

V. Social models and social dialog in the EU

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1. Social models in the EU Member States

Nordic model (Denmark, Finland, Sweden) - heavily subsidized social services, strong social protection, strong state intervention in the labor market, incl. through state employment, strong trade unions and social dialog.

Continental model (France, Germany, Austria, Belgium, Holland, Luxembourg, Hungary, Slovenia, Czech Republic, Poland – dominant in the EU) - moderately subsidized social services, strong social protection, moderate state intervention in the labor market, strong trade unions and social dialog.

Mediterranean model (Italy, Portugal, Malta, Greece, Cyprus, Spain) - moderately subsidized social services, moderate social protection and state intervention in the labor market, not so strong trade unions and social dialog.

Anglo-Saxon model – (UK and Ireland, but also a part of the accession countries - Slovakia, Lithuania, Latvia and Estonia, and more recently Bulgaria and Romania) - moderately subsidized social services, weak social protection, low state intervention in the labor market, weak trade unions and social dialog.

Impact of globalization - in favor of Anglo-Saxon model!

	<u>Nordic model</u>	<u>Continental model</u>	<u>Mediterranean model</u>	<u>Anglo-Saxon model</u>
Degree of public subsidization of social services				
Degree of social protection by the state against loss of work				
State intervention in the labor market (employment creation)				
Role of trade unions in society, importance of social dialogue in the economy				

Deeper color indicates a stronger impact of the respective aspect of the social model on the society

Total general government expenditure, revenue and new debt formation (% of GDP)						
	Expenditure	Revenue	Deficit/Surplus	Expenditure	Revenue	Deficit/Surplus
	2008			2009		
France	52,8	49,5	-3,3	56,0	48,4	-7,6
Denmark	51,9	55,2	3,3	58,4	55,6	-2,8
Sweden	51,7	53,9	2,2	55,2	54,0	-1,2
Belgium	50,2	48,8	-1,4	54,2	48,1	-6,1
Finland	49,3	53,5	4,2	56,3	53,4	-2,9
Greece	49,2	39,7	-9,5	53,2	37,8	-15,4
Italy	48,8	46,1	-2,7	51,8	46,5	-5,3
Hungary	48,8	45,2	-3,6	50,5	46,1	-4,4
Austria	48,8	48,2	-0,6	52,3	48,8	-3,5
UK	47,4	42,5	-4,9	51,6	40,3	-11,3
EU	46,9	44,6	-2,3	50,8	43,9	-6,9
Netherland	46,0	46,6	0,6	51,4	46,0	-5,4
Slovenia	44,1	42,3	-1,8	49,0	43,2	-5,8
Germany	43,8	43,9	0,1	47,5	44,5	-3,0
Malta	43,6	38,9	-4,7	43,2	39,5	-3,7
Portugal	43,6	40,6	-3,0	48,0	38,7	-9,3
Poland	43,2	39,5	-3,7	44,5	37,2	-7,3
Czech Republic	42,9	40,2	-2,7	45,9	40,1	-5,8
Ireland	42,7	35,4	-7,3	48,9	34,5	-14,4
Cyprus	41,7	42,6	0,9	45,8	39,8	-6,0
Spain	41,3	37,1	-4,2	45,8	34,7	-11,1
Estonia	39,9	37,0	-2,9	45,2	43,4	-1,8
Latvia	38,8	34,6	-4,2	44,2	34,6	-9,6
Romania	38,2	32,5	-5,7	40,5	32,0	-8,5
Bulgaria	37,6	39,3	1,7	40,7	36,0	-4,7
Lithuania	37,4	34,1	-3,3	44,0	34,5	-9,5
Luxembourg	36,9	39,8	2,9	42,2	41,3	-0,9
Slovakia	35,0	32,9	-2,1	41,5	33,6	-7,9

2. EU competence in social affairs

Article 153 of the Treaty on the Functioning of the European Union

“...the Union shall support and complement the activities of the Member States in the following fields:

- (a) improvement, in particular, of the working environment to protect workers' health and safety;
- (b) working conditions;

(European Agency for Safety and Health at Work - EU-OSHA, Bilbao, Spain)



- (c) social security and social protection of workers;
- (d) protection of workers where their employment contract is terminated;

(Cross-border recognition of pension rights and unemployment compensation)

- (e) the information and consultation of workers;

(EURES is a co-operation network between the European Commission and the Public Employment Services of the EEA Member States set in 1993)

- (f) representation and collective defence of the interests of workers and employers;
- (g) conditions of employment for third-country nationals legally residing in Union territory;
- (h) the integration of persons excluded from the labour market; **European Social Fund**
- (i) equality between men and women with regard to labour market opportunities and treatment at work;
- (j) the combating of social exclusion; - open method of coordination, **Member States National Action Plans**
- (k) the modernisation of social protection systems (**so-called EU Pension reform in “Europa 2020”**)

Not covered: wage (minimum wage), retirement age, minimum pension, the length of working week.

