the continent.

◆ **Yves Barou**, former Human Resources Director at Thales, and co-chairman of the European HRD circle, has extensive experience in European social agreements. He wanted to underscore several important points relating to their implementation:

- The social dialogue will either die or be conducted on an international scale – any other prospect is doomed to fail in large multinationals for which borders have lost all pertinence. Who takes the initiative for such an agreement? None of the social partners can initiate negotiations without the consent of the other party, be it the employer or the workers’ representatives. This is therefore necessarily a joint effort. With this rule in mind, the framework agreement is not the right solution. Its content is in general nothing else than a list of lofty principles, based on the model of the “Rights of Man,” with no precise commitment or monitoring mechanism, and the only real effect is to discredit the seriousness of the social dialogue.
- The negotiating group itself must reflect all the countries present in the company. That said, large trans-national companies continue to be pervaded by one dominant culture. A large international company based in the United States remains marked by American culture. Large French companies (which have signed half of the European social agreements) are going to give preference to the French way of thinking and acting. This explains why in European works councils in large companies of French origin, more than half of the workers’ representatives are French trade unionists who make the council function the French way, with their

endless preliminary statements that irritate their foreign colleagues, etc. As a result, European works councils are not capable of giving an opinion at this time that is based on a fair summary of views round the table, apart from consensus, here and there, on the rules of procedure, which is easily obtainable.

The negotiating group must nonetheless reflect all the company's components by relying on the 1994 directive which does not provide the right of negotiation for them. In this respect, the chairman of the European HRD circle admonishes the German practice in this field, deploring that it tries to rise "above the provisions of the 1994 directive." In any event, the capacity to negotiate supposes that a leader will emerge as a spokesman of the workers' representatives. Today, only the European trade union federations, like the European Federation of Industry, can provide such leadership, enabling the trade unions of all countries to be consulted and hence converge towards a consensus.

European social agreements will therefore be developed only if European trade unionism plays its role to the full and European works councils play theirs – namely, information and consultation before and after the agreement, **but not the negotiation of that agreement**. It must be understood clearly that if they were to assume the latter function, there is a great risk that the agreements which ensued would reflect the trade union culture of the dominant country in the council that conducted the negotiations, and in no way the point of view of other countries. This would in turn lead to serious difficulties in implementing such agreements. The idea that the EWC can replace the European trade union federations on this front is proving most dangerous in practice.

- It is always difficult to start European negotiations: the French start by a long preliminary statement; the Germans ask to scrutinise the text closely, etc. Whence the idea of collecting *European good practices*. Once said "good practices" have been identified, the agreement is concluded rapidly, because it is based on modes of action already in place which have moreover been approved by the workers of all the countries present in the supra-national company.
- Innovation is needed for the social dialogue -- not going constantly round in circles on the same subject, but on the contrary prodding it to broach all fields of management. For instance, two agreements were signed at Thalès that expand somewhat the usual field of the social dialogue. The first concerned the anticipation of prospects for jobs and trades under what pessimists refer to as a "restructuring," and in a subsequent step, the establishment of a procedure of professional interviews. The second agreement concerned the assessment interview and its consequences on the salary of the party concerned, with due care being taken to avoid as much as possible any stereotypes, stigmatisation and stress. Everything in a company of European scope is intended to be European with the exception, at least for the time being, of wages and work, for the good reason that national regulations are "piled" up on these two fronts and they are difficult to do away with.
- An agreement starts when it is signed, but continues far beyond that point. If an agreement does not provide implementation indicators, it is bound to get bogged down. The agreement signed at Thalès contained 22 very precise indicators that were monitored every six months, country by country, site by site, to take regular stock of what worked and what did not, without complacency and without waffle.

It is worth noting that the monitoring is carried out by the group that negotiated the agreement. This practice can only develop because it corresponds to the business management method.

What lessons can we draw from this background?

The first concerns the future of social Europe, itself not independent from the future of a certain number of factors that include information and consultation procedures that are spreading rapidly throughout Europe. There are obstacles which could nonetheless check this momentum. For instance, the word “consultation” does not have the same meaning in France and Germany. It is a word taken seriously in Germany, unlike France. To the extent that they constitute a link for cultural confrontation, EWCs are therefore places where a common European sensitivity can be built. That is where their real role lies, not in negotiation. This has not however prevented nearly 200 European agreements being concluded in the end over ten years and without the support of any prior legal framework.

That being said, a European agreement remains a legal UFO. For instance, it has to be countersigned by all the national trade unions in turn without any detail of the text being changed. A legal framework would simplify such procedures considerably. Those who do not see the need are actually unconfessed opponents of the very idea of a European collective agreement. Finally, there is no reason to dread company agreements, which does not exclude, at their level, sectoral agreements which remain necessary for the proper social functioning of smaller companies. The fact remains that social innovation for human resources take place more than ever before in large companies, which bear social standards intended to spread to the rest of the world. Negotiations with a European trade union is admittedly still an experience that has nothing to do with a Chinese or an American trade union. Claiming to negotiate with the entire world means taking a risk of concluding vague agreements without possible monitoring, unlike European social agreements which are “in earnest.”

DISCUSSION

◆ **Hartmut Schulz**, a trade unionist in the TUI Group which is active in tourism sets out the type of problems that his company's European works council is trying to solve. The trade union in TUI is Ver.di. It endeavours to establish contacts with foreign trade unions present in partner companies such as *Nouvelles Frontières* or *Corse Air* in France, and to establish a collective agreement with them that guarantees minimum standards for all the thousands of workers in some thousand companies, often SMEs, that have dealings with the TUI Group. There is a very wide disparity of statuses to take into account and an enormous difference in working conditions and wages between workers employed in companies in northern Europe – in Germany, the UK, France, etc., -- who have a stable and protected status, and seasonal or insecure jobs at the other end of the tourist route, in countries of the South that call on the temporary services of local facilitators and service staff. The TUI's EWC is endeavouring not to overlook any type of worker employed directly or indirectly by the German tourism concern.

◆ **Robert Szewczyk**, from the Solidarnosc trade union, believes that the technical and legal obstacles that Fernando Vasquez cited could be easily overcome if the political will to do so existed. It exists in workers and their representatives, in fact, but not in economic decision-makers, who on the contrary seize every opportunity to dilute the social attainments. As such, they are proceeding hand in hand with politicians in their joint effort to thwart the development of a real social dialogue in Europe, by advocating ever greater “flexicurity,” i.e. ever greater flexibility for the worker, and ever greater security for the employer. In Poland, the tripartite dialogue has been abandoned completely by the government and the multinationals in favour of a policy of short-term precarious employment. It is all too clear that there is no policy of social relations at European level. Instead, there are directives from the different European institutions or the OECD and international programmes that are muddled up like abandoned useless tools in a deserted workshop.

◆ **Eva Belabed**, Austria's representative to the OECD, wishes to contribute here the insight of an international strategic advice organisation which is cooperating more and more with the European Commission, where its influence is far from negligible. The recommendations made by this organisation are most telling: for instance, in its assessment report of Slovakia in November 2010, the OECD did not hesitate to deplore the excessively high level of wages in that country, according to its criteria, where unemployment is very high, and recommended that workers be invited to negotiate their wages individually with the employer. This a little concealed call for an orderly dismantlement of labour law. This type of recommendation does not make headlines, of course, but it is increasingly more significant nonetheless. In more general terms, the OECD continues to underscore insistently the difference between the group of workers protected by properly negotiated working conditions and the growing mass of workers without job security. The OECD calls for harmonisation efforts without specifying any further the nature and even less so the direction thereof. It is most likely that it will not be in the direction of the “lowest social bidder” for the countries of Europe.

