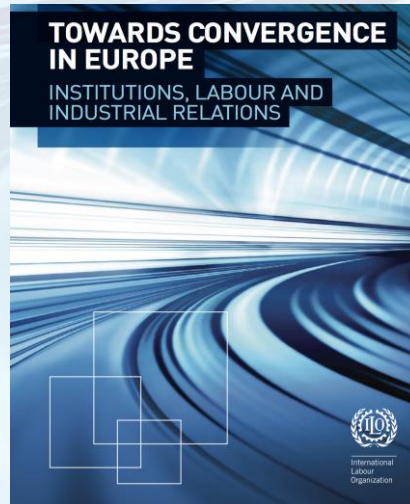


Un bilan européen au regard du pilier social européen



CNAM, Paris, 18 avril 2019

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The goal of convergence as part of EU construction

- Economic integration expected to drive convergence in living standards and welfare policies
- Number of EC programmes to facilitate convergence and cohesion: structural funds, European charter places social objectives as common goals
- EU enlargement waves also aimed at promoting a catching-up process

A process interrupted by the crisis but renewed more recently

- Common goal of convergence disappeared from public policies and discourses during the crisis
- But the effects of the financial crisis especially in most vulnerable countries acted as a catalyst to put the convergence back into the European policy agenda
- In 2017, the European Social Pillar of Social Rights was designed as ‘a compass for a renewed process of upward convergence towards better working and living conditions in Europe’

Objectives of the project

- Take the objectives and indicators of the EPSR as a framework to study convergence
- Two main aims of this project:
 - Provide more evidence on economic and social convergence trends in the EU
 - Better identify the possible contributions of industrial relations to such trends
- The methodology:
 - National country reports to trace back national convergence stories in 14 countries
 - ILO comparative statistical analysis on EU28
 - First task: how to define convergence?

Scenarios of convergence in the EU

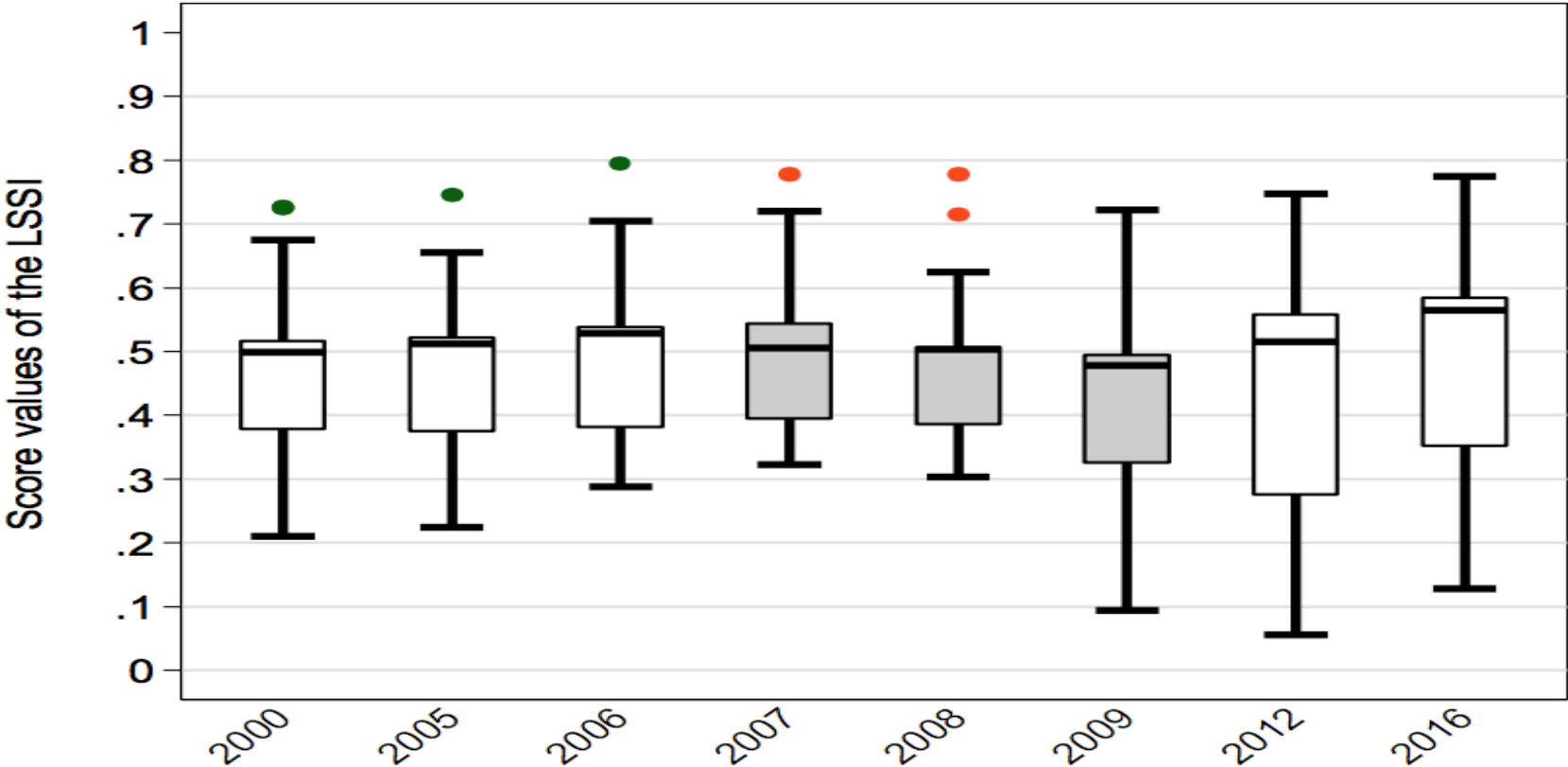
	Progress on socio-economic indicators (EU average increases)	Deterioration in socio-economic indicators (EU average decreases)
Convergence (lower dispersion)	<i>Scenario 1: Upward convergence</i> Progress of all countries with less advanced countries also catching up	<i>Scenario 4: Downward convergence</i> All countries may evolve together towards a deterioration of their indicators
Divergence (higher dispersion)	<i>Scenario 2: Upward divergence (Dispersion along increased performance)</i> Progress of all countries on indicators but some countries continue to progress more quickly than others	<i>Scenario 3: Downward divergence (Dispersion along decreased performance)</i> Dispersion because some may evolve towards a deterioration while the others progress or remain stable

