



**11th BIENNIAL**

**EUROPE WORK EMPLOYMENT**

**THE CURRENT CRISIS IN EUROPE IS SERIOUSLY  
DISRUPTING INDUSTRIAL RELATIONS**

**WHAT SOLUTIONS AND WHAT ROLE CAN SOCIAL  
ACTORS PLAY TO PULL THROUGH?**

**PROCEEDINGS**

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DISRUPTING INDUSTRIAL RELATIONS

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ACTORS PLAY TO PULL THROUGH?

### REVIEW OF THE DEBATES

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## OPENING OF THE BIENNIAL

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**Thursday, November 27, 2014**

**Roger Briesch**

European Delegate, Lasaire

**Jean-Paul Huchon**

President of the Île-de-France regional Council

**Jean-Cyril Spinetta**

President of Lasaire

**François Rebsamen**

Minister of Labour, Employment, Vocational Training and Social Dialogue.





◆ **Roger Briesch**, European Delegate of Lasaire

The theme of Europe – Work – Employment represents a straight continuation of previous biennials. This biennial is very timely: the European Parliament elections were held, the new Commission was put in place and certain commitments undertaken, so it is important to take stock of the new situation. Although it is too soon for an assessment of the renewal announced and recommendations made, this biennial nonetheless provides us with an opportunity to propose objectives so as to relaunch the European project through innovative policies on the economic and social front.

What sort of Europe do we want for tomorrow?

We have to ask the question about the decision-making places and levels, i.e. the geographic area from which real progress is possible. The Europe of 28 can be said to have shown its limits at this time. Some countries are doing their utmost to limit the prerogatives of the Union to mere market management and are determinedly opposed to those who want to build new common policy and new solidarity. It is therefore necessary to analyse the current situation so as to clarify the competence of the 28 and to identify ways for those who want to move forward.

The discussion on the possibility or need to change the institutional framework is open. Proposals have been made, through the voices of Jacques Delors, Joschka Fischer, Hans-Dietrich Genscher, Daniel Cohn-Bendit or Valéry Giscard d'Estaing. It is up to us to take this discussion into account and to commit ourselves to it.

**IG Metall letter (see attached letter)**

◆ **Jean-Paul Huchon**, President of the Regional Council of Île-de-France

I am delighted to welcome you to this chamber of the regional assembly.

Today, Ile-de-France is the first region of Europe. It stands out by the part it plays in the economy of the European Union: it accounts for more than 5% of the wealth produced in the Union every year, and for 32% of the French GDP – a figure higher than that of Sweden and nearly the equivalent of that of the Netherlands. What takes place always resonates in the rest of the country and in Europe. This is a source of pride, but also of a heavy responsibility. In France, we are one of the engines of growth, and in Europe, one of the possible engines of recovery. In the ultra-competitive world economic landscape, the large metropolitan regions have a winning asset in the high concentration of resources (workforce, innovations, culture, energy). They are a place where people can find work, where companies are still creating jobs. We must capitalise on metropolisation.

Ile-de-France believes in the future of Europe. Whilst we are going to manage the European funds (which we have wanted to obtain for twenty years already), we are all the more keen to show that Europe is an idea and a future. We must be able to draw on this determination concretely, in reality, in the field.

◆ **Jean-Cyril Spinetta**, President of Lasaire

I shall start by saying a few words about the economic situation in Europe, and shall rely on the work of Joël Maurice and Michel Fried as well as on the conclusions of the Athens, Madrid and Rome seminars.

We all know that the economic governance of the eurozone was based on two simple principles: first, the conviction that the single market and monetary union would suffice to bring about the convergence of the economies of the Member States; and second, the conviction that the budgetary criteria contained in the Stability and Growth Pact of 1987 would prevent any risk of imbalance in public finances. Did we need governance based on a federal option or governance based on a body of rules that framed the budgetary policies of the States in strict terms?

The federal option was rejected rapidly and most of the measures taken were geared to strengthening budgetary discipline and to introducing structural reforms. The 2013 treaty concentrates exclusively on budgetary rigour and does not deal with growth, employment, or social cohesion, which makes them vulnerable.

That is not all: the budgetary efforts are accompanied by “conditionalities,” a demure word to designate the imposition of pay cuts. The aim of these pay cuts is to bring about an internal devaluation by reducing the nominal cost of labour in order to restore the competitiveness of companies and the situation of trade and current payment balances of countries in the eurozone that can no longer resort to a currency devaluation. So we must not be surprised that the economy of the eurozone is stagnating.

At the same time, all the three elements have concurred to bring growth to a standstill and to constitute a risk of deflation in the eurozone. In fact, the countries of the eurozone are engaged in a process to reduce their public expenditures at a time when the recessive consequences of these austerity policies on growth have been underestimated. When a country reduces its public deficit, this entails a reduction in its overall demand, in its real GDP. This country is then forced to reduce its imports, which in turn hampers the real GDP of its partners. If every country reduces its budget deficit at the same time, the effects of the reduction of real GDPs accumulate. This is the austerity multiplier, which explains in part the mediocre performance of the German economy in terms of growth in the second and third quarters of 2014. Finally, by weighing on salaries, the internal devaluation policies accelerate this reduction in global demand and strengthen the risk of stagnation and deflation in Europe. Such is the bleak economic landscape of Europe at the end of 2014.

The consequences of this economic policy on industrial and social relations in Europe were analysed at the Athens, Madrid and Rome seminars.

The impact of the economic crisis on the labour markets in the countries of the European Union has assumed different forms, depending on the country and period. Let us delineate some common traits, in particular in countries where the economic situation is the most dire. The reform of the labour market in those countries was presented as a key condition to financial bailout programmes, whether that prospect was imposed openly and brutally by the troika, as in Greece and Portugal, or adopted by the national governments to give a positive signal to the financial markets.

The governments intervened without negotiations, at times even without prior consultation with the social partners, to lay down new rules. The troika imposed its views in countries like Greece and Portugal, but also in Spain, Italy and other countries. We then witness the challenge of the hierarchy of standards by giving preference to negotiations at company level, where company agreements may depart from the standards defined in sectoral collective bargaining agreements or even in the law.

Moreover, the intensity of the economic crisis has made it possible to pursue the objective of making labour markets more flexible. Flexibility had been obtained in Europe up to now by expanding and multiplying the forms of atypical employment. The demand now pertains to challenging rights (at times qualified as privileges) associated with stable contracts of employment: relaxation of dismissal conditions, challenge of the hierarchy of public, negotiated standards, widening of the possibilities for derogation, introduction of more flexible forms of fixing wages and organisation of the working time, etc. As to unemployment benefits, the demands have in classic fashion pertained to reducing concurrently the amount and the period of entitlement.

We may well wonder whether this effort to generalise the flexibility of labour markets will not pick up pace and weight in the months and years to come. We should bear in mind, for example, that in August 2014, at the annual meeting of central bankers in Jackson Hole in the US, Mario Draghi pleaded for a relaxation of the budgetary rules in return for an acceleration of structural reforms.

The suggested compromise is clear: the treaty on the governance of the economic and monetary union may not be fully complied with, if we accelerate and reinforce structural reforms, i.e. introduce more flexibility in the labour markets. Evidently, this is the situation that France finds itself today.

Thus, what started as a financial and banking crisis that called for a new regulation in these precise areas, will undoubtedly end up in a massive deregulation of the European labour markets.

This paradoxical situation raises the following questions.

- The single currency is, by nature, eminently federal. To be sustainably stable, it must be accompanied by a federal budget. But the federal option is today rejected at the political level in Europe. **How do we get out of this contradiction?**
- In a common economic area that has a single currency but not the rebalancing elements that a federal budget would authorise, the centre grows richer to the detriment of the periphery which grows poorer, unless the current rationale of competition between the States is replaced by a rationale of cooperation. **What role can the stakeholders play to raise awareness and to assert a cooperative approach in Europe?**
- Under the current rationale, which is not cooperative, internal devaluations, i.e. wage and social devaluations, are imposed on the most economically vulnerable countries. **Is it possible to have an international revaluation rationale prevail in countries where the economic situation permits, as in Germany in particular?**

A concerted examination of wage policies would be essential. **How can the social stakeholders put this new rationale forward?**

Nobody disputes the need to re-examine the structures of public expenditure without bias and without flinching, but the drastic reduction observed today affects the overall demand, whereas unemployment in Europe is first and foremost Keynesian in nature. A growth relay at European level therefore appears indispensable. **What role can the social stakeholders play to have an ambitious investment plan prevail at European level to foster growth and prepare the future?**

◆ **François Rebsamen**, Minister of labour, employment, vocational training and social dialogue.

Europe is not going too well. We have a big responsibility as social stakeholders. If Europe does not foster sustainable progress in the eyes of its citizens, its legitimacy will be swept away by the populist movements we see mushrooming in all the countries. Social Europe is very vulnerable, and the different situations of its 28 member states make progress complex. No country can fend for itself, in my view. Not only is it impossible, but the social model must remain an essential asset of Europe. It is difficult to sustain the European social pillar. In France, for example, during summits, the ministers of finance and heads of state meet, but the ministers for labour and employment are absent. This phenomenon reflects the purely financial trend in the construction of Europe.

All the imbalances have an impact on the social stakeholders and employment: the rise in unemployment, hardening of social relations, social dumping. In that respect, I would like to sound the alarm about the illegal posting of workers that is developing nowadays in the European Union. Let us not forget that economic difficulties are creating democratic difficulties everywhere in Europe. There is no question that we must find solutions. ETUC had proposed an investment financing plan on the basis of 2% of European GDP. In the end, the Juncker plan is a first sign; €315 billion have been announced (up €15 billion in one week), but with a weak mobilisation of European funds (€21 billion). What role can the social stakeholders play to introduce a more democratic framework so as to get out of the crisis? Europe is not just any political entity: it is built on values and must stay true to its history.

Let us now broach a number of issues which hold some hope in store.

There is the minimum wage, for example. Through persistence, 22 of the 28 Member States have obtained the minimum wage. This provision creates a virtuous dynamic.

Another important struggle is that of youth employment, with the European Youth Guarantee adopted in 2013. This initiative has created a mobilising impetus. The European youth initiative works thanks to the Caisse des Dépôts. In France, it will concern 50 000 young people in 2015, and 100 000 by 2017.

Another example: the posting of workers directive we obtained last year. At our request, the Commission decided to build a European platform to prevent and discourage undeclared work. This form of work is socially unfair in addition to being dangerous. The EU “project” is being rejected by citizens on a massive scale. The acceptability level of reforms of our labour market and our social protection system is very low, although no one denies that certain reforms are necessary in order to restore competitiveness and the capacity to create jobs. Europe must assume its role in an industrial strategy: this touches on the creation of new jobs and by extension, on technological changes.

A wind of flexibility is blowing in the Union as a whole and is threatening the social model. This is reflected on all fronts, including at the ILO, where there is an unprecedented deadlock at this time. In a general manner, in times of crisis, we are content to resist and fight against something – against unemployment, poverty, social dumping, etc -- but we do not fight for something – for social justice, employment, etc.

Here are some examples of the challenges we are up against.

Let us take the French unemployment insurance. This is a very protective system, the result of an agreement by and between the social partners. It has helped keep the poverty rate of French unemployed workers down, in spite of the crisis. This rate is 38%. In Germany, a country where the number of unemployed workers is far lower than that in France, the poverty rate of unemployed workers has gone from 38% to 62%.

On the issue of the employment contract, we are faced with having to square the circle today by offering a contract that provides all the guarantees of an open-ended contract with the flexibility of a fixed-term contract. There's a lot of work to be done.



**EVOLUTION OF INDUSTRIAL RELATIONS IN THE CURRENT  
CRISIS, WHAT CHANGE IS UNDERWAY?**

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**Thursday, November 27, 2014**

**Juan Moreno**

Foundation 1° Mayo

**Philippe de Buck**

Former Director General of Business Europe  
Member of the European Economic and Social Council

**Joël Decaillon**

Executive Vice-President of Lasaire

**Nicholaos Skorinis**

Vice-President of Greek Economic and Social Council (ESC)

**Jozef Niemiec**

Deputy General Secretary of European Trade Union Confederation (ETUC)

**Jean-Paul Delcroix**

General Secretary of Belgian National and Labour Council (CNT)



◆ **Juan Moreno**, I° Mayo Foundation, Spain

The pillars supporting industrial relations have been under heavy attack. The intensity of the crisis is not the same in the different countries, but many changes have taken place in one way or the other. Certain developments in industrial relations admittedly predate the crisis (the deregulation procedures due the globalisation of the economy date from the 1990s), but in some countries the radical nature of those changes has altered the social protection systems and collective bargaining profoundly. In some countries, these changes were imposed without prior deliberation or consultation.

As to the minimum wage, we are not getting positive signals on all sides. In certain countries, it is virtually paralysed. The number of workers on minimum wage has increased in recent years, as has the number of workers earning less than the minimum wage. And yet, some politicians are still railing at the wage levels because they allegedly affect the competitiveness of businesses.

This has served as a premise to try and give legitimacy to the reforms in the bargaining systems (compensation in the private sector / restrictions, reductions for workers in the public sector). The wage revision formulas are specific to each country, but the most common characteristic is the decentralisation of collective bargaining, which is justified by the need for flexibility and adaptability on the part of businesses, with preference given always to company agreements.

Collective bargaining has often been reduced to its simplest form. Mobilisation against these policies has nonetheless enabled us to maintain a good level of coverage in certain countries. On the positive side, we should point out that in spite of these deteriorations, the social dialogue is nonetheless inevitable and present in all the countries. The employers' organisations and trade unions continue to meet to try and recover collective bargaining and we hope that the same will apply to the European social dialogue and to tripartite consultation.

This set of changes has evidently weakened the trade union and certain employers' organisations. The rate of affiliation in certain countries such as Italy continues to be very high in spite of the crisis, but that is not the case everywhere. We are even accused of being conservative because we oppose the reforms, even though everything tends to show that the reforms have impoverished the population. We have also been labelled radicals because of the struggle we are waging. And yet, the struggles of social movements we are currently witnessing are often shared with the trade unions. But that does not prevent some from doubting the trade union movement, accusing it of being "part of the system."

