



IG Metall

# **FOR A SOCIAL EUROPE WITH FUTURE**

EUROPEAN POLICY POSITION PAPER

# On the path toward a social Europe resting on a pillar of solidarity

Preliminary remark:

## **The EU: a community that has brought peace**

In the traumatic wake of the 20th century's two world wars, a united Europe from Dublin to Athens, from Lisbon to Helsinki, was a vision that scarcely anyone would have thought possible, but which became a reality: Erstwhile foes have become friends, adversaries have become partners. Today, more than 60 years after the signing of the Treaties of Rome, marking the birth of the European Union, this Union is more than just a community that has brought peace. It is a community of shared values, and what was once a war-torn continent divided into East and West has become a community based on rule of law, offering the foundations for prosperity and peace.

## **The EU: a project that has brought prosperity**

On top of all this, a strong economic bloc has developed since the war.

The free movement and exchange of goods and services is both the cause and guarantor of an enormous surge in prosperity. At the same time, this tight-laced network has become susceptible to crises, forcing its members to take joint action at the supranational, European level. This requires the establishment of democratic European structures and a willingness to work closely together in the political arena. In our view, the project for a European future as we conceive of it and which is what we are striving for, will leverage available resources, redistributing them so as to achieve convergence at a higher level with the aim of attaining better working and living conditions for the citizens of all Member States.

## **Social Europe under pressure**

In the preamble to the Treaty on the European Union, the Member States affirm their commitment to fundamental social rights as enshrined in the 1961 European Social Charter and the 1989 Community Charter of the Fundamental Social Rights of Workers. For some time there was widespread agreement that markets needed social safeguards. Strong welfare states and social dialogue served as the core elements of a European social model. But this social model has come under considerable pressure in the recent past. By the same token, it is precisely the notion of a democratic, socially, economically and ecologically sustainable and economically successful Europe that offers hope of overcoming Europe's profound identity crisis and reversing its citizens' alienation from the process of European unification.

## **Our mission: Europe**

We can expect issues revolving around justice and redistribution to become ever more explosive, and the juggernaut of globalisation and digitisation to sweep even more workers under its rails. More than ever, then, we in the trade unions are called upon to resolutely foster and nurture the renewal of European solidarity and democracy based on a fair redistribution of growth in prosperity and the protection of social standards. With their roots in enterprises and multinational companies, thousands of works councils and trade union officers, millions of trade union members throughout Europe, trade unions have the resources - and the task - to play a decisive role in shaping Europe as a model for the future.

# CHAPTER 1

## The future of the EU is at stake ...

The cohesion of the EU is beginning to crumble. Following decades of growing integration and numerous rounds of enlargement, the foundations for peace and prosperity are now being shaken to the core. The EU faces challenges that threaten its very existence, identity and legitimacy.

### After-quakes in the wake of the economic and financial crisis

Today, ten years after the onset of the global economic and financial crisis, which severely impacted the EU, imbalances are mounting - both within countries themselves as well as between Member States. Social inequality and high unemployment rates, especially among young people, continue to dominate realities in millions of Europeans' lives. One contributing cause of these social and economic upheavals and disruptions, which can still be felt today, has been the measures adopted in a misguided crisis control policy. The design of the Eurozone exclusively as a monetary union without any political union and strong EU Parliament to back it was what made the Troika's packages of measures - outside the EU framework - possible in the first place.

### Brexit

What was unthinkable for decades is now taking place. Although the European Community has become a Union, integrating step by steps into an ever-tighter unit, the withdrawal of Great Britain marks a turning point. Before the referendum, the opponents of Brexit relied primarily on a negative campaign to drum up support to remain in the EU. The argument used by proponents of EU membership - "Without the EU everything will get much worse" - was not, however, able to sway the outcome in any significant way. Warnings about the dire economic consequences of Brexit alone were not enough to prevail over the promises and assurances of salvation trumpeted by the enemies of the EU, and the proponents of "stay" were unable to paint a picture of a Europe convincing enough to make British citizens want to remain in the EU. The upshot of this is that it takes more than the benefits offered by the Single Market to lend the EU legitimacy in times of crisis.

