



LO's Key European Issues 2014–2019

Full employment, regulated labour market, democracy and transparency – 40 proposals for a better EU



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- 40 proposals for a better EU

An open economy and open borders are good for Sweden. The internal market with its free movement of capital, labour, goods and services is a cornerstone of European cooperation. The possibilities of creating sustainable growth and secure jobs in this market are dependent on a strong position for wage earners. The common market must not be used for the purpose of exerting downward pressure on wages or threatening the right to sign a collective agreement. The EU must therefore regulate the market by means of e.g. minimum standards for labour law and health and safety at work. The EU must also act for gender equality on the labour market and ensure fundamental trade union rights and freedoms. A social progress protocol is the most important reform to strengthen trade union rights.

The financial and economic crisis, which has ravaged Europe over the past five years, has severely challenged EU cooperation. There are more than 26 million unemployed women and men in Europe. Nearly six million young people are out of work. Today, 125 million people live at risk of poverty or social exclusion. There is hardly any economic growth and, in particular, women's participation in the labour market has been negatively affected. By increasing women's participation in the labour market, it would be possible to increase growth by 15 per cent. In other words, a more gender-balanced labour market is an instrument to improve the modest growth rate and to take Europe out of the crisis. Boosting industry and focusing on competitiveness and neutrality of competition can be further growth-enhancing factors within the EU.

Access to education, job opportunities and possibilities to trade with other countries are of decisive importance to employment and our common welfare. The best way to meet transborder challenges, such as environmental degradation, crime and unregulated capital markets, is by joint measures and solutions. For LO it is quite clear that the EU must be more than simply a free market adjusted to business interests. We want to use the EU as an instrument in the development of a political counterbalance to the negative impacts of globalised business and capital movements.

Not only have unemployment, poverty and injustice increased during the financial crisis, the lack of confidence in the democratic institutions has also increased. Thereby, the number of citizens who have a positive approach to EU cooperation is constantly decreasing. Although this does differ both within and between the member states, there is a manifest risk that populist and extreme forces seem to be an appealing alternative, when faith in the future wavers.

Those to be held accountable for this development are the political majority that has governed Europe for the past five years. The restricted focus on austerity measures in the crisis policies has undermined the role of the social partners. Fundamental trade union freedoms and rights have systematically been violated. The crisis has been exploited by the EU and its member states as a pretext to circumvent internationally agreed and ratified labour standards. We can note that especially women's opportunities to take an active part in the labour market have been impaired due to the crisis policy. This is an unacceptable development that will in the long run jeopardise the entire European trade union movement's support of future integration within the framework of European cooperation.

Strengthening workers' rights in the EU is a priority for LO. A vote in the European Parliament elections is an active choice between a policy for full employment; and a policy for continued austerity and deregulation. This is a choice between fair conditions with secure jobs – and competition based on lower wages, poor working conditions and dangerous work environments. A choice between strong democracy on the one hand – and meddling lawyers and short-sighted capital interests on the other. A choice between access to comprehensive welfare - and inferior conditions for women in the labour market.

LO's vision is to create an EU that takes the lead in pursuing an economic policy of full employment for women and men and sustainable development as overall targets. For a development that guarantees regulation on the labour market as well as democracy and transparency.

1. Full employment

To strive towards full employment is the most fundamental task of the labour movement. Unemployment is dehumanising, it impoverishes society and impedes wage-earners' struggle for better wages and working conditions. Full employment for women and men must therefore be the priority goal for the economic policy, both at national and European levels.

The financial crisis, particularly in the Eurozone, has demonstrated that increased coordination of member states' economic policies is necessary. However, this coordination should not infringe upon countries' autonomy and it must be followed by increased democracy in decision-making and a policy for social progress and full employment.

In order to stabilise the economy and generate more and better jobs, member states need a regulation of the financial markets and a coordinated policy that stimulates demand. The EU budget can also be of significance in this context. It must however be used in the right manner, which first and foremost means investments in societally important resources and a green transition with the objective of full employment.

Moreover, EU countries must shape a joint binding action plan aimed to combat tax evasion and fraud and to ensure efficient public administration that guarantees the rule of law.