◆ **Marco Ricceri**, General Secretary of the Eurispes Institute, pointed out that the discussion this Friday morning really got into the heart of the matter: How can

the most appropriate response to the challenges of globalisation and the pressures it exerts on the production system be found? In legislation or in the private contract? In public or in private regulation? Who should take the lead in the organisation of economic life, the State or the civil society? Experience has actually shown that where representatives of workers are aware of their strength, their interests and their strategy, they can manage to conclude agreements without having to tie their hands in a European legal framework. This is the path to which the trade unions, associations and the civil society in general must commit themselves, and endeavour to find the most appropriate response to the challenges of globalisation. As to Italy, it can be said that the Italian miracle is in large measure based on the efficacy of these collective bargaining agreements that managed to do without the regulating capacity of the public authorities. Accordingly, it would be particularly advisable to capitalise on Article 11 of the Lisbon Treaty which provides that collective bargaining agreements concluded between the social partners should be accorded European regulation status, valid in all Member States. That would be one possible action not sufficiently availed of hitherto.

◆ **Michael Whittall**, professor of sociology at the University of Munich, pointed out that in listening to the previous speakers, it became clear that trade unions active at their national level continue to wonder about the purpose of the European integration, given the modest role reserved for trade union presence in European bodies, apart from the European works council. He goes as far as to suggest that the European Union is being set up as a real free zone in regard to the existence of the trade unions. That could explain why national trade union leaders are finding it so difficult to find their place in the European reality as such. Even a trade union as powerful as IG Metall does not seem to have any particular position to assert in regard to the austerity measures officialised by the European authorities. Whence the question asked by Michael Whittall: How could the trade unions appropriate the reality of the European integration, or define clearly the relationship they intend to establish with a European perspective that is scarcely picked up on their radar? How can they be further involved in European social agreements?

◆ **Christian Dellacherie** of the CGT had two questions to ask. The first for Yves Barou, as to how it would be possible to overcome the typically French reflex of the social partners, between the purely rhetorical exercise of the trade unionist's "preliminary statement," and the employer's unwillingness to engage in such lengthy preliminaries, being in a hurry to address the serious issues at hand.

The second, more general question: How can we imagine that the European social partners appropriate concrete problems posed by the economic transition that Europe is going through, caught between purely quantitative growth and the so-called "sustainable" economy?

◆ **Jean Lapeyre**, from Syndex, wanted to respond to Yves Barou's comments. He noted that of the hundred or so international collective bargaining agreements signed by large companies, only a dozen set up a *steering committee*, a supervisory structure without which the signed agreement might never be implemented. In a general manner, he thought that many of these agreements come down to a preoccupation with image and marketing on the part of the employers and the large international trade union federations. Moreover, Jean Lapeyre stressed that the role of the European works councils and of the trade unions must not be confused. The

role of the former is to try and chart a social strategy that reflects the interests of workers commensurately with the strategy implemented by management. On the restructuring front, things have not moved forward an inch in the last 25 years. After the publication of a *Green Paper* on the matter by the European Commission, there are even fewer doubts that its ultra-liberal way of presenting the problem is fully in line with the views of European employers.

◆ **Yves Barou** did not at all agree with the point of view expressed by Michael Whittall to the effect that the European integration is becoming a de facto exclusion zone for trade unions. He pointed out that for the time being it is up to the trade unions to provide proof that their input is of superior quality than that of politicians and governments, because things are anything but clear cut. It is up to the trade unions to make an effort if they really want to be more European.

Another clarification: Yves Barou apprised the German trade unionists that bargaining should be – and indeed is -- carried out more and more at company level throughout Europe. He sees a possible convergence emerging between the strength and rigour of trade unionism in northern countries with the creativity characteristic of trade unions in southern Europe. The major difficulty to be solved beforehand for this convergence to take shape is that the current economic crisis is advancing at a faster pace than trade union movements. It is up to them to step up their own initiatives.

◆ **Fernando Vasquez** took the floor again one last time to underscore the degree to which dialogue (when it exists) facilitates the transition of the types of economic activities currently carried out in European countries. Furthermore, there is no shortage of examples – e.g. Siemens and more generally the automobile sector -- to show that collective bargaining is an extremely efficient tool whenever solutions that are both economically realistic and socially acceptable are needed. This, in essence, is the message of the Commission's *Green Paper*.

◆ **Georg Leutert** had three responses to certain analyses.

1. He insisted on the essentially pragmatic aspect inherent in the proper functioning of the European Works Councils.
2. The meagre involvement of trade unions at European level is difficult to deny. That said, as there are European “consultants” involved in the activities of European works councils (one per eight or nine such councils) to help raise awareness about the European stakes, there is reason to believe that the investment is rather small. Everything is a matter of budget, here as well.
3. It is clear that the economic transition that Europe has to go through will entail the closing of a certain number of industrial activities and thus the loss of many jobs. What role can the trade unions play to make this transition easier? Perhaps help to define a strategy that identifies economic sectors that simply cannot be defended at any cost, and those which should be saved and strengthened.

◆ **Udo Rehfeld** pointed out that the concerns of representatives of trade union federations are unfounded inasmuch as no agreements signed by the EWCs to date vary from the agreements signed at the national level. On the other hand, these European agreements get their legal validity only if they are transposed through national agreement in accordance with the legislation and customs in force. In

Germany, for instance, an agreement on restructuring will fall under the purview of the works council, because that is where such agreements are negotiated in that country. This explains why its representatives, even if unionised, tend to entrust the negotiation of a European agreement on this issue to the European Work Council rather than to a European trade union. It is a case in point of an application of the *dual model* as opposed to other European models in which trade unions have a monopoly upon collective bargaining. Or to put it another way, whereas there are works councils from one end of Europe to the other nowadays, the legislator has introduced no requirement yet to have a European union steward. The European work council is now the only body representing group employees at European level in which elected representatives co-exist along side with representatives appointed by their trade unions. Udo Rehfeldt relies on this diversity of representation to plead for their coordination by trade unions.

EUROPEAN REGIONS, SUSTAINABLE DEVELOPMENT, DEMOCRACY

Friday, 20 January 2012

Roger Briesch

Europe Delegate of Lasaire

Pierre-Marie Dugas

Project Manager of Lasaire

Alain Mestre

Syndex Expert

Marc Soubitez

CFDT secretary of the BOSCH Work Council

Roger Cayzelle

President of CESER Lorraine

Toni Ferigo

Vice-president of the Nocentini Foundation, Turin, Italy

EUROPEAN REGIONS, SUSTAINABLE DEVELOPMENT, DEMOCRACY

◆ **Roger Briesch** introduced the discussion by insisting on the importance that territories, as trans-national areas, will have to assume as true mediators between the national reality and European integration.

◆ **Pierre-Marie Dugas**, Lasaire's project leader, underscored that Lasaire has long considered the *territory* as the very matrix of a production model more respectful of natural and human resources as well as the human expertises attached thereto. Whence these four questions:

1. How can the territories referred to here be circumscribed? Do they correspond to their official administrative definition? Does the existence of official borders complicate relations with neighbouring territories? What is being done with cross-border workers? How can territories that are naturally complementary but which diverge in the nature and pace of their development be linked?
2. To what extent does the territory constitute a sufficiently autonomous entity to aspire at an active economic role? Don't large industrial groups in any event have greater clout than the territory? Under such circumstances, isn't the territory bound to remain at most a docile "companion" of a development whose source is beyond its control in any event?
3. What role can the social partners play on the territorial scale? Can they take the initiative to act in such a context? Is their legitimacy sufficiently established?
4. How can the economic innovation of the territories be organised without being absorbed by a competitive rationale that winds up dislodging social solidarity that existed previously at the regional or national level?

