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SOCIAL DIALOGUE 20 YEARS ANNIVERSARY CONFERENCE WARSAW, 25 NOVEMBER 2011

PHILIPPE DE BUCK, DIRECTOR GENERAL

Ladies and gentlemen,

- We are here today to take stock of the achievements of the European social dialogue during the last 20 years. And to look forward to its future role. In the near future. But also in the longer term.

Achievements

- Over the last three decades, the European social dialogue has been linked closely to the European integration process:
 - 1980s: accompanying the Single Market programme
 - 1990s: accompanying the European Monetary Union
 - 2000s: accompanying the EU growth and jobs strategy
- We have achieved a lot since the adoption of the social protocol and its insertion in the Maastricht Treaty.
- The European social dialogue has produced a high number of important texts for Europe's labour markets. On many issues: Employment policies, flexible forms of employment, lifelong development of competences, restructuring, European Works Councils, gender equality, inclusive labour markets.
- Over the years, the EU social dialogue has become more autonomous. Through the adoption of our Social Dialogue Work Programmes we take responsibility for acting upon the most relevant issues that need to be addressed at EU level to improve the functioning of labour markets.

Lessons learned

- National social partners have told us that the European social dialogue adds value to their national social dialogues. By raising awareness of effective employment and social policies. By providing a framework for mutual learning. By reinforcing the capacity of social partners, for example after the enlargement to Eastern and Central European countries in 2004. Or by promoting new issues on the national agenda, e.g. telework, stress.



- Through our joint texts and agreements, we have contributed to the adoption of EU instruments which better suit the needs of employers and workers than institutionally driven legislative instruments. But we can do better.
- One important lesson we have learned is that we should not defend the status quo. Otherwise, the European social dialogue would risk becoming irrelevant.
- In this respect, of concern to employers is the fact that the endeavours we put to steer effective labour market policies at national level have in many cases not delivered their full potential in terms of national labour market reforms.
- At the same time, we need to be realistic as to what can be achieved in a Union of 27 Member States. There are structural differences between countries in terms of economic development, labour market organisation and industrial relations systems. But also differences in terms of policies needed in the short-term due to their contrasted competitive position, economic outputs and social conditions. The choice of European social dialogue instruments should reflect this diversity of situations.

Social dialogue in times of crisis

- Our dialogue at European level has become more difficult since the economic crisis started.
- Quite paradoxically, however, this crisis has been an intense period of social partner negotiations at national, sectoral and company levels. Bilaterally, but also more and more in a tripartite format.
- Unemployment has increased. But thanks to the agreed measures, employment has in most countries not been the main variable of adjustment.

Conditions for success

- The success of the European social dialogue relies on a climate of trust and confidence between European employers, the ETUC and policy makers.
- One of the key ingredients for us to achieve results together will derive from our capacity to agree on priorities and on a realistic while ambitious approach.
- And to adopt effective and transparent working methods to achieve the goals that we set in common.

Setting common objectives

- More often than we think both sides of industry share the same objectives. We want to provide an EU policy framework contributing to economic growth in Europe. We want to create enough employment for all workers. We want to



ensure that workers are well-equipped to respond to the competence needs of the workplace.

- These objectives require responsibility and ambition. But also a sense of realism of what can be achieved at European level.
- In order to be effective, the European social dialogue should not attempt to address issues that can only be negotiated at national level or by companies themselves.
- The role of the EU is not to regulate very different labour markets like national social partners do. Its added value is to steer national employment and social policies in order to modernise social systems in a way that responds effectively to the structural challenges European countries are all confronted with as part of the global economy.
- We should address at European level issues that have a genuine European dimension. Firstly, this encompasses issues that have a cross-border dimension. But also those which require an adequate degree of coordination to ensure that our action converges towards the goals we agree in common.
- Today, the role of the EU on social issues is primarily to encourage and monitor labour market reforms in the Member States. To provide a space for a regular exchange of national practices at European level. To promote mobility of companies and workers across borders. And to coordinate national rules where necessary to facilitate mobility or to maintain competitiveness.

Agreeing on the need for structural reforms

- Businesses stand firm behind the European social model. We fully subscribe to the goals of achieving growth and solidarity.
- But we must also be aware of the serious economic situation in which many European countries are. European countries may not be able to sustain their spending on social protection. The costs of social protection are higher in the EU than in any other regions of the world at 26.4 % of GDP in 2008. Moreover, expenditures increase in the long term due to ageing. And in the short term due to higher unemployment. But tax revenues are shrinking as a result of insufficient economic activity.
- This evolution leaves us no choice: We need to redress public finances and restore growth at the same time. And a limited margin for manoeuvre due to tight public budgets. For this reason, Europe's capacity to tap new "sources of growth" depends essentially on its ability to undertake structural reforms.
- I would like to ask to ETUC here today if they agree with this. Indeed, without a consensus on the need to engage in structural reforms, we will have great difficulties to achieve any results in the European social dialogue.



