



SOCIAL EUROPE: BRINGING BACK DEMOCRACY AT WORK ON THE EU POLITICAL AGENDA

EVENT REPORT | 3 - 7 MAY 2018
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The global economy is undergoing major and irreversible changes, which raises the question as to how to ensure workers' voices are being heard and taken into account within EU-based companies.

The Hans Böckler Stiftung held a two-day symposium that addressed the challenges not only workers in Europe are facing but also the new EU-leaders who will emerge after the May 2019 elections:

How to protect and strengthen the capacity of workers and their representatives to influence strategic decisions within companies? How to improve workers' information, consultation and participation rights at the EU-level? What can and should the European Commission do?



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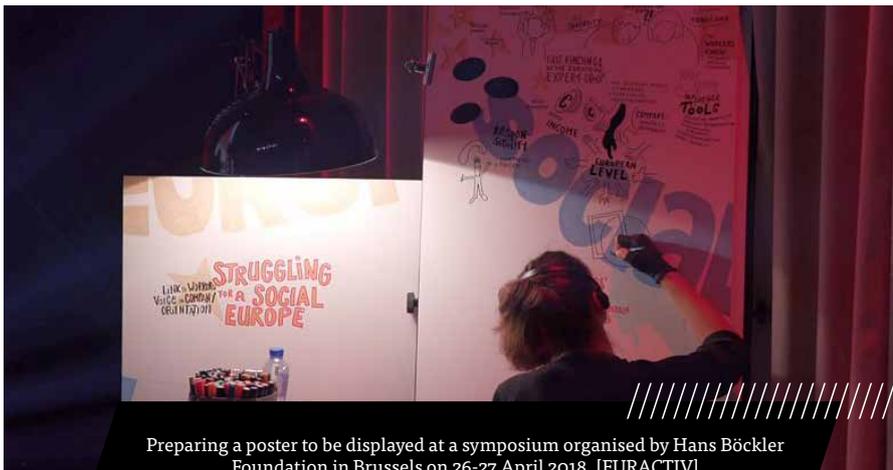
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Putting the social dimension on equal footing with the economy

By Claire Stam | EURACTIV.com



Preparing a poster to be displayed at a symposium organised by Hans Böckler Foundation in Brussels on 26-27 April 2018. [EURACTIV]

An improved EU legislation that boosts workers' information, consultation and participation rights will push social matters higher up on the EU political agenda, according to the participants of a symposium about workers held in Brussels on 26-27 April.

"There is a really intensive year for workers' rights that lies ahead of us and we are in the middle of it," MEP Evelyn Regner told the symposium, hosted by the Hans Böckler Foundation and the EU Trade Union Institute (ETUI). The event was dedicated to strengthening workers' voice.

'Workers' voice' refers to information, consultation, participation and co-determination rights in the workplace, in companies and in company supervisory and administrative boards.

Currently, workers representative have the right to seat in a company boardroom in 18 out of the 28 EU member states as well as in Norway.

"2018 is particularly important because it is the last chance to really deliver on workers' rights before the next European elections are held and the mandate of the European Commission expires [both in 2019]," Regner explained.

At stake, she explained, is "building a stronger social safety net we are entitled to expect from the European Union".

"A 'Europe that protects' is a nice motto. But it is not only about physical security and police reinforcement we are talking about. We are also talking about social safety. The two, security and social safety, go hand in hand. And citizens expect the EU to deliver on this issue," she said.

Given the current defiance of EU citizens towards European institutions, this might seem quite a challenging task.

This is why MEP and socialist leader Udo Bullmann called for action: "People want to see us fight. Only then will they

identify with us, and only then can we really make a difference".

WHAT IS THE ISSUE?

"All opinion polls show that having a secured job, a good education and social fairness are the most important issues for European citizens", said Maria Jepsen from the European Trade Union Institute.

Yet, the European project has largely been focusing on economic development and on the EU internal market's legal framing to the detriment of the social dimension, underlined Peter Scherrer, European Trade Union Confederation (ETUC) Deputy General Secretary.