Some illustrations of the problems posed by technical and economic innovation at the territorial level will be presented below.

◆ **Alain Mestre**, Syndex expert, presented a case of a particularly ambitious industrial reconversion, designed and deployed in Denmark by the *Dansk Region*, a local authority somewhat similar to the Association of Regions of France, but vested with far more resources to shape the country's industrial policy. It thus launched *growth forums* intended to revitalise escheated employment basins. This is how the Danish naval shipyards were taken up with the aim of retraining the entire labour force concerned for another sector that is more competitive in a global economy. *Lindo*, a legendary shipyard in Denmark, was accordingly closed in 2009. The local authorities, acting as real social partners, then decided, through what were termed "green" growth forums, to retrain the 2500 workers who were affected by the closure of the site in a new sector, namely off-shore renewable energy (wind farms and marine energy).

Thanks to both national and European (ERDF) funding, the project managers created an industrial redeployment authority known as LORC, consisting of professional organisations, a consortium of companies, as well as two trade unions, Danskmetall and LF (both of which are members of the LO), plus the universities,

whose role in terms of educational and training innovation was pivotal in this instance. The LORC is headed by a former prime minister and a former trade unionist. Today, a little over 500 workers (out of 2500) have already been retrained in the skills required by the new industry, while all the employees of the former site will be trained in the new skills by 2017. The challenge is all the more daunting as the new sector will be up against Chinese competition. Whence the creation of specific structures, an R&D centre, a training centre, and strategic facilities aimed at reviving the *Lindo* brand, reconfigured for the needs of wind and marine energy, and geared to expanding not only on the national and European, but also on the world level.

For their part, the trade unions, stakeholders in LORC, were particularly involved in developing training programmes. In point of fact, whatever their qualities and efficiency, training programmes are most often geared to intra-sectoral objectives. In the case of LORC, however, the objective is inter-sectoral: at issue is to make the changeover from the production world of a shipyard to that of a totally different industry. The Danish trade unions thus assumed the task of coordinating the training programmes with university institutes working on the innovation of specific, “inter-industry” training tools.

◆ **Marc Soubitez**, Secretary of the Works Council, CFDT, of Bosch-France presented the successful experiment to retrain 750 employees of Vénissieux. In 2009, an internal technological innovation had made the site’s production capacity irrelevant. It was slated to close in 2010. The works committee was not long in reacting, as soon as it understood that the solution of the problem could not come from the management of Bosch-France, nor from the management of the site. The works council then decided to address the group’s general management in Germany, where a European works council proceeded to play a decisive role. A decision was taken at a meeting with the board of directors in January 2010 to set up a *reindustrialisation committee*, unprecedented in French law, bringing together the trade unions and management of the site, the management of Bosch-France, a Syndex expert, external parties such as the Development Agency for the Lyon Region (known by the French acronym ADERLY), and, of course, representatives of the European works council, in particular its secretary, Alfred Loeckle. This committee embarked on several lines of action to identify within the scope of Bosch as a whole, the type of products that could serve as a basis to revive the Vénissieux site, and if that did not yield fruit, to canvass outside for a buyer.

This committee met very regularly as of January 2010. To show their determination to the board of directors of Bosch, the employees of Vénissieux did not hesitate to organise a “raid” by bicycle from the site in Lyon to Bosch headquarters in Stuttgart, with the active support of the group’s German employees. This initiative and the mobilisation it stirred up along the way made enough of an impression on the German members of the board to convince them to help set up a revival plan: A decision was taken in October 2010 with the help of Syndex to opt for renewal energies, in which Bosch decided to invest the largest part of its investments.

To help with the implementation of the project, the Vénissieux works council and Syndex had the idea of posting the site’s “curriculum vitae” on line, relying on the methodical prospective of dormant expertise and the individual and collective skills of the 300 or so employees of the site, i.e. nearly half of the workforce of the previous

activity. It was a matter of “selling,” in a way, the overall competence of the site within the Bosch group itself. The solar energy division was convinced in the end: Vénissieux, at the heart of greater Lyon, i.e. in a region where the photo-voltaic option is increasingly more present, seemed like a particularly propitious place for the development of production linked to the renewable energies.

In December 2010, the Bosch board therefore decided to convert the Vénissieux site for photo-voltaic production, in what was actually a radical move, since machinery and skills were to be completely different. A line of credit of €40 to €50 million was made available for the project, enabling the site to roll out its first solar panels in January 2012 and to become the largest factory of its kind in France. It is geared to conquering the markets of Southern Europe, the Benelux, and later, the countries of Northern Europe.

◆ **Roger Cayzelle**, Chairman of the Lorraine Economic, Social and Environmental Council, responded to the initial questioning from Pierre-Marie Dugas: In his view, there was no doubt that the territory is large enough to enable the various collective stakeholders to implement their development project. There are several examples: From Brittany or the Loire Atlantique region in France, to Rhineland-Palatinate in Germany, where, in spite of being meteorologically challenged, such regions are able to resist the ever-so keen competition that is now exerted on their employees by regions with sunnier climates.

That said, this resistance does not manage to reduce the growing dichotomy between the south and the north in France. The six demographically threatened regions, namely, the two Normandies, Nord-Pas-de-Calais, Picardy, la Champagne-Ardenne and Lorraine have had a demographic deficit for years. The development can only pick up steam when it is accompanied by an economic desertification. Thus, in the case of Lorraine, in the last three years, this region, which accounts for 3% of French industrial jobs, nonetheless accounted for 10% the industrial jobs lost in the country as a whole.

Roger Cayzelle is counting a lot on the dynamics of the *cross-border effect* for getting out of this trap. The situation is quite out of balance in Lorraine. More specifically, Luxembourg, an extremely prosperous country, and the Saarland which is trying to fill the demographic gap in its working population, and even Belgium, play host to some 100,000 French workers. To promote economic cooperation between these different countries, Luxembourg has developed a concept called *Cross-border Polycentric Metropolitan Network* (known by the French initials RMPT), aimed at exchanges between the cities of Nancy, Metz-Thionville and Luxembourg. Will this structure enable Lorraine to switch over finally to the world of industries of the future? Nothing is less certain.

Finally, the chairman of the Economic, Social and Environmental Council went over the trade union situation in his region. CFDT and CGT have good relations, but have to fight tooth and nail to save the essential. In this struggle, made unequal by the worldwide crisis, the trade unions are suffering from the effect of a particularly negative image. Don't the blast furnaces of Gandrange appear in the media and in public opinion as the very image of a losing if not already a lost cause?

Even more serious, however, the quality of their activists notwithstanding, French trade unions do not manage to work hand in hand with trade unions in neighbouring countries. The project of cross-border trade union integration, which still seemed possible just a few years ago, is now at a dead end. The situation is not any better on the employers' side, or with chambers of commerce on either side of the border. The social partners therefore have work to do if they want to avert inequality from growing between the regions of Europe.

◆ **Toni Ferigo**, from the Nocentini foundation, had several comments to make on the restructuring cases that have just been presented. First of all, it is worth underscoring the importance of tradition among the elements to be taken into consideration. Things are particularly clear in the Danish case. Nor is this an isolated instance. Conversion forums had been set up when the Uddevalla shipyards in Sweden had decided to convert their facilities to workshops making Volvo cars. This formula is not a Danish creation, therefore, but part of the arsenal of Scandinavian countries. More specifically, these forums liaise with the trade unions, the local authorities, employers' associations and the government to deal with the problem of conversion as a whole.

