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### INDUSTRIAL RELATIONS IN EUROPE 2012 THE WAY FORWARD FOR SOCIAL DIALOGUE IN EUROPE CONCLUDING SESSION

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**The crisis is a stress test for social dialogue**, not only in the euro area and in the EU, but also more widely in Europe and Central Asia.

The origin of the crisis was in the financial sector outside Europe but the repercussions in Europe have been strong and they have spread to the “real economy” affecting businesses, labour markets and social systems. In many countries in Europe the crisis has revealed structural deficiencies, especially regarding the state: poor public infrastructures, poor tax enforcement, or ineffective legal and judicial systems. These structural problems have weakened the resilience to the crisis, are complicating the implementation of recovery policies, and they have led to a feeling of injustice and loss of confidence in institutions in many countries.

The crisis has also revealed strengths and weaknesses of social dialogue across Europe. Social dialogue should be part of the solution. However, we should recognise that it not always is. It is important to reflect on the preconditions for a constructive social dialogue:

- **There is a need for strong, representative and autonomous social partner organisations.** This is already the case in some countries. But in all countries, social partner organisations can become stronger. In particular in Central and Eastern European countries where employers and trade unions organisations are still far from being representative. Even in Germany, where social dialogue tradition is strong, social partners are facing challenges in terms of membership and too often their achievements are taken for granted, and this creates free-rider effects.
- In this context we also need to **reflect on the role of some practices, for example the “erga omnes” extension of collective agreements.** This may lead to free-rider attitudes which in the end run counter the objective of strengthening social partner organisations. However, given the diversity of IR systems there is no single solution, effects can vary depending on the institutional setting.
- To play their full role, social partners need a **conducive institutional setting.** This means that social partners should be treated differently than other interest groups. Only social partners can negotiate agreements and take responsibility to deliver on what they have agreed.



- Finally, **social partners should act responsibly, to create mutual trust**. For that, we should be driven by common goals, neither side should have a “class war” attitude. Trust is built where both sides are delivering what was agreed.

Only in this caveat can social partners be really part of the solution.

In many countries hard hit by the crisis, social partners have delivered through important agreements at national level.

- In 2012, **the Spanish social partners reached a major agreement** which includes moves towards linking wage developments to GDP growth and economic situation of companies, including productivity. This agreement represents a significant step towards the necessary wage flexibility.
- In **Italy** in April 2012 an agreement was signed between the employers' federation and the three main trade unions on **the reform of apprenticeships**.
- The **French social partner agreement on improving competitiveness and security of employment** from January 2013, strikes a balance between companies' need for adaptation based around flexibility and competitiveness, and employees' perspective focusing on the security of careers: it increases legal certainty of redundancy procedures and shorten procedural timeframes; it contributes to youth employment and facilitates employee mobility.

With the crisis, social partnership is challenged as the role social dialogue can play today differs from previous times when there was economic growth. Social partnership is more difficult when it is not about distributing the wealth created, but about adapting to a difficult economic and social context.

European social dialogue can add value and help generate positive dynamics of social dialogue at national level, by setting minimum standards and also through encouraging social partners' joint actions.

Our negotiations on a framework of actions on youth employment have made good progress and we hope to be able to present a positive outcome soon.

A key issue for the future of the social dialogue is the inter-linkage between EU and national social dialogue, which will intensify in the context of the renewed EU economic governance.

In this respect, the European social partners are now working on joint proposals to the European institutions on how to inform and consult EU and national social partners in the EU economic governance processes, following the different stages of the European Semester e.g. the preparation of the Annual Growth Survey and the Country Specific Recommendations. This consultation process will only be effective with strong, representative and responsible social partner organisations both at national and at EU level.

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