



Position statement

on the

Communication from the Commission to the European
Parliament and the Council

*Strengthening the social dimension of the Economic and
Monetary Union*

Brussels, 2 October 2013

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Confédération Européenne des Syndicats Indépendants

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Summary

CESI welcomes

- the increased inclusion of employment and social policies as indicators in economic coordination EU member states
- the proposal to include a scoreboard with key indicators concerning employment and socio-political developments within the framework of the European Semester,
- the increased focus of European structural funds on the fight against unemployment, especially youth unemployment,
- the current focus of the Commission on the Youth Employment Initiative and the support of the member states for the implementation of the Youth Guarantee,
- the expansion of the EURES network aiming to provide support for staff and job searches,
- the proposal of a common instrument for macroeconomic stabilisation,
- the aim to increase social dialogue.

CESI is critical of

- the lack of concrete indications as to how the additional employment and social policy indicators will indeed lead to a reform policy that will focus more on social cohesion in the member states,
- the lack of clarity in the message transmitted by the overall European Semester; the vague nature of the proposals concerning the European social dimension in the context of strengthening the Economic and Monetary Union,
- proposals that do not address feasibility in terms of funding, such as for example the creation of a European incentive system for sustainable reforms,
- the way in which social dialogue is supposed to be strengthened: to date, minority rights have not yet been addressed and trade union pluralism is ignored.

CESI calls for

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- the inclusion of evaluation standards in the proposed scoreboard to assess the operation of the public structures, as CESI expects a closer correlation between high-quality and accessible services of general interest and sustainable social structures,
 - continuing discussions on founding a European unemployment insurance,
 - a push towards enhanced involvement of trade unions in general and CESI in particular in the European Semester processes and thus promote trade union pluralism.

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Evaluation

Strengthening the social dimension through social indicators

CESI welcomes the inclusion of employment and social policy indicators such as unemployment (especially youth unemployment) and the risk of poverty in economic coordination. The potential contribution these indicators can have to structural reforms overall, not solely focused on competitiveness, are equally welcome. Evaluating the sustainability of structural reforms will also be made possible. In addition to strengthening the financial sustainability of social systems and increasing competitiveness, social cohesion and social peace must always be taken into account. CESI agrees with the proposal to establish a scoreboard with key indicators for developments in employment and social matters. The planned extension of the range of monitoring instruments in place in the framework of the European Semester is appropriate.

Concrete policies need to be borne out of social indicators

Scepticism remains as to the effective consideration of these new indicators at the time of policy formulation. There is a lack of concrete indications as to how the additional employment and social policy indicators will indeed lead to a reform policy that is more focused on social cohesion. The indicators do not seem to be integrated in a system that applies the conclusions thereof to concrete political action. In short, although the scoreboard provides valuable data it is impossible to determine to what extent mechanisms are planned which may possibly lead to policy change over a programme.

CESI shares the belief that persisting inequalities have a negative impact on the financial stability of the EMU and consequently, they endanger prosperity and the social market economy. Thus, it seems logical that member states should make use of mutual benchmarking processes that always aim to improve employment levels and the socio-political situation when making structural reforms. However, such benchmarking processes remain non-binding.

Moreover, Commission proposals regarding strengthening the EMU are not as concrete as they should be. In earlier drafts of the Communication in question, the establishment of a European unemployment insurance scheme was suggested. This far-reaching measure would be welcomed by CESI. In addition, CESI regards the expansion of the EURES network to a Europe-wide portal to support job advertising and staff searches as a constructive and advisable move towards improving the European labour market.

Strengthening the European Semester through simplification

The European Commission has admitted its faults in the complexity of the European Semester. President José Manuel Barroso has conceded that the blurry lines of the European Semester need clarified and the processes, simplified. A simplification of the process will

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strengthen the process of economic policy coordination through enhanced understanding at both European and national level. A simplified European Semester will also facilitate communication from trade unions to those affected on the ground. If current complexities remain, the Commission cannot expect affected stakeholders to be able to properly engage in these sensitive processes of economic policy coordination.

A European Semester to help and guide national policies

Employment and social data would be beneficial to EMU convergence. Despite this, CESI believes that this supervision should not call into question the basic responsibility of Member States in defining, designing, financing or organising of their individual social systems. In accordance with the principles of subsidiarity and proportionality, especially from the point of view of democratic legitimation, employment and social policies are the responsibility of member states, in principle.