Second comment: Whether in Denmark, with shipyards, in Venissieux with automobile-related technology, or in Florence with a refrigerator making plant, conversion has taken the same direction: photo-voltaic and solar (and even marine) energy. The question arises whether there are other ways out to see this type of conversion through. Why not explore new mobility and transport technologies? Not only for electric cars, but also concerning the application of IT to urban and semi-urban networks. But irrespective of the conversion plan, it can be achieved at a certain scale if there is already a territorial development strategy. Such a strategy must be assumed by collective stakeholders, as the previous case illustrated.

Unfortunately, this type of *governance* is still too rare, if non-existent, in Europe, whether it be a project to decontaminate the Mediterranean or the Baltic Sea. In both cases, the neighbouring States concerned (plus Russia) have managed to coordinate their efforts by establishing a *macro-region* of the Baltic, approved by the European Commission. This hands on approach contrasts sharply with the inertia of European states which are nonetheless faced with the same problem. This is a case that in itself would have justified the creation of a *Union for the Mediterranean* which President Sarkozy is keen on. Another example: the rationalisation and simplification of European transport. Isn't there a set of possible outlets for industrial conversion projects on this front? In brief, to be successful, restructuring efforts on a large scale require a real political will, appropriate institutional instruments and more determined involvement from the social partners. In any event, the pertinent level for intervention would not be the company, but the territory as a whole. But is there a real determination for action on the part of trade unions which would become suddenly aware of the need to coordinate their efforts beyond European borders? Or, to be more precise, on the part of trade union confederations which would finally manage to coordinate their efforts beyond national borders?

DISCUSSION

◆ **Pierre-Marie Dugas** insisted on the effort in terms of anticipation, political support and trade union discussions, and more generally intellectual input that these operations need to succeed. Furthermore, in response to a hunch of Bertrand Schwartz, he pointed out that one of the rules of a well conducted conversion programme is to make sure to retrain the workers concerned and bring them to higher levels of qualification. Another observation: the role of entrepreneur extends beyond the simple position of employer which it admittedly encompasses. In other words, a real entrepreneurial attitude concerns the employer, of course, but also politicians, as well as trade union activists and leaders. Finally, he cited the dilemma of the HR manager confronted with the prospect of the end of its company: If he speaks too early, he runs the risk of creating chaos and demobilisation. If he speaks too late, the die is cast and there is no time for a transition to conversion. Faced with this dilemma, he must cut in the deep and show his hand as soon as possible, because as P.M. Dugas points out, the most valuable commodity in seeing a conversion project through realistically is simply time.

◆ **Claudio Pozzetti**, of the CGIL wanted to take up again the question of the employment of cross-border workers already broached by Roger Cayzelle. He pointed out that this cross-border movement concerns more than one million people every day throughout Europe. In other words, nearly 65,000 French residents cross the border every day to go and work in Geneva or its surroundings, while 60,000 Italians do the same thing from Italy, without mentioning thousands of others who go to work in the Republic of San Marino, the Principality of Monaco, in Austria and in Slovenia. This does not prevent Switzerland from being the most important magnet for cross-border work in Europe, with some 250,000 people. Now, even though Switzerland is not part of the EU, it is nonetheless part of Europe in historical and cultural terms. As such, it has signed many bilateral agreements to facilitate the free movement of people from neighbouring countries. Such agreements, however, do not prevent a certain discrimination against foreign workers employed in Switzerland. They are often paid lower salaries, given their qualifications, which also exerts a downward pressure on salaries paid to Swiss natives. Social dumping is also harmful for the companies themselves, which are always at the mercy of unfair competition.

Mechanisms to protect the rights of workers must therefore be put in place as a matter of urgency. We do not realise enough that the rights of a worker residing in a country and gainfully employed in a neighbouring country require double protection: First, at the workplace itself, and then at the place of residence: respect of the clauses of the employment contract in the former, and of social and civil rights in the latter, etc. This consolidation of cross-border rights is possible only insofar as the trade unions of the countries concerned accept to cooperate and to establish ties with the competent institutions. Whence the importance of *cross-border inter-regional trade union councils*. There are currently 45 such councils in the European Union – an important development.

◆ **M. Vicari** wanted to underscore the importance of all the institutional elements in the economic development of a territory. The term “institutional” refers to all the legal, trade union, contractual and other such rules, thanks to which a

territory can get its economic activities to function. To be applied, such rules presuppose the presence of individual or collective stakeholders, whereby the most important element thereof is public authority itself. The degree to which the success or failure of a conversion project depends on the greater or lesser transparency with which the rules are known and complied with is not noted sufficiently. More than the wage levels and tax burden, an industrial creation project is viable only if all the institutional rules and the guarantees that they provide for stakeholders are sufficiently easy to understand whilst remaining within a certain level of complexity beyond which any system risks becoming dysfunctional.

To give but one example: at European level, the rules intended to facilitate occupational and geographic mobility have not been harmonised sufficiently. According to the Monti Report of 2010, only seven out of 800 occupational certifications recognised at European level are officially put to practice. For example, to drive a train from Italy to Germany, an Italian driver needs to have a secondary school leaver's certificate, whereas his Germany colleague needs a university diploma.

One last comment: the labour market in Europe is composed of a myriad of regional perimeters without any real interface between neighbouring perimeters. This is one of the major problems that trade unions are reluctant to tackle: how to open, in concrete terms, the closed labour markets constituted by territories and regions?

◆ **Klaus Mehrens** pointed out that, having contributed to the development of several conversion processes himself, he is aware of the difficulties entailed for and efforts required of the workers concerned. Europe will have to deal with conversions in the coming years at a far larger scale than that of recent years. The switchover from the traditional automobile to the electric car is bound to disrupt the entire industry throughout Europe, entailing all the greater a fallout, as this industry is often at the centre of industrial production in many a country. The same thing for energy generation.

It is therefore necessary to prepare for such deadlines. The trade unions active in or outside the workplace must begin with a systematic information effort. Here, the EWCs could play a key role. Klaus Mehrens is also of opinion that EWCs should be vested with new rights commensurate with the stakes of the conversion projects. For instance, they should be informed early about such projects so as to be able to anticipate the difficulties and the solutions needed. The trade unions should enter the fray to obtain two essential rights in all companies established in the EU: the right to be informed about conversion plans from the outset, and the right to be involved in decisions of an economic nature taken by management in line with co-determination as in Germany. It would be a mistake to inform trade unions and employee representatives once it is too late to redress the balance.

◆ **Toni Ferigo** returns to the problem of isolation caused by an excessively "institutional" economic functioning, i.e. hampered inordinately by the local rule. He proposed to consider economic development with less institutional red tape, i.e. subject to a supra-regional legal system, stressing the entire course of the Danube, the European river par excellence, celebrated by Claudio Magris in one of his works.

◆ **Christiane Foucher**, sociologist, pointed out that when the decision-making power of companies is in the hands of financiers, it becomes more difficult to see a socially successful conversion operation through. The only way to counter financial power is greater trade union involvement.

CONCLUDING ROUNDTABLE

Friday, 20 January 2012

Klaus Mehrens

Former Regional Director of IG METALL for Hesse, Rhineland-Palatinate, Saarland and Thuringia

Alejandro Cercas

Member of the European Parliament

Evelyne Pichenot

Economic, Social and Environmental Committee, Brussels

Joerg Hofmann

Regional Leader, IG Metall, Stuttgart, Germany

Susanna Camusso

Secretary General of the CGIL

Bernard Thibault

Secretary General of the CGT

Anne Demelenne

Secretary General of the FGTB

CONCLUDING ROUNDTABLE

Klaus Mehrens proposed to delve deeper into the subject already broached the day before on the consequences of the economic and financial crisis on the future of social Europe. Returning to the point already broached by Bernadette Ségol, he underscored again the importance of this imbalance in the sharing of wealth between the percentage reserved for wages, reduced increasingly for more than fifteen years, and the percentage going to profits.