### Globalisation

This is all the more true as the European Union has now for many people become a symbol of the negative effects of globalisation. In too many people's everyday lives, the EU stands for competitive pressures, relocation of production sites, distribution conflicts, wage dumping and unbridled market forces playing themselves out at the expense of workers.

The individual advantages offered by the Single Market, such as being able to live and work wherever one chooses, do not play a role in most people's everyday realities that is sufficient to warrant active support for European unification. The argument that the EU is a global heavyweight which, in contrast to individual nation-states, is able to protect European industries and their employees from dumping, protectionism and global political and economic unpredictability is too abstract. In the face of global vagaries and vicissitudes, however, this size and strength are precisely what is needed to safeguard jobs and the prosperity that has been attained. In a world of global trade in goods, services and capital, national go-it-alones would leave individual states at the mercy of the dictates of the market. EU trade policy instruments such as regulatory measures to preserve and maintain value chains, the monitoring of foreign direct investment and the EU's array of tools and instruments to protect trade as well as coordinated climate and environmental measures are indispensable for any actor that wants to be an equal player in world trade.

## **Migration**

Refugees from all over the world are lending a face to global social injustice, hunger and war. Many people are plagued by uncertainties and doubts, while decision-makers have yet to come up with solutions. Nor have EU Member States come up with a convincing response to the issues raised by migratory movements. Instead of rejecting parochial national thinking and shifting the focus to solidarity and safe exodus routes, a solution is being sought in unworkable quota regulations and a siege mentality in individual states.

## **Transformation**

In turbulent times, social insecurity is pervasive among all social strata throughout Europe. Many people realise that they can no longer control their lives or their working environment independently. Digitalisation and changes in value chains, climate and environmental regulation, pressure on employees in energy-intensive industries, globalisation and demographic change are megatrends that are profoundly transforming the world of work and our lives. The EU can also make decisions that will shape this transformation in such a way as to ensure that a just, safe and self-determined working and living environment becomes a reality in the end. However, many people have lost their trust and confidence in the political arena to come up with the creative solutions that are needed. This makes us trade unions all the more important in the policy-making realm as the guiding force and voice of employees.

## **Democracy**

In the past, European policy has also been accused - in part rightly, in part wrongly - of preventing people from being able to live self-determined lives. The ECB, the Commission and the IMF, for example, have prescribed policies outside the bounds of democratic decision-making processes and outside the EU framework for Member States experiencing difficulties meeting their financial obligations, have curtailed trade union rights, disenfranchised people and driven them into poverty. The conclusions drawn from this experience must serve as a guide as we return to Europe's people the opportunity to shape their lives as they see fit.

## **Right-wing populism**

A return to nationalism has been one reaction to the dearth of answers to the great questions of the present and future, and this not only in Europe. Right-wing populists offer simple solutions to complex questions. They suggest that lost control over one's own environment can be regained through isolation and a return to particularism. They play workers off against each other, driving a wedge between them. Lack of trust and confidence in European institutions makes it easier for right-wing populist parties to disparage and malign the EU and allows national governments to blame the EU for nationally-induced problems.

It was not the EU that forced Germany to expand the low-wage sector with its precarious employment conditions, for example.

In their capacity as key forces in democracy, the trade unions must repeatedly underscore that our aim and objective is to achieve a fair redistribution of corporate profits and prosperity. Trade unions in Europe rely on solidarity! Solidarity means not being played off against each other. We must stand up against those who seek to sow discord, who want to further divide societies in Europe and hence Europe as a whole.

## **... if we are not successful in placing workers at the heart of a political Union:**

- The EU must be the framework in which watershed changes are guided and shaped in the interests of employees, drawing social red lines and ensuring decent work throughout Europe.
- We need a more democratic EU and more democratic decision-making processes in which the European Parliament plays a strong role - in particular the right to take the initiative in the legislative process and the election of Commissioners will make the EU more democratic and transparent.
- The European social dialogue needs to be strengthened and expanded. We call upon employers to abandon their stance of blocking efforts in this direction in recent years. We call upon the Commission to strengthen the rights of the social partners.
- An end must be put to assaults on the autonomy of collective bargaining, the labour market and social security systems, as we are now familiar with in the guise of the so-called "crisis prevention policy" pursued outside the democratically legitimised framework of the European Commission, the European Central Bank and the International Monetary Fund ("troika").