Dimensions	Areas	Least controversial indicators	Most controversial indicators
1. Equal opportunities and Access to labour market	Access to labour market	Employment rate, unemployment rate, youth unemployment rate, long-term unemployment rate	
	Opportunities in the labour market	Participation in training (at least in the past four weeks) as a percentage of dependent workers; participation ... if level of education below secondary; ... if level of education secondary; ... if level of education higher	
2. Fair working conditions	Wages	Wage in 2011 PPP constant values; growth in average wages of full-time employees	Kaitz Index (minimum wages as proportion of average wage)
	Employment contract	Involuntary part-time among all part-time employment	Proportion of workforce with temporary contracts
3. Social protection and inclusion	Social protection		Per capita spending on social protection
4. Economic performance and distributional outcomes	Inequality		Share of household income in the D1 decile; and of household income in the D10 decile; ratio between total share of household income in D2 to D4 deciles to total share of household income in the D5 to D9 deciles
	Economic performance	GDP per capita growth (from GDP in constant 2011 PPP values)	Labour income shares

Mapping of EU28 countries according to values of LSSI in 2016 and changes in LSSI in 2000-2016

	INCREASE in value of LSSI between 2000 and 2016	DECREASE in value of LSSI between 2000 and 2016
Countries with LSSI score in 2016 ABOVE or at the medium value of the EU28 score in 2016	GROUP A Austria Belgium Czech Republic Denmark Finland France Germany Luxembourg Malta Slovenia Sweden	GROUP B Ireland The Netherlands United Kingdom EU28
Countries with LSSI score in 2016 BELOW the medium value for the EU28 score in 2016	GROUP C Bulgaria Estonia Hungary Latvia Lithuania Slovakia	GROUP D Croatia Cyprus Greece Italy Poland Portugal Romania Spain