Unfortunately, the current reforms are forging ahead. It is impossible to recover the social dimension that has been lost if there is no recovery in the economy and employment. The Juncker plan should create more than 3 million jobs, but in any event, if we do not put an end to austerity, the unemployment rates will remain very high. A more ambitious plan is needed such as that proposed by ETUC, for instance; there is the introduction of a minimum wage, but here once again, the EU budget does not suffice. That is why a federal and cooperative rationale is needed.

When ETUC was working on issues concerning Latin America, I often heard praise for the European social model and the need to copy, adapt and import it. In recent years, I have noted something different: Actions of solidarity with European workers are being organised in Latin America. Moreover, the trade unions are complaining to the ILO about trade union violations at European level. We need a change of course.

◆ **Philippe de Buck**, Former General Manager of Business Europe and Member of the European Economic and Social Committee (EESC), Belgium

*Although listed as representing Business Europe, Philippe De Buck stressed that he was speaking in his own name.*  
Is the social dialogue less effective than before?

In the 1970s and 1980s, we spent our days and nights on restructuring operations. We were constantly faced with conflicts and strikes, and I think that the situation was the same elsewhere. I think that the crisis we had because of the oil shock, the complete restructuring of industry which ensued, was decidedly harder than the one we are going through today.

As everyone knows, the social dialogue is by definition a dialogue to share a margin, so it is easier when there is a margin than when we have to restrict or plead for moderation. This model aims at striking a balance between growth and distribution, through solidarity aimed essentially at four areas to preserve or improve the situation of workers (unemployment, sickness, family policy and pensions – and I would add everything to do with education, including vocational training).

This social model is not exclusive. Its principles are applied in 28 different systems. I come from the north of Belgium, and can easily make comparisons with our Dutch colleagues because there are few differences between our societies, and yet our social systems are drastically different (pensions and retirement, tax policies). The social policy must be considered under a national framework.

Is there a social dialogue at the European level?

The principles of the European social dialogue were defined by the social partners themselves in 2013. There are ten commandments, introduced by recognition of the famous Article 3 of the European Treaty. This article lays down the principles of a market economy with a social dimension, which must be competitive and aim at full employment. Finally, it insists on the respect that governments have to have for the autonomy of the social partners.

By way of conclusion, I would react to several points.

**Have we unravelled the systems that protected against collective redundancies?** I think that we have above all woven a complicated system these last twenty years, at times for ad hoc reasons. For example, the closing of Renault in Vilvorde led to what is now known as the Renault Law.

What is new on the collective bargaining front? An additional dimension is emerging today, one that intervenes in the confrontation between the social dialogue and the civil society, which are two different things. We are very keen to maintain the social dialogue as it is, i.e. framed in an employment relationship (a contract of employment by and between an employer and an employee).

We have also noted that it is difficult for the European Parliament to accept the principle of autonomy of the social partners. In fact, when there is a collective agreement at European level, the Parliament has to take it or leave it. There is no capacity for amendment.

On the development of organisations, I would like to share a recent experience with you. The think tank *Les Amis de l'Europe* asked a report on social Europe. Frank Vandebroucke drew it up, but it did not contain a word about the social dialogue. There was a discussion in the "high-level" group, and many speakers from the political sphere and from academia questioned the representativeness of employers' organisations, and even more so, that of the trade unions.

◆ **Joël Decaillon**, Executive Vice-president of Lasaire

In reference to Philippe de Buck's comments, I would say that the problem of the development of social democracy and political democracy is a weighty issue for the years to come.

When we look at what is happening in a certain number of countries, we see that the intermediaries are no longer considered as an efficient component in the organisation of political or economic relations. Consequently, there is a tendency to want to do away with them or to consider them as elements that are not essential for the organisation of companies.

I think that this question will take centre stage in the discussion on the democracy of tomorrow, especially as the economic, social and even scientific systems are not getting any simpler. And it is precisely there that we see the paradoxes of humanity, which consist of wishing to simplify relations, the complexity of society notwithstanding. Political democracy will however have to admit that it cannot tackle this complexity on its own.

It is a discussion that will continue to grow, if we want democracy to remain a structuring element.

◆ **Nicholaos Skorinis**, Vice-president of the Economic and Social Council (ESC), Greece

In Greece, there is a total deregulation of collective bargaining, and dialogue with the government as well as with the social partners is non-existent. The legislative and legal framework has changed: collective bargaining is disappearing. The gross minimum wage was fixed unilaterally by the government, with the establishment of two categories: those who are over 25 (€596) and those who are under 25 (€511).

The sectoral collective agreements are valid only for employees who are unionised. This creates tensions for union representativeness. In 2014, 80% of workers in the private sector were represented not by collective agreements, but by what are known as individual agreements. There is also a deregulation of working time: 50% of



employment contracts are for part-time work or what is known as rotating work.

Problems with regard to the role of the trade unions are emerging, particularly because of the introduction of the individual agreement, because it causes deregulation in the employment market: there is no longer any arbitration procedure.

Has all this been beneficial for the Greek economy?

Obviously not. We knew, before the crisis, that there were problems, in particular with production and productivity. Measures were to change the situation, but the opposite has happened. The symptoms in fact persist. The country's production base is shrinking, there is no investment (from Greek or foreign sources), and there is even talk of "divestment." And behind these figures, there is a harsh day-to-day reality.

The policy imposed by the troika, the country's creditors and the IMF, was intended to reduce the public deficit, which stood at 125% at the time. Today it is 173%. In addition, more than 200,000 companies have closed. In 2008, we had 400,000 unemployed workers; today we have 1.4 million. Today, 1.5 million workers in the private sector find themselves in unacceptable working conditions, and the other part of wage earners do not have the means to resist the arbitrary ways of the employers. The total payroll has lost €43 billion, national demand has contracted by 30% and the recession has claimed 25% of GDP. 25% in six years: We have never had such a contraction of GDP since the war.

The minimum wage has been reduced by 26% to 30%. The cost of labour per unit produced has contracted by 20%, but in terms of competitiveness (the country was ranked 34<sup>th</sup> by the OECD) we have regressed even more. We have declined even on the export front, and the same applies to industrial production (32%).

The social pension funds have collapsed, and there is talk of a debt of about €12 billion. And the pension funds have shrunk at an alarming rate (they stand at €4.5 billion, down from €20 billion).

Three other economic indicators: private indebtedness has exploded (multiplied fivefold), whereas it was on the way down before the crisis. Debts not honoured by the private sector in banks have also exploded.

Up to 2009, we were the champions of European integration. We had the best results according to polls concerning the attitude to Europe. Today, it is easy to imagine it is no longer the case and, unfortunately, not in Greece alone.

We have to get our voice heard to oppose this situation. The objective of the Lisbon strategy was to have the best and most competitive social model, as well as the best working conditions. We have not achieved those objectives.

Isn't Europe on the decline? Doesn't it risk being marginalized by other entities or other countries? The answer must be no, but for that we need an alternative.

Finally, I think that the Greek problem is not isolated. The citizens of Greece have been called lazy, whereas they are ready to work. The problems were of a structural nature for political and cyclical reasons. We did not manage to change course. The situation continues to worsen and there is an urgent need to turn to a policy based on growth and investments, in particular on financing the regions of the South. In a Europe of solidarity, it would perhaps be possible to see the future with greater optimism. This is vital for young people.

◆ **Jożef Niemiec**, Deputy General Secretary of the European Trade Union Confederation (ETUC)

For a long period, we witnessed progress in Europe in the establishment of rules and regulations to promote or to support the social dialogue. Then, when the crisis erupted, we saw a positive development in the role of the social dialogue and industrial relations, and we must bear that in mind (example of Germany). In fact, the social dialogue played a vital role in finding flexible solutions to the challenges posed by the crisis, but that approach was abandoned. We then noted a trend in the opposite direction. That process, the most extreme form of which is experienced by countries under the dictates of the troika, shows us a particular aspect of the role of the European Union.

In certain countries, such as Ireland, colleagues who took an active part in the work of the troika stated that the European Union, or rather the Directorate General for Economic and Financial Affairs had a far more ideological and anti-social approach than the IMF. And yet, the latter is presented in the trade union world as an institution far

removed from our objectives. It is an important element to bear in mind in our discussion on the future of the social dialogue.

The social dialogue is important, as stated even by a certain number of politicians. It is a scientifically assessed observation, but it is also a reality in practice, in the Nordic countries, for instance, but also in Germany, where that avenue has always been used.

The IMF recently supported an approach through the social dialogue too. Its report, drawn up by the expert Olivier Blanchard, explains that the social dialogue still plays and should always play an important role. Because there is a clear correlation between the competitiveness of the country and a structured and strong social dialogue, as there is a connection between the weakness of countries where competitiveness is reduced and the social dialogue is weak.

There is a key element somewhere nonetheless. We see that the structure established in the European semester processes, which comprises collective bargaining and the instruments put in place, is under attack. The IMF itself tells us that it is necessary to respect traditions in order to maintain and develop a strong social dialogue. That is a key element. If this point is not respected automatically, the partners, who are the second key element of the social dialogue, are weakened.

What is to be done and what can happen?

We hope to be present with ETUC at the table for discussions, but also choices and solutions. Two downsides at the moment: on the one hand, our statement pertained primarily to the procedure, and less so to the content of our action; secondly, there is the matter of behaviour or views of politicians. The European authorities -- The Commission and the Council -- have up to now been prepared to listen to us, but no one has reacted to our proposals in a reasoned manner.

For favourable conditions to be created, the policies that create problems, including the austerity policy, have to be corrected. Conversely, the Commission, which will presently turn to the annual examination of growth, will announce more austerity measures for certain Member States, where even the OECD advises that the European Union has to be a little more flexible.

Second element: We propose to stop the structural reforms, at least the ones that are having negative effects: for instance, wage cuts, which lead to a drop in internal demand. Internal demand is an essential engine for Europe, because the market is quite closed when seen as a whole.

What are the necessary conditions for reviving the social dialogue?

First, if we do not change this general framework of governance, which is still not social and still not geared to employment, the task will be difficult. Another obstacle: the approach by reduction and by amendment of the European regulations, in particular with the Refit programme.

From this point of view, the aspirations to revive the social dialogue seem weak. If we look from the perspective of Val Duchesse, we see that the social dialogue produced result when the Commission was prepared to table proposals. We know that we are divided among the social partners, for instance on the issue of anticipating restructuring operations. What we want is an instrument that could guide and direct the actions at the national level.

How can we build something on the basis of the European social dialogue if the Commission is not clear on the direction it wants to take?

We want to sit on the table to speak about the current European governance, but Business Europe says that if we do not agree as social partners, the governments nonetheless have to act, and fast, because we need reforms.

Let us focus for a moment on what is happening on our side. I think that there are ideas or proposals in this chamber which we must still discuss among ourselves, among organisations affiliated with ETUC. In the face of the weakness of the social dialogue we encounter, we should have support at the European level. For example, some consider that we could have a directive that would indicate how to implement the voluntary agreements we are negotiating at the European level.

Another proposal: we can develop the option of using the European instruments to represent workers in multinationals. The aim would be to go from an information-consultation phase to transnational negotiation.

The citizens think that we are out of our depth, that the NGOs are faster and more efficient. What should we do to reduce the membership losses and regain the representativeness in terms of affiliation?

- ◆ **Jean-Paul Delcroix**, General Secretary of the National Council of Labour (CNT), Belgium  
*J.-P. Delcroix stressed that he was speaking in his own name, and not on behalf of the National Council of Labour, of which he is the General Secretary.*

At the end of World War II, Belgium and France went through what is known as the “glorious thirty” year period, during which the economic model we are now debating was developed, with margins for negotiation, continued growth and the fruits of that growth to be distributed.

In general, a social consensus was built during this thirty-year period, based on the distribution of productivity gains. In Belgium, cross-industry agreements were concluded every two years to ensure a certain foreseeability of progress. These agreements helped usher in social peace in the world of work.

The “glorious thirty” years were followed by the period 1973-2008. The collapse was perhaps even greater than the one through which we are going at present. There was a strong downward trend in productivity gains and many restructuring operations. In Belgium, we witnessed both the continuous strengthening of the European construction and a regionalisation effect on many fronts. This double process created difficulties, but the thread of dialogue was never broken.

The social partners in Belgium managed to reach a consensus on each difficult moment, thanks in particular to a certain type of coordination. For example, we have had a law since 1989 (reformed in 1996), which provides for weighing the developments in salaries in the four competing countries (France, Luxembourg, the Netherlands and Germany). This mechanism generated a discussion and was accompanied by the creation of a coordination committee to assess how wages can develop in parallel with those of our neighbouring countries. This is a difficult undertaking, which has shown its limits, but one that deserves to exist.

A third period was initiated with the crisis of 2008. Belgium was not spared (bankruptcies, company closures, business volume in decline, margin performance under pressure, enhanced pressure on the public accounts, etc.). It is worth noting that we had achieved a clear reduction of the public debt right before the financial and banking crisis.

The usual mechanisms are there, of course: the sovereign crisis and the strengthening of economic governance. They have created a real straightjacket for negotiations at the social partner level. Wages have become an economic adjustment variable on which Europe tightened its grip.

An enormous loss of confidence on the part of citizens in intermediary bodies and institutions has been added to all the foregoing. There is a form of competition with what is known as the democracy of opinion (which I juxtapose to social democracy), which is manifested in particular through blogs.

In spite of it all, the thread of dialogue, although stretched, was not broken. Irrespective of the fact that there was no professional agreement in 2011, 2012, 2013, and 2014, the institutions, including the one I head, have continued to conclude agreements on flexibility, working time, increase of the minimum wage for young people, enhancement of welfare payments, etc. These are significant advancements which managed to confer meaning to social consultation in Belgium.

What is happening in Belgium?

We are witnessing a sharp socio-economic deterioration. The political and social context is increasingly more strained. Many analysts are taking advantage of the trend to challenge the relevance of the social model based on sharing the fruits of growth.

Can the social partners still develop?

Representation is important in Belgium, even at the employer level. The rate of representation at the trade union level exceeds 60%. Out of 10 million citizens, 3.5 million pay their dues every month. This is enormous and gives credibility to our system.

It will be difficult to overcome the crisis. A series of indicators shows that we are no longer quite in the usual pattern. We are going through a global moral crisis which is exacerbated by the absence of credible prospects and

improvements.