LO's demands:

1) The current policy with its restricted focus on austerity and deregulations must cease. It has had negative consequences for all EU citizens, and in particular women's active participation in the labour market has been hampered. The EU must coordinate ambitious investments in education, innovation, research, infrastructure and environmental technology. The EU member states that have the fiscal margin needed must carry out intensive investments in order to stimulate the economy. LO has proposed a national investment package of two per cent of the GDP.

2) All EU countries must introduce a youth guarantee (of 90 days) that includes sufficient financial support to vulnerable regions. No one below the age of 25 years should be unemployed for more than three months before getting an offer of job, apprenticeship or adequate training.

3) The EU budget must primarily be used to favour sustainable measures that enhance job creation and economic growth. The structural funds must focus on unemployment, especially among young people, and level out regional differences. Adequate resources from the European social fund must be allocated in order to build up a well-functioning dialogue between the social partners in the countries where this is needed. In conjunction with the revision of the EU's long-term budget in 2016, the common resources will need to be redistributed in a more efficient way.

4) In crisis management and economic governance, the EU must respect the autonomy of the social partners and national wage setting; the EU does not have competence in wage issues. In the work with the European semester, the participation of the social partners must increase, both on national and European levels.

5) The EU must advance gender equality by guaranteeing equal opportunities, equal treatment for women and men as well as fight against all forms of gender discrimination. Women's active participation in the labour market must be recognised and used as an efficient instrument to increase economic growth and to take Europe out of the crisis. EU member states must adopt legislative quotas to improve the gender balance in the boards of publicly listed companies.

6) In order for the EU to succeed in realising the target of women's increased participation in working life and in creating a gender-balanced labour market, fiscal policies in member states must advance gender equality. Individual taxation is a good and proven method to increase the employment rate.

7) Childcare and elderly care must be given priority. Women's double burden creates an unreasonable workload and hampers equal active participation in working life. In order to reach the targets of longer professional life and increased number of hours worked, pursued by both the EU Commission and the Swedish government, public sector qualitative welfare services must be prioritised.

8) The EU must facilitate workers' free cross-border movement within the EU, while guaranteeing full protection of trade union freedoms and rights. The European Jobs Network (Eures) must be promoted.

9) The Erasmus+ Programme, with the aim of encouraging educational mobility, must be fully capitalised on to provide young people with education and training as well as experience.

10) The creation of a strong industrial base in Europe must be recognised as a necessity, in order to foster economic growth, create sustainable jobs, support the transition to an environmentally sustainable economy, and in order to counteract the challenges facing EU member states: such as the demographic evolution, financing welfare and climate change. Re-industrialisation has been set up as a joint target for EU member states, and policies to realise this must include measures in a variety of fields, focusing on investments in knowledge, research, environmental technology, energy efficiency, innovations and infrastructure.

11) Future economic growth and sustainable development must be linked to environmental considerations, by exploiting more than previously the industrial potential and scope for development that environmental technology can provide. LO fully supports international initiatives aimed at decreasing greenhouse gases and other forms of human impact on climate with the target of limiting the increase in global temperature to 2 degrees Celsius. A social dimension must be developed within the global climate transition process.

12) A banking union and joint mechanism for managing the debt crisis in the Eurozone must be set up. Financial stability in Europe is of vital importance for export-oriented economies such as Sweden.

13) The EU and the USA should conclude an agreement on trade and investments. Such an agreement can pave the way for several free trade agreements that can generate employment and growth. The agreement must observe international labour standards and guarantee

countries' possibilities of ensuring high standards in the field of labour law. The agreement must stipulate that investors' rights are not superior to democratic decisions regarding, inter alia, labour law, national health, the environment and consumer protection.

14) European cooperation is essential in order to stop unfair fiscal competition. Adequate minimum levels are to be set for taxes that are linked to negative environmental impacts, such as carbon dioxide tax. Increased harmonisation in the form of a minimum level is also needed in the case of corporate taxation, since there is continuous downward pressure on these taxation levels.

15) The financial markets of the EU member states must be both regulated and subject to taxation. The proposal for a tax on financial transactions is an important first step. Sweden must engage actively in the shaping of this tax, with the intention to introduce it in Sweden.