2. EU competence in social affairs

European Social Fund (ESF)

The current programming cycle of the ESF runs from 2007 to 2013 **under the banner 'Investing in People'**. Over this period, it is investing around **€75 billion** – close to 10% of the EU budget – on employment-enhancing projects.

Funding is given to six specific priority areas:

- Improving human capital (34% of total funding – Live Long Learning, etc)
- Improving access to employment and sustainability (30%)
- Increasing the adaptability of workers and firms, enterprises and entrepreneurs (18%)
- Improving the social inclusion of less-favored persons (14%)
- Strengthening institutional capacity at national, regional and local levels (3%)
- Mobilization for reforms in the fields of employment and inclusion (1%)

Annual work programme of grants and contracts for 2011

3. Social dialog on EU level

a) They are four levels of dialog – firm level, sectoral (industry) level, country (Member State) level, Union level

Article 154
(ex Article 138 TEC)

1. The Commission shall have the task of promoting the consultation of management and labour at Union level and shall take any relevant measure to facilitate their dialogue by ensuring balanced support for the parties.

They are regular consultations since 1985. More than 300 legislative proposals of the European Commission have already been consulted with the social partners.

Examples:

- ✓ **Council Directive 96/34/EC of 3 June 1996 on the framework agreement on parental leave concluded by UNICE, CEEP and the ETUC**
- ✓ **Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC**
- ✓ **European Works Councils Directive - EWC (94/45/EC) - used in about 700 companies with about 11 million employees, EWC members - about 10,000 employees.**

b) Participants in the social dialogue on EU level:

(1 to 3 are referred to employers' organizations, from 4 to 6 are organizations of employees)

1) UNICE – Since 2007 – BUSINESSEUROPE – The Confederation of European Business – 40 members in 34 countries

(in Bulgaria - Bulgarian Industrial Association - Union of the Bulgarian Business - BIA)



2) CEEP – The European Centre of Employers and Enterprises providing Public services (Services of General Interest). Mainly public employers, but recently there are also private companies in education, health, radio and television. Representative in Bulgaria - Bulgarian industrial capital association.

**3) UEAPME – The European Association of Craft, Small and Medium-sized Enterprises
Members in Bulgaria - National Chamber of Crafts of Bulgaria, Union for Private Economic Enterprise .**

4) ETUC - European Trade Union Confederation. ETUC was founded in 1973, it now represents 83 trade union organizations in 36 European countries. Members in Bulgaria - Confederation of Independent Trade Unions of Bulgaria, Podkrepa Confederation of Labor.

**5) EUROCADRES – The Council of European professional and managerial staff
(white-collar employees in the industrial sector).
In Bulgaria is represented by CITUB and Podkrepa.**

**6) CEC - CONFÉDÉRATION EUROPÉENNE DES CADRES –
International Confederation of Managers, no representatives in Bulgaria**



c) EU sectoral dialogue committees

The social dialogue on EU level underwent an important development in 1998, when the Commission decided on the establishment of sectoral dialogue committees promoting the dialogue between the social partners in the sectors at European level (Commission decision of 20 May 1998 – 98/500/EC).

The sectoral social dialogue committees consist of a maximum of 54 representatives of the social partners, comprising an equal number of employers' and workers' representatives. They are chaired either by a representative of the social partners or, at their request, by the representative of the Commission, who, in all cases, provides the secretariat for the committees.

Each Committee adopts its own rules of procedure, and holds at least one plenary meeting per year.

In September 2010, there were 40 [sectoral social dialogue committees](#), which have produced a variety of joint texts and agreements, covering 145 million workers in a range of sectors. The most recent social dialogue committee to be launched was in the education sector in June 2010.

- **The texts prepared by the committees become legally-binding once they are adopted as decisions, regulations or directives of the European institutions.**

4. Prospects for expanding the competence of the Union in social affairs

- Introduction of minimum wages or limiting weekly working hours on EU level (UK and some other Member States are strictly against)**
- Development of "enhanced cooperation " between some Member States adhering to a close social model (Germany, France, Italy and other continental countries)**
- Common protection against some negative impacts of globalization**

European Globalisation Adjustment Fund (EGF)

Maximum amount of funds allocated 500 million per year. The funds are used for:

- ✓ retraining of workers made redundant due to relocation of production activities outside the EU.
- ✓ subsidies to pay for a temporary reduction of working hours.

So far, received 76 applications from big companies in 18 member States (France, Germany, Finland, Italy, Malta, Spain, Portugal, Lithuanian, Austria, Belgian, Sweden, Netherlands, Ireland, Denmark, Bulgaria (2008 - Kremikovtsi AD), Poland, Czech Republic and Slovenia). Total amount of the financing by RGF €381 million. Average support per person – about €5000 (Kremikovtsi AD - €2000).

National participation of at least 35% of funding necessary. EFG funding can be applied if at least 500 workers are affected.