First of all, the social partners must widen their scope of negotiations and broach other issues than the conventional ones. The distribution of the tax burden can be cited as an example. The Belgian trade unions have long relied on this point, in European treaties, but after some progress, the process has stalled.

We must then focus on the quality of products, services and work. It would be interesting to consider social relations as an element of competitiveness. This ties in with the problem of training, in particular the issue of alternating work and training.

Then there is career management. We hope that the social partners will be able to define it themselves (management of ages and dependencies, etc.).

There you have a series of discussions to take up.

I read again recently the answers given to the reform midway through the strategy (available on the Commission's website). Anonymous persons express their opinion alongside the big representative organisations (ETUC or Business Europe). How can we establish the representativeness of such answers? Our members are very sensitive to those questions.

**WHAT NEW APPROACHES FOR THE ORGANIZATION OF WORK  
AND THE PARTICIPATION OF PERSONNEL REPRESENTATIVES  
WITHIN COMPANY GOVERNING BODIES**

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**Thursday, November 27, 2014**

**Anne-Marie Grozelier**

General Secretary of Lasaire

**Fulvio Fammoni**

President of the Bruno Trentin ISF-IRES Association

**Louis Gallois**

President of the Supervisory Board of PSA Peugeot-Citroën

**Dominique Gillier**

Economic and Social member, EESC - Responsible Prospective Mission of the CFDT

**Mohammed Oussedik**

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**Vasco Cal**

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◆ **Anne-Marie Grozelier**, General Secretary of Lasaire

The theme of our upcoming discussion is vast, but can be described as follows: we are going to broach the organisation of work, the organisation of the production system in companies, training, the improvement of the qualification of employees to meet worldwide competition, and the preservation of certain strategic segments of the company. It's a theme that will take us to the field of the company, the different facets of the governance of the company, and in particular the participation of employee representations in strategic decision-making, i.e. in the management bodies of companies.

This theme raises the question of the industrial project. How can the company draw up an industrial project for the medium or long term, in a context where the managers and officials are called upon to operate in the short-term to obtain that immediate return on investment that the shareholders want?

Finally, how can we ensure that the representatives of employees can participate in the positioning of the company and the definition of the strategy?

This roundtable discussion will follow up on issues that we already broached in Rome, Athens, and Madrid. I shall single out two of the points that came up in the discussions.

On the one hand, there is ETUC's proposal to launch a European investment plan (starting with the relaunch of public investment, of course). A number of questions persist about the plan announced by Juncker, because it is said, at least in France, that it would be subject to the acceleration of structural reforms, which lead to reforms of the labour markets, collective bargaining, wage freeze, etc. At issue is how we can consider industrial innovation, qualification, the evaluation of employees by applying what is prescribed elsewhere: low wages, flexibility of the labour market, temporary contracts, temporary work, etc., i.e. social dumping – not to mention the negative macro-economic repercussions that such measures can have.

On the other hand, we insisted on the discussion to continue on the forms that the participation of employee representatives can assume in companies, taking into account the size of the company in particular. This is a question that arises in Italy, where there are a lot of SMEs. In Rome, there is talk of restoring a balance in the distribution of powers in the company among stable and nomadic elements (fickle shareholders). How can we restore balance in the relations between capital and work, i.e. ensure that the fleeting part of the company does not weigh more than the stable parts in the decisions? Countries that practice codetermination show that we can obtain good results.

One last aspect, which has to do with the content of the social dialogue and the governance of the company. At issue is finding the right level to deal, in the same discussion, with outsourced workers, temporary workers and telecommuting workers. The idea is to endeavour to find a form of negotiation that would make it possible to find a solution for fragmented staff representatives.

◆ **Fulvio Fammoni**, President of the Bruno Trentin ISF-IRES Association, Italy

We are entering the seventh year of crisis. It has generated more or less rational phenomena of insecurity and fears, and a withdrawal from the social consciousness.

We are talking of changes (production model, new technologies, computerisation, communication) but also of new production standards. The green economy, for instance, shows that the future production mechanisms should be based on the quality of what we produce, on the quality of the work. That can only be done from a fundamental concept, namely, training.

Training for what purpose?

According to the European statistical organisations, the future of employment lies in medium and highly qualified positions. However, very many European countries have mostly low skilled workers. So if we managed to get out of the crisis, we would not automatically have an increase in employment. So we must first think to retrain a part of the workers.

Some forms of work are no longer represented in the negotiations. Employers are resorting more and more to false self-employed workers, without ever considering of hiring them on a permanent basis. Such situations put the trade unions in a difficult position (low unionisation rates, even at the level of representation of companies). In fact, the social forces are often considered as useless. We have to deal with this phenomenon.

The most important theme is the level of participation. Which level do we wish target (information, consultation, codetermination or co-management)? There are new forms of participation, such as profit sharing, for instance, which is well-known in the Anglo-Saxon world. Under this system, workers participate in the risk and act with a short-term agenda (we are obviously not favourable to this type of *modus operandi*).

It is essential when it comes to the posting of workers or the participation of companies operating under subcontracting because it is linked to a form of internal social dumping.

European integration has come to a virtual standstill and is even regressing. We should bear in mind what J. Delors said about the labour force and the social dialogue to arrive at cohesion and development.

We want a new European civic identity. We have talked about the dangers of populism and nationalism, and I would even say that we can speak of separatism within certain states. We must oppose such tendencies.

◆ **Louis Gallois**, Chairman of the Supervisory Board of PSA Peugeot-Citroën, calls for the participation of employee representatives in the Board of Directors.

At issue is to know what kind of representation of stakeholders and staff we want. From the moment they are onboard, they have the right to be represented, irrespective of the size of the company. We can then discuss whether this representation can be secured externally for very small companies. Proposals have been made in this direction, and I think that if we want to consider the question of thresholds, we must do so from that vantage. This presupposes a recognition of the existence of trade unions, and that is not self-evident in France. When I prepared a report on competitiveness, I was struck by the mistrust of the trade unions in regard to the employers and vice-versa. Having run a Franco-German company I had a frame of reference for comparison.

There is no reason for employees not to be involved in the body which defines the major strategic directions of the company. Employee representatives provide their knowledge of the company, stability and a long-term vision (the shareholding of the Cac 40 companies is renewed about every six months, or every year, whereas the employees are there for years if not decades).

From the moment we become a participant in the Board of Directors, we are required to understand and to enter in the company's rationale. That is why some trade unions are against sitting on the Board of Directors.

I have headed three companies with employee representatives on the board. The financial markets would have been appalled by the German situation. More specifically, half of the members of the Supervisory Board of German companies listed in the Dax are employee representatives.

This entails conditions, on the other hand: the first is training and information. It is necessary to prepare the representatives for these discussions if we want them to play their rightful role. In the company where I work, the law on the security and use of a database accessible to the social partners in the company is a real advancement.

Finally, I think that these employee directors must not be permanent. It is preferable for them to retain a contact with the environment of the work, because that will enable them to improve their contribution.

I would moreover like to raise the issue of the Internet which seems under-estimated to me.

First of all, the Internet challenges the hierarchical *modus operandi*, because information circulates in a far more rapid and uncontrollable manner. This challenges the authority of bosses. The Internet can moreover be used to organise work differently (telecommuting, the problem of "free time" which no longer exists in fact).

Secondly: The Internet challenges the functioning of factories. The dialogue between machines, the logistical organisation, suppliers and customers is going through a considerable acceleration.

Thirdly: we are starting to consider the Internet as a raw material. I shall cite the example of Seb (pressure cookers, etc.). It is the interface that interests this company, i.e. the type of service it can provide to its customers. It says that if it does not attend to it, Google and others will do so in its place. Insurance companies, banks, and even automobile companies are forced to think about it, otherwise they risk becoming subcontractors of those who provide the link with the customers.

It is up to us to consider what that would mean in terms of organisation of work, vocational training needs,



and the risk of precariousness. How can we provide job security for employees in what is an increasingly unstable world? What about career security?

Last point: The €300 billion of the Juncker plan, over three years, for 28 countries, are just a drop of water (the Polish Minister for Finance proposed €700 billion). The political gesture aside, I think it will have little impact, at least on growth, and not before 2017 at the earliest.

◆ **Dominique Gillier**, economic and social adviser to the European Economic and Social Committee (EESC) and prospective task officer at the *Confédération Française Démocratique du Travail* (CFDT) [Democratic French Confederation of Labour].

Many issues have been brought up at this roundtable discussion, but their point in common is the question of worker participation in the company. First, the company as a work and creation collective, but also the company that plays host to competent and relevant persons to speak of their work and participate in the governance of the company, particularly through employee directors. There are important stakes behind these questions. Can we limit ourselves to a concept of the company based on the company contract, in this instance, an equity company?

To think about the future and to take concrete action, we have to rely on the present. In concrete terms, then, we have had three national cross-industry agreements since 2013. One on job security (of 13 January 2013) which led to a law that establishes employee directors in particular; an agreement on the quality of life and work and professional equality (of 19 June 2013) which opens prospects that could prove interesting for the expression of employees about their work and the workplace; and an agreement on continuing vocational training (end of 2013).

On the issue of employee directors: we have a law that stems from an agreement, we must underscore. It is the first time that the employers in France accepted the presence of directors who represent employees on boards of directors.

The new element in this law is the equality of rights and obligations conferred on representatives or employees in the Board of Directors. This responsibility requires training which we have started to provide. It is important henceforth to cultivate and recognise the specific nature of employee directors on a board of directors, which resides in three elements.

First: A director has a specific knowledge of the company, through an experienced reality (which explains why he must not devote himself entirely to the task of director). He must be able to visit establishments outside his own, and be in constant connection with the trade union through which he holds his appointment to the board, because it also provides him knowledge of the company. Finally, he must have access to all the information elements (all the more so as a single database is being developed for the IORPs).

Second: He must be capable of bringing that knowledge to the board of directors. There must be enough directors proportionally. On this point, the law is weak. If there are not enough directors, it might be difficult to bring knowledge of the company to the board, a fortiori in a country like France, where many points of view often clash (in particular because of trade union pluralism).

Third: the director must be capable of giving back what he gets from the life of the board of directors. The issue of confidentiality is raised often, but the work of the *Fabrique de l'Industrie*, when many business leaders were heard, proved that this issue stemmed more from a preconceived notion than from reality.

A director must in fact be able to speak to employees without disclosing what has to be guarded in the interest of the company and the work collective, but must also be a link with the trade unions. Conversely, what happens in the board of directors fuels the discussion of trade unions and, by extension, collective bargaining. This presence of directors can generate an important development in terms of trust and confidence.

There are limits to the law. The problem of networking companies remains. The question of multinationals and the representation of workers in other countries where the company is established persists, in view of the fact that we are faced with a national law. In such a case, it is difficult to make room for representatives of foreign employees. There are examples, nonetheless, such as IG Metall, which has opened positions of directors to foreign trade unionists in its representation quota.

The establishment of employee directors provides us with an extremely important lever.

◆ **Mohammed Oussedik**, Confederal Secretary of the *Confédération Générale du Travail* (CGT) [General Confederation of Labour]

The changes in the production fabric have altered the way power is exercised in the company. There are changes in progress and others that are arriving at high speed (digital technology, outsourcing, financing by shares, etc.). I call this lot channels of influence outside the company. They establish relations of multiple dependencies in the management of the employment relationship. This multiplication of forms of employment destabilises the employment relationship which had been established in the course of the 20<sup>th</sup> century.

Who is the relevant interlocutor today?

One thing is certain: work, which is often sacrificed in the name of the struggle for employment, must be put back at the centre of the public discussion. It is a matter of speaking about the quality of work well done and the social meaning of useful work. Business leaders must recognise the working world's capacity for innovation, and base competitiveness also on cooperation and skills and not only on costs. Instead of arranging the structures in accordance with a(n often wrong) diagnosis of the competitiveness of business, we must tackle mutual concerns to compare views on the quality and efficiency of work.

The voice of workers must not be limited to the right of expression. It must be heard about work, its content and be able to find relays so as to be taken into account, as well as the means to be relayed in the decision-making places. This is where a real revolution is perhaps needed in the social dialogue and social relations, because when we broach negotiations, for instance the social dialogue, we broach it either through the issue of social thresholds, or the issue of the rights of the ones or the interests of the others.

What are the stakes in the negotiation on the social dialogue?

When an employee joins a company where the workforce consists of 1 employee, there is no reason that he should not have the same rights as an employee who joins a company with a workforce of 1000 employees. He must have a right to collective bargaining, a right to occupational health, safety and hygiene, and he must have a right to economic information.

It is not a matter of trying to find out whether there has to be a "place" for the trade union or the trade union representative inside or outside the company, but whether all the employees can have access to those rights. Then comes the question of representation: should it be conducted inside or outside the company?

In the current negotiations, there are a lot of similarities with the discussion being conducted about representatives in large companies. What happened once we tried to determine concrete methods to be applied? Everyone saw that it was a good initiative, but everybody added that there were too many obstacles preventing representatives from taking part in the strategies of companies. We have been told for instance, that it would be better to reduce the number of representatives of employees in the Board of Directors, that it would be better to make sure that they can intervene solely in certain fields. In fact, the same discussions were held in companies with less than fifty employees. Officials think systematically that they will in any event not have the means to negotiate, train representatives, give them credited hours, etc. Furthermore, we noted that no one wondered whether we had thought out solutions to overcome those obstacles.

It is necessary for all sides to make progress on this front, but also to leave a certain flexibility to companies: leave companies free where a decision for internal representation is taken, and provide a framework for those that decide to have external representation.

Against this background, it is necessary to strengthen the role and place of trade unions authorised to represent employees. We should bear in mind in particular how "direct democracy" functions. Such "democracy" can be fatal for the social dialogue and even for the companies, because it can be summarised as direct agreements between employers and employees. More than 1300 agreements of this type have been negotiated in Greece.

The other fundamental aspect is the territorial dimension. It would appear that the proposals we make, particularly under this negotiation, will establish the territorial social dialogue. It will allow exchanges that cannot take place today, simply because the economic decision-maker is not necessarily on the territory. We are henceforth going to put in touch stakeholders who are on the same territory, who have the same economic identity and the same approach to the territory.

As regards the quality upgrading of employment, we must no longer think according to positions, but in terms of individuals. We must give workers maximum baggage so that they can see to the necessary quality upgrading themselves.