"A fair single market must deliver for both workers and businesses, not only for companies. Social and economic issues must be on equal footing, and more progress towards democracy at work is urgently needed," he said.

Which is why workers' participation and democracy at work should be put high on the European political agenda, much higher than it currently is, insisted Norbert Kluge, from the Hans Böckler Foundation.

But the challenge is big.

Anke Hassel from the Institute of Economic and Social Research within the Hans Böckler Foundation released new findings at the event, showing how powerful transnational companies have become.

"In 2015, 69 out of 100 largest

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economic entities were companies. Walmart has higher revenues than the government of Spain and Apple has higher revenues than the government of Belgium," she said.

"Transnational companies have long become major political and economic actors in Europe and beyond," she continued, adding that the decisions the top managers of these companies are taking have a powerful impact on local communities and governments' tax base, as well as on social and environmental standards.

This is due to the entry of China, India and the former communist countries into the global trading system in the early 1990s, a move that has boosted globalisation extensively and contributed to the financialisation of the economy, she explained.

"Transnational companies shape globalisation. If globalisation is to be made fairer, transnational companies have to be better regulated and embedded into the societies where they operate," Hassel observed, adding that as a consequence, a better corporate governance fostering sustainable companies has to become a stronger concern amid European trade unions and other stakeholders.

FOSTERING TAX JUSTICE

In that regard, the European Commission has made a move in the right direction with the release on 25 April of its proposals for new company law rules, participants said.

But there is much room for improvement, they warned.

ETUC's Peter Scherrer said at a first glance the proposals on cross-border conversions seem to show a welcome change of direction in EU company law, "which until now has facilitated deregulation and regime shopping".

"The Commission aims to ensure that a company has genuine economic activity in the member state where it

wants to relocate its registered office. The proposed Directive therefore offers a basis for discussion, meaning there is definitely space for improvement," Scherrer said.

"What is of very much importance to us, is that we get into the process where we can introduce amendments, where we can change the proposals. Some people say the glass is half full or half empty. I would say the glass is 1/3 full at the moment", he said.

The new proposals tackle the companies' mobility issue, that is, the possibility for a company to move to another member state without losing its legal personality or having to liquidate or renegotiate their business contracts beforehand.

The trade unions have been warning that if not properly regulated, this might result in abuse and unfair competition through artificial arrangements – for example via letterbox companies – in order for companies to avoid paying taxes, social contributions and comply with workers' rights.

"We are trying hard to prevent the use of letterbox companies", said Renate Nikolay, from the DG Justice at the European Commission but added:

"We have rules on cross-border mergers, but no regulation on cross-border divisions or cross-border conversions."

"So what we are offering with the new proposals is a balanced approach which enables businesses to take advantage of the single market while attaching to it a large number of safeguards beneficial to workers", Renate Nikolay said.

CODETERMINATION, A BOOST FOR THE ECONOMY

In the context of member state competing against one another on tax issues, Norbert Kluge from the Hans Böckler Foundation said Europe needs a new understanding of what competition really means.

And pushing codetermination at

the EU level is the way forward because it levels down the race to the bottom in tax avoidance and non-completion of workers' rights between member states, he added.

Codetermination is a specific regulation related to workers' rights and representation at companies' supervisory boards. It is also a characteristic of Germany's social and labour legislation.

The Hans Böckler Foundation explained that codetermination in Germany defines a set of rights that give employees the possibility of actively participating in the shaping of their working environment.

This includes legally stipulated company-internal agreements devised in conjunction with union contracts as well as informal determination possibilities that have arisen from codetermination practice.

The European Court of Justice has ruled that German codetermination conforms to EU law.

"Workers' participation and codetermination are not an obstacle to a productive and profitable economy, on the contrary, codetermination is an asset for EU countries," Norbert Kluge continued, citing the findings released by Anke Hassel. «The active participation of workers and their representatives not only contributes to employment stability but also boost the economy».