Achieving more and better jobs

- Employers aim to create new activities leading to the creation of new jobs. Of high quality. To achieve that, Europe needs innovative and competitive companies. And more entrepreneurs.
- Higher employment participation is the answer to many problems we face. It broadens the tax base, thereby contributing to higher tax revenues and fiscal stability. It provides workers with an income deriving from their own work instead of being stigmatised as unemployed and dependant on benefits. It is the only way to ensure the sustainability and adequacy of pensions systems.
- In order to reach the Europe 2020 employment rate target of 75%, companies will need to create 17.6 million new jobs. This target can only be delivered by companies if the right framework conditions are put in place by policy makers and social partners at all levels.
- A precondition is to ensure that social protection spending stimulates job creation. This means to use available resources more effectively. To create incentives for employers to hire vulnerable workers. And to make sure that spending on social protection encourages unemployed people to look for and help them find a job.
- And fairly. Look at the situation of young people. More than 5 million are unemployed. A growing group of young people who are not in education nor in employment represents a cost of 100 billion euros for Europe's societies every year. Clearly, we need to act to prevent a lost generation of Europeans.
- In the long-term, we also need to review our social systems to ensure their sustainability. First and foremost by prolonging working lives and postponing retirement ages. But also by reducing passive social benefits which do not contribute to employment.
- Labour laws must also be reviewed to ensure that they don't hinder job creation. In particular, the high level of protection granted to permanent workers acts as a disincentive for companies to create jobs.
- By contrast, the availability of flexible contracts should not be questioned as these contracts contribute to job creation while meeting both companies' and workers' changing needs.
- Finally, reducing the tax wedge on employment is an effective way of encouraging companies to create jobs in Europe and avoid that companies search for better locations to invest.



Ensuring access to a sufficient and qualified workforce

- On the supply side, ensuring access to a sufficient and qualified workforce is the main challenge ahead.
- This will be achieved by providing the right skills to young people. By setting a framework for immigration responding to employers' needs, which also pays attention to a smooth integration of migrants at the workplace and in society. And by maintaining the employability of workers and of unemployed people over their career path.

European social dialogue, the eurozone, and the EU

- Europe's unity and its economic power are every day put to a test. The euro is in danger.
- Important measures have been taken and new ones will have to be taken to improve the EU economic governance.
- Beyond this, a discussion is ongoing on how to solve the original dilemma of having a common currency, the euro, a European Central Bank, but no common treasury and no coordinated policies.
- There are many uncertainties as to the shape of the future of the European Union. How can we involve all EU countries and at the same time respond to the urgency created by the sovereign debt crisis in several eurozone countries effectively? It is not my intention to respond to this very difficult question today.
- Personally, I am convinced that European social partners can play a crucial role in a properly functioning monetary union. Not least to ensure that wage policies are flexible and responsive to the triple objective of price stability, full employment and high competitiveness.

Next steps

- We hope that we will have a chance to discuss these fundamental issues with ETUC in the context of the upcoming negotiations on the next social dialogue work programme.
- Indeed, reforms that are supported by employers and workers are more likely to bring positive results to the economy. Because ownership by the two sides of industry reinforces the chances of effective implementation. That is why employers give priority to negotiated solutions where possible.
- But this should be no excuse to prevent or postpone reforms. In this respect, we should also accept that where social partners do not agree on reforms, governments need to take their responsibilities. This is not against the autonomy of social partners.



- To conclude, the European social dialogue has achieved a lot in its 20 first years. We have made progress towards a more autonomous social dialogue. The framework exists. It is our responsibility to use it. In good faith and responsibly.
- The priority of the day is clearly to contribute to growth and jobs in order to reduce unemployment. This should be our main objective with the upcoming social dialogue work programme negotiations.
- In addition, with the upcoming negotiations on working time, we have the chance to demonstrate the added value of the European social dialogue. That we can succeed where other forms of decision making failed.
- Finally, it is clear that the current debate on the EU macro-economic governance will have repercussions on the European social dialogue.
- In order to achieve positive outcomes together, we need a strong and committed partner. We look forward to cooperate closely with the new team that has been elected recently by the ETUC Congress.