As to the personal training account, a proposal was made along two lines: one to secure career paths and the other on the status of salaried work. At issue is to secure the career path of individuals (occupational social security) so that they can be confident and be able to adapt to different jobs. This is possible thanks to a set of rights attached to the person and transferable from one job to the other. The alternation is an important subject from this point of view, which would be interesting to coordinate with initial and continuing training.

It is necessary to ask the question of work first and foremost: its value, usefulness and purpose.

◆ **Vasco Cal**, European adviser – Former member of the European Economic and Social Committee (EESC), Belgium

Investment in Europe has been declining in relation to GDP for at least twenty years and there is a lack of prospects. This is explained by the fact that the companies are too focused on decisions in the very short term to respond to the pressure exerted by shareholders. How can the decision-making rationale of these investments be changed?

Insurance companies or certain investment funds or other entities are complaining that there were no long-term investment projects in Europe. They said that they were obliged to invest their money in London in the very short term. With the Juncker plan, they were presented not only with the possibility not only to take part in these long-term investments but also to contribute to the financing.

The important thing is not so much the amount, but the change of the decision-making method for investments. If we could compare, in the near future, the impact of this type of intervention which proceeds through financial instruments, and that of the distribution of non-recoverable subsidies that concern the largest part of the EU budget today, the best decision to take would be self-evident.

I think that the crisis in the European economy did not start seven years ago, but thirty years ago. Margaret Thatcher and Ronald Reagan changed the rules of the game, for they initiated not only the globalisation process, but also the process of international deregulation.

The dimension of the financial sector is no longer what it used to be. In 1986, world GDP was \$11 thousand billion. That same year, the total financial assets at world level (cash, deposits, shares, bonds) were \$12 thousand billion. In 2007, world GDP was \$55 thousand billion, and the total financial assets \$185 thousand billion.

No one today knows what the impact of this major change is on the real economy. In any event, when the crisis broke out, we saw that the entire world was seriously affected and that everything had changed in terms of the rules of companies.

The public sector (education, health, public administration) has become the main component of GDP in most European countries. And that has changed the way in which the economy was managed. In my view, most politicians were satisfied with this situation, as it made it possible to take measures before each election so as to be able to guarantee the voting for the following election: employment depended on political decisions, as did the income of the salaried employees. It is in fact this manner of managing the economy that the crisis made difficult and, in a certain way, exposed.

As designed, the austerity programmes are harmful, because the argument of what is happening in the commercial sector is used to apply the same system in the non-commercial sector, everywhere in Europe. It is true that we have never had the habit of comparing the development relating to the two sectors. In the commercial sector in general, productivity, wages and employment went hand in hand. Companies could not increase wages beyond productivity, and wage earners tried not to let the company increase productivity far more than wages. In the non-commercial sector, there is no way to measure productivity, but a decision was taken to increase wages regularly, together with the rights related thereto. This caused a real imbalance in most companies. This entire system was financed with credit. For as long as credit was cheap and available in an unlimited manner, everybody was satisfied, but as soon as that credit bubble burst, the problem arose.

How can the economic fabric of companies be rebuilt?

We now have an economy that is capable of maintaining competition and employment and of being sufficiently productive on the one hand, and an economy which is under pressure from policies.

We have to create a world where the capacity of workers, whether salaried or not, can lead to concrete and efficient things. Everything remains to be invented. We do not know whether companies as they exist today will continue to exist. Many projects are developing nowadays, but this development is not yet taken into account in the regulatory, political and trade union decisions. An enormous anticipatory effort is needed.

**WHAT IMPLICATIONS FOR SOCIAL ACTORS IN THE SEARCH FOR  
ECONOMIC, INDUSTRIAL AND FINANCIAL SOLUTIONS TO THE  
CURRENT CRISIS ?**

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**Friday, November 28, 2014**

**Jacques Freyssinet**  
Économist to Lasaire

**Almudena Asenjo**  
President of the Foundation Largo Caballero

**Jean-Paul Tricart**  
Head of Unit of the European Social Dialogue  
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**Edouard Martin**  
Member of European Parliament

**Bogdan Iulu Hossu**  
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**Gabriele Bischoff**  
Special advisor for ETUC-EESC, DGB (German Trade Union Confederation)



◆ **Jacques Freyssinet**, Economist at Lasaire

The first phase of the crisis (2008-2009) was of such serious and urgent nature that governments which were in search of a compromise, of legitimacy, put together different bases for agreements, for which they ask employers' organisations and trade unions to intervene actively. From a certain point of view, we can say that the crisis initially strengthened the capacity of the social stakeholders to intervene in the economic, financial and industrial discussion.

Conversely, as of 2010, the perspective has been completely reversed. Governments now give priority to the fight against deficits and debt, which has led to particularly harsh austerity policies that leave little room for searching a compromise with the trade unions. For employers, the strong comeback of competitiveness and profitability requirements is creating a similar type of situation.

Is there real determination in this new phase to have the social stakeholders take part in the discussions and choices that concern the economic, financial and industrial policy?

Participation exists only in cases where the different stakeholders want this discussion to exist.

Are the governments still in search of legitimacy through social compromise, implicit or explicit, but of a tripartite nature? Or do they give priority to establishing their credentials as good managers in the eyes of the financial markets and international financial organisations?

◆ **Almudena Asenjo**, President of the Largo Caballero Foundation, Spain

A diagnosis is needed to find out how to involve the social stakeholders in the search for solutions to the crisis: what are the causes of the crisis?

It is worth bearing in mind that the European Union was built on the following idea: to obtain lasting peace, a common area had to be created at the economic level, so as to pave the way to social and political integration. Today, after some advancements in the 1980s and 1990s, social integration is stagnating. The creation of the euro was supposed to protect us from a world financial crisis, but it is precisely the opposite that is happening. We have had reason to fear that the entire structure will collapse.

The enlargement of the European Union to 28 Member States was intended as a political and economic response to globalisation, but we see today that the institutions are nearly paralysed when they have to face the major, unforeseen challenges caused by the world financial crisis.

The responses by the governments and institutions did not solve the crisis. They imperilled the solidarity between European countries, because their diagnosis was that the crisis afflicting the European Union concerned debt and competitiveness. Austerity policies were decided on that premise (internal devaluations, wage cuts, attempts to weaken institutions connected to labour).

The unemployment rate is unprecedented (massive unemployment among young people, multiplication of the long-term unemployed, generalisation of precarious employment). The segment at risk of poverty and exclusion represents 25% of the European Union.

The European social stakeholders will have to continue to play a leading role, especially in the decision-making process which ultimately is closely connected to the identity of the European project. We have managed to develop a strategy with ETUC on the trade union front: we are calling for an investment plan that will stimulate the policies of tomorrow, increase wages and pensions, and give priority to people and employment. At issue is to establish a new production model that would generate a solid and sustainable economic base.

As you know, ETUC has proposed a European programme that would invest 2% of the European GDP for ten years. It tried to approach the struggle on a European level: it broached issues previously deemed to be taboo, such as wage negotiations at European level, and the establishment of a European wage. There were misgivings, fed by the asymmetrical situations between countries and the growing distrust concerning the European institutions. We understood that we had to take on this neoliberal federalism driven by the grouping of the troika under the leadership of certain national governments. We need to make a leap to a federal union on the economic and social front:

To conclude, some questions for discussion.

- The introduction of the euro did not prevent major disparities when the crisis came. What is the outcome of the structural funds as transfer mechanisms between States?
- What role should the European investment bank play? What should be done to develop the single currency and the euro? How can we check the excessive indebtedness of many European countries and build real economic and financial – but also budgetary and fiscal – solidarity?
- Should we not proceed to an institutional reform? What reforms are necessary to prevent the Union from falling into total paralysis and being rejected more and more massively by the population?

◆ **Jean-Paul Tricart**, Head of Unit, European Social Dialogue, Directorate General of Employment, Social Affairs and Equal Opportunities, European Commission, Belgium

We are in a transition phase with the arrival of the new Commission. Work is being carried out to put in place structures and programmes. There is a quite intense ideological discussion in the services.

The European social dialogue is an enigma, in some sections, in that it is a matter for the social partners themselves first and foremost.

It can in fact be said, that the structural particular trait of the European social dialogue is that it is bipartite. It was intended to strengthen the construction of Europe, in particular by relaunching the single market, which was possible only if it were accompanied by a form of compromise by and support from employers and trade unions.

The European social dialogue is a sort of progressive alliance, at least from the point of view of the pro-European movement, consisting of supporting the European integration process and its relaunch, through the European market in particular, in exchange for what was called the social dimension of the internal market. It was the charter of social rights, the implementation of an entire series of directives in the field of health, safety and working conditions.

In fact, a movement to strengthen European social policy has made it possible to put in place the structures of the European social dialogue (agreement of the social partners of 1991) as well as the opening of an area of contractual relations at the European level. During that golden age, the Commission was clearly ready to move forward in the field of European labour law. Employers had an objective interest to engage in negotiations with the trade unions on issues where it was clear that if there was no impetus for a European social dialogue, there would be a legislative effort on the part of the Commission. But that configuration no longer exists.

The crisis has had a considerable acceleration effect in this field, but these developments are explained not only by the crisis, but by other phenomena as well: the enlargement and the internal developments in organisations played a role. We are henceforth in a situation where there is an enigma, because we have the feeling of being about to apply a double reading at all times.

On the one hand, there are the standard messages given regularly by the European institutions: the social dialogue is part of our DNA, the social dialogue is part of the solutions to the crisis, the Commission is profoundly attached to the social dialogue, etc. At the same time, there is a series of litigation cases about the posting of workers, austerity measures, recommendations concerning collective bargaining, etc.

The trade unions consider that the Commission has abandoned its position of arbiter and is rather closer to the position of the employers, particularly with regard to the competitiveness agenda. It is in this increasingly more conflicting configuration that the Commission is taking up its duties.

Commission president Juncker said that it was the “last chance commission.” He thus underscored that if it was not possible to reconcile the European integration project at least in part with the citizens, a crisis would emerge round the development of Euroscepticism and support for the parties that defend these perspectives.

There is certainly a will to reopen the European social dialogue in the new Commission on the part of the president and the commissioner responsible for social affairs. This is not going to be accomplished without the social partners, even if many people in the Commission’s services dreamed of a highly instrumentalised social dialogue, a social dialogue where the Commission would define priorities before asking the social partners to choose the issues to be broached.

Two questions: How are we to define the autonomy of the social dialogue? How are we to advocate that the social dialogue has to be supported, since it would lead to developments that do not correspond to the priorities defined by



the Commission? This is the challenge that has developed round an element that has become sort of emblematic of the discussion on the autonomy of the social dialogue, which is the famous agreement on health and safety in the hairdressing sector.

At the outset, it was a health and safety agreement linked to the fact that hairdressing is the sector most exposed to the risks of skin disease. In other times, this agreement would have been transposed in legislation without any problem. However, it came up at a time when the negotiation on working time was in progress at the inter-industry level, and when the United Kingdom initiated very determined action against the provisions of Article 155 of the treaty to prevent a possible agreement on working time which would affect the opting out so as not to jeopardise the position of British economic interests. Hairdressers thus became collateral victims of the offensive on Article 155, which came into being from the negotiation on working time. A discussion ensued: if the social dialogue does not produce results, it is obviously to blame, and if it produces results like the agreement on hairdressers, it is to blame because it is not in step with the Commission's priorities.

Is there room to renew impetus for the social dialogue round a rebalanced agenda? In the messages from president Juncker, who underscores that there is both competitiveness and fairness, I always count the number of times that each of these terms is cited, because it is the translation of the current political balances.

To conclude: We are called upon to relaunch the social dialogue. The response may not be only that of the Commission's services, but must first stem from the social partners. Experience has shown that we have to be attentive in an environment in which there is as much hostility as there are forces of support to relaunch the European social dialogue.

◆ **Edouard Martin**, Member of European Parliament

In the presence of Mr Juncker, Mr Van Rompuy took stock of the crisis: in his view, since everything had been done at the budgetary and financial levels, the States were to blame, because they had not undertaken the necessary structural reforms. On that premise, he thought that we can no longer accept a Europe with hyper protected employment contracts and workers in a hyper precarious position. Mr Van Rompuy wanted to harmonise the situations, and we can guess which direction that would take. What place should be accorded to intermediate bodies? From now on, we would have to speak of "social dialogue and negotiation." We can engage in dialogue for years on end, but the aim is to arrive at something concrete.

A certain political and social model has had its day. We must now think of the way to decompartmentalise the political bodies and the intermediate bodies (social partners and NGOs).

An elected official cannot do everything, be everywhere, or know all wishes, analyses and concerns of all the citizens. We need each other. The strength of Europe would be to give intermediate bodies a real institutional place. But the European institutions do not seem to have the will. When the new Commission was established, it took three weeks to conduct hearings on the Commissioners. The social partners did not participate, and yet the Commissioners are going to deal with everything that affects the life of all the European citizens.

Why are we witnessing a rise in extremist movements? The crisis was the detonator, but there is a deeply rooted reason: the citizens have the feeling that they are not listened to and that they are respected even less. Is the troika a democratic tool? Who imposed it? It does not even respect the Charter of Fundamental Rights. Does anyone take exception at the political level?

We are having difficulties in getting out of the crisis because there is no longer any European solidarity. When Juncker talks about €15 billion for a plan to stimulate growth, what happened? The 28 budget ministers took to their calculators to determine the sum that would be coming their way. That is not the European spirit.

Could we review the status of the European Economic and Social Committee?

Who is in a better position to conduct a real diagnosis than this institution? The Committee must be involved in the decisions put in place. To give hope again to the world of work, to citizens, we must be able to say that we are represented in an institution that has decision-making power.

Europe lacks social and civic democracy. But the lines are moving, with Podemos, for instance. We would prefer to be overrun by a party of that sort in France, rather than by the Front National.

Why would Podemos emerge as the first party if there were elections in Spain today? Because it is very close

to the citizens.

◆ **Bogdan Iuliu Hossu**, President of the Cartel ALFA trade union, Romania

The social dialogue is not just bipartite, but tripartite: the International Labour Organisation brings together three parties in a dialogue on these issues. But the expression of the European governments and the Commission are sometimes at odds. On the one hand, there is the prevailing mindset in the European Union; on the other the mindset supported outside the European Union.