Ultimately, CESI welcomes the proposed ex-ante coordination of large-scale national reform projects, but as a worrying result, this would inevitably lead to weakening national parliaments in the member states. National parliaments should be strengthened not weakened

Focused funding for focused measures

The enhanced focus of European structural funds on the fight against unemployment, especially youth unemployment, is supported by CESI. ~~In CESI's view of the overall single market, the recovery of European regions in which there are currently substantial labour market problems and where few competitive economic structures are in place would be positive for the entire European Union.~~ CESI fully endorses the current focus of the Commission on the Youth Employment Initiative and the support of Member States in the implementing the Youth Guarantee.

CESI is also of the opinion that the consideration of a European incentive system for sustainable reforms is interesting, but calls into question the fact that the financing of this system has not yet been addressed. The idea that reform projects aiming to improve competitiveness and the social situation with the use of public funding from Europe makes sense. However, the question as to where the public and/or European funds for such projects are supposed to stem from remains. This support should also aim for greater social sustainability of structural reforms and not merely at savings. CESI believes that the guiding principle should be the combination of more responsibility and more solidarity.

CESI also welcomes proposals which envisage initial steps towards establishing a stronger fiscal capacity to combine deeper integration with financial support. The Commission still owes more detailed explanations as to how such a fiscal capacity of the EMU could contribute towards both greater economic integration and convergence social progress. What concerns CESI in the debate around on a stronger a fiscal capacity, is how such an instrument would be used. In

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principle, CESI approves of the Commission's proposal for a common instrument for macroeconomic stabilisation to provide an insurance system to pool the risks of economic shocks across Member States. The ~~the~~ question of the political will to establish longer-term transfers between member states remains. The fact is that this type of instrument would found a transfer union. Solidarity amongst Europeans would be mostly ensured if responsible actions were rewarded and contractual breaches resulted in sanctions.

This is why CESI supports the Commission proposal to set up a stabilisation instrument to absorb asymmetric shocks, and at the same time designed to prevent "permanent transfers" between Member States taking place. The Commission's Communication still owes an explanation on how this particular point will be applied in practice. The Commission itself admits that such measures would require Treaty amendments – which CESI would support – but the issue of the feasibility of such amendments remain.

Preventing a social sector brain-drain

CESI has a differentiated view on mobility. On the one hand, the free movement of workers is a European fundamental freedom in the single market and is therefore a valuable asset that should be defended. The Commission correctly points to the fact that mobility of workers could lead to asymmetrical changes. However, the exodus of qualified workers also leads to a so-called brain drain. The potential competitiveness of the countries and regions concerned could be affected for a long time. Furthermore, already today, the negative social impacts of this trend are being felt: in Central and Eastern Europe, for instance, healthcare systems are in great danger due to the lack of workers. Here, a balanced approach must be applied.

Upholding quality services of general interest

In addition to the planned social and employment policy indicators for the scoreboard, the European Commission should also include evaluation standards that apply to the operation of public services of general interest, i.e. their quality, safety and affordability, equal treatment and the promotion of universal access and of user rights. In CESI's opinion, a country's public service infrastructure, its proportion in terms of gross domestic product, and especially its efficiency and performance, are important additional indicators for social structures. In the planned warning mechanisms, insufficient funding of this important sector should be considered just as serious as excessive bureaucracy.

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Strengthening and restoring social dialogue

That the Commission would want to strengthen European social dialogue and the role of the social partners, including in greater consultation with national social partners, is welcome. Nevertheless, CESI is critical of how this is supposed to be achieved: the existing closed shop

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structures of social dialogue at European level are further enshrined and even strengthened. As before, European social dialogue does not sufficiently recognise minority rights.

The suggested greater involvement of national social partners seems, in the first instance, positive. However, the precondition is that this should not be guided by the wishes of a single organisation grouping the majority of trade unions, but by true democratic trade union pluralism. European civil society is also democratically and pluralistically included in the social partner structures. Widespread and open involvement must be ensured. This can start through wider, more inclusive involvement in the Tripartite Summits held twice yearly prior to European Council meetings. In place for several years now, CESI calls for the Tripartite Summits to evolve, in terms of structure and membership, to be more open and more inclusive. There must be no democratic gap which would result in a considerable lack of legitimacy. CESI, with over 5 million members, demands full participation rights for itself.

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