## **CHAPTER 2**

### **The European Union must be rendered economically resilient to crises ...**

#### **Regulating the market for goods and financial services**

The economic and social crisis of recent years has demonstrated very clearly that ad hoc crisis management is a perilous strategy endangering the stability of economies and political communities. The ECB's "whatever-the-cost" euro-rescue policy was able to ease the pressure on the Eurozone in the crisis. Nevertheless, the following caveat applies:

In a political union, the high degree of integration of markets for goods and financial services makes regulation necessary. In our view, there will be no social Europe for its people as long as the EU allows itself to get bogged down in economic integration projects. On the other hand, there is no pan-European political consensus that austerity policy as well as tax and wage dumping must be fought and resisted. The needed political majorities will have to be fought for and won time and again in the future as well.

#### **Restructuring industry along social-ecological lines**

Growth and sustainable prosperity in Europe require potent, efficient industries. Social-ecological restructuring opens up new growth potential and ensures the long-term sustainability of employment. IG Metall advocates and supports this policy. As a highly developed centre of industrial production, Europe has a duty and obligation to assume responsibility for climate policy and to lead the way in drastically reducing greenhouse gas emissions. To be able to cope with the social megatrends of the future, European industry must become more resource-

efficient, shape demographic change, carry through with the energy transition and come up with mobility concepts that will be viable in the future. A coordinated and active structural and industrial policy must meet the dual challenge of maintaining industrial production and employment in the developed regions while at the same time helping regions whose industrial base is still lagging behind to catch up. Competition must not lead to a downward spiral in working conditions within an industry.

### **Collective bargaining policy**

As a consequence of the aim to generally reduce the power of trade unions in the process of negotiating wages as formulated by the Commission in 2012, one negative effect of "crisis policy" has been that real wages have fallen significantly in the face of massive state intervention in the collective bargaining systems of various countries in the European Union.

The "economic governance" established by the European Commission and Member States has gone hand in hand with an economic policy biased towards austerity, turning wages and social benefits into instruments with which to make adjustments in the monetary area. This has led to a policy of state intervention in collective bargaining policy, a disregard for the autonomy of collective bargaining and destabilisation of entire collective bargaining systems.

This supply-side reform policy has had the effect of exacerbating the crisis instead of defusing it. In addition to a demand-driven growth policy, a demand-side wage policy can help remedy the situation. The only institutions that can perform such wage coordination are the trade unions, however, with support being provided in the form of government action to reduce precarious employment and strengthen wage autonomy and collective bargaining. Under no circumstances should wage policy be left up to the European Commission, for example within the framework of the European semester.

European coordination of collective bargaining policy between national trade union organisations is therefore still a highly relevant issue at present. The creation of industriAll European Trade Union has strengthened the power of industrial trade unions in Europe. Furthermore, a dictum the European Metalworkers' Federation's is that an improvement in competitiveness must not be bought through social dumping and a corresponding deterioration in working and living conditions. Instead, it needs to go hand in hand with an improvement in working and living conditions. The main starting point and criterion for trade union wage policy in all countries is to balance the ECB target inflation rate and ensure that employees' share in productivity growth is reflected in their income. The aim of a coordination rule along these lines is a continuous and gradual increase in, and harmonisation of, remuneration and working conditions in the European metalworking industry. We must carry on with the debate over European coordination of collective bargaining policy: For example, how we should deal with different situations in countries within the structure of the coordination rule or - whenever exceptions are made from the coordination rule - analyse the reasons in order to develop joint strategies for the future.

## **... and needs fundamental reform of the Economic and Monetary Union with the objective of bringing about fiscal union:**

- IG Metall is calling for an active, coordinated and democratically legitimised sectoral and industrial policy to ensure long-term, successful crisis management. EU institutions should involve trade unions in such initiatives from the outset, for example through a fixed institutionalised consultation process.
- We must effectively counter regional disparities and social divisions with strengthened European structural funds.