The question of the troika is clearly contradictory: on the one hand, the IMF has recognised its mistake on austerity, but at the same time, the Commission states that the only way to get out of the crisis is to maintain the austerity measures. The lack of coherence and dialogue stands in the way of a solution of these issues at the European level.

We want to build exchanges in cooperation with the United States, but that country has not ratified the Kyoto treaty. The regulation is normal from our point of view, but at the same time, competition cannot be the same for a company that abides by the rules and one that does not.

The European Union must build a coherent external policy that supports the decisions that are taken inside the European area. It's the only way to create a viable area that could also serve as a model.

The United States have started looking into a new distribution model because the crisis has shown that there is an increase in disparities between rich and poor. Without a new economic distribution system, all we can hope for the next fifteen to twenty years, is economic stagnation. That would lead to social conflicts of exceptional intensity.

I think that the role of the social partners is essential because they have field experience, they have their tools, their capacities to give examples on diverse situations. Conversely, most civil servants at the Commission, who come directly from the university, do not know what daily life in the economic circuit is.

◆ **Gabriele Bischoff**

In countries in crisis, the governments have lost the trust and confidence of citizens. At the same time, we are witnessing an erosion of the political arena and certain political parties. In certain countries, the trade unions have even lost their natural partners at national level.

In Germany, the social dialogue was already in crisis well before the financial crisis. It was at the time of the crisis that cooperation between the government and the social partners improved. But in general, it would be an illusion to think that the weakening and deterioration of the social dialogue in certain countries does not have an impact on other countries.

We have been confronted with nationalisation during the crisis, i.e. countries have refocused on their national interests rather than consider European solutions.

The European Commission has lost a lot of its reputation. Many people think that some divisions of the Commission take advantage of the crisis and use it to advance the neoliberal agenda. Today, Mr Juncker says he wants to revive the social dialogue. It is a first positive sign. We can moreover note that for the first time, the Directorate General for Employment is not the only one responsible for the social dialogue. The responsibility is shared with the Directorate General for Economic and Financial Affairs, so we are going to see how it is going to establish a real dialogue with the social partners.

The social partners have drawn up a joint declaration on their roles in the field of economic governance. It's a good starting point.

The Economic and Social Committee has analysed the implications of the social partners. In most countries, this participation is not authentic. Very often, each partner has five minutes to speak, and then the national government submits the action plan. That's what is called a consultation process. Several opinions have been drawn up at said committee, with concrete proposals to develop that process.

We are going through a transition period, so there is an opportunity to be seized.

## FINAL ROUND TABLE

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**Friday, November 28, 2014**

**Klaus Mehrens**

Former Regional Director of IG METALL

**Georges Dassis**

President of Group II of EESC

**Nadia Salhi**

Member of the Confederal executive committee of the CGT

**Susanna Camusso**

General Secretary of the CGIL

**Christophe Quarez**

EESC Member - Expert in European issues of the CFDT

**Anne Demelenne**

Former General Secretary of the FGTB

**Yves Veyrier**

Confederal Secretary of FO

**Candido Mendez**

General Secretary of UGT



◆ **Klaus Mehrens, IG Metall**

We have had three topics for research. The first concerned the development of industrial relations. The second pertained to developments in the organisation of work, the quality of work and the representation of workers at the production sites. Finally, the third dealt with the involvement of the social stakeholders in the search for solutions to the current crisis.

◆ **Georges Dassis, President of Group II (Workers' Group) of the European Economic and Social Committee (EESC)**

What sort of Europe do we want for tomorrow? Everyone has given his answer, and from the moment everyone is not convinced that he or she has a monopoly on the truth, we are on the right track, because we can achieve good results by exchanging points of view.

We have come up with a good opinion on the social dialogue. We stated that everything which concerns the social partners is a matter for the trade unions and the employers' organisations. But we also said that things were changing and we are going to have to adapt to the new society, otherwise we risk losing all influence.

We also evoked the territorial dimension. I listened attentively to our colleagues from the CGT and the CFDT on this issue, but in my view, we must be capable of organising the dialogue and negotiations at all levels. Initiating something at the national level only is a mistake. We also mentioned the need for interregional dialogues in certain regions, which is what the Belgians, French, Germans and Luxembourgers tried to put in place.

What have we achieved in positive terms from all the European negotiations stemming from the social dialogue put in place by Jacques Delors in 1986?

First, we obtained the rights, as a trade union organisation (but in accordance with the Treaty as social partners) to become legislators at the European level. For many among us at the time it was a fantastic attainment, because the aim was to turn ETUC into organisation in the image of a confederation. What is the prime objective? To defend workers, and thus to sign collective agreements. That is what we managed to do, in particular concerning part-time work (today, part-time work is regulated in 28 EU countries, including the United Kingdom). The same applies to fixed-term employment. And we continued with temporary employment. On that front we failed. We continued with the agreement on telecommuting: we wanted the social partners to negotiate without letting anyone, whether the Parliament or the government, change it. The question of a directive was raised, but in the end, voluntary agreements had to be made. What is a voluntary agreement? The application of the texts was left up to the good will of the social partners, then the trade union organisations enshrined those texts in a cross-industry collective agreement (but seven or eight countries still have nothing on this front).

Things are changing. Before, a boss was a natural person. But increasingly, we no longer have anyone, or men and women do not even know what a company is.

At the outset, Europe was an attractive prospect, because all the countries wanted to join. We brandished the standards of peace, solidarity, equal treatment, but I think that all these bases have been forgotten in recent years.

We have to introduce a minimum for all citizens. I am not talking only of salaries. We must insist on the protection of fundamental social rights. We must establish an order of priority for all these proposals, and then proceed point by point, and demand one thing at a time, but forcefully.

◆ **Nadia Salhi, Member of the Confederal Executive Committee of the *Confédération Générale du Travail* (CGT) [General Confederation of Labour]**

We are witnessing a generalised weakening of the influence of trade unions, except perhaps in Germany and, for the time being, in Belgium. The previous systems are being called into cause or destroyed.

Coverage by collective agreement keeps on diminishing. This situation geared to reducing the rights of workers whilst reducing the influence of trade unions cannot be countered with a scattered response. The employers everywhere are referring to what they call the decentralisation of company bargaining. It's the constant demand of Business Europe and the MEDEF.

It is necessary to fight for two issues: the first is the minimum wage (the demand for a European minimum

wage is relevant). The second is the principle to extend collective agreements with respect for the hierarchy of standards. Without that, there is a risk of seeing the gap between workers who are poor or on the verge of poverty, and those covered by a more protective system, widen. In France, companies in the private sector are outsourcing services more and more to keep only workers relating to their core business. In the public sector, communities of municipalities or metropolises are being created to pool services.

The stakes of the defence of sectoral and territorial collective agreements are just as important as the emergence of a European minimum wage. The one will not work without the other, in fact. Without the construction of a coherent system based on updated collective agreements and geared to the territories, including at European level, wage dumping will only keep developing in France and in Europe.

As to the digitisation of the economy, new forms of doing business and of working are emerging, technology is ahead of society and thus of trade unionism, which must anticipate changes better so as to defend workers better. Such changes at times assume unexpected forms. The most troubling is perhaps the *sharing economy* - Uber (taxis) or Air bnb (hotels) – which organises the work of private individuals through the Internet all over the world, without employment contract, without work collective and outside any social and fiscal regulation. How can trade unionism intervene in such a situation?

Part of the future of trade unionism depends on its capacity to coordinate the defence of workers in different countries under different collective agreements. It is a matter of coordinating the defence of vested interests and of the general interest also.

Europe must be built through cooperation. According to the CGT, the social and ecological emergencies must be broached simultaneously. They are intrinsic to a significant advancement of democratic processes. Progress on energy efficiency is the cornerstone of an economy that respects the recently reaffirmed climate objectives. It is also a core issue in terms of job creation and the reduction of dependence on imported raw materials.

The relocation of many industrial activities that rely on innovative sectors, and conserve energy and raw materials is a serious path. A democratic discussion for the long-term is needed. It is vital to protect it from all lobbying manoeuvres, all expert short-circuits and all political tricks.

◆ **Susanna Camusso**, General Secretary of the Italian General Confederation of Labour (CGIL), Italy

The effect of this long crisis is the estrangement of workers. This estrangement is linked to the way that Europe has behaved. It seems to have only one answer: cut salaries and limit and cancel the negotiation of employment contracts.

How can we rebuild the bond between workers and the European project?

If we abandon the idea of rigour and austerity as a solution, we can infer that unemployment is the most pressing urgency and constitutes the only response which can reverse the course of things. We must create jobs and increase the average income rapidly.

The big difference between workers covered by agreements and minimum wages creates a dumping process in nearly automatic fashion. That in turn leads to the relocation process. So, instead of continuing to support that every country must adopt a reference minimum wage, we may wonder whether it is not the role of Europe to impose a minimum threshold. We would thus rebuild the idea of a great community, and not the sum of stakeholders pitted against each other.

On the discussion of a European industrial plan, the question of competition between Europe and the world must be raised. It would be mistaken if we continue to imagine that antitrust can be played out on the European market, and we always would be weaker than the other powers. The ongoing negotiations with the TTIP must be added to this. Let us be clearer. On the one hand, there is the policy of rigour and austerity, and on the other the power of multinationals that is growing stronger and is opposed to the powers of governments and States. We risk seeing work become the only variable on which we will wager to obtain profit again.

There is perhaps less and less unity between the European social partners, but we must draw a greater distinction between those who represent the world of business and those who represent the world of workers. And we must also bear in mind that the social dialogue is not lobbying; it is not the performance of a task where we explain how we would want the world to be made. The social dialogue is a balance of power.

The difficulty clearly lies in being able to have a balance of power now that our influence has waned due to the number of unemployed workers, but we must not resign ourselves to a defensive position. We must build, restore cooperation and solidarity, and above all see ourselves as a single, united subject, as the trade union world in the face of the world of business.

◆ **Christophe Quarez**, Member of the European Economic and Social Committee (EESC) – Expert on European Issues at the *Confédération Française Démocratique du Travail* (CFDT) [Democratic French Confederation of Labour]

Mr Juncker's Commission has a historical responsibility. We must be aware of the gap that is emerging between public opinion and what is really happening at the European level. Is it the last chance Commission? It certainly has an important turn to chart. I will not go over what has been said about the troika and those stateless men in black without democratic legitimacy, but let us insist on the fact that we have seen a purely technocratic Europe. It was the sole image that public opinion had of Europe. The economic level is important, of course, but we can't fall in love with a financial algorithm.

It is under this technocratic part that the 2020 strategy came into being – a strategy that is interesting and important. We adhere to its basics, except that only the budgetary streamlining is taken into account. What about other priorities such as education, employment, innovations, social inclusion? Why are they not valued?

This contrast with public opinion has consequences, as we saw during the European elections. They might be avenues or solutions, but we note that our politicians are held accountable for Europe. And we forget the basics. The United States is a great democracy, but a completely unfair economic system; China is a great economic power, but individual and collective freedoms are trampled every day; Europe is a blend of feelings of well-being, freedom, peace and security. That's its vocation. Up to now, we have had political convergence more or less on what we call the social market economy, an economy accompanied by major social efforts. That was the key to the future. Since 2010, we are going backwards on these principles. It is therefore urgent for this term of office to give some strong signs in that direction.

Economic and social integration is a priority. One avenue: we have started working on the idea of a fiscal and social serpent. With some countries, we are trying to have a certain number of common points, elements of social levels, frames of reference, that can be confronted with minimum and maximum values. In this limited framework, we get organised with a predetermined schedule to try and move forward little by little to converge towards median rates. A single market means that we have the same competition rules, which are based on the competitiveness of companies, their know-how, their selling savvy, but not on the fact of having differences in wages and corporate taxes.

The social dialogue has broken down. There have been no European directives stemming from European collective agreements since the 2000s. The first thing to do is to revive the advisability of European collective agreements through the social dialogue. There can be no convergence without collective agreement.

I stem from the chemistry-energy-industry federation, where there is a sectoral dialogue at European level. For instance, work has been carried out on the common operator licence. In fact, a French operator in a chemical plant could work in Germany, with the same competencies and the same qualifications. This gives European workers real prospects.

Another element: a minimum wage. This is not necessarily very significant in terms of nominal value at European level, because the purchasing power is not the same. Conversely, it could be 60% of the median wage of each EU Member State.

To conclude, beyond purely social aspects, we are thinking of European democracy. It is necessary to obtain an initiative for the European Parliament. Which initiative is going to be discussed is each time proposed by the Commission, but we know that the Commission will feed on lobbies. The proposals must come from the European Parliament. There are numerous laws about flushing water, but none on tax evasion. Why? If the parliamentary initiative passed back to the European Parliament, we could deal with issues that are essential in the eyes of European public opinion.

As to governance in the eurozone, there should be a sort of European Parliament of the eurozone in which the ECB would take part and engage in discussions. We must get it to come out of its ivory tower, and it cannot pretend that it has no political responsibility. This parliament could be composed of MEPs from member countries and representatives of the finance committees and national parliaments concerned.

◆ **Anne Demelenne**

Where do things stand in Belgium? First, it is clear that this financial crisis we have been going through since 2008 has put us in a defensive position at the trade union level. The financial crisis has been a magnificent pretext to pursue austerity policies. We have resisted for years at the trade union level and have managed to maintain what we thought was essential in terms of the automatic wage indexing.

We have given preference to cross-industry bargaining, which covers all wage earners and recipients of social benefits, rather than sector agreements, which can at times give more to the stronger sectors. But this indexing system has cost us, and we had to give up wage negotiations in good and due form.

We have resisted and have managed to save what seemed essential to us, but workers were very clearly disappointed, because the results were not commensurate with our objectives in our struggles.

It is clear that we have made progress nonetheless thanks to the political platform. Our trade union is particularly attentive to being independent of political parties, but we are aware that we need platforms.

The situation has changed completely now. We have a right-wing government, with a separatist nationalist party that is close to the extreme right wing. So we are faced with a social shredder: we have been promised an index leap, which is to come at the beginning of next year, the retirement age has been raised to 67, social protection is diminished, healthcare is under attack and things have been made difficult for the civil service.

Fortunately, the trade unions are united. This has enabled us to resist together and to denounce the rightist policies put in place, but also to organise a plan of action, which started last November 6<sup>th</sup> (120,000 people mobilised).

