



Confederation of Finnish Industries



## THE EUROPEAN PILLAR OF SOCIAL RIGHTS

**Nordic employers** are strong supporters of the European project. The free movement enshrined in the single market and the openness to the rest of the world provides companies with a unique basis to grow and create jobs. We believe there is a common interest in upward convergence in working and living outcomes. However, it is companies driving improvements by investing in Europe. The EU's role is to support business-friendly labour markets' as global competitiveness and sustainable economic growth constitute the foundation for creating more and better jobs together with prosperity for the European citizens.

One of the main causes of social and economic divergences in Europe is found in the inadequate implementation of national structural reforms and a lack of competitiveness. This is why Nordic employers ask the EU and the Member States to be ambitious and build a real partnership for social and economic reforms aiming for open, mobile and dynamic labour markets and sustainable welfare systems. Economic and social challenges need to be addressed in an integrated way in order to achieve tangible positive results for workers and companies.

### THE EUROPEAN CONTEXT

- Significant diversity among Member States with regard to organizing welfare systems and labour markets, including the role of social partners as underlying fundamentals.
- Different starting points and national circumstances due to differences in traditions, economic development and unemployment levels.
- The demographic changes combined with digitalization stipulates demands on the adaptability and flexibility of national education systems, labour markets and welfare systems in order to embrace the opportunities.

### CHALLENGES WITH THE SOCIAL PILLAR

- The rights-based language raises unfounded expectations and risk undermining national social partners' freedom and autonomy to cooperate and negotiate agreements.
- Lacks a clear link to the economic policies and may create a new basis for regulating labour markets, which can confine the room for progressive reforms on national level.
- One-sided focus on individual rights disregards companies' needs in a global competitive market.

## RECOMMENDATIONS - THE WAY FORWARD

Social and economic progress goes together and is interdependent. A more social Europe can only evolve, if steps are taken simultaneously in enhancing the economic cooperation and improving the functioning of the single market. Therefore Nordic employers recommend:

- Member States to join in a genuine partnership for sustainable growth, facilitating national reforms of economic and social policies. The EU's role should be to provide incentives and knowhow to Member States and social partners in their efforts to evaluate, design and implement policies.
- Member States to aim for flexible labour markets and employment security as coherent and mutually reinforcing labour market policies. Member States should apply these flexicurity principles as benchmarks for convergence and they should be integrated directly into the social scoreboard and the European Semester.
- A strong safe-guard clause to be incorporated into the preamble of the social pillar making it clear that it fully respects the existing EU competences and acquis; the principles of subsidiarity and proportionality as well as national collective bargaining systems. The social pillar should not interfere with the autonomy of social partners in particular regarding the national wage formation process.

## FACTS

**The Nordic countries** share some core features, such as open export oriented economies with well-developed welfare systems and highly organized labour markets. This has proven to create positive results in terms of competitiveness, employment opportunities, and gender equality for workers, companies and society. In contrast to most other European countries, the Nordic labour markets are primarily based on agreements between social partners and tripartite cooperation.

The Nordic labour markets are characterized by the predominance of multi-level collective bargaining in wages and working conditions with a high degree of collective agreement coverage ensuring ownership of these models. The bargaining models in Denmark, Norway and Sweden are based on coordination, where the social partners in the export industry set the pace, and with a strong decentralized company level bargaining, while similar developments are under way in Finland. The collective bargaining models build on high rates of organization and strong social partner organizations.

The Nordic labour markets have been challenged by the globalization and the economic crises. However, they have proved sustainable due to their ability to adapt to changing circumstances.

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*In April 2017 the European Commission presented its recommendation for a **European Pillar of Social Rights** and a proposal for an inter-institutional proclamation.*

*The proposal sets out 20 principles divided into three policy areas: 1) Equal opportunities and access to the labour market 2) fair working conditions and 3) social protection and inclusion. The aim is to create a reference framework for social convergence in primarily the Eurozone towards better functioning labour markets and welfare systems.*

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