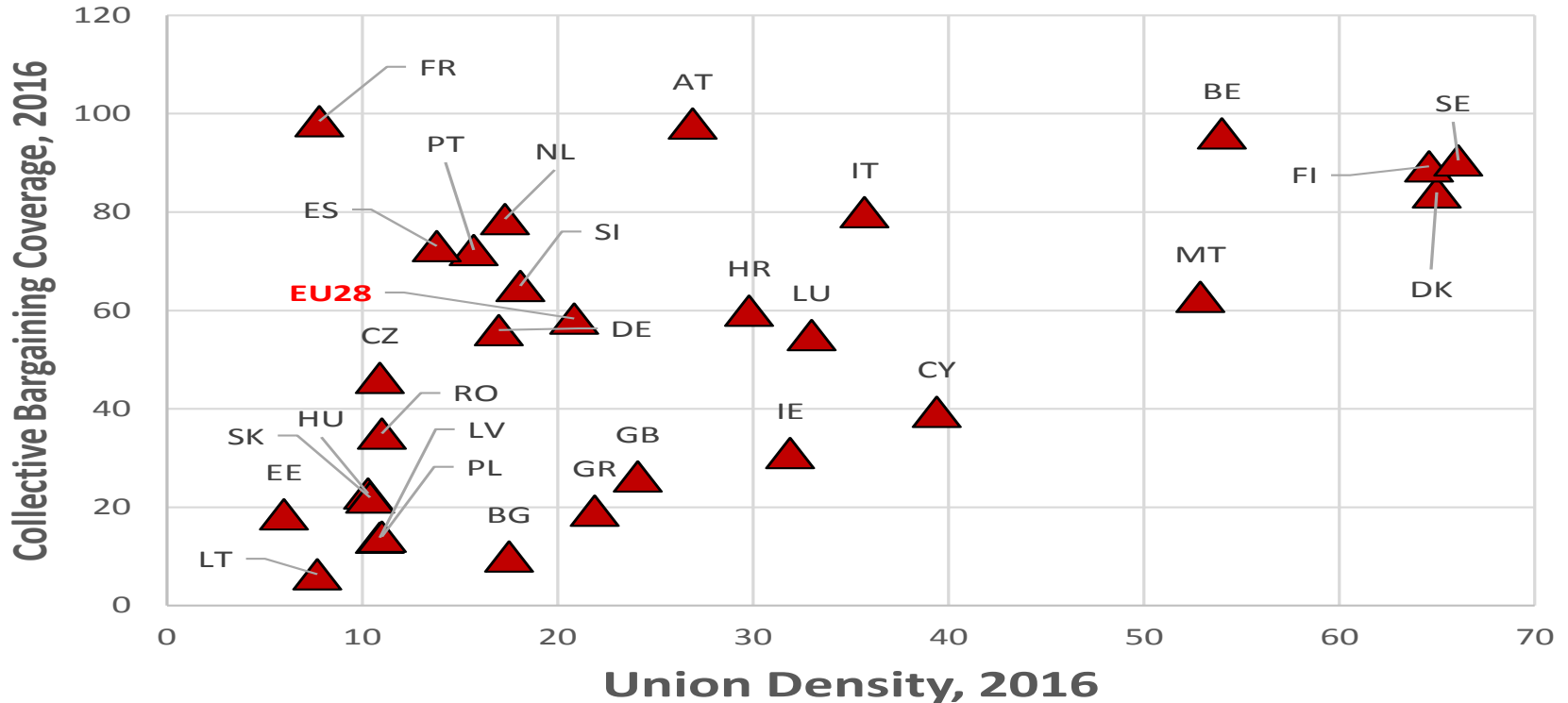
Changes in the distribution of the Labour and Social Summary Index (LSSI), EU28, 2000-2016