2. Better order and regulations in the labour market

All EU member states need to cooperate in order to jointly be able to achieve better and fairer living and working conditions, social protection and public services for citizens. The internal market has great potential to generate the economic growth and the employment possibilities that are sorely needed in the EU. In order for the market to function in an efficient way, and to avoid social dumping, unfair competition and misuse, the EU must set up binding guarantees to protect workers, in terms of for instance work environment, information, consultation and equal treatment.

Over recent years the EU has pushed for increased liberalisation and deregulation, which has led to weakened health and safety at work and impaired trade union rights. The financial crisis has been used as a pretext for general welfare cuts, which has had negative consequences for citizens, in particular women.

Since the judgement in the Laval case in 2007, we have faced a situation in which national demands for the equal treatment of workers have not been accepted by the EU, as they are considered to be an unacceptable obstacle to the free movement of service-providing companies. Moreover, the loopholes that exist in the present EU law are being taken advantage of by unscrupulous companies. By choosing the country of posting and thereby also the country of taxation, foreign companies can compete by means of lower labour cost

than Swedish companies, regardless of whether they pay wages according to the collective agreement or not.

LO will not accept the situation now prevailing in the internal market of the EU. LO is of the opinion that Sweden and other EU member states will not benefit, only lose out, if the member states compete with each other by means of lower wages and inferior working conditions. This will render it impossible for trade union organisations to fulfil their main task of regulating the price of labour and protecting workers' fundamental rights. And this will also result in honest companies being squeezed out or being forced into unfair competition.

LO will never accept a system that classifies people according to origin or nationality. The EU institutions and EU countries must stop undermining trade union rights and freedoms. The fight for Swedish collective agreements in the Swedish labour market is about equal treatment for all; it is about everyone's right to equal pay and working conditions regardless of nationality. There should be order in the labour market.

LO's demands:

16) The introduction of a social progress protocol in the EU Treaty. It will lay down that there must be balance between fundamental trade union rights and freedoms and economic freedoms in the internal market. In the case of conflict, trade union rights must be superior.

17) 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 must respect trade union rights and freedoms, collective agreements and the equal treatment of workers.

18) Swedish collective agreements are to be applied in the Swedish labour market. All workers performing work in Sweden, regardless of nationality, must be treated equally. In order to prevent wage dumping in Sweden, the Directive on the Posting of Workers must be changed and the Swedish law introduced as a consequence of the Laval case, the so-called "Lex Laval", must be reversed. In all public procurement procedures, it must be possible to demand a collective agreement.

19) The EU must stop deregulations that undermine the social dialogue and the health and safety regulations. All companies must be treated equally. The principle, in force since 2012,

that micro enterprises can be excluded from EU health and safety and labour legislation, must be revoked. Moreover, member states must have the possibility to implement stricter rules that are also more advantageous for workers in the future. Legislation on information and consultation must not be weakened and agreements concluded between the social partners at EU level must be respected by the EU institutions.

20) The EU must adopt a new and more ambitious health and safety strategy, which includes psychosocial health. A directive on strain injuries and carcinogenic substances must be put forth.

21) Joint and several liability must be introduced throughout the subcontracting chain and in all sectors at European level. Until then, a system must be urgently introduced at national level.

22) The Swedish government must ensure that EU law concerning temporary employment is applied in the right manner in Sweden, leaving no possibilities for employers to abuse recurrent fixed-term employment contracts.

23) Migrant workers from countries outside the EU must always be treated equally. The rules of the host country must apply.

24) The EU must stop the continued liberalisation of the transport market. The existing rules on cabotage must be made more rigorous.

25) The EU must respect the ILO core conventions.

26) The authorities in the host country must have the possibility to put to test the certificates confirming that the posted workers' social contributions are paid by the employer in an EU country (social insurance certificate A1). The certificates must not be used systematically by employers in order to post workers from the EU country with the lowest taxes and social contributions. It must be possible to stipulate that the country of posting must be the country where the workers normally perform their work.

