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# Social dialogue and the financial and economic crisis in selected L-E-T -Regions (NUTS-2)

## Results of the L-E-T-Working Group “Social Dialogue”



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## 1. Introduction with a comparative view

### Dr. Harald Kohler

The financial and economic crisis caused some of the L-E-T regions to slump into precarious economic situations with a drastic increase of unemployment, in particular youth unemployment. The southern regions of the L-E-T project have still not recovered from these problems. Exceptions in this development have been Germany with the regions Baden-Württemberg (Stuttgart/Tübingen) and Sweden with the region West Sweden (a region structured industrially similar to Baden-Württemberg). See the following tables:

**Table 1: Gross domestic product (GDP) at current market prices by NUTS 2 regions - Euro per inhabitant**

Regions	Total			Rates of change		
	Years	2007	2009	2011	2007/2009 per %	2009/2011 per %
<b>Germany</b>		<b>29.500</b>	<b>29.000</b>	<b>31.900</b>	<b>-1,69</b>	<b>10,00</b>
Baden-Württemberg		33.500	31.400	35.800	-6,27	14,01
Stuttgart		37.000	33.500	39.300	-9,46	17,31
Tübingen		31.500	29.700	34.400	-5,11	15,82
Brandenburg		20.200	20.600	22.800	1,98	10,68
<b>France</b>		<b>29.600</b>	<b>29.300</b>	<b>30.700</b>	<b>-1,01</b>	<b>4,78</b>
Rhône-Alpes		29.800	29.300	30.600	-1,68	4,44
<b>Sweden</b>		<b>36.900</b>	<b>31.500</b>	<b>40.800</b>	<b>-14,63</b>	<b>29,52</b>
Västsvrige (Goteborg)/West Sweden		35.400	29.700	38.400	-16,10	29,29
<b>Croatia</b>		<b>9.800</b>	<b>10.100</b>	<b>10.400</b>	<b>3,06</b>	<b>2,97</b>
Kontinentalna Hrvatska/Continental Croatia		9.800	10.300	10.600	5,10	2,91
<b>Spain</b>		<b>23.500</b>	<b>22.800</b>	<b>22.700</b>	<b>-2,98</b>	<b>-0,44</b>
Catalonia		27.300	26.500	26.600	-2,93	0,38
<b>Italy</b>		<b>26.200</b>	<b>25.200</b>	<b>26.000</b>	<b>-3,82</b>	<b>3,17</b>
Lombardy		33.300	32.400	33.900	-2,70	4,63

Source: Eurostat

## RESULTS OF THE WORKING GROUP "SOCIAL DIALOGUE (SD)"

**Table 2: Unemployment rates (total and by from 15 to 24 years) NUTS 2 regions**

Regions	Unemployment rate							
	Total (15 years and more)				Young persons (from 15 to 24 years)			
	2007	2009	2011	2013	2007	2009	2011	2013
<b>Germany</b>	<b>8,7</b>	<b>7,7</b>	<b>5,9</b>	<b>5,3</b>	<b>11,9</b>	<b>11,2</b>	<b>8,6</b>	<b>7,9</b>
Baden-Württemberg	5,0	5,1	3,6	3,4	6,8	8,3	5,7	5,4
Stuttgart	5,1	5,3	3,7	3,7	7,6	9,5	6,3	6,1
Tübingen	4,6	5,0	3,2	3,0	6,7	5,8	4,3	4,4
Brandenburg	13,8	11,3	8,8	7,4	17,1	17,2	12,5	11,2
<b>France</b>	<b>8,4</b>	<b>9,5</b>	<b>9,6</b>	<b>10,3</b>	<b>19,8</b>	<b>24,0</b>	<b>23,1</b>	<b>24,9</b>
Rhône-Alpes	6,6	8,7	8,0	8,4	16,1	22,0	19,7	19,5
<b>Sweden</b>	<b>6,2</b>	<b>8,4</b>	<b>7,8</b>	<b>8,1</b>	<b>19,3</b>	<b>25,0</b>	<b>22,8</b>	<b>23,5</b>
Västsvrige (Goteborg)/West Sweden	5,9	8,6	7,4	8,0	17,7	24,8	22,1	24,1
<b>Croatia</b>	<b>9,6</b>	<b>9,1</b>	<b>13,4</b>	<b>17,1</b>	<b>24,0</b>	<b>25,1</b>	<b>36,1</b>	<b>49,7</b>
Kontinentalna Hrvatska/Continental Croatia	9,6	8,8	13,6	18,2	24,7	25,0	37,6	51,3
<b>Spain</b>	<b>8,2</b>	<b>17,9</b>	<b>21,4</b>	<b>26,1</b>	<b>18,1</b>	<b>37,7</b>	<b>46,2</b>	<b>55,5</b>
Catalonia	6,5	16,2	19,2	23,1	13,4	36,9	43,8	50,2
<b>Italy</b>	<b>6,1</b>	<b>7,8</b>	<b>8,4</b>	<b>12,2</b>	<b>20,3</b>	<b>25,4</b>	<b>29,1</b>	<b>40,0</b>
Lombardy	3,4	5,4	5,8	8,1	12,9	18,5	20,7	30,8