After introducing the participants, Klaus Mehrens proposed to start the discussion with the question as to the margin of manoeuvrability that the trade unions and the European Parliament have to advance the cause of social Europe. At the same time, the question arises as to the very future of that social Europe. Does it still have a future for that matter? And if so, on what foundations can it build such a hope?

Alejandro Cercas, MEP, is guided by a key conviction: by yielding to the temptation to “change paradigm,” i.e. to replace political and social objectives by a purely economic objective, Europe is taking aim at the heart of the social actors, i.e. the very heart of the European ambition defined in the *Social Pact*. For it is obvious that the ultra-liberalism, but also the bureaucratic style of European *governance*, are currently leading to a dismantlement of the social sphere built over generations in the different countries of Europe. Business interests are taking priority over the interests of the world of companies, social actors and workers. This diagnosis notwithstanding, everything is not lost. The question is not whether the European social model has a future, but more radically whether Europe as a political project has a future if the European social model is not preserved.

What is to be done? That is the eternal question of the left, and more generally, of all political tendencies with which it will be possible to build majorities in the European Parliament to get through, under the circumstances, the commitments of the social aspect contained in the Lisbon Treaty. Now the core value of the latter is not the market economy, but the social economy and the eradication of poverty. These are the objectives set by European law, if it is to be taken seriously. At issue are even the markers of the European identity. Let us not forget that the Lisbon Treaty actually goes as far as to require that the social impact of all the Union’s policies be taken into account. And yet, the calendar of European Commitments has never been as anti-social as it is today. This is not the effect of the crisis, but the result of a political choice. Yet it is a counter-productive option from the economic point of view. Furthermore, European integration is leading to a radical disruption of the collective bargaining system, starting with the countries under the control of the *Troika*, such as Greece, Portugal and Spain. The idea is to capitalise on the crisis to liquidate the attainments of forty years of trade union struggles, and to individualise the labour relation between employer and employee once and for all.

As a result, the value of Europe is collapsing in the Spanish public opinion: from 77% in favour of Europe it has dropped to 44% and even less among the working classes. What is to be done? No effort must be spared to restore the legitimacy of the commitments to social progress enshrined explicitly in the official treaties. Everything must be do

ne to reverse the case law of the Court of Justice in Luxembourg in the *Viking*, *Rüffert* and *Laval* decisions and to reaffirm the primacy of trade union rights over economic freedom. Real collective bargaining must then be imposed on a European scale. Good words on good practices, seminars, and “green papers” will not replace the need and even the urgency to legislate on these questions which are fundamental after all.

As a member of the social affairs committee of the European parliament, Alejandro Cercas will be the next rapporteur of a directive on the anticipation and information of workers’ organisations during industrial restructuring. A parliamentary battle will have to be waged so that decisions of this type which have already affected 4 million of wage earners in Europe cannot be taken unless their clearly social effects are assumed at the same time. The battle will be won once the European Parliament and the social actors join forces to achieve victory.

◆ **Jorg Hofman**, regional director of IG Metall wanted to add a “very political” unionist point of view to that of Alejandro Cercas:

- He noted that the gap between the rich and the poor was constantly growing wider in all European countries, leading to the gradual impoverishment of several social strata, including among people who have a job, in sharp contrast to the accumulation of profits at the other extreme. This imbalance in the distribution of wealth is not unrelated to the relative weakening of trade union forces, which are limited by the presence of an increasing number of wage earners without job security in their ranks. This is actually an alarming trend for the future of trade unions in Germany and in the rest of Europe.
- He noted at the same time a massive change in the structure of the “value chain” inside industrial production in Germany, as well as elsewhere in Europe. The act of production is increasingly obeying more and more closely only the laws of the market, to such a degree that we are witnessing abrupt relocations from the south to the east of Europe, without taking the least account of the social disruption they entail. Furthermore, the gap is widening also between the sphere of the real economy and that of financial speculation, with the consequences that we all know.

Three months ago, the IG Metall congress took a clear position in favour of a Europe that is concurrently ecological, political and social. In this respect, IG Metall insisted on the need to correct the original sin of the non-democratic option which is inseparable from European integration so that an economic and financial policy can find a form of verified democratic legislation. It is on this condition that the gaps in the average standard of living in the different European countries will be able to enter in a convergence “tunnel” planned for the long term which is not solely in the hands of the Commission and the national governments. It is even on this condition that the requisite infrastructure and facilities for the promotion of culture, and research and development can be constructed on a European scale. People do not hesitate to speak of a new “Marshall Plan” in Germany geared to countries that want to obtain new economic prospects. The second central idea of the IG Metall congress concerned the introduction of a minimum wage guaranteed in all EU countries for stable and fair jobs, the limitation of activities at beggarly wages, the combat against

the exaggerated flexibility of work and an innovative policy to promote the integration of young people in the world of work.

How can such objectives be achieved? Four lines of action are given below:

1. Strengthen the trade unions. Without an increase in the number of union members, it will be difficult to achieve the objectives stated above.
2. Take advantage of European works councils to boost the number of jobs in good and due form.
3. Promote collective actions decided in centralised manner between the different regions and between the different sectors.
4. Encourage the trade unions to adopt a common position in the face of the powers of the Commission and the national governments, so as to get them to become real counterweights – a precondition to a future for European integration.

◆ **Susanna Camusso**, general secretary of the CGIL, spoke in the name of a country which finds itself torn between the obligation passed on by its government to apply the standards defined by the ECB and the European Commission on the one hand, and the growing questioning of an entire country that is becoming more and more concerned about the long-term effects of such a “restrictive” policy for Italy and for the rest of Europe. Perhaps the euro will be saved in the coming months. But what about social Europe? Isn’t its future compromised? There are many reasons to think so. It would now seem that no public intervention is any longer authorised to direct the economy; that all economic activity is intended to be privatised; that nothing justifies the idea of an industrial policy to be promoted, etc. Does it still make sense to give Europe a specific model to follow in future? This development that encourages a *laissez-faire* approach to the market is in total contradiction with the values on which Europe was launched round the *coal and steel pact*, i.e. around an idea of an ambitious industrial policy.

Furthermore, we are witnessing the dismantlement of the Welfare State. Whether in Greece, Spain, Portugal or Italy, the motto is the same: “Reduce pensions sharply, and deregulate the labour market fully!” As if the costs were too heavy for the Europeans of the future to bear! To get there faster, the Commission plans to make collective bargaining impossible and to promote the practice of the individualised employment contract. Everything is happening as if the *social partners* and the *social dialogue* did not have a place in European society that is being prepared. Rather than consider production and commercial strategies commensurate with the challenge from emerging countries, European leaders have decided to make the *social model*, which is characteristic of European civilisation, the only adjustment variable in the face of world competition.

At the same time, investment proper is declining, leaving more and more room for purely financial speculation. When the trade unions talk to employers, they discover that the latter no longer draw a distinction between the requirements of the financial market proper and those of the world of real production.

For its part, the Italian Parliament passed a law a few months ago under the terms of which, rejecting the principle of inter-generational solidarity in distribution, the pension system will henceforth be based on a purely insurance-based rationale.