For workers to be respected, we must organise the balance of power, and that is what we are doing. All the problems we encounter should be considered in terms of credibility, in terms of counter-power. In any event, we cannot overlook what we think is serious: At a time when certain enlightened minds are beginning to realise that austerity policies are suicidal at the European level, we in Belgium have the luxury of shaping austerity policies that are going to worsen the situation dramatically.

There are alternatives. Engaging in social consultation means contributing to trust and confidence among workers: it is a decisive factor to reverse the trend and get out of the economic and financial morass.

We must continue to negotiate wages, guarantee a level of social protection and guarantee purchasing power. But there is also, and above all, everything that falls under fair taxation. There are tax niches in this country that defy all competition. This means missing out on tax revenue, and that weighs more on wages. It is unfair in terms of corporate competitiveness, but the right-wing government does nothing to work things out. We should bear in mind that tax evasion in Europe amounts to €1,000 billion. It is imperative for us to be able to take decisions with a qualified majority, and not unanimously as is currently done at European level. Then rules of tax non-competition between countries must be imposed. It would entail getting back to the very essence of taxation, i.e. a factor for the redistribution of wealth.

The Juncker plan lacks scope. It is clear that it has nothing to do with the investment plan proposed by ETUC (€280 billion every year for 10 years to create 10 to 11 million jobs). Nevertheless, there is enormous liquidity on the market at the present time, and it would be preferable to have it injected in the real economy to try to reverse the prevailing rationale in these austerity policies. We must take care not to revert, as usual, to socialising losses and privatising profits.

Another interesting point would be to restore the initial golden rule. We have called for it under the ETUC investment plan. This means enabling the States to play the role of investors. Juncker said that this money allocated for investments could enable the States to invest, so these investments would no longer be considered as part of the State budget deficit. Interestingly enough, we are in the process of reversing the trend. We can tell our members that our struggles and demonstrations are beginning to bear fruit: we are in the process of realising that austerity policies must be abandoned, and that we have to invest in the real economy instead of speculating.

Why are we losing members? Because they no longer understand what we are there for. In such a context, every victory, however small, is important.

One last point about social consultation: We must expand on the form. We often discuss content, and rightly so, but we do not discuss strategy. We have to make choices: are we going to opt for discussions between employers



and trade unions only? Why do you let politicians interfere in discussions that should be conducted by the social partners alone, as soon as you enter in a formal (tripartite) system of negotiations?

Bipartite negotiations preclude a situation where the government on which you depend at the national and European level is tainted by an ideology of the left, right or centre. In Belgium, the social partners made a major contribution to the balance of the country when there was no government. We went without a federal government for 540 days, and we would have never been able to continue to negotiate, if we had functioned in a tripartite system. For that reason, I think that autonomy is a basic subject for reflection.

◆ **Yves Veyrier**, Confederal Secretary of *Force Ouvrière* (FO) [Labour Force]

I would like to thank the organisers for having invited the *Force Ouvrière*, and to apologise that our General Secretary was unable to attend this gathering. Like all the other French trade unions, we are engaged in an important electoral campaign. In the coming days, 5 million civil servants will vote to elect their representatives in the different representation structures. There is often talk about the representativeness crisis of trade unions. Well, we have done our homework, and this undoubtedly applies to the other trade unions, the CFDT and CGT. To give you an idea, with regard to *Force Ouvrière*, 50,000 candidates will be on the lists – in fact, more than 50,000 candidates.

These candidates are persons in the field in small municipalities, small administrative authorities, in such and such a territorial or medical care structure... This is to say that even with talk about the loss of number of members, trade unionism is still present and representative in the field.

I will nonetheless refer to everything that has been said here about the difficulties of the trade union world to get results. We have noted that we are with our back against the wall, into a corner, for some time. This is true in France, but also in other countries and at the European level, as it has just rightly been said, where we have difficulties moving forward to get results in the social dialogue.

I see Bernard Thibault, who is a member (representing the workers) of the ILO board of directors. We are facing a crisis at this level as well, because we are really having difficulties in asserting our demands.

I am taking advantage of this work, not to go over analyses already made here, which I share, but to raise another point as to the extent to which the crisis we are facing depends on the allegiance of the political world to the economic world (though this may appear as an argument of self-defence). I am not very familiar with Lasaire. This is the first time I take part in your deliberations, but I know many of you, and you know that *Force Ouvrière* is, as Anne said about the FGTB too, very attached to the independence of the trade union from the world of politics. This has never meant that the trade union was turning its back on “politics.” The problem today is that the political world (“politics”) often appears as an adversary of some sort.

I read in the press this morning that the French Prime minister was on a visit to Denmark. The headline in the paper was “The Danish Flexicurity Model.” This brought me back 10 years, because that is when the French discovered flexicurity, Danish style.

We have had many and long discussions at ETUC at the time, particularly following the Commission’s green paper on modernising labour law, on the segmentation of the labour market between those who have an employment contract and are protected and those who are not because they have a fixed-term or a precarious contract. I say that this brings us back 10 years because at that time, the political world had found the solution that would save us: “flexicurity, Danish style,” only to realise very quickly that the model was not more “economical.” Be that as it may, ten years down the road, the unemployment rate has never been as high in France, as you heard yesterday.

Another step backward, the policy of supply, brings me back 30 years. I was younger and the talk then was about competitive deflation. The political world explained to us that in view of the crisis that we had not managed to overcome since the 1970s, with the appearance of mass unemployment in particular, the solution found was: “let us freeze wages, moderate and reduce the cost of labour to enable companies to make profits, and those profits will be invested, and the investments of tomorrow will create the jobs the day after tomorrow.”

It was an idea of Mr Schmidt, taken over subsequently by Mr Delors, who put it to practice. We have had moderation and a wage freeze. It worked. The profits of companies increased and the beginning of the 1990s was the age of record profits, in fact. But it stopped there. The rest did not follow. I am not an economist. George said he was not an intellectual. I am not an economist, but I am trying to understand a little the ties, the connections that exist between costs, profits, etc. The profits were not reinvested in the production economy. Why? With wages frozen, an

insufficient productivity to create wealth, plus totally regulated world finance, it had become more profitable to engage in speculation than to invest in the real economy. So these record profits were invested in the financial markets. I remember one figure. I do not know if you are interested in finance, but the CAC 40, the French stock market index which is currently at around 3500 points, had exceeded the 600 mark at the time.

A lot of profits had been made, but they were all invested in the financial markets, in the stock exchange. Households did not consume much. In the United States, households got into debt and in 2008, everything came crushing down with the effects on the financial markets that we saw. But this crisis does not date from 2008. It stems from a model which, in order to survive, seeks in itself the remedy to the problem it created for its misfortunes. One problem that arises at this stage, is the desertion, the incapacity of the “political” world to invent, to imagine another model. So we come back to the policy of supply.

To make one thing clear, when I refer to “politics,” I do so as a democrat and republican. The Force Ouvrière is a profoundly democratic and republican confederation, so I am referring to the democratic and republican parties.

Another problem we are facing, one on which Georges has insisted at length, is: who are the employers? We do not know them. Finally, whereas we do know them in a small company or an SME, like the workers, they too are subject to the pressure exerted by big companies and the constraints of the financial markets.

We have known each other a long time, Mr Spinetta. You head a big company, Air France. It has not always been simple. There have been conflicts. But when you know the boss, you manage to discuss, to negotiate. That is far less the case in other companies, in other sectors of the economy.

Elections in the civil service will be held next week, but it will also be the action week of the employers, the action week of the MEDEF. Although they obtained relief on social security charters to the tune of 40 billion, employers think it is not enough, not sufficient to restore competitiveness. I would like to dwell on this issue of competitiveness for a moment.

In the economic studies it carries out, the ILO tries to highlight an important problem. I recall that at a certain time, it was said that globalisation could be, would be, a source of progress for all humanity. I come back to the ILO studies. We cannot say that competitiveness is the solution when it comes to globalisation. It does not work, because we must all be competitive and more competitive than the others. It is a spiral, a vicious circle. Competitiveness is in the end always obtained at the expense of labour and its cost. Even if we must not evade the cost of production, it is not in competitiveness nor in competition that we will find the solution.

To conclude, we would need to reverse the trend, at least in Europe, and to show creativity and imagination. The crisis was not created by external factors. It was produced by the system itself.

There are external factors, perhaps. One much talked about that is difficult to imagine in operational terms, but in urgent need of response, which Nadia Salhi addressed, is the climate – global warming. There is a need to do something on that front, in fact, by investing in a real and productive economy that is conducive to progress, so as to continue to produce wealth and jobs. That would not elude the question of distribution of that wealth. It is a challenge for all trade unions and calls for action on their part.

Finally, a new element, to end on a positive note. Today, the priority objective of the International Trade Union Confederation, which is probably the only organisation at a global level, is to develop its weight and its organisation at the international level.

◆ **Candido Mendez**, General Secretary of the General Union of Labour (UGT), Spain

I will address the use made of the so-called successful austerity policies in Spain.

This situation in Spain has changed considerably for two reasons: first, there is sizeable growth (higher than that registered in France or Germany); then, there is the risk premium, i.e. the cost of financing the public debt, which has dropped considerably recently.

Continued growth has been registered due primarily to national demand. It is not because the wages and purchasing power of Spanish workers have gone up and jobs have been created, but because working households have delayed inevitable consumption decisions.

There is one thing that companies recognise only in private, which I would like for them to recognise in public: the fact that we are talking about an economic recovery in Spain that is not due to austerity policies, nor the last or previous reform of the Labour Code. The economic recovery is due to an agreement concerning the contortion of wages, signed by the trade unions and employers' organisations in Spain (for a 3-year term).

We have heard talk about flexicurity in Denmark. One point to stress: Denmark has 5 million inhabitants; Spain has 46 million and France more than 60 million. Size matters. There are quantitative and qualitative issues, but also issues relating to geographic mobility. In Denmark, that means going from one neighbourhood of Copenhagen to the other; in Spain, that means going from Huelva to Barcelona. Another remark: The social dialogue has been operational in Denmark for one hundred years without interruption, not even during the two world wars. So the Danish phenomenon is evidently very different from ours.

Together with Greece, Spain is the extreme example of the consequences that austerity policies have had. Consultations reveal that austerity has been a disaster in social and employment terms, and that it does not solve any economic problem.

Today, the European Union is telling Spain that it has to correct serious imbalances. Unemployment is mentioned, but the European Commission could recognise that the situation has deteriorated because of the macro-economic policies it imposed.

There is also the deficit: We are clearly not going to reach the objective set for 2016. We have reduced the deficit quite slowly, but the leap of Spanish public debt was brutal nonetheless. In 2007, our public debt (37%) was lower than France, Germany or Italy. Today it stands at 100%.

We have therefore reversed the deficit insufficiently and accelerated the public debt extremely fast. At the same time, we did not manage to reduce the private debt, the debt of Spanish households and companies, significantly. The public debt has gone up a lot, far more than the reduction of the debt of households and companies. In short, austerity has been a complete failure. We need other policies.

Spain has a good import sector, but only 3,300 companies are capable of withstanding this globalisation of the economy. For Germany, that means 14,000 companies with more than 250 workers. So we have a structural problem. We are also lagging behind in terms of innovation and technology in the private and public sectors, and are having infrastructure problems. These are the real problems that should be taken into account to improve the situation.

To conclude, I would say that the problems of Spain cannot be solved without Europe. We must move forward with the European banking and fiscal union, but also with regard to the digital union, which will have to be defined. The European Commission thinks that we could create more than 2 million jobs with the Internet. Some major operators established in Spain have spoken of the creation of 1 million jobs in this sector.

It is also necessary to try and focus on the technological investment, in particular on the reduction of differences in access to digital technology between urban and rural populations. It is time to bring about a change in the production model we need in Europe.

GENERAL DEBATE

◆ **Anne-Marie Grozelier**, General Secretary of Lasaire

Many important and interesting proposals have been made. I would like to dwell on one in particular because it opens up an important way forward. It is the idea of having a specific parliament for the Eurozone. It would be all the more important to explore this avenue in greater depth as all the problems mentioned during this biennial point to the fact that the Eurozone is an inefficient monetary zone. We should go even further, beyond the question of the European Parliament and consider organising a specific entity for the European social dialogue for the Eurozone, which could engage in discussions with the European Central Bank, for instance.

There is no intention to put aside our friends in countries outside the Eurozone, of course. Nevertheless, as all the discussions we have had show that there are specific problems to the Eurozone, such a structure would prove useful.

◆ **André Gauron**, Economist at Lasaire

The euro is a necessity today. It was also in the past, because it provided insurance against the international monetary disorder, and continues to be so, given the problems we have with the dollar.

The Eurozone is a zone of solidarity. We must make sure that it is not restricted because there is a risk of monetary dumping at the periphery of the zone. To be sure, several countries may have an interest in such monetary dumping in the periphery of the zone, but it is not in the general interest.

I would add that this construction is incomplete, but I think that we must fathom the reasons: when we created the monetary union, the Central Bank was never part of the pillars of parliamentary powers. In Europe, the governors do not appear before the Parliament to be questioned about interest rates (unlike what may happen in the United States). For members of parliament, it was not a problem to create a European Central Bank, but pooling fiscal and budgetary issues is problematic.

Parliamentarians and politicians were not in favour of having the European Central Bank accompanied by a transfer of power on budgetary and fiscal matters at European level. I believe that this is the crux of the problem we face. There is an obvious economic dimension to the crisis, but it may be an institutional dimension first and foremost. It is simple: solutions cannot be based on adding national premises.

Austerity is not Europe. Austerity is the decision of the heads of State and of government who sit together or each one in his or her respective capital and decide austerity policies together. In reality, France had no obligation to subscribe to the German proposal on the budgetary treaty, nor to have it approved. I remember that the German attempt had existed at the time of the Maastricht treaty: we had stuck to a firm refusal, even when it was brought up some years later. So the budgetary treaty was not mandatory, we could block that operation quite well.

Another topic: the problem of wage differences. In the 1990s, we went through a period of decelerated inflation, so there was a tendency to underestimate the problem: in fact, we would have inflationist differences in Europe. All we know how to do is to burden wage policies, but we do not know how to deal with differences in inflation in a unified monetary system. This is an issue economists have broached all too little.