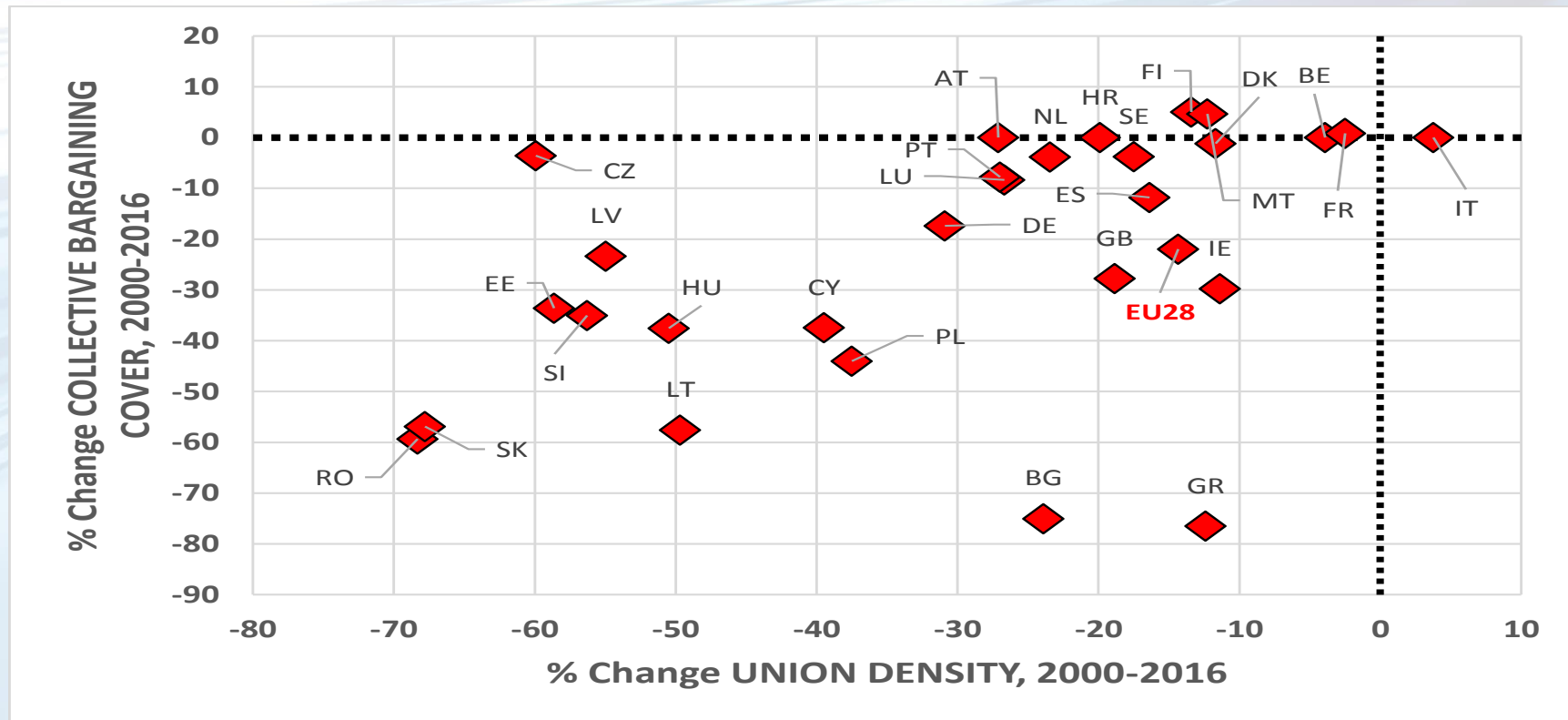
First conclusion: convergence and then divergence in Labour and Social Indicators

- There was upward convergence of EU countries until 2007
- Then the global financial crisis changed the picture and led to rapidly increasing dispersion
- So that over third long-term period EU 2000-2016 countries seem to have diverged rather than converged on the fulfillment of socio-economic indicators
- Worrying trend even if more encouraging progress in more recent years