Furthermore, the period of contributions will increase considerably; however, throughout the country, and particularly in large corporations, the trend is to cut the labour force, notwithstanding the surrounding increase in unemployment, starting with young people, for whom the rate hovers around 30%. In any event, they have to wait eight to nine years after they graduate to enter really into the world of work. Faced with the national policies implemented at the demand of the Commission, a body composed of unelected officials, it is becoming urgent for trade unions to show a united front and give visible form to their refusal of a Europe without a real democratic mandate that authorises it to impose unilaterally its ultra-liberal vision on the way society functions.

The trade unions have not forgotten the European directive that defines the open-ended contract of employment as the very standard of the employment relationship on European soil. It would be wise for the European Parliament to remember the legislation it adopted and for the trade union movement to use it as an opportunity to mobilise for a categorical refusal.

◆ **Bernard Thibault**, general secretary of the CGT, naturally subscribed to the recommendations of his trade union colleagues. In his view, far from an accidental occurrence, the crisis reflects the impasse in which a certain type of development is sinking. Those in charge do not seem to realise it, however. Worse still, they respond by repeating the errors of the past, i.e. by focusing even more on the value of capital to the detriment of the recognition due to labour. Which European official would dare state that a properly social dimension is present in the different economic policies currently being implemented in Europe to fight against the crisis? The programme of initiatives taken on a European scale is geared to financial ambitions across the board and at the same time contrary to any social concern. This explains why rating agencies are playing a more important role than citizens or the parliaments that represent them to decide on the appointment of their prime minister. The question of democracy in Europe is now raised on the political level of course, but also – and firstly -- on the economic level. Trade unionists are wondering about the strange development that henceforth enables a handful of “decision makers” in no way elected to impose an economic orientation on the entire EU against any other choice whatsoever, starting with that recommended by the trade unions.

This is the explanation for the idea gaining ground to the effect that responsibility for the crisis falls on the States themselves that are poor managers, and even more so, on the workers who “are too expensive” in France and the rest of Europe. The social contract on the principle of what was *the social democracy of the market* of yesteryear and not so long ago, is being brutally challenged everyway by a unilateral decision that goes counter to the former European commitments. Europe is threatened at the very heart of its values. The proof is that all governments, whether on the left or on the right, are voted out of office in landslides at the end of their term; and even more the rise of extreme tendencies, fuelled by nationalistic and xenophobic themes. The situation is a cruel disappointment. Europe today seems like an area in which workers are made to compete more and more against each other. The French government, for instance, endeavours to show, on the basis of criteria that are themselves debatable, that French workers cost more than their German counterparts. The aim is clear, namely to lower wages and social

standards, in the very name of Europe, which is nonetheless intended to open the gates to a better future for its people. This prospect is simply not viable, any more than is the Merkel-Sarkozy duo, which has arrogated the major decisions to be taken at European level.

In any event, the European Union functions in a way that varies from country to country and as such does not bolster the rationale of a federal structure -- whence the competition between labour markets, in the name of that very Europe; whence also, this free and open path everywhere in Europe to shareholders keen to a level of dividends that exceeds the share reinvested in the production facilities. It has been shown in France that the rate of dividends paid has not varied in the last two years irrespective of the economic situation that the companies concerned found themselves. How is it possible then to hold workers responsible for the cost that is supposed to represent their own wages? To this injustice should be added other concerns and other questions, such as the very nature of the goods and services which should be produced, or in other words, the management of sustainable development. Here once again, it is high time that democracy assumed the reins of a single economic management in the short term -- for the future of humanity is at stake.

◆ **Anne Demelenne**, general secretary of FGTB Belgium, also noted that the social dialogue is not faring well at all in Europe. In fact, it takes two to have a dialogue. However, the employers are evidently content with following the recommendations dictated by the European authorities, through their respective national governments, on social regression. Far from sharing the uncertainties expressed by Emmanuel Julien on this matter, Anne Demelenne did not hesitate a single second to point the finger at the financial markets as the main culprits for the current crisis. To cite but the situation in Belgium, it is only since 2008 that the country's public debt has deteriorated (15%). It was necessary first and foremost to save the banks, and not only in the States of the South, at the price of major economic and social breaches and a decrease in tax revenues. To this particular cause, we should also dare to denounce the overall functioning of capitalism -- whence the popularity of the slogan "capitalism can be very hazardous to your health" in trade union circles.

The new European treaty, on the other hand, is frankly disquieting. First of all because of its ever so flagrantly anti-democratic character. The intrusion of the judicial authorities in case of "poor" budget allocations by the elected parliaments is clearly a transgression of a democratic principle, all the more justifiable as it is not counterbalanced by any prospect or reason to hope for public and stimulus investments on the economic and social front. These levers cannot be used because of the golden rule. Entrepreneurs should find common ground for concern with trade union officials here. In a general manner, nothing has been done since 2008 to regulate the world of finance, nor about the absurd stranglehold assumed by the rating agencies.

The solutions are clearly identified nonetheless. A good number of economists, and not only on the left, insist on the need to curb the immense accumulation of sovereign debts via the ECB. That said, the recovery that such a policy would make possible could not be implemented through wage austerity

justified in the name of competitiveness on the world market. Agreeing with Bernadette Ségol's views, the Belgian trade unionist insisted on the importance of negotiating "decent" wage levels in Belgium and in neighbouring countries, i.e. higher than the minimum wage – whence the need to coordinate claims beyond the borders. Without such coordination, Belgian wages, like wages in other European countries, risk not only losing the benefit of indexing which they still enjoy, but of feeding and accelerating the downward negotiating spiral. The effect of the "European semester" is the introduction of social moderation in all European countries, i.e. social regression, even in countries which, like Belgium, had "played the game!" This famous control panel that the European authorities are imposing, is nothing but a fool's game which ETUC and the participating trade unions have every reason to be wary about. The European recommendations on taxation are another case in point. Taxation has gone from a key instrument for a certain social redistribution to a central element of competition between European countries which can only lead to disaster, i.e. the planned unravelling of the social protection systems that Europe used to be so proud of.

Such social regression concerns all the EU Member States. The fact of having installed a socialist prime minister in Belgium changes nothing. The pension calculation conditions, the amount and duration of unemployment benefits, etc. are all in the crosshairs. All such measures are not intended to contribute to wipe out the public debt, but to leave a mark of neo-liberal ideology in people's minds. After all, what is the damage inflicted on social attainment next to the upturn of dividends paid to shareholders? This is a societal choice on the scale of Europe as a whole. Thus, a general strike is to be held in Belgium on January 30th, i.e. the same day as the "European summit." It is high time for trade unions to make their voice heard – a unanimous and unified voice against the increasingly more powerful injunctions by which the European Commission and the Council are trying to impose their ultra-liberal vision on the populations that want none of it. Trade unions from different countries must, as a matter of urgency, learn to defend their own rights, namely a European social contract to counter the provisions of the new European treaty, which offend in equal measure the spirit of democracy and the spirit of social justice, without which European integration is left meaningless.

GENERAL DISCUSSION

◆ **Armin Duttiné**, from Ver.di, shared Anne Demelenne's view that a unified trade union response is needed more than ever before at European level. How can this be achieved, however, in view of the fact that each country concerned is a different case? The officials of Ver.di, Germany's second trade union confederation, have some doubts about the motivation of their members to take part in a transnational collective action. That said, the third UNI Europa Congress, which brings together all the trade unions for services in Europe, was held in Toulouse this year. It gave rise to the idea of installing a European alarm that would reconcile the strategy to unify collective actions on the one hand, with the diversity of theatres of operation on the other. A general strike will thus be held on D day here, as soon in Belgium, whereas demonstrations or rallies will be organised in the premises of companies, or even strikes – a solution unfortunately prohibited in Germany where strikes for openly political reasons are not allowed – so that all workers in Europe can show their determination to defend a certain level of wages, pensions and social rights. Given the disastrous role played by the German chancellor, a demonstration by trade unions from every corner of Europe in front of the German chancellery should be considered, as already tried by the FGTB with the support of Ver.di and other German trade unions.

