

A European Pact for Social Progress

Vienna, November 29th, 2016

Introduction

The European Union (EU) is the idea of people living together in a free, just and solidary society. A community that is based on partnership and respect for fundamental rights and that, at the same time, promises a better life for future generations.

We need a strong and social Europe if we want to continue living in peace, security and prosperity that is sustainably obtained. In a world that grows continuously together, with all possible chances, but also complex risks and new challenges, Europe can only hold its ground in a joint common effort.

However, it is equally true: the EU is in a fundamental crisis. European solidarity is at risk. The EU is recovering from the worst economic crisis in decades. But despite a moderate improvement in the labour market and the social conditions in some EU member states, the consequences of the crisis remain far-reaching. Many have lost trust in our capability of creating wealth for everyone. The social divide is growing.

At the same time, the refugee crisis is challenging European solidarity in an unprecedented manner. European values are under attack by populist movements and the far right. In the EU referendum in Great Britain, the opponents of a unified Europe prevailed in a climate of Euroscepticism and fear.

In order to win back people's trust and to strengthen European solidarity a European Pact for Social Progress is needed.

It is time for Europe to change the course. We need a Europe for the people and not only the market and a Europe where all EU citizens – irrespective of national features of the Member States' social and labour market policies – have the same opportunity to live a good life and follow their dreams. We have to overcome the austerity-only policy and re-orientate EU economic policy towards growth, employment, investment and innovation. We also need to strengthen the respect for the autonomy of social partners and the national competences necessary to guarantee equal treatment of workers. The Commission's proposal for a European pillar of social rights should be used as an opportunity to strike a new balance in favor of a more social Europe.

We will take immediate action to strengthen growth and combat social dumping. However, there are limitations to what can be achieved under the current EU treaties, therefore in conjunction with the next EU treaty revision, a social progress protocol that strengthens social rights including trade union rights, is needed.

We are convinced that the European economic and social model – aimed at combining economic growth with social justice and strong workers' rights – needs to continue to be at the core of the European Union.

1. Investing in growth and good jobs

Europe needs more private and public investments, both to maintain its competitiveness in the global economy and to meet the needs of our citizens. The European Fund for Strategic Investments is a good first step to take – but we have to take more steps, both together at EU level and nationally. Throughout the Member States, investments are needed in welfare, infrastructure (including social infrastructure) and green technology, within the framework of a healthy fiscal policy. The demand side of the economy needs to be strengthened.

- >> To create the necessary room of maneuver we need more flexibility, especially to facilitate for future-oriented investments. We also have to address the macroeconomic imbalances in the EU as they are a root cause of sluggish growth.
- >> The European Investment Programme has to be transformed into an extended structure for investments on the European level which should be focused on investing in key sectors for common European competitiveness, in a modern industry and infrastructure and in education, training and good and fair jobs. To this end in particular social investments need to be strengthened.
- >> We also want to enhance investments in growth and jobs within the European budget. The Mid-Term-Review of the Multiannual Financial Framework has to be seized as an opportunity to shift the priorities. The EU budget has to be oriented more strongly towards Europe's social challenges. We want to refocus the European Semester on the delivery of the EU 2020 objectives of smart, sustainable and inclusive growth paying more attention to social, education and employment targets and provide for a stronger involvement of social partners in the European Semester. The social scoreboard has to gain a greater impact.

2. Pushing for a social progress protocol

In order to make our political initiatives for a different EU sustainable and create the necessary framework for a true social Europe we call for a social progress protocol which strengthens social rights with regards to economic freedoms in the EU internal market. We will take immediate action to strengthen growth and combat social dumping. However, there are limitations to what can be achieved under the current EU treaties. Therefore, in conjunction with the next EU treaty revision, social rights including trade union rights, should be strengthened.

- >> A social progress protocol should clearly state that economic freedoms on the internal market do not incorporate the prohibition of restrictions but instead provide for equal treatment. There needs to be a definition of “social progress” and “social market economy” which, among other things, makes clear that these concepts include strong workers' rights, and should exclude competition at the expense of wages and working conditions.
- >> The social progress protocol should clarify in primary law that neither the economic freedoms of the internal market nor competition rules take precedence over fundamental social rights. In the event of conflict, fundamental social rights must have priority.
- >> The protection of the freedom of association and the right to collective bargaining, including the right to take industrial action, must be enhanced in the EU. All EU law and policy documents and measures by EU institutions must respect trade union rights and freedoms, collective agreements and the equal treatment of workers.