The study she conducted shows that member states like Sweden, Denmark, Germany and Austria, with strong workers' participation rights in companies and in administrations, have the best economic performances.

But the trade union community finds that workers' participation in the companies is still kept at a low level across the EU.

"We need better and more efficient control instruments to strengthen codetermination and workers' participation rights in Europe. There is much to do in the coming months," Peter Scherrer said.

INTERVIEW

EU must offer 'an agenda of hope', says Socialist leader Bullmann

By Claire Stam | EURACTIV.com



Bullmann: "What is the real reason behind the surge of populism in Europe?" [Horst Wagner]

There is no alternative to the European Union, but it needs to offer an 'agenda of hope' to Europeans, Udo Bullmann, MEP, the new leader of the Socialist and Democrat group, said in an interview with EURACTIV.

The next elections to the European Parliament are to be held in May 2019,

with far-right parties widely expected to build on their recent gains at national levels in Europe.

"What is the real reason behind the surge of populism in Europe? People fear to lose their jobs, they ask themselves if their kids will ever get a pension, they wonder about their social identities. All this is driven by fear which is the vehicle used by

right-wing parties in Europe", said Bullmann.

"We can answer these fears with a new and more accurate legal framework. And this agenda should be an agenda of hope," he added.

The popular German deputy was elected as leader of the European

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Parliament's second largest group in March, but faces a challenge to maintain its influence in the next mandate.

However, he has long been critical of the direction of the Juncker commission and its predecessor run by Jose Manuel Barroso.

NO ALTERNATIVE TO EUROPE

"We have always called for the European Commission to take the concerns and the needs of the European citizens seriously and to make sure the benefits of the European Union do actually reach them," Bullmann continued, adding that the EU executive "could have done more these past years in that regard, given its mandate will soon end."

Bullman pointed to the need to better address the conflicts and challenges facing Europe at home and abroad.

"Migration, north-south conflicts, climate warming, environmental disasters, diminishing of natural resources, political participation are some of the challenges Europe is currently facing. And the question is how the European Union should act to tackle them."

"Because, there is no alternative to the European Union of course. It has to come up with the proper answers," he stressed.

SUSTAINABILITY SHIFT

"Where can the European Union look at to get inspired? At the United States of America, with their radical, liberal economic model? At China, a giant looming at the horizon, where human rights do not count much and where there is little civic participation in the political processes," the MEP asked.

"When people from abroad look

at us, they feel we have enough tools in our hands to strengthen the transformational shift to a more sustainable and social-oriented economic order," said Bullmann.

In fact, the European Commission that will emerge after the European elections will have to use them in order to orientate its politics anew if it wants to answer citizens' fears, he stressed.

To do this, it should also orientate its actions towards meeting the Sustainable Development Goals agreed by the United Nation, a range of policy targets aimed at eradicating poverty, environmental protection and improving health, with a view to meeting the 2030 deadline, he said.

"The 17 goals reflect a deeply humane and profoundly democratic programme. They make it very clear that we have to take an holistic approach and use horizontal thinking in our political processes. Only in doing so will we be able to save our world and make sure our future will be socially fair and economically viable," he said.

"The European Commission is at the forefront to implement this agenda, of which we saw so little these past years," he added.

BREAKING THE SILOS

Within the European Parliament, the S&D group has been actively working on defining this new agenda, said Bullmann.

"In my group, we have engaged in the last 12 months what I would almost call a revolution, that is, in changing radically the way we work and address the different political issues".