- Instead of promoting speculative financial investments, the private sector's investment activities must be geared towards ecological restructuring and development. To this end, we need an active state investment policy that encourages targeted investment in education, training, research and development and infrastructure.
- Monetary union should be complemented by social and labour market policies that help prevent or compensate for social imbalances.
- Examples of this would be a European minimum wage set at 60 percent of the respective national median wage, assistance in situations characterised by particularly high (youth) unemployment in countries facing economic difficulties, protection against working conditions harmful to health and an end to particularly precarious working conditions.
- Like monetary policy, the Stability and Growth Pact should be geared towards sustainable growth and a high level of employment.
- The Fiscal Pact must be abolished.
- IG Metall supports the draft reforms for Economic and Monetary Union (EMU), which provide for elements of transnational liability in the event of a crisis, such as e.g. Eurobonds.
- The European Stability Mechanism (ESM) should be incorporated into Union law and converted into a European Monetary Fund.
- Banking union must be completed.
- In order to stabilise the Eurozone, it needs a budget all its own, which should be developed out of an instrument which is allocated its own financial resources with which to fund investment projects and that is under the democratic control of a Eurozone parliament.
- The Eurozone needs a democratically legitimised economic governance that puts an end to the one-sided fixation on public deficits and debt levels and coordinates economic, employment and social policy.
- The EU needs a common fiscal policy in which some countries willing to integrate in this area could lead the way. A uniform European minimum tax rate, based on a uniform tax base and allowing room for different initial conditions in different countries by means of corridors, can counteract competition over lower corporate taxes.
- Europe needs an active demand-oriented wage policy.

## **CHAPTER 3**

# **An EU for workers needs a social consensus ...**

## **Fundamental social rights at risk**

In Europe, the social sector has lagged behind the market for too long. The EU already has a considerable corpus of fundamental social rights at present.

The EU Charter of Fundamental Rights has been binding since 1 December 2009. However, this is apparently not enough to ensure that it is actually applied.

This is due to the EU's failure to institute a social footing and its misguided crisis policy of recent years, as well as the deregulation of Member States' social systems in the name of the EU's fundamental freedoms. The European Court of Justice in particular has repeatedly proven to be a driver in deregulation to the benefit of free-market forces at the expense of the basic rights of workers and their trade unions. In fact, the fundamental freedoms of the Single Market have served as "anti-labour law" in recent years.

### **European labour law**

Globalisation and digitalisation as well as social-ecological transformation are fuelling doubts about the future as well as fears of impending decline. A Europe that protects its citizens shields them against the risks and consequences of these megatrends. It is not a question of harmonising social policy at the European level over the short and medium term, but of doing so wherever transnational action is required. The Posting of Workers Directive, which would not exist without the trade unions, represents a major step forward in the direction of the principle of "equal pay for equal work in the same place". Regulation of a digital working environment with all its consequences is also possible at the European level - for example through a directive to protect employees in the platform economy.

### **European social policy**

Social policy at the European level means putting an end to a policy that destroys the foundations of social security systems based on solidarity - putting an end to deregulation in the guise of a supposed rescue policy for those members of the Eurozone which have been reeling from the debt crisis. This has been the political consensus and practice for too long.

### **The European social model**

The foundations of the European social model - well-developed social security systems, a comprehensive range of public goods, social infrastructure, effective trade unions, collective bargaining autonomy, social democracy at production-site and enterprise levels and a state with an active distribution policy - were not questioned for a long time. Politically, rounds of enlargement of the EU have gradually shifted the weight away from this traditional model. At the institutional level, this has been the case since the "crisis policy" of the EU or the Troika at the latest. In our view, the concept of the European social model stands above all for a path of integration that compensates for the bias of a European Union geared to economic interests and one-sidedly guided by political elites. A democratic and social Europe is an alternative to the increasingly neoliberal orientation of the EU, which has been exerting unremitting pressure on social rights through the vehicles of competition law and freedom of establishment.

## **Social Europe**

The task of state social policies and effective institutions of the welfare state, but also of strong, effective trade unions, is to correct the market. Given these requirements, it can be posited that the road to a social Europe will still a long one. One stage along the path to a more social Europe could be the European Pillar of Social Rights (EPSR). Indeed, after many lost years, the issue of European social policy is back on the political agenda. The EPSR was proclaimed in the wake of a widely discussed demand forwarded by Commission President Jean-Claude Juncker for the EU to achieve "social triple A".