3. Fighting youth unemployment – creating new chances

A EU where one in eight young Europeans under 25 is not in employment, education or training, and where more than one in four children live at risk of poverty and social exclusion is unacceptable. Not only does this impede individuals' chances and choices in life, but also cause despair, frustration and fuel populism. Young people are the future of Europe. That is why we have to invest in their life chances.

- >> We push for a substantial increase in funding of the Youth Employment Initiative and the European Youth Guarantee.
- >> We want to ensure a maximum outreach of the Youth Guarantee and call for the extension of the scope of beneficiaries, by raising the age limit to 30 and ensure that a gender dimension is included in terms of reaching out to women and men equally. We call for clear criteria on the Youth Guarantee which ensure good quality traineeships.
- >> We strongly support the Erasmus+ mobility programme offering and promoting inclusive learning and training opportunities for young people, educators, volunteers, apprentices, interns and young workers.

4. Fighting tax fraud and evasion

The EU needs to fight tax evasion and tax fraud as a common European priority. Tax fraud, tax evasion and aggressive tax planning by big businesses cost the EU member states significant amounts every year, money that could go to implementing public economic and social policies and investments in the future. We have to put an end to harmful corporate tax competition that leads to a fiscal and social race to the bottom. A common European approach against tax evasion, tax fraud and harmful tax competition is essential for promoting social cohesion and limiting social inequalities.

- >> We want to tackle aggressive tax planning and harmful tax competition. Regarding corporate taxes the principle needs to be applied that profits are taxed where economic activities take place and value is created. We also need to take steps to avoid a race to the bottom with regard to corporate taxes in Europe.
- >> We want to put an end to tax evasion and tax avoidance and aim at closing down and preventing new tax havens. Measures such as implementing country by country reporting, creating a black list of tax havens and bringing forward sanctioning proposals are essential for this aim. We want to ensure that EU funds are not disbursed to companies registered/active in tax havens nor to actors engaging in social dumping.
- >> We want all Member States to establish beneficial ownership registers and to ensure automatic exchange of information from those registers between public agencies, in particular tax authorities and financial services supervisory authorities. We also want to strive for the establishment of such registers and information exchange by other States.

5. Ensuring fair mobility

We have to put an end to social dumping on the EU's internal market. We cannot allow enterprises to undermine social standards and worker's rights. We want the European Union to create growth and decent jobs, to resolve the problems of its people. It should ensure prosperity and freedom of movement for Europeans, it should treat all citizens equally, without discrimination and it should ensure fairness and solidarity. This is the fair mobility we want to promote.

- >> The principle of equal pay for equal work at the same place, irrespective of the type of contract or status of worker has to apply and be respected in all European legislation. The current revision of the Posting of Workers Directive must ensure that workers are equally treated regardless of their nationality or the origin of their employer. The wages and working conditions of the host country should apply also to posted workers.
- >> We push for new EU anti-social dumping rules. A special focus should be placed on subcontracting, letter box companies, bogus posting and bogus self-employment in this context. Companies should not be allowed to move abroad on paper while continuing their activities in their own country, only with lower labour costs and less worker's protection.
- >> We particularly need to close loopholes regarding employment and working conditions (e.g. in the transport sector) to ensure fair competition in compliance with national labour law.

6. Securing strong workers rights

The EU and its member states should ensure that every worker has the right to equal treatment, social protection, protection against dismissal, health and safety protection, provisions on working/rest time, freedom of association and workers' representation, collective bargaining, collective action, access to training and to lifelong learning. The European pillar of social rights should be an opportunity to achieve this progressive change.

- >> The EU should support its member states in promoting collective bargaining and the coverage of collective agreements to reach as many workers as possible while at the same time also aiming for better wage floors in the form of, where applicable, minimum wages set at decent levels. This should be done with full respect of the autonomy of social partners and with respect of national practices and traditions.
- >> We want the EU to adopt a new and more ambitious health and safety strategy, which includes psychosocial health.
- >> The standards for workers' involvement and participation in companies operating under European law and in an international context must be enhanced. The directive on European Works Councils and other legislation dealing with information, consultation and participation rights must be reassessed.

