

RESOLUTION

Strong Collective Bargaining to turn the page of the crisis, support sustainable growth and secure a fair, prosperous and inclusive world of work

A radical shift in economic policy is needed

The European economy is on the path of recovery with long-awaited signals that unemployment is starting to decline. However, this seemingly positive trend must be treated with caution:

- 1) Unemployment remains too high in some Member States such as Spain (17%) and Greece (21%) and among young people (18.7%).
- 2) The ongoing fragile situation in southern European countries has provoked migration towards central European countries, especially of young highly qualified people driven by the hope of finding adequate and decent jobs. Statistically, this is one factor causing the decline in the unemployment rates of those countries. For the future of southern Europe, this brain drain is a fatal development.
- 3) The new jobs are mainly badly paid, insecure and precarious: temporary work and part-time jobs are on the rise whereas the transition rate towards a full-time, open-ended contract remains very low. Atypical forms of work are exploding with a common denominator: low levels of employment security, limited predictable working hours, poor wages and limited social protection. With in-work poverty peaking, the right-wing political mantra that 'the best protection against poverty is a job' has definitively been proven wrong. Overall, the risk of poverty or social exclusion concerns almost 24% of the EU population. With more people no longer feeling part of society, populist sentiment is growing.

Austerity policies are to be blamed for this situation. Deregulation and fragmentation of the labour markets, deconstruction of social protection and pressure on wages continue to have a toxic impact on European economies. This is preventing a solid sustainable economic upturn underpinned by quality jobs. The wage situation is also a cause for concern. Workers need a pay rise. Real wages have been lagging behind productivity for too long in many EU countries and sectors. Wage growth remains too low and too slow. It is not developing in accordance with economic growth and the expansion of employment. This is neither a good sign for workers nor for the economy as purchasing power is a key driver of economic growth in Europe. Workers are the ones who have paid the highest price for the crisis and they still continue to pay in some countries. Companies and shareholders have now recovered. Workers must also obtain their recovery. In nine EU countries, working people were still earning less in 2017 than they did in 2010 (source: ETUI, Benchmarking Working Europe 2018). The continuous decline of the wage share of GDP fuels wealth inequalities since much of the benefits of economic growth go to the side of capital. Inequalities are also increasing between regions, countries and people. They have a negative impact on both societies and economies. Finally, in a number of countries, normal wages tend to be replaced by variable forms of pay.

This 'low-wage recovery' is rooted in the crisis management policies which advocated downwards wage flexibility, attacks on social partner autonomy and trade union rights and the dismantling of collective bargaining structures. Furthermore, the precarious employment situation of many workers makes it difficult for them to exert pressure for higher wages.

Ironically, the EU institutions, and in particular the Commission, which pushed for the structural reforms and specifically called for "a reduction in the wage-setting power of trade unions", are now expressing concern about this "low-wage recovery" which is holding back a sustainable economic recovery. However, this change of narrative is not sufficient. Europe needs a clear change of policy direction. The problem, as shown by the latest country-specific recommendations, is that by pushing for a decentralisation of collective bargaining the European institutions and policy-makers continue to consider wages as a key cost adjustment measure.

With private investments lagging behind profits and the rate of financialisation of the economy increasing, the recovery

is far from being sustainable. Despite high level of liquidities injected into the economy, investments are still lower than those in the pre-crisis period. The cash has been mainly used to feed dividends or to buy back shares or to speculate in the financial markets. As a result, the real economy is not working as it should and the next financial crisis is looming.

A policy shift is needed to turn the page of the crisis and pave the way for sustainable and inclusive growth. It is against this background that industriAll Europe calls for:

- Macroeconomic policies that support investments and higher demand into the real economy and the creation of quality employment.
- Economic, fiscal and taxation policies that are conducive to a fairer redistribution of wealth.
- An increase in real wages that enables us to catch up with productivity developments and fight growing inequalities and poverty.
- A catch-up mechanism to support the upward wage convergence, especially between Eastern and Western Europe, as the wage gap has increased with the crisis and as a result of the “one-size-fits-all” crisis management policies pursued by eastern European governments as well. Reversing this trend is essential to strengthen European integration and tackle social dumping. In the aftermath of the crisis, the Wage Coordination Rule, which links wage increases to inflation and productivity, must be applied in all countries in order to restore purchasing power and support upward convergence.
- National minimum wages that must guarantee a decent standard of living. Minimum wages can be laid down by collective agreements or by statutory mechanisms. In countries where a statutory mechanism to set minimum wages exists, the social partners have to be closely involved in the minimum wage-setting.
- The establishment of effective and relevant collective bargaining structures as the best way to deal with the negative effects of the labour market fragmentation and disfunctions and to secure a fair distribution of resources.
- The strengthening of collective bargaining at all relevant levels as the most efficient tool to improve wages and working conditions for all workers. It also leads to greater motivation and ultimately helps to stabilise and develop the economy. We need more and better collective agreements at all relevant levels whether this be company, sectoral, national or transnational.
- Respect and promotion of the autonomy of the social partners, rejecting any interference in collective bargaining and in particular in wage-setting.
- The EU institutions and national governments to stop their attacks on collective bargaining and to support all attempts by trade unions to re-establish collective bargaining structures where they are trying to do so. Where these do not exist, they must support the setting-up of legal frameworks for autonomous and free negotiations.
- The extension of collective bargaining coverage either by legal mechanism or as a result of the powers invested in the social partners.
- The effective enforcement of collective agreements.