The pillar is based on 20 principles relating to equal opportunities, fair working conditions, social protection and social inclusion which are intended to provide orientation for an expansion of social rights at the European level. The trade unions had placed a great deal of hope in the European Pillar of Social Rights, for example that social principles would become legally binding. The EU has proven to be a disappointment in this regard - the ESSR alone cannot offset the primacy of internal market freedoms over fundamental social rights. This would have required an amendment to the Treaties. The Pillar offers a point of departure, however, for an emancipatory social policy and provides a political impetus to counter negative socio-political developments. The task at hand is to build on this.

## **... on the basis of social rights in the Internal Market with the objective of achieving a social union:**

- The demand for a social union is not synonymous with the creation of a single European welfare state. Strategies such as the coordination of social security systems under European law can point the way in the right direction, however. As an equivalent to the excessive deficit procedure provided for in the guise of the Stability and Growth Pact and the macroeconomic imbalance procedure, a procedure against social imbalances can help remedy the situation.
- Politically, it should be ensured that the EU onslaught on social security systems ceases.
- A protocol on social progress attached to the Treaties would elevate fundamental social rights in Europe to constitutional status. Court chambers for labour and social law at the European Court of Justice can supplement this in a meaningful way.
- IG Metall is issuing a plea for a social stability pact that both lays down minimum conditions for social protection and takes into account different starting levels in the old and new EU countries.

## CHAPTER 4

# Co-determination in Europe means democracy at the workplace ...

Democracy must not stop at the factory gate. It must hold sway everywhere in Europe. A democratic Europe includes active participation and active shaping of economic developments by employees. That is why IG Metall has a broad understanding of co-determination - as democracy at the workplace.

### Challenges are growing

Workers' rights are recognised in particular by the Charter of Fundamental Rights and the European Social Charter. The right to information and consultation is also enshrined in the European Treaties. In contrast to this, there have been no corresponding initiatives to expand co-determination at the European level since the revision of the EWC Directive in 2009.

This inactivity is all the more difficult to explain given that challenges facing employees arising from the transformation of the world of work are steadily on the rise. Nobody can deny the benefits of the EWC Directive and that the 2009 revision constitutes an improvement. Many expectations have yet to be met, however. There are still weaknesses and shortcomings that prevent the EWC Directive from realising its full potential.

### Co-determination in Europe

Co-determination systems in Europe are heterogeneous and the role of trade unions varies widely. The trade unions are endeavouring both at the European level and in countries such as France to develop participation rights through co-determination.

We can only successfully fend off attacks on efforts towards democratisation if trade unions take the offensive and contribute proposals of their own to the further development of co-determination in Europe. Effective coordination between all levels of workers' and trade union representation are essential to the effective representation of workers' interests.

### Assaults on co-determination

Too often companies undermine co-determination rights using the vehicle of Europeanisation, for example by setting up European companies (*societas Europaea*). The ECJ has also repeatedly opened loopholes for freedom of establishment. Business enterprises use the instrument of cross-border mergers to circumvent high regulatory standards by relocating their headquarters. The aim is to escape from collective bargaining and bypass co-determination. Accordingly, our colleagues are witnessing how European policy primarily serves to exert pressure on their rights. Instead, it should be about creating democracy at the workplace throughout Europe. That would be democracy in practice, in which workers are willing and able to exercise participation rights and seize opportunities for participation.

### Developing trade union power

More democracy at the workplace in Europe requires strong trade unions that can act in the EU Member States and at the European level.

This is because the decision-making processes of multinational companies do not stop at national borders. More than ever before, we need to act effectively and assertively in order to counter corporate strategies that play employees in different countries off against each other. Companies are increasingly making decisions centrally, but implementing them decentrally. They confront employees with a *fait accompli* in transnational business decisions, in particular those involving transnational corporate restructuring.

European Works Councils perform an indispensable task here. The European Trade Union Institute (ETUI) and industriAll in particular support them in this endeavour with important initiatives.