Collective bargaining coverage and trade unionisation, by country and EU28, 2016



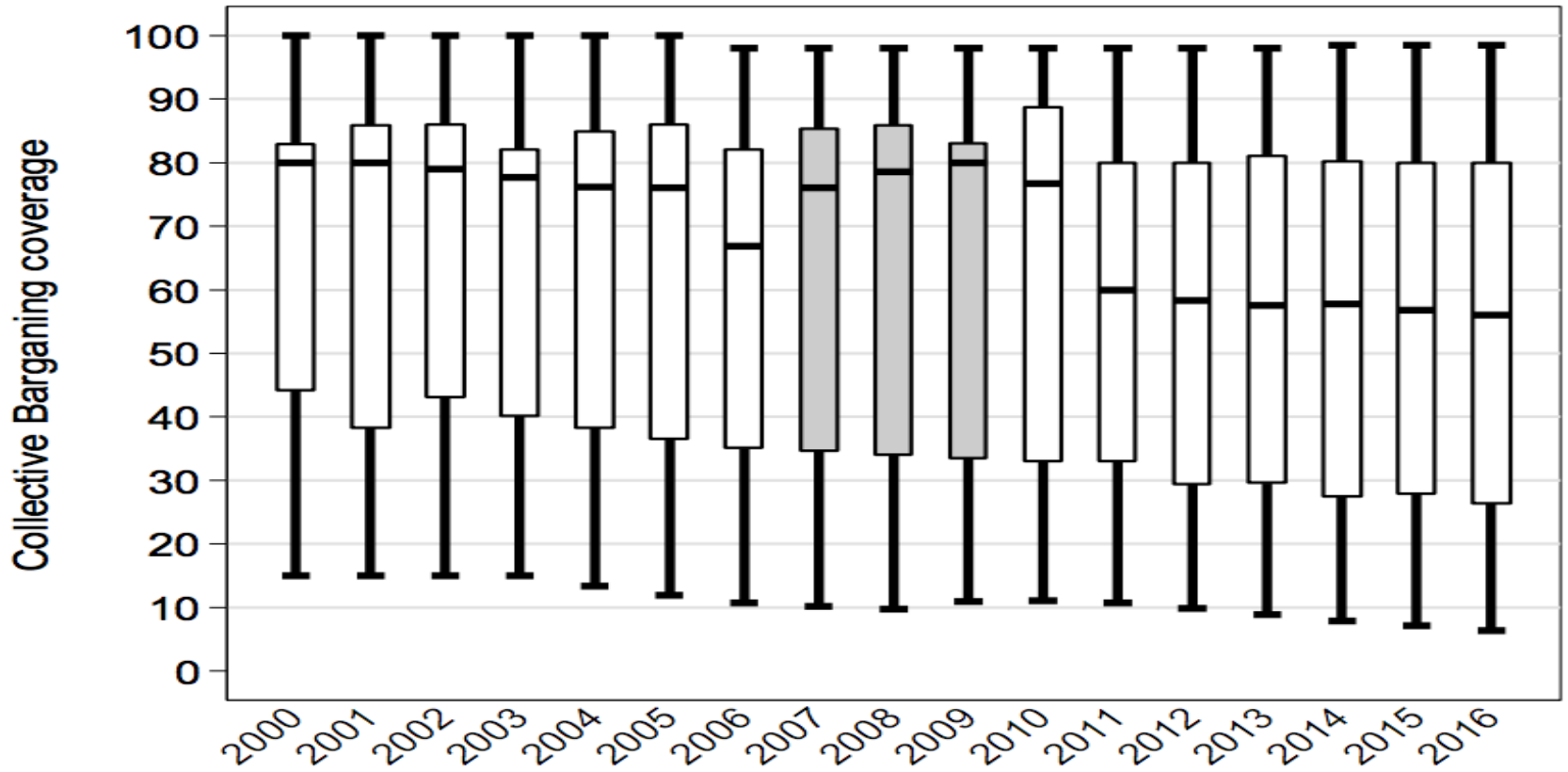
Collective bargaining coverage and trade unionisation, by country and EU28, 2000-2016



Second conclusion: Erosion extended to industrial relations

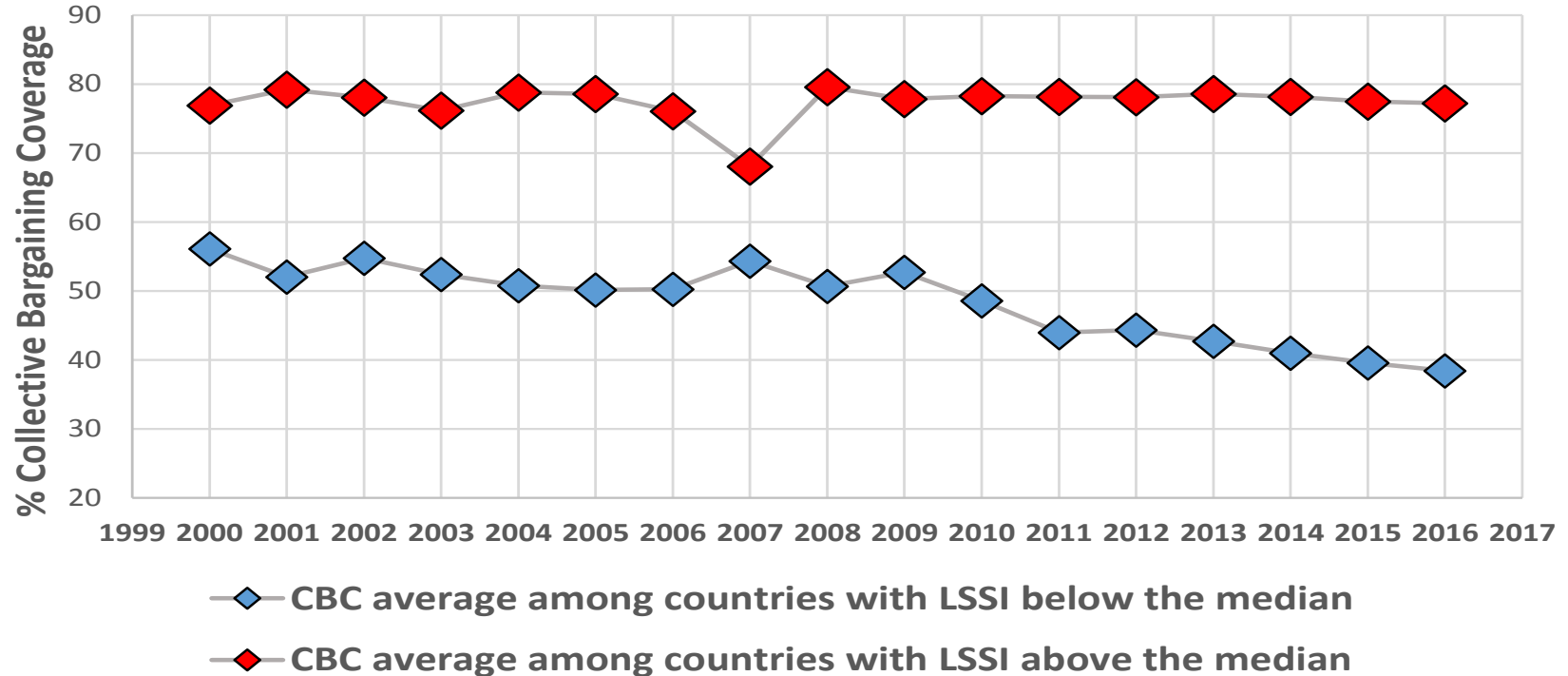
- The erosion of social indicators has also been extended to industrial relations with a general decline in collective bargaining and trade unionisation
- It is also important to look at possible dispersion in Industrial relations