◆ According to Armin Duttiné, considering the increasingly hostile attitude of their members towards European integration, the time is ripe for the trade unions that represent them to show their opposition to that kind of Europe. It is not the idea of European integration that the trade unions would be rejecting – far from it – but a certain form and a certain content of such integration that seems to have been decided in treaty after treaty, set in stone rules, for the suffering of people.

◆ **Anna-Lisa Alviti**, broached, in the name of *Confcommerzio Lazio*, questions relating to training in small, and even very small trading and service companies in Lazio. The crisis has perhaps made investments in training to prepare workers for the requirements of an increasingly less stable labour market more necessary than ever before. This is less of a conviction than a question asked to those in attendance. More specifically, the question concerns the role that the trade unions could play to give rise to innovations in training capable of opening up a less grim occupational future for workers.

◆ **Christiane Foucher** proposed that companies should have to meet several criteria to obtain public contracts: participation of workers in boards of directors, negotiation of the allocation of added value between shareholders and workers in such a way as to restore balance therein, adjustment in corporate taxes to reduce them in accordance with the number of workers.

◆ **Patrizio di Nicola**, a specialist in the sociology of work, found confirmation in the foregoing comments by trade unionists of something that has struck him for quite a while, namely that the fall of the Berlin wall and its repercussions have gradually undermined ideologies completely. They are all dead with the exception of ultra liberalism, which finds its breeding ground of choice in

European *governance*. The latter is increasingly resembling the Chinese model, i.e. a form of capitalism all the more efficacious because bereft of any democratic constraint. This explains why banks impose their timetable, interest and finally their personnel as heads of state in Europe. This moreover explains why the various troikas are imposing the disastrous recipes of the IMF everywhere. Today, European governments are weak and do not have sufficient clout to change the course of events nor the course of Europe which is headed for disaster. No more than the Euro, Europe is not a value to defend at any price.

◆ **Javier Doz** admits to being obsessed about the right responses from the different trade unions to policies of austerity, of freezing or even reducing wages and structural reforms pursued by their respective governments. Spain has witnessed the most massive demonstrations since 1945. All the demonstrations held throughout Europe to protest against the ultra-liberal policies have enabled the different social movements to become aware that every country was in the same situation of dependence with regard to the European authorities in Brussels. Such awareness of this common subjugation to the economic and financial decisions taken by the European authorities notwithstanding, the different social movements do not always manage to engage in efficient coordination. We must face up to the fact that coordinating the different trade union worlds to confront the hostile developments in the EU would in any event be an extremely difficult undertaking. Not only does the idea of a general strike on a European scale appear quite unrealistic, but even less ambitious actions that brought together some ten European countries will not be easy to organise, even if this type of operation has to be encouraged, as will perhaps be the case the day when European leaders will no longer be afraid to focus on “employment and growth” – that growth that their decisions have nipped in the bud.

After all, we can still dream about some real initiatives in that direction, such as for instance the €15 billion of loans for Greece, but for which that country cannot provide any co-financing. The question now is purportedly to re-allocate them to Spain and Portugal. But is such an arrangement possible, or even desirable, if the idea of solidarity between the different countries of Europe is taken seriously? It is therefore necessary to be able to “dose” the forms of industrial action with the realism required between European countries.

◆ **Jacques Reland**, of the Global Policy Institute subscribes to the general diagnosis that the current crisis has been caused by the development model and that the would be solutions, the famous “reforms,” are really intended to turn back the clock on *social attainments*. The only hope lies in the new political orientation that could emerge in France and Germany if the left were to win the next elections. Do Messrs Thibaut and Hoffman for France and Germany respectively share this hope?

◆ Replying in the name of Belgium, **Anne Demelenne** noted that the presence of a declared socialist at the head of the Belgian government in no way changes the orientation of things nor in any way calms the apprehensions that many have about being deprived gradually of the benefits of the Welfare State. If the Belgians, who do not have a strike culture, come around to the idea of a general strike on the day of the European summit, it’s clearly because all other forms of

action have failed! The Belgian trade unions will in any event not back down and have some hope of getting things moving.

◆ **Bernard Thibault** too thought that a trade unionist cannot lose hope of having an influence on the course of events. That said, he did not think that an electoral victory by the left could, in and of itself, constitute a fulcrum for trade unions to assert their demands concerning European policy. Indeed, the substantive changes that the trade unions of Europe expect in the running of the economic machinery are of such scope as to exceed by far the capacities for action of this or that head of government, however well intentioned. Only a global movement of public opinion could create the conditions for such a change.

For their part, the trade unions are not short on proposals for improving things. But the current balance of power is not in their favour. What is important in the current state of things is to boost the capacity “to create a joint trade union event” across Europe. Never before have there been so many trade union actions before in 2011 – nor have they every converged so little, despite the fact that they all reflected, albeit each in its own register, the same opposition to the effects of the ultra-liberal policy imposed by the authorities. Who, other than the trade union movement, is in a position to defend a certain number of values and principles, the very ones that Europe had put at the forefront in fact? There is no one else. Not to act at this time would be tantamount to dereliction of duty. In view of what is happening in every country, the trade unions of Europe have a duty in fact to revive and to reaffirm decisively the general interest of European workers. No other collective stakeholder could assume this role.

◆ **Susanna Camusso** is also convinced that the time has come for trade unions to coordinate their forces, not only to oppose the ultra-liberalism of Europe in the euro zone, but also more widely the break up of Europe into several circles. The trade unions must reiterate the need to put work at the centre of European integration in the true sense of the word. If work is being reduced to what it tends to become today – unstable, precarious, deprived of its social complements, reduced to a pure function of adjusting to the conditions of competition -- then European society would be making a huge step backwards. Only work can give meaning to the idea of the European social model, without which the very idea of Europe seen as a project that goes beyond the competition between its constituent nations will in turn become an unattainable utopia.

◆ **Joerg Hofmann** is naturally not opposed to the idea of changing the political orientation of the European Union radically, but deems it more realistic to give priority to trade union strategy. As Anne Demelenne had already underscored, the future of social Europe depends on the nature and reality of the dialogue between the social partners. Moreover, the dialogue must not be biased. At issue is giving a little more substance to the construction of social Europe, perhaps starting with the question of sharing between capital and labour. This is the challenge that the trade union mobilisation can address, and may in fact constitute an indispensable precondition to any other incursion on a more political field.

For example, the cause of workers will not be served by asking German industry to reduce its exports to the rest of Europe. The German trade unions are

in fact keen to preserve the advantages in terms of wages and working conditions they managed to negotiate in the industrial sector for their affiliates. Conversely, it is up to them to concentrate their struggle to improve considerably the level of wages and working conditions in the sector of services and small units not covered by collective bargaining agreements, and more generally in the precarious employment sector. The conditions would then be met to stimulate internal demand that could for the rest prove beneficial for the European economies in a position to meet it. The trade union struggles will be able to contribute optimally to the creation of social Europe by remedying the very imbalanced nature of wage policy in Germany – a more efficacious solution than a call to coordinate trade union movements on purely political grounds, even if this should also prove necessary in a subsequent phase.