IndustriAll Europe urges the EU institutions and national governments to take the necessary steps to rebuild a resilient EU economy based on sustainable growth, social progress and social inclusion for all. The European Pillar of Social Rights must contribute to this goal through its implementation in the European Semester. For industriAll Europe, the priority must be to build, rebuild and/or strengthen at multi-employer sectoral bargaining level since this is conducive to upward convergence, social cohesion and robust economies. Employers, and especially multinational companies, have a special responsibility to support social dialogue and efficient collective bargaining at all levels, all along the value chain, and in all the countries in which they are established. This is key to promoting European integration and tackling social dumping.

Jobs are not enough, we need quality jobs!

There is no contradiction between more jobs and better jobs - on the contrary! Good jobs support purchasing power, growth, social cohesion, innovation and competitiveness. The idea that “any job is better than no jobs” has long proved to be a failure with too many workers trapped in precarious and insecure jobs with almost no access to quality job opportunities. In the aftermath of the crisis, the political focus must be on creating more and better jobs.

IndustriAll Europe supports the ETUC definition of quality work¹.

It urges the EU leadership to firmly drive the agenda in favour of quality employment. During the crisis, the role of social dialogue and collective bargaining in protecting workers against an abusive push towards flexibility has been undermined. With bad jobs and in-work poverty steadily increasing and the risk of social exclusion on the rise, creating quality jobs must now be a top priority.

IndustriAll Europe’s demands:

- To combat old and new forms of precarious work. All workers must be covered by a work contract. Temporary work/temporary agency, as well as flexible work, must be limited and work must be more predictable. The abusive use of part-time work as well as zero-hour contracts must be prevented.
- To ensure that full time, open-ended contracts remain the standard employment form and reduce fragmentation of the labour market by increasing transition from non-standard to standard form of employment.
- To promote a working time policy to ensure employment security, health and safety at the workplace, quality of working life and a better work-life balance.
- To make sure that all workers have access to a decent level of social protection, irrespective of their employment contract.
- To promote active labour market policies as a key element with regard to well-functioning labour markets and reducing unemployment.

To this end, European economic policy should primarily be geared towards boosting investment and creating more quality jobs. The European Pillar of Social Rights must also deliver its expectations in favour of more secure employment. The EU should swiftly bring the draft Directive on Transparent and Predictable Working Conditions to fruition as a first step towards establishing a minimum floor of rights and paving the way for upward social convergence. Good working conditions with good wages must primarily be achieved through strengthened collective bargaining with strong trade unions.

Europe is receiving high numbers of migrants whilst internal movements of workers, especially from the East to the West, are escalating. These are processes that in all likelihood will continue. Migration contributes to increased value added and cultural diversity, but it also involves challenges for the labour market and wage levels. For industriAll Europe, it is imperative that governments and employers do not use migration as a lever to undercut established standards. We demand equal pay for equal work in the same working place. The Posting of Workers Directive must be implemented in a way that underpins this objective. As far as refugees are concerned, access to the labour market is key to facilitating their integration into society. To this end, it is crucial to shorten the time it takes for them to be able to enter the labour market and to render the process safer. We must prevent the exploitation of refugees and any attempts to use them to undermine working conditions and social standards and circumvent existing collective agreements. The principle of equal treatment must be upheld.

The trade unions, on their side, will do their utmost to organise migrant workers and to ensure their protection in collective agreements.

¹ The ETUC definition of quality jobs refers to good wages, job security, life-long-learning, safe and healthy workplaces, reasonable working time and trade union representation.

Make the most of digitalisation for workers and trade unions

The rise of digitalisation is shaping all our industrial sectors. It is not only impacting industrial production, it has also ramifications regarding working conditions and processes as well as employment relationships. This trend will accelerate by regarding the coming years. Repetitive and arduous tasks will be increasingly performed by machines, which is probably a good thing. In fact, most job contents are likely to change: some jobs will disappear and new ones will be created. This will entail a need for massive investment in training and re-training of workers so as to maintain and improve their opportunities in the world of work of tomorrow. Female workers are more likely to be affected by digitalisation as they have a higher likelihood of working in low-qualified/unskilled and precarious jobs. Consequently, we have to ensure that it is a gender-neutral process.