Changes in the collective bargaining coverage rate, EU28, 2000–2016



Evolution of Collective bargaining coverage, EU28 by LSSI distribution

Evolution of CBC by countries according to LSSI



Third conclusion : Dispersion in industrial relations reflected in social indicators

- A third conclusion is about erosion and also increased dispersion in industrial relations in the EU (here represented by collective bargaining) that seems to be reflected in the respective countries' trends in labour and social indicators
- Countries with labour indicators below the median also show a lower proportion of workers covered by collective bargaining compared with countries with LSSI above the EU28 median.
- This shows that resilience in industrial relations has often coincided with improved performance; countries that have experienced weakening of their IRs systems during the crisis have also known a decline in their labour and social indicators (P, HL, ES)

Lessons from national reports: 4 ways

Industrial relations contribute to convergence

National reports confirm four many ways industrial relations contribute to national convergence stories

1. National social dialogue role on convergence

Through national tripartite pacts has helped convergence through negotiated wage moderation that allowed to respond to macroeconomic challenges, with often pay restoration when macroeconomic conditions improve (B, NL, SI, SE). Participation of social partners in minimum wage and vocational training policies also helped (G, SI, B)

2. Collective bargaining and convergence

- **Collective agreements** can be an engine of convergence. Can lead to negotiated compromises between flexibility and security (SE) and innovative arrangement son wages, flexible working hours and vocational training (see life long learning and working time accounts agreed in CB in G and F)
- Collective agreements even take **convergence as a benchmark** (see in B wage increases decided on the basis of competitors' wages; see in IRL the 2% strategy) to regulate wages and employment to achieve convergence

3. Industrial relations to mitigate crises

- In 1990s in Sweden innovative practices were developed by social partners to deal with job losses and structural changes
- In the past crisis, collective agreements on reduced working hours has made it possible to limit employment cuts in Austria, France, Germany and other countries.
- In contrast, in countries where low presence of trade unions and social dialogue as in Baltics, the bulk of adjustments have involved employment cuts, and high increase in unemployment

4. Industrial relations to tackle new challenges/issues

- A growing number of collective agreements help to better regulate the increase in non-standard forms of employment and to better protect workers on part-time, temporary contracts, self-employment or in new forms of jobs and work arrangements
- Social partners also address issues like migration as in Sweden where collective agreement target training and assistance of newly arrived migrants and in Spain where trade unions have focused on improving working conditions of immigrants

Policy conclusions

- Lack of convergence on social indicators
- Stronger industrial relations related to positive outcomes on the EPSR
- At the same time erosion and dispersion of IRs with a certain divide between a group of countries with more resilient IRs, lower inequality levels and better labour and social indicators and another group where IRs have been weakened, income inequality has increased and social indicators have declined. A number of new member states from CEE also grow without developing IRs so future vulnerability



IRs rather than being weakened should be strengthened as a possible leverage to help returning to cross-country upward convergence