## **... with a pan-European legal footing and enforcement of the participation rights of employees:**

- Together with our sister unions under the umbrella of industriAll and the EFBH, IG Metall is calling upon the EU to make democracy at the workplace a reality.
- IG Metall advocates comprehensive Europeanisation of co-determination to serve as a basis for representation of employee interests at all levels, at all locations and on all topics of cross-border relevance.
- We reject existing and future proposals from the area of company law, such as the current Company Mobility Package, which weaken employees legally or in practical terms at companies and unilaterally favour the side of capital.
- Together with industriAll, IG Metall is calling for better enforcement of existing rights emanating from the EWC Directive in line with the priorities for enforcement of subsidiary requirements. This essentially includes: Coordination of national and European information and consultation procedures; financial resources, costs and expenses in connection with the work of EWCs (e.g. translation, interpretation); definition of non-disclosure obligations; rules for negotiations with special negotiating bodies (SNB); definition of "transnational matters".

In order to enforce participation rights, legally binding improvements to the EWC Directive are needed. According to industriAll, the following priorities should apply: Enforceability and sanctions; improvement of subsidiary requirements; the role of trade unions in SNBs and in existing EWCs; definitions of "exceptional circumstances" and "significant changes"; communication between local, national and European levels (before meetings, during reporting); definition of "representative"/"central management".

- Legal improvements in individual cases are important and necessary, but do not suffice. We need a European framework directive that sets high standards for information and consultation, ambitious minimum standards for co-determination and that provides a non-regression clause. Such a directive could become the exclusive reference text for all forms of European companies with regard to co-determination at production sites and companies. With such a directive, the EU would create an instrument that would give employees a voice and expand their opportunities to take things into their own hands and shape their working and living environment.

### **A Social Pact for Europe**

In order to create a Europe with tangible structures of solidarity and transnational measures for the benefit of workers, IG Metall proposes a "Social Pact for Europe".

### **Strengthening participation rights for employees**

An integral part of a social pact is stronger participation rights for employee representatives and their trade unions in the Member States and at the European level. Participation and democracy, in particular through co-determination in companies and the autonomy of collective bargaining, must be the cornerstones of the EU. These cornerstones proved their worth especially in the crisis after 2008, as they made a significant contribution to successfully overcoming the crisis wherever they were upheld and not discarded. It has been shown that strong economies with strong European industries and services need strong trade unions that are able to act effectively and have competent employee representation bodies.

## **Priority for the Social Europe**

We want a Europe that assigns social progress priority over internal market freedoms. Europe will remain strong in the long term if it is supported by its people. To achieve this, employee rights and social standards must be strengthened and not weakened. The common weal needs to take precedence over entrepreneurial freedoms. A Social Pact in a Social Union can create the necessary balance between social policies implemented by the Member States and the framework laid down by Brussels.

The European pillar of social rights can be developed into a protocol on social progress over the long term. In the short and medium term, tools and instruments such as the social scoreboard used to identify major employment and social policy problems will help to bring about greater social justice on the path to a social union. Fiscal union is indispensable to make the Eurozone crisis-proof.

Together with its European partners, IG Metall must work actively to renew the European social model with the prospects it offers for a truly social and democratic Europe.

Impressum:

Herausgeber:

IG Metall Vorstand

FB Transnationale Gewerkschaftspolitik Ressort Europapolitik

Wilhelm-Leuschner-Straße 79 60329 Frankfurt am Main [www.igmetall.de/europa](http://www.igmetall.de/europa)

Redaktion:

Andreas Bodemer

Gestaltung:

Werbeagentur Zimmermann GmbH Frankfurt am Main

[www.zplusz.de](http://www.zplusz.de)

Druck:

BWH GmbH

Postfach 920155

30440 Hannover

Bestellwege:

Betriebsräte und Vertrauensleute der IG Metall können die Broschüre im Extranet-Shop bestellen, Geschäftsstellen, Bezirksleitungen und Bildungszentren auch im Intranet-Shop.

Alle anderen wenden sich bitte per Mail an den FB Transnationale Gewerkschaftspolitik ([maximilian.meyer@igmetall.de](mailto:maximilian.meyer@igmetall.de)).

Produktnummer 42590-81144

2. Auflage, Februar 2019