◆ **Alejandro Cercas** was worried to hear the idea of European integration being discussed separately from the survival of the Euro. That would be a very serious mistake. The euro is the very guarantee of European integration. Let us not forget that it came into being in exchange for German reunification, that it accelerated substantially the establishment of the single market, and that it is the very symbol of the European ambition. The enemies of European integration make no mistake about it, because they are concentrating their attacks on the existence of the euro itself. In short, saving the euro is justified in political terms even more than in purely economic terms. Similarly, it is not possible to go back to the *Ruffert case* concerning the clauses on public contracts that run counter to the provisions of the Lisbon Treaty. This same case law turns out to run contrary to ILO's *Convention 94*. This convention provides that public contracts must exert downward pressure on wages and working conditions. This provision should not take precedence, the MEP insists, on the principle of free movement. Here once again, a certain idea of Europe is at stake.

◆ **Evelyne Pichenot** took the floor on behalf of the *European Economic and Social Committee* (EESC), and presented the objectives, activities and modus operandi of that body. She insisted on its coordinating and consolidating role with national economic and social committees. Its philosophy is aimed at putting social rights and economic freedoms on equal footing. Put another way, social policies and labour market policies constitute an essential condition of economic performance as it must be understood in Europe, and in no way a simple outcome of growth. The effort to calculate the cost of a *non-social Europe*, where job insecurity, poverty and the obliteration of the social dialogue would give free rein to the market forces alone, is therefore justified. The Committee moreover proposes to manage budgets better so as to finance infrastructure projects more efficiently by favouring an increase of the EU's own recourses through a tax on energy. In more general terms, the EESC considers that the commitment of the civil society is a decisive element for re-casting the project of a truly European society. In this respect, it plans to continue to play this role of intermediary and link between these two worlds.

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SUMMARY AND CONCLUSIONS

Friday, 20 January 2012

Klaus Mehrens

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Joël Decaillon

Executive Vice-President of Lasaire

◆ **Klaus Mehrens**

The central theme of the biennial, “the crisis and its effects on the European social dimension,” was broached in the first roundtable. Examples of trans-national social negotiations were presented in very concrete terms. The entire theme was moreover taken up in the concluding discussion, during which the analyses proposed by four trade unions from four Member States invited to discuss the matter with the participants of the biennial were juxtaposed. The observation made from the beginning of the colloquium was included in the conclusion: the origins of the crisis cannot be separated from a profound social injustice caused by the unequal sharing of revenues and wealth.

The second theme broached during these two days focused on the already perceptible loss of democratic substance itself, which risks getting worse. This loss does not concern only the way that the structures of parliamentary democracy function, but also the efficacy of collective bargaining at the level of sectoral agreements.

It is not necessary to refer to the classics of social democracy to establish a link between efficient democracy and a just order, aimed at approaching conditions of real equality more and more. “There can be no socialism without freedom! Socialism can be achieved only through democracy, and democracy needs socialism to be complete.” These were the words of the brand new “socialist international” when it was founded in 1951. Even if this wording seems dated in view of our current sensitivities, it is still pertinent. In all the Member States, it is as if a sort of degenerated representation of the demand for justice is increasingly replacing our ideals and inequality is gaining ground everywhere. This is a very alarming observation for us, all the more so as the current crisis is intensifying this trend considerably. The already fragile fabric of the democratic structures in Europe can only add to our concern.

The role of the social partners, which we examined closely during these two days, has proved essential in this struggle against social injustice. Still at work within a precise framework, they are operating under three separate approaches with regard to the public authorities: complete autonomy, cooperation or conflict. For some time now, they have pursued their mission in not very convincing fashion, at least as regards the sharing of wealth. It remains to be seen what has contributed to their weakening. To what extent has the framework in which they operate changed? Such are the questions faced by the stakeholders: first, the trade unions, which have to agree to new challenges; then the employers who attach such high importance to maintaining social structures; and finally, to politicians who have to know whether the time has come to configure differently the framework in which the social partners can play their role optimally.

I cannot broach all these points, so I shall simply mention some conclusions to be drawn, from a trade union perspective, from the presentations and discussions about the central themes of the biennial.

Insofar as they are considered as the only solutions to the crisis, both privatisation and deregulation have been deemed as inadequate responses to the challenges of globalisation. They are to be considered as causes of the crisis, all the more so because of their effects on the sharing of added value, whilst leading to a weakening of the countervailing power of trade unions. It was already a trend noted in the crises of the last two decades. It is up to the trade unions to ask themselves whether they have not focused more on this struggle against the deregulation under way during those years.

It is more urgent than ever for the trade unions to define, as of now, policies at both the national and European level, capable of reinforcing the idea of a social Europe and the conditions for its concrete implementation. In other words, the national organisations and federations must regain and use their organisational capacity in companies and in society as a whole. More specifically, if the trade unions are already weak on their national ground, they will not be able to exert the force needed at European level to bring about social Europe. At the same time, it is absolutely necessary to coordinate and concentrate all trade union actions at European level, which means the coordination of wage policies first and foremost. In the 1990s, the coordination of wage negotiations in metallurgy had taken as a basis for discussion the figure obtained from the increase of production prices plus the growth in productivity. This must still be the rule to follow today.

The autonomous wage bargaining system is not only at the heart of social Europe, but even more so, the most authentically democratic element in the economic world. For such a system to function, it is necessary to establish not only a legal framework on which to rely, but also employers' organisations that are both stable and capable of a certain integration. A legal framework is of course synonymous with the right to unionise and the right to strike. It is not by restricting the exercise of these two rights that a contribution towards solving the crisis can be hoped to be made.

And to conclude, the discussions of the biennial afforded an opportunity to underscore the importance of the workers' representation systems when they function efficiently in companies, regions, national states and finally at EU level. To gauge the democratic quality of Europe, it is necessary to take into account not only the reality of the elections, constitutional texts, treaties or the functioning of the European Parliament, but also the way in which conflicts in daily life and at the work place are settled, as well as the way in which workers can weigh in the solution to the problems that concern them. The limitation of the rights of workers therefore turns out to be a short-sighted remedy against the crisis, and rather counter productive at that. The controversies about rescuing the single currency or the financial systems have marginalized a little more the purely social issue of Europe. Whereas the social dimension of Europe is still defended, there is scarcely any question of extending the application thereof any longer, as urgency would dictate. The role of the social partners has perhaps become too difficult to fulfil. It is therefore all the more urgent that they can get their voice heard. It is in any event in this prospect that we must understand our colloquium.

In any event, the idea of a Europe reduced to a common economic area will be strong enough in itself to survive. The future of Europe depends on the presence of two major elements: a policy geared to peace and a social ambition.

◆ **Joël Decaillon**, executive vice-president of Lasaire, was delighted with the excellent quality of the discussions which made it possible to broach several issues. If he had to single one out for more in-depth examination, it would be that of enterprise in the wide sense of the term, i.e. understood as a network which goes far beyond the single figure of the entrepreneur as such. In other words, the *entrepreneurial* system extends beyond the single figure of the boss, who is a very important element to be sure, but whose representative quality has to be reconstituted within a far more complex whole. Such a configuration would help promote the emergence of innovative industrial solutions and do justice to the ecological requirements. It would also be a different way of recognising that *complexity* as a way of organising society should be seen not as an obstacle, but as stimulation for action, far from a simplistic approach which is a reflection of a certain populism.

In the spirit of the Philadelphia declaration, it is necessary to reiterate constantly that work is not a purely economic reality, but had to acquire another meaning as well. But that is a message nearly impossible to get across to politicians today. The indignation of young generations before the spectacle of social injustice with which they are confronted must be combined with the experience of their elders in order chart our way to action.