Source: Eurostat

Overcoming unemployment, especially youth unemployment and sluggish employment growth at the regional level has been related to the structure of industrial relations and its corresponding social dialogue. These types of social dialogues are based on established forms of consensus (bipartite and tripartite) between the state, employers' organizations and representative trade unions. There are significant differences in social dialogue between countries, regions and sectors:

- The social dialogue in Spain, specifically in Catalonia, has a high degree of governmental intervention. In Catalonia, there has been a long tradition of tripartite agreements. Before the financial and economic crisis, the social partnership and the social dialogue in Spain were often sustained at high levels, depending on the type of industry.
- In France, the social dialogue is a product of confrontational industrial relations and is historically centralized. As a result of decentralization, there is now an approach to strengthen social dialogue at the regional level. Social dialogue occurs at the regional level, taking into account the features and the problems specific to a geographical area. In Rhône-Alpes, this is slightly more pronounced and relatively new in contrast to countries such as Sweden or Germany.
- The Italian social dialogue is based on free collective bargaining and minimalist state intervention. It is an essential part of the industrial relations. In the Lombardy Region, social partners were involved in regional agreements on work and welfare themes.
- In Croatia, social dialogue is the result of the economic and social transformation and state-building. It has a relatively short tradition of conducting social dialogue. The social dialogue is markedly tripartite and at the municipal level.

RESULTS OF THE WORKING GROUP "SOCIAL DIALOGUE (SD)"

- Germany and its regions Baden-Württemberg (with the districts of Tübingen and Stuttgart) and Brandenburg have strong social partnerships and strong social dialogue.
- Sweden and its region West Sweden also represent strong social partnerships and strong social dialogue. The social dialogue takes place at the state level and at the local level.

In the successful L-E-T regions (West Sweden, Baden-Württemberg with the districts of Tübingen and Stuttgart, and Brandenburg) social dialogue had been a factor for resilience in overcoming economic crises. The success in the German L-E-T regions has come from an active federal labour market policy. This has included short-time working accounts, an extensive use of internal flexibility in companies through the establishment of working time accounts or the use of time savings accumulated in accounts. There have also been special federal environmental arrangements such as scrapping premiums for cars in combination with an active social dialogue.

In the less successful L-E-T regions such as Catalonia, there were initial responses to the crisis with policies that were supposed to stimulate domestic demand and the use of temporary part-time work. Then there followed an austerity policy with strong interventions in collective bargaining. As a result of this austerity policy the social dialogue in Catalonia/Spain has now clearly been disturbed and has even come to a standstill.

**CONCLUSION:** Social dialogue, from a regional point of view, is a tool for efficient cooperation, but it does not always offer a sufficient response in case of crises.

The following short summary papers describe social dialogue in selected L-E-T regions of the Working Group "Social Dialogue" project "LINKING EUROPE IN TRANSITION. Tables/matrices to the selected L-E-T regions with a SWOT analysis complete the documentation of the working group results.

## **2. Social dialogue Baden-Württemberg (RB Tübingen and Stuttgart) and Brandenburg [Germany] Dr. Harald Kohler / Petra Meyer / Bente Schmiade**

### ***2