Changes in work organisation (increased possibilities for mobile work, introduction of co-bots or increased individualisation of work, etc.) have an impact on the quality of work and therefore on the quality of life of workers. These challenges have to be turned into opportunities. Workers must be able to benefit from enhanced technological possibilities. Digital processes must enable individual workers to be more autonomous and have more say in their work organisation, support them in solving problems, make their jobs more enriching and not turn them into 'digital slaves' or lead to de-skilling. Mobile work must deliver a better work-life balance whereas the risks associated with mobile work (constant availability, impact on health etc.) must be limited by collective agreements or by law. Blurring boundaries between production, service and control jobs is likely to make industrial work more attractive. However, we have to ensure that it does not lead to a deterioration of working conditions as a consequence of business transferred to less favourable collective agreements (for instance from industrial to commerce collective agreements).

Digital technologies make available techniques that enable a level, a continuity and a frequency of monitoring and surveillance of workers that go beyond what has been experienced so far and raise questions in terms of workers' privacy and respect of human dignity. Employers must be prevented from misusing worker-related data. We must ensure that data processing at the workplace is necessary, proportionate and transparent. Workers must have the right to access the data. Setting the limits of surveillance depends on each workplace situation and should primarily be dealt with via negotiated solutions. However, some fundamental minimum principles regarding privacy at work should be established via a legislative framework.

Digitalisation is changing labour markets in Europe. It is transforming the work relationship and is potentially one of the drivers of the casualisation of work with the emergence of extremely precarious workers who have to be ultra-flexible, are paid per unit, have no or limited social protection and are not organised. Despite the fact that, so far, those forms of employment are mainly a source of additional revenue, they can exert some downward pressure on standard forms of employment and on income distribution.

We fear that crowd and platform work could wipe out decades of hard-won rights with workers being denied any form of employment relationship despite economically clearly being in an employer-employee relationship and subordinated to a platform that supervises and organises their work. In some countries, crowd and platform workers are even denied the right to be organised. We cannot accept that all the risks are being transferred to the workers whereas employers are able to do what they want. We also have to ensure that the digital platforms, which tend to concentrate all the power and the wealth, are regulated.

With the increased fragmentation of the labour markets and more and more individualised work relationships, the introduction of digital technologies could represent enhanced possibilities of a decentralisation or even an individualisation of bargaining, which can cause difficulties for the collective organisation of workers. Even if workers are working more and more individually, there is no doubt that the workers' collective interest will remain. Organising these new forms of work is one of the major challenges that lie ahead of us.

For IndustriAll Europe, it is important to recall that the consequences of digitalisation are still open, and we are willing to contribute to shaping them in a just and fair way. There is no determinism regarding the social impact of digitalisation. Technology is not an independent variable. It must be shaped taking the social factors into account.

We are not opposed to change and new technologies, but we want to make sure that they benefit workers as well.

IndustriAll Europe demands that:

- The introduction of new technologies and their consequences are discussed and negotiated at all levels.
- Digitalisation is conducive to better quality jobs.
- An ambitious training policy, which anticipates training needs and guarantees workers the access to adequate training rights, integrating on the one hand the new digital basic competences and on the other hand the permanent up- and re-skilling of their competences. Appropriate measures have to be put in place to successfully manage the labour market transitions. Skills mismatches must be dealt with by both general education and vocational education/training systems.
- Productivity increases must be shared equally between capital and labour: they should lead to job creation, employment security and better working and living conditions.
- The salaried employment relationship must remain the standard employment relationship in the future world of work.
- All workers, irrespective of their employment relationship, must have access to social protection (i.e. every hour worked should contribute to building up the social protection rights of workers and the self-employed with no possibility for opt-out).
- Social protection continues to be primarily based and financed in accordance with risk-sharing and redistributive logic based on solidarity.
- Any worker or self-employed person must be able to join a trade union and enjoy collectively negotiated rights and guarantees.

Collective bargaining is the appropriate tool to deal with the fast-changing world of work driven by digitalisation. As a result, collective bargaining systems must be strengthened. Where necessary, the coverage of collective agreements must be extended in particular to atypical and self-employed workers. Legal frameworks have to be put in place to enforce them.

The way forward

The social crisis resulting from 10 years of coordinated fiscal austerity has been conducive to a situation where the connection between work, decent life and social protection has grown increasingly tenuous. This is threatening our social model and the foundations of our societies. Furthermore, employers have taken advantage of the crisis to exert downward pressure on wages and working conditions.

It is high time for workers and trade unions to reverse this trend. Europe will have no future if it is not social and based on solidarity and fairness. Digitalisation is another challenge ahead of us. Strong collective bargaining, negotiated solutions and strong trade unions are key in the fight against inequalities, in support of inclusive economic growth, and to ensure a just transition towards a digital economy. European industrial trade unions must act together in solidarity. We already have a long tradition of organising solidarity. We will further develop our coordination to achieve better rights and collective guarantees for all.