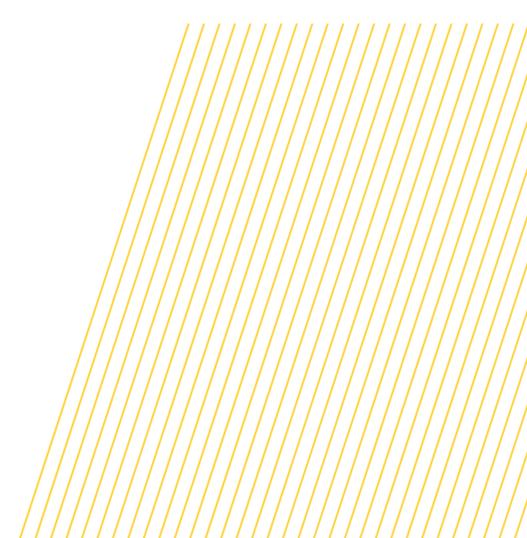
"Budget, environment, digitalization, migration, climate change, all the problems we are facing now are linked to one another, you just cannot only address one aspect of the problem and ignore the others," the MEP said.

"This means we shouldn't talk about economics without talking

environment. At the same time, we have to be careful we are not addressing environmental issues in a way that only an elite can afford an unpolluted and safe environment," he warned.

"We have to make sure that citizens who live at the cities' outskirts, thus being particularly exposed to diesel fumes, or those unable to pay for organic food simply because they cannot afford to, that they to are granted access to a better and safer environment," Bullmann insisted.

"Because we see Europe and the world going through major transformations, we, as politicians, cannot bring only one answer to solve one problem. Let's break out the silos and integrate an holistic approach, otherwise we will not succeed."



OPINION

DISCLAIMER: All opinions in this column reflect the views of the author(s), not of EURACTIV.COM Ltd.

Strengthening workers' voice, legal certainty for future Social Europe

By Norbert Kluge | Hans Boeckler Foundation



Norbert Kluge addresses the public at the “Social Europe: Strengthening workers’ voice” in Brussels on 27 April. [Katrin Distler/Twitter]

A vital social democracy will play a decisive role in shaping the future of the European Union. The goal of a united Europe, contractually agreed by all EU member states, is to promote participatory democracy, writes Norbert Kluge.

Norbert Kluge is the director of the Institute for co-determination and corporate governance of the Hans Boeckler Foundation.

The fundamental right to information and consultation makes workers in Europe also citizens in the workplace (Article 27 of the EU Charter of Fundamental Rights as part of the

EU Treaties).

In places where nobody knows the future of work and business in the digital age, the external framework conditions have to create an eye-to-eye-level between those involved in the economy.

The right to participate in the fair design of the social market economy will shape the future of Europe. Otherwise, employers will be tailoring flexibility in their own interests, while European workers will be required to give their last shirt off their back for it.

Social Europe is a long way off because the dynamic of growing social inequality remains unbroken. Large transnational companies are regarded

as accelerators of the dynamics of injustice.

They “optimise” nation-state laws and obligations of all kinds (taxation, consumer protection, environmental protection, liability, co-determination, “money laundering”) via so-called company engineering. And no new binding frameworks imposed on them are in sight at international level.

On the contrary, experience shows that companies skilfully and regularly avoid the binding representation of employees’ interests. Such practices must be put on a socio-political leash.

Co-determination, as practised successfully in large companies based in Germany until today, is a good reference for how it can be done the other way. But not only in Germany, the participation of employees at the top of companies works.

In 18 out of 28 EU member states, employees have a statutory right to say and can vote on boards or supervisory boards, our research shows. This kind of “worker’s voice” creates better working conditions – and it is also one of the few hurdles left today that prevents companies from being wholly exposed to the return of financial investors interests.

Sustainable companies need well-qualified workers. This is their international competitive advantage,

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as shown by their economic success worldwide. But workers want future-proof jobs and locations in Europe; this integrates companies in Europe in social terms as well.

“Worker’s Voice” at the top of companies makes them internationally unique and competitive. Social cohesion (as measured by the so-called GINI coefficient) is the highest in those EU member states where various elements of worker participation such as union loyalty, high coverage through collective agreements, strong employee rights at company level and employee participation have a positive impact on each other.