27) A European labour inspection must be established with the purpose of improving the cooperation between national labour inspections and tax authorities, for instance as regards

monitoring that taxes and contributions for posted workforce have been paid in the correct manner.

28) Introduce an open European register that lists the companies that have repeatedly infringed EU labour law and rules, including those concerning the posting of workers. It must be possible to reprimand unscrupulous employers and to exclude from public procurement procedures all companies that gravely violate existing labour standards.

29) The so-called “Brussels I” regulation must be changed so that it stipulates that labour disputes occurring in Sweden are to be tried before a Swedish court.

30) A decision must be made by the EU on a new working hours directive, the essence of which must be to protect workers. The directive must deny member states any opportunity to deviate from the maximum weekly working hours. In order to ensure a good working environment, it is important to maintain the existing rules concerning the reference period for calculating the maximum working hours, as well as the rules concerning on-call duty. The existing legislation can also provide for more flexibility, through provisions in collective agreements upon which the social partners have agreed.

3. Democracy and transparency

The EU increasingly influences member states’ activities and policies. This concerns national economic characteristics such as financial market regulation, competition law, the corporate governance system and the organisation of the labour market.

In Sweden, wages and conditions of employment are regulated by collective agreements. It is a model that has delivered good results and that all parties want to maintain. Given the effect of EU activities on the increasing number of areas, including the national labour market and welfare, it is necessary to make clearer distinctions between European and national competences.

This is a question of democracy. The content of policies shall be determined by the citizens in democratic elections. Decisions shall be taken as close to the citizens as possible and their elected representatives shall be accountable for their decisions. Therefore, citizens must have access to information and know which institutions decide on which matters. EU treaties must

be amended to make it clear what the EU should and should not do. The aim is to strengthen policies and democracy at the expense of legislation and bureaucracy.

LO's demands:

31) A clear division of powers should be established between the European Union and its member states in conjunction with a future revision of the EU treaty. LO believes that the EU should not have competence in welfare-related areas, including, among other things, education, health care, housing, sale of alcohol, wage setting and labour rights. When the EU speaks of welfare services, quality should be the guiding star. Welfare and public services in the EU should be reliable and characterised by good and high quality, as well as availability and adequacy. This is not only due to the fact that these are tax-funded activities, but also because high quality of public services implies decent jobs.

32) The EU should respect the different member states' national labour markets and collective agreement models. States should be allowed to introduce EU rules under their labour market models. If internal market legislation threatens Swedish health and safety regulations, Sweden should invoke the possibility in the EU treaties to maintain national provisions.

33) The transparency of EU decision-making should increase. Public access to EU documents must be strengthened. It must be clear who is responsible for what decisions. Individual countries' positions in the Council of Ministers and the European Council should be made public. Efforts to deal with corruption within EU institutions must also continue. EU citizens' trust in EU institutions must increase. One element of this is to streamline the European Parliament's work and have only one seat in Brussels.

34) The European Parliament and the Council of Ministers should avoid concealing more and more politically controversial issues in informal tripartite negotiations, where public control is virtually non-existent. This is a democratic problem that impairs the transparency of the democratic process and hampers opportunities for trade unions to exert influence. The use of tripartite negotiations should be minimised, and in cases where they are used, they should be made more transparent.

35) The practice of intergovernmental agreements outside the treaties, which was established during the crisis, should be discontinued. Crisis management has largely been conducted behind closed doors and by players who cannot be held accountable. This has to stop.

36) The EU should respect its member states' right to maintain or introduce more stringent measures to protect workers' rights.

37) The national parliaments' ability to carry out subsidiarity control should be strengthened. The European Commission should be forced to withdraw its proposals, if two-thirds of the national parliaments in the EU demand it.

38) The European Parliament should have the authority to dismiss individual members of the European Commission.

39) The abuse of the recasting method, the implementation acts and the delegated acts must cease. Major policy issues should be handled within the ordinary political decision-making process. The EU must avoid transferring technical details of EU legislation to experts. Especially in service standards, this risks prejudicing areas of national competence, such as rules on the employment relationship.

40) The EU should, as soon as possible, ratify the European Convention on the Protection of Human Rights and Fundamental Freedoms (ECHR).



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