7. Enhancing women rights and participation in the labor market

The Europe 2020 goals cannot be achieved without a higher level of gender equality, especially in the area of work. The EU should adopt and on a yearly basis follow up on a new European strategy for equality between women and men – this will be a vital component in achieving the goals of the Europe 2020 strategy as well as in strengthening the social pillar of the EU. We want the EU to be at the forefront of the fight of promoting and guaranteeing women’s rights and gender equality at the national, at the EU and at the global level linked to the achievements of the goals in the Agenda 2030.

- >> The member states need to facilitate and promote women’s active participation in the labour market by active policies such as investments in childcare, elderly care and other public services.
- >> We see a need for a broad initiative across EU member states in order to facilitate the balance between work and private life in order to increase female labor force participation and equality. One initiative could be to ensure available pre-school facilities with high quality and at a reasonable cost.
- >> We also need to exchange experiences and best practices in order to combat the persistent Gender Pay Gap and to ensure women’s economic empowerment which also includes tackling the growing gap in health and the increase of women on sick leave.

8. Enhancing the social dialogue

We want to strengthen both the sectoral and cross-sectoral social dialogue on the European level and to step up efforts for capacity building in countries where this is needed. A strong social dialogue is an essential pillar of a more social Europe. The social partners and civil society must be directly involved in the development and implementation of European policies.

- >> The EU must step up its support – political, financial and administrative – particularly in European countries where social dialogue is weak. There is a need to increase the support of the social dialogue and capacity building through EU funds, notably the European Social Fund, and other relevant EU and national budget lines.
- >> Social dialogue and social partners’ consultation on issues not falling under article 154 TFEU, but having a direct or indirect impact on employment and labour markets have to be organised and should be promoted by the EU institutions and mainstreamed into their work.
- >> We need to make sure that agreements of social partners at EU-level are respected. Upon joint request of the EU social partners (of both the cross-industry and the sectoral level) the European Commission should in accordance with the treaties propose a decision by the Council with a view to transforming the agreements into a Directive.

9. Digitalization and the future of work

We are convinced that a digital Europe can be a better Europe – a Europe in which growth brings higher quality jobs and promotes more social justice. But the benefits of digitalization will not be reaped automatically. Targeted and balanced policies are called for to tap into the economic and social potentials the digital revolution entails. Unfortunately, the European Commission’s digital single market package in its current form lacks a meaningful social dimension. The EU need to create an agenda that turns the digital driven change into a process that empowers workers and citizens and increases social cohesion and inclusiveness in the European social model.

- >>** A digital world of work requires high standards for the protection of personal employee data. Digital technologies produce large amounts of data. Clear rules are required to establish what data employers may collect and analyse. Strict protection must be given to worker health data, contents of personal communications, and involvement in trade union activities.
- >>** Workers’ rights and social protection for all in the digital age. The digital transformation enables substantial increases in non-standard employment, for example in the form of freelancing and work in the so-called ‘sharing economy’. Online ‘crowdsourcing’ platforms could lead to a race to the bottom in terms of wages and working conditions. Ways must be created to establish co-determination, collective bargaining, and worker protection rights, member states needs to create social security systems that are open to the entire workforce. Such rights and protections must be effective and enforceable in situations where workers and employers are based in different countries.
- >>** Education and training systems fit for the digital age. The digital economy is characterised by rapid technological change and innovation. This requires frequent re-retraining measures that are equally accessible to workers in standard and non-standard forms of employment. To meet this challenge member states should guarantee all workers, including those in non-standard employment, n effective training schemes. To ensure the cost of training is not borne by workers, both employers and governments must increase investment in education and training.

10. Managing migration and integration in a human and responsible way

The right of asylum must be ensured, but the individual should not be able to choose in which Member State the asylum application must be examined. In order for this to happen it is essential to take control of the EUs external borders.

- >>** All member countries shall participate in the redistribution of asylum seekers arriving in the EU and thus jointly share the responsibility to receive people seeking asylum.
- >>** Due to the high importance of integrating refugees into the labour markets, there is a need for a European employment initiative for the labour market integration of refugees which encompasses an increase of the ESF budget.
- >>** There is a need to stimulate an exchange of experiences between member states. Especially with regard to the reception of unaccompanied children in order to strengthen the rights of children and to prevent, inter alia, trafficking in human beings, exploitation and sexual abuse of children.