We could have made progress on this point, but it is still part of the policy to have a large sovereign bond market at European level. In any event, the differences in inflation have to be dealt with, as they entail differences in the development of nominal wages, which bring us before the problems of the labour market. We circumvent the difficulties through deregulation, but I think we must learn to manage differences in information.

◆ **Bernard Thibault**, Former General Secretary of the Confédération Général du Travail (CGT) [General Confederation of Labour] – Member of the workers' group at the International Labour Office (ILO)

We are currently going through an important crisis in the ILO. It is wrongly not considered as a European concern. We thought we were protected when the subject at issue has to do with the right to strike and the application of the 1987 convention. And yet, I think that this world crisis will end up having an impact on how social law develops.

The situation is as follows: for ten years, the employers decided not to recognise any longer case law that was produced by the different bodies of the ILO, including a committee of experts in charge of interpreting and judging a certain number of situations in accordance with the conventions. Now, after sixty years of jurisprudence, the employers contest the fact that the right to strike is part of the fundamental trade union freedoms. It is ready to recognise, hand on heart, that there is a right to strike in countries where the Constitution or the national law so provides, but that is not at issue. At issue is to have the fundamental freedoms of workers recognised the world over.

A board of directors meeting was held, in which a disagreement arose, which caused a blocking of the institution. I would like to draw your attention to the position taken by the EU Member States. We have no complaint about their position during that board meeting, but the matter is not settled. The position of the European countries must remain satisfactory with regard to the demands of workers.

A coordinated action should be pursued in the direction of European employers. If we let them do what they want, the fundamental freedoms will become tradeable and become the element of competitiveness in international commerce.

From that point of view, the European employers have not spoken out to distinguish themselves from the position of world employers. Nevertheless, in Europe, we are entitled to confront the employers and ask them whether they accept this vision which imperils fundamental freedoms. The question of the right to strike is a frontal attack, it is a subject that can prove controversial for public opinion, as we well know, but even more, one that covers a determination to challenge the institution that is supposed to move labour regulation forward for all workers on all continents.

◆ **Stefan Savarese**

It is important to speak about developments and the future. But don't we already have a problem applying labour legislation at present?

For example, shouldn't we give priority to combating undeclared work and tax evasion?

We have seen lately that a Hungarian company hires workers at 2 euros an hour near Bordeaux. The risk that company runs is a suspension of its activities for three weeks. Is that sufficient? Is it an isolated case?

By neglecting what is happening at present in the pretext of anticipating the future, aren't we skipping a step?

◆ **Toni Ferigo**, Director of Research, at the Nocentini CISL Foundation, Turin, Italy

In Geneva, they speak about minimum income. It is in fact prohibited, by the employers' representatives, to use the expression "living wage." It is a problem of interpretation. At times, we could nonetheless go as far as to wonder whether that income is sufficient to live on.

◆ **Saavas Rompolis**, Emeritus Professor at the Panteion University of Athens - Member of the Greek Economic and Social Council (CES), Greece

There is a great deal of talk about youth unemployment, but it would be interesting to take stock of another group that has even more difficulties, i.e. that of those aged 45-64. In Greece, for example, youth unemployment (60%) actually concerns 139,000 people, whereas unemployment among the group of workers aged 45-64 (21 %) concerned 350,000 people.

There is a great deal of talk about deflation, but I think that we must concentrate our struggle against this phenomenon. Otherwise, the cost of products will be fixed below the cost of production: in such an eventuality, we can no longer count on any investments, but can expect companies to close and collective redundancies.

◆ **Joël Decaillon**

The preparation of the semester and the trade union demands to face Juncker call for in-depth examinations. We must negotiate. It is not merely a matter of content.

We recently conducted two studies on the social dialogue at ETUC. We noted that there is no effectiveness, that we have a problem of means. What do we do when we negotiate on dialogue today? Above all, we negotiate to

have the means to implement and apply what is negotiated. For example, eight industry-wide agreements were signed during the crisis, but in reality, industry-wide negotiations have been done away with in several States.

Under such conditions, we cannot continue to say that we need agreements... We cannot be in Brussels as if nothing happened, as if the hierarchy was perfectly organised; there have been challenges in many countries. What is vital, therefore, is to demand a coherent bargaining system between the European, national and territorial level.

It is for this reason that the ETUC framework directive on voluntary agreements seems extremely important to me. Something which was accepted in Brussels should be able to have an effect in the countries. We must have the means to apply what has been decided.

On the posting directive: It is worth noting that the law differs widely from one country to another, and that the extension of the collective agreement does not exist in a certain number of European countries. I do not say that we have to transpose the same law to everybody. We must, however, know how to get laws respected.

The slogan ETUC uses is "equal treatment," but Juncker and the Parliament must take it seriously too. Measures must be taken: we can improve the directive, but we will not change the problem of failure to comply with the rules (posting, taxation). From the moment when there's a rule, instruments to monitor compliance with it are also needed. If we do not discuss that, we could be talking endlessly about the improvement of the system. It is worth pointing out that 29 years after Val Duchesse, we still need such instruments: we must not forget that we are no longer a small group of 12 countries; there are 28 of us now.

### ◆ **Anne Demelenne**

In view of what the Central Bank does, I think that we could hold it accountable, in particular as regards its policy. It would of course seem that we wanted to protect it, given of the relations of influence maintained with various policies. Be that as it may, it must proceed with full transparency from now on.

We have always wanted to obtain agreements between employers and trade unions within a general – preferably legislative – framework, because that gives greater weight and a capacity to punish when rules are not abided by. What is certain is that the methodology has to be honed.

Two dangerous phenomena: First, opting out, which I would qualify as disastrous from the point of view of the social policies we want to pursue. Second, the Refit programme, where care is needed, because it is an unspeakable danger for everything that we have tried to build in recent years. Under cover of administrative simplification, we are in fact going to do away with an entire series of supervision possibilities as well as the tools needed when we have to fix things. In Belgium, there is a real danger, because there are plans to keep drawing up a financial and accounting balance sheet, but not a social balance sheet, because that is now considered as an additional burden. We should perhaps reconsider the method.

The FGTB has been very attentive to what has happened at the ILO. We have come full circle: the search for profit, increase of the remuneration of capital by pressure on wages, and if the workers want to react, they will not even be entitled to do so.

This contributes to a rationale of attack on everything we are trying to put in place in order to make progress. It is an extremely important subject.

### ◆ **Yves Veyrier**

The problem with reviving the social dialogue you need at least two, or even three parties, who really keen on getting results. What is happening at the ILO goes behind the question of the right to strike. There is a real struggle about the place of international regulation through social standards by opposition to the market, as sole regulator.

When the financial crisis erupted in 2008, everyone became somewhat distraught, including the employers. It was at their initiative that we managed to discuss and adopt in the ILO what we called a Global Jobs Pact. This pact focused on very sensitive issues on which we had never really managed to agree, a fortiori on the international level and in a tripartite manner: in particular the need to re-direct international exchanges on economies that meet domestic needs.

Believe me, to be able to say that, when some 180 countries were involved – with their governments, employers and workers --, there was really concern about this crisis.

Finally, it was during this period that the ILO was able to move up a notch: we saw the members of the G20 meet, politics try to gain the upper hand on the economy, but they had forgotten the social dimension. At the same time, workers obtained the active presence of the ILO at the G20, making the social dimension an element of response to the crisis. The backlash was not long in coming, as the presence and role of the ILO could become too restrictive for some. In fact, it is this conflict between the market and social regulation which is illustrated by the crisis at the ILO. It is said that we are seeking the position of the European employers on the social dialogue, but I believe that in France, the employers are clear on the issue, at this very moment in fact, through this conflict, for instance when the call on France to denounce Convention 158! Admittedly, it has not been ratified by all countries. But we have noted that many legislations respect its provisions, whether the countries have ratified it or not. In fact, several such conventions have a role beyond their ratification, because they are disseminated through a diplomatic pressure mechanism.

Why are the French employers against it? The convention says that when an employer dismisses a worker, he must inform him beforehand of the reasons why. That is what French employers are challenging now. It is not new, but it is being asserted at a time of crisis in the ILO. Unfortunately, employers keen on tripartite negotiations, which played a role in the ILO, are lacking today.

On the question of deflation: I share the views expressed. The small rebound in growth observed in the third quarter is essentially due in part to consumption by households, and above all to consumption relating to orders by public administrative authorities. It has however been proven that austerity policies penalise these two remaining engines and thus curb growth. The question of a reversal of economic mechanisms between supply and demand is increasingly more urgent, if we do not want to fall in this dangerous deflationist cycle.

As regards the harmonisation of social standards in France, we are confronted with a territorial reform. But on the issue of the regional regulatory adaptation concerning the Labour Code, we have not been informed. That is a cause for concern. If the valves for the adaptation of wages and labour legislation are opened a little more under the territorial reform, then we are far from making standards uniform at European level.

To conclude, I would say that the situation is paradoxical. We can say that there are more democratic governments in the ILO today, and yet we are still incapable of establishing a progressive balance of power.

### ◆ **Candido Mendez**

The idea of a Parliament of the Eurozone is a good one, but it would be necessary to resolve the operating framework of the ECB first. Its policy could be made to coincide with the question of employment, especially in the situations of economic recession that we know. Inflation will not be a problem in the medium term; it constitutes a long-term deadlock.

In a general manner, it would seem that the trade unions are caught in trap. It is true that we have not really drawn the lessons from the practical consequences (in relation to the figures according to which the world's wealth has been multiplied by 5 and the financial assets by 15).

We talked about the company but I believe that some confusion remains. In fact, the shareholders are owners of shares, and we must not forget the place of workers. But I believe that the tandem as such does not exist, because the shareholder, who holds the real capital, must ask for borrowed money, so there is a third player, the one who provides the loan. Experience has shown that the capital profitability requirement reaches such a level that we are driven towards so-called solutions such as relocation.

There would be no interest therefore to finance activities that provide only profitability that could be said to be "reasonable" (for example, the activities of small companies).

Another element that has to be analysed: the economic and macro-economic policy of the European Union and the ECB. Here, they say that employment policies and agreements are national, but that is false. By applying the requirements of structural reforms, we favour the actions of governments, which are very satisfied for their part.

In my view, the ETUC executive committee should make an offer to the Commission and to the European employers' organisation to discuss reforms and to demand counterparts.

Spain has the right to strike thanks to the Spanish constitution and yet, more than 700,000 people today risk prison because they exercised that right. We must fight so that the right to strike does not disappear at the ILO, which would be too cruel an irony for European workers.

We are at present negotiating with the government a new social benefit for the long-term unemployed, most of whom are aged between 45 and 64. For young people who are unemployed in Spain (600,000), there is the Youth Guarantee plan (40,000 to 50,000 enrolled). Conversely, unemployed persons aged 45 to 65 constitute a real abandoned generation. It is serious, and ETUC should present alternative projects on this matter.

To conclude, I would like to be very concrete. When we go to companies, people ask us what are we really talking about. In Spain, when we talk about the social dialogue with the government, we are talking about concrete things. For example, if 500,00 families have no income, then we look for solutions, we are going to speak to companies. At ETUC, we know how to be very ambitious about strategic plans, but when we try to tell ordinary people what we are doing, we have a great deal of difficulty to do so.

◆ **Christophe Quarez**

We spoke of the European Parliament, the Eurozone and the ECB. The ECB can no longer be limited to price stability, it must be held accountable. If there is a Parliament of the Eurozone, the ECB should also be capable of speaking on the attainment of the objectives of the Union's 2020 strategy – which people talk about constantly without having any precise indicator. The role of the ECB should be to go beyond financial stability. We should add objectives in terms of social inclusion, employment, etc.

It is in our interest to find a place or a system with the social partners for planning reforms. Such reforms must in future take account of the different situations in each country, and who better than the social partners for such a redefinition? They are the most competent, whether in terms of managing the agenda or being familiar with the realities in the field. If they could play their role, they would find credibility among public opinion.

The problem of undeclared workers is related to the problem of posted workers: rules exist, it's the supervision that is lacking. The difficulty is all the greater as mafia-style gangs are behind these organisations and it is difficult to obtain results when supervision is carried out differently in each country. Would a sort of European labour inspectorate help prevent this?

As to the efficiency of collective agreements at European level (example of the decentralisation of negotiations in Spain), we note that the federal or sectoral collective bargaining field can be adversely affected. There is a problem of direction of the negotiations, but in terms of training and qualification, for a certain number of very specific (sectoral) areas, it is an important point. This is an important point. It is necessary to continue to get results at the European tripartite sectoral level, in particular because such advancements speak to the citizens and workers concerned.

◆ **Nadia Sahli**

The rights of workers are attacked at all levels (international, national, in companies) but we must anticipate changes, transitions (ecological, technological) to imagine social progress for the future.

We cannot give any ground. Those who manage to get organised at the trade union level succeed in defending themselves. For non-unionised employees, things are more complicated. For one thing, we have not yet gauged the scope of such employees, and secondly we still have very few answers for them. Moreover, nothing is moving in that direction, irrespective of the political level, the labour inspectorate, the elected industrial tribunal.

We are in a rationale that has lasted a long time overall, but the 2008 crisis accelerated developments. However, the trade unions are still proceeding at the same pace, whereas employers were able to pick up speed. Projects such as the investment plan obtained by consensus in ETUC pave the way for other projects at the European but also the national level.

If we are united, we will be able to fight against the attacks of the employers that are becoming more and more aggressive, and have more of a voice for workers who do not know which way to turn.



## CONCLUSIONS

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**Friday, November 28, 2014**

**Maria Helena André**

Director, Workers' Group, International Labour Office – ACTRAV/BIT

**Jean-Cyril Spinetta**

President of Lasaire

**Montserrat Mir Roca**

General Secretary and ETUC President



◆ **Maria Helena André**, Director of the Workers' Group of ACTRAV/BIT, Belgium

No issue has been forgotten. They have all been put on the table. What I have noted is that there is an urgent need to define the right agenda, find the right answers, and choose the right partners at European level.

The Juncker plan should not be considered as Europe's last chance. To be sure, we must make sure that there is a will to go in the right direction, but to say that it is the "last chance" is a bit exaggerated. The way these things are qualified is important.