This has been demonstrated for years by the Worker’s Participation Index, which is prepared annually by the ETUI for the “Benchmarking Working Europe Report.”

There are therefore good and realistic reasons to include co-determination as a standard in European company law. This standard needs to be part of every electoral programme of all democratic and pro-European parties that are to compete in the European parliamentary elections in spring 2019.

We must succeed in bringing the topic into the work programme of the next European Commission after the spring 2019 European elections. If we do not succeed, it will hardly play a role in the next five years. Another step backwards for Social Europe is looming!

The European Dialogue 2018, organised by the Hans-Böckler-Foundation and the European Trade Union Institute (ETUI), marks the beginning of a new debate on European participation. The task of national and European policy must therefore be to enrich the rules of the internal market with workers’ rights to information, consultation and participation in company decisions.

It is the unanimous objective of the

unions in the European Trade Union Confederation (ETUC) to introduce minimum standards in European company law. National differences can be described as “functional equivalents” and thus become comparable in their effects. Thus, management decisions can be related to a social discourse.

National differences in industrial relations can be accepted without being institutionally adapted at cross-border level. The Böckler Foundation’s expert group “Worker’s Voice in European Corporate Governance” introduced this new approach to the discussion on the occasion of the European Discussion 2018.

There are increasing signs that this approach is heard in European politics.

With its Company Mobility Package, the European Commission wants to make the potential of digitalisation for cross-border corporate mobility in the EU internal market easier to exploit. Today’s unregulated relocation of companies’ headquarters across European borders should thus be given a legal framework.

The European Commission wants companies to account for the economic reasons that motivated them to change under company law. In particular, the company will report on how this decision will affect employment and co-determination.

We will measure the suitability of the proposals primarily by whether it is possible to put a stop to the dreadful situation of transforming operating companies into pure letterbox companies in inner-European tax havens.

Unfortunately, the Commission has with its legislative proposal failed to introduce a European minimum standard for co-determination into European company law.

Nonetheless, the proposal shows that it is concerned about the protection of workers’ rights. For

example, there are several regulations to safeguard previously existing employee rights for a limited period of time. According to initial trade union assessments, this attempt is not sufficient, though.

However, this is no reason for rejection because in the subsequent legislative procedure, especially in the EU Parliament, there is room and opportunity for improvement.

The EU Company Mobility Package will definitely not provide special protection for German co-determination. Instead of applying legal regulations, the involvement of employees at the top of the company would have to be renegotiated on a case-by-case basis, as is already the case for European Companies (Societas Europea, SE).

However, it can be seen today how companies are evading German co-determination and the application of European law. Therefore, in order to maintain co-determination in Germany, German politicians must first of all do their own homework.

Even though the proposal from Brussels includes a range of measures, Europe now must show that it wants to be more than a mere single market. “Worker’s Voice for Good Corporate Governance” works socio-politically as driver of active social inclusion and welfare statehood.

The EU internal market does not just belong to capital owners, institutional investors and entrepreneurs. We need a paradigm shift in European company law:

Companies and their investors must be legally bound to build long-term and sustainable prospects, with a future for jobs, locations and the environment – in order to be internationally competitive. That is the point!

VIDEO

European Dialogue 2018: Social Europe Strengthening Workers' Voice

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By Malte Ketelsen | Hans Böckler Foundation



Video: <http://eurac.tv/9NWI>

18 out of 28 EU countries have a legally guaranteed right to a say for employees in the management and supervisory boards of companies.

This adds to employee participation via collective agreements. This worker's voice is part of a democratic Europe. Securing and strengthening it is supposed to increase the acceptance of the EU.

The question is: Is the worker's voice currently experiencing tail- or headwinds from Brussels? And more specifically: How to assess and evaluate the EU Commission's new proposal for company law reforms?

This was the subject of the European dialogue 2018 organised by the Hans Böckler Foundation and the European Trade Union Institute on 26 and 27 April.

Learn more: https://www.boeckler.de/veranstaltung_112098.htm



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