Conversely, we may have reached the point of a last chance for the European dream. As has been repeatedly pointed out, there is no going back, and there is no question of dismantling the euro either or of entering in a deregulation process. In fact, Europe may perhaps not have found the right policy to respond to globalisation.

We must understand that it is important to harbour the European dream. We cannot learn very much from the economic or macro-economic scenario, other than two or three elements. First, we must look into the Eurozone. It may well go through its third recession in three years. Inflation is close to zero, and that is a real problem. I think that inflation and the recession are the result of an explosive combination, and I am not sure that we have the right tools to respond to it. Should we review the governance measures for the Eurozone? Do we need an ad hoc Ministry of Employment for the Eurozone?

One cause of concern is the economic morass that could extend rapidly and reach countries that seem to have resumed growth, in particular the United Kingdom.

We all agree to welcome the investment plan proposed by Juncker. It addresses the right things (energy grids, transport infrastructures and facilities, research, innovation, energy efficiency, reintegration in the labour market). Admittedly, it remains too modest. Another problem: are there rules for gaining access to that plan?

What actions is the ECB pursuing? We can wonder in particular about the extent to which they will address deflation. The expenditures of EU governments will continue to be in depression in the near future. What is going to happen? Resuming stable growth and stimulating investment are undoubtedly a way to solve the problem of unemployment and the sovereign debt crisis.

From a purely trade union view point, it is urgent to adopt a more realistic, more concrete plan. In other words, we must be sure that the actions encouraged will have a real and positive impact. After five years of crisis, it is regrettable to see that we have not obtained a chapter on supervision and solidarity regarding investment.

We must create conditions to stimulate employment: with 25 million unemployed, including 5 million young people, the employment rate stands at 68.4%. We are far from the 2020 objectives, which by way of reminder, are to obtain an employment rate of 75%. In all frankness, is employment a real priority for the governments in Europe?

It is fundamental to assess the real impact of austerity policies: the impact on social cohesion, but also on the political stability of our societies and our democracies.

Up to now, the balance between fiscal consolidation and growth has been an insufficiently explored avenue. Just as we recognised that there were inequalities before the crisis, we must recognise that those inequalities continue to grow. We will clearly not reach our objective on the poverty front, which was to reduce the number of poor people by 20 million by 2020.

Let us now broach the challenges to be met. How can we define a European agenda that is the result of participation by the social partners at all levels? This has been identified as a priority, but how can we ensure an autonomous and independent agenda that covers the real questions of the labour market? The most efficient way is not to rely on the Commission's agenda or on the agenda of the partners. The two agendas must be reinforced. This depends on the political will of the social partners: are they ready to play their role when they are aware that we do not have the same balance between the partners and the European institutions?

As already pointed out, it is a matter of governance, in fact, but also a matter of content. We shall see whether the Juncker Commission will be capable of covering the pillars of the European social model which are working conditions, the rights of workers, labour market policies and the social dialogue.

Is the Commission ready to accept social partners who would have the power to influence macro-economic

policies? For their part, are the partners ready to engage in this discussion on the tripartite agenda? Could they become real players and have major responsibilities in turn instead of being mere spectators?

Are the social partners ready to review their own system of governance, for instance the way of implementing autonomous agreements concluded at the European level, so often criticised by the speakers who have taken the floor here? But this point depends on the capacity of the trade unions themselves: Will they be ready to apply the agreements at the national level? Is it possible to improve coordination at the European level to respond better to the challenges of today and tomorrow for the social policies and the labour market?

I think that the long-term survival of trade unions will depend on these questions.

◆ **Jean-Cyril Spinetta**

It would appear that one of the most important transformations had started before the arrival of the Internet, but with comparable effects: I want to talk about the breakup of work collectives.

Companies had long been governed by rules which were the same for workers, and the services were provided internally most of the time. Then, gradually, these collectives were broken up, with more and more tasks being managed by subcontractors (for reasons of efficiency, to cut costs and boost profitability).

As Louis Gallois rightly underscored, this breakup has been accelerated, as has the model of change in the means of production of companies. No one knows what will be the business model of tomorrow. The upheaval is complete thanks to the Internet, for relations between the company and its customers and the very organisation of the company (for example, in air transport: we had to go to a counter, the operatives provided indispensable services which can now be obtained at home). A company employee is no longer necessarily needed between the customer and the company. We can do completely without this type of interface. This is the choice young people often make.

This upheaval jeopardises tens of thousands of jobs. I am not going to draw conclusions. It is a serious issue that deserved being examined in greater depth.

As to the role of trade union organisations: we see that everything said on the breaking down of work collectives shows that it is necessary to maintain instruments of solidarity, because this breakdown of the collective and the company itself can have negative or devastating dynamic effects. It is an old discussion between sector agreements and company agreements. I personally think that the sector agreements must continue to give a minimum of coherence and solidarity to all the activities carried out in a sector.

Second topic: Training. This is a key subject. Louis Gallois rightly said that we need quite extensive training so that workers can adapt without too much difficulty to the changes that will come at a pace we do not know. It is not a simple subject, because there are two opposing demands: On the one hand, a very extensive training demand, represented by dynamic and progressive lines of work, and the other, handicraft trades, focused on quality and targeting a task that changes little through the decades. There are choices to make so that the workers concerned can go along with the changes without having to suffer them.

Training is a major subject in all countries. As regards France, I have always been struck that one of the rare types of unionism that could be qualified as a bona fide trade unionism, the unionism of teachers, has been entrusted with the task of saying what has to be done in this sector. Now, it seems to me that it would be preferable that the confederal trade union organisations have a dialogue with teacher organisations to enable them to express their concerns which are only those relating to their profession.

On the representation of employees, we find the first topic, that of the fragmentation and break down of work collectives that calls for the representation of workers at all levels. It is a path which is accepted more and more and which has to be followed. From this point of view, the reforms are on the right track.

As to the new subjects that trade unions could appropriate, we must insist on the environmental and health issues that pave the way on how things have to be managed in current and future companies.

Many concrete proposals have been made. I think it is important for us to make a compendium and a summary following this seminar.

Finally, I would like to share some personal observations I have been able to make thanks to this discussion.

It would appear that the observation on the situation in Europe is shared by all, with some qualifications. We see that the observation is virtually unanimous on the reduction of the budgets, the internal devaluation policy and the effects on global demand, as well as on the impact of commercial transactions.

We have entered a phase of stagnation and perhaps even deflation. There is a very great analytical cohesion on this issue, so there is no need to dwell on it. Beyond this strictly economic aspect, the moral and political dimension of this situation has often been stressed.

The dismay of citizens is such that Europe is today considered as a problem rather than a solution. This is dangerous, for Europe would risk getting detached from its project and its ambition.

What strikes me, as in each of the seminars, is that in spite of the difficulties, no one questions the European aspiration: there is also consensus on the fact that the discussion in this European framework must be continued, even if the situation is not very satisfactory for the time being.

That may seem surprising, but I have the feeling that we may be at a turning point.

I would like to say how impressed I was by an old presentation by Jacques Freyssinet on how to pick up the severed threads of a social dialogue. Jacques Freyssinet pointed out that for the social dialogue to exist at the national and European level, three conditions must be met, which are easier to spell out than to make them coexist: the existence of a minimum shared diagnosis; the interest and determination of the stakeholders to reach a compromise; and the capacity to propose a credible alternative.

Why am I optimistic in this landscape which is bleak to say the least?

In fact, following the 2007-2008 crisis, let us say during the period 2009 and 2010, we were faced with the risk not of a recession but of a depression. There had been a complete standstill for two years. We had seen that it was impossible for the social partners and politicians to make progress on topics which were nonetheless of shared concern. Finally, the risk of a depression was so strong, that for two years, all the officials had proceeded through social pacts, trying to fight against the risk of a depression, which was being compared to that of 1929.

Today, we are at risk, not of a depression, but of deflation, i.e. a very protracted illness.

Why do I think that the situation is not tenable? Because this absence of growth poses a problem for workers, the trade unions and the companies themselves. And whereas Europe mobilised in 2010, today it knows that if this continues, we could simply wind up in a vicious circle. More specifically, in spite of budgetary discipline, debts have continued to increase considerably.

Jacques Freyssinet had asserted that faced with this deflation risk, the first of the three conditions he announced, i.e. the existence of a shared diagnosis, may actually emerge. I would go as far as to say that it has to emerge. When? No one knows exactly.

The second condition: the interest and will to reach a compromise. We can see clearly what that means. I will not dwell further on it.

Finally, the last condition: the capacity of trade unions to mobilise round a credible alternative project. In a Europe dominated from an ideological point of view by an obsession with the cost of labour, we can see clearly that the trade unions must be able to articulate what they deem to be desirable and credible, and for that they have to marshal their forces but also such forces as have emerged in parallel. For other forces are in fact fighting against the way things are going and constitute alternatives.

Can we hope that the social dialogue will no longer be a ritual devoid of meaning?

To achieve effectiveness, three conditions must be met: A Commission that plays its role, that reasserts that the social dialogue must be at the centre of European integration; employers who opt for dialogue voluntarily, preferring said dialogue to the constraint of unilateral measures that would be imposed on them, for example through directives; and the idea of a credible directive. This latter point sees the most important of all to me.

M. Juncker made a promising declaration, marking a profound break with the statements made by the previous presidency. It remains to be seen what content he wants to give to his statements.

One thing troubles me about trade unions. Europe is composed of 28 Member States, and 18 are in the Eurozone. This zone is organised through specific institutional meetings: there are meetings of the heads of state and government, there are meetings of the ministers for finance (Eurogroup), etc. So, there is an established institutional reality. And yet, what is missing before ministers, and heads of state of government, is a form of collective and organised expression by the trade unions of the 18 countries belonging to the Eurozone.

Without wishing to question ETUC, it would seem to me that these 18 countries and the trade unions in them should consult in a specific manner. In fact, they have a subject in common which does not fall under the purview of the others: it is the damage caused in the social and economic sphere by decisions taken at the political and economic level to manage the Eurozone.

To be sure, I can appreciate the difficulty (differences in culture, trade union history, etc) for these organisations to reach an agreement about a single project, not only in terms of a few guidelines, but a real project that builds that famous alternative I mentioned. And yet, if this effort is not made, all the discussions that we have had on the social dialogue and the lack of materialisation therefore will prove absurd.

What must come first is as follows: The European social partners must be capable of defining a credible, alternative project in order to be taken into consideration.

A word on the minimum wage is called for. It would seem that the differences deserve to be overcome, with the proposal of a median wage that would be fixed at x %. A unified position on a subject like that would have enormous weight.

During a colloquium held in January 2012, a representative of IG Metall, Jorg Hoffmann, had said in his conclusion that it was necessary to encourage the trade unions to adopt a common position in the face of the power of the Commission and the national governments, so that they could constitute a counterweight to them. Otherwise, European integration can have no future. This position seems even more relevant today.

And if this colloquium could serve to enable us to overcome cultural differences and antagonisms for the sake of what seems to be an absolute priority, we are faced with the project we know only too well, namely, not that of all employers, but of a certain type of employers in Europe, then this colloquium would have been useful.

◆ **Montserrat Mir Roca**

Everyone recognised that there was a problem and everyone proposed solutions to go towards an economic model that would be more oriented towards improving social improvements. The European structure is in danger because the policies have not led to any results, other than massive unemployment, an increase in inequalities and a rise in distrust of Europe by the citizens.

The social dialogue must resume its role. The negotiation of wages must be accompanied by inclusive growth. The solution is to consolidate the European level ever further. A common proposal is needed to give Europe back to its citizens and remove it from the clutches of the market and those who govern without having been elected.

Therefore, a new architecture and a new institutional model are needed. I think it is important to put solidarity among the priorities in the sustainable development process, which will be accompanied by the necessary changes in the production model. The recovery is turning much round economic and material aspects, but the answer is ultimately political, because politics can do it all.

There is one subject that you have not mentioned: that of the gap created by the crisis and the austerity measures. On the one hand, the victims were the young, but the victims are also women, who have to accept precarious and low quality jobs that impoverish them. Christine Lagarde rightly said that it was even worse to have a job. It is a perversion, a sort of blackmail to say that precarious work is better than no work at all, whereas in reality it leads to material poverty and prevents you from fulfilling your potential.

The fight against tax evasion is vital in order to find funds and to regain confidence for the entire population. But political will is needed.

It's all very fine to speak about 300 billion, but it is like a shell game, and we must admit we do not know exactly where the billions will come from. This plan is also an attack on the public domain. Under the pretext that there are no public funds, we hear that we need private funds. But we must not lose sight of what is known as

responsible public investment, i.e. not investment to build airports in places where they are not needed, but public investment as an engine of inclusive integration.

It is important to have a European strategy to maintain the right to strike and to obtain it where it does not exist. The work of ACTRAV and the ILO is essential. There will be a very important judgement on the Airbus case soon. The trade unions will be present. As long as the matter is not fully settled, some still risk going to prison.

To conclude, I would like to say that Europe will no longer be Europe if it continues to have people joining the ranks of the poor. Let us not follow the example of China. At the G20, some were complaining about having to pay 40% of GDP in pensions, whereas they would not have to pay such a sum in China. The only thing that can be said is that, for better or for worse, we must demand policies that do the work they are supposed to do. We are trade unionists; they are politicians. Our mission is to protect citizens, so we must continue the struggle to fulfil that task.

ANNEXE



Vorstand

Briefanschrift: IG Metall Vorstand, 60519 Frankfurt am Main

Ms. Anne-Marie Grozelier  
General Secretary  
LASAIRE  
3 – 5 Rue de Metz

F – 75010 Paris

**Cycle of Europe Work Employment biennial meetings  
Project 2013-2014: WHAT SOLUTION AND WHAT ROLE FOR THE  
SOCIAL STAKEHOLDERS TO GET OUT OF THE CRISIS**

Dear Ms. Grozelier,

As in the past years IG Metall would like to support the activities of Lasaire in the framework of the cycle of biennial meetings. The current project on the role of the stakeholders in the crisis is of special importance for the unions and the interests of our members. Therefore we are happy to confirm that Dr. Klaus Mehrens will represent our union in this project. He will contribute to the work with his long standing experience as a trade union leader in various German regions.

Klaus Mehrens will inform the executive committee on the contents and results of this project.

Yours sincerely,

  
Berthold Huber  
President

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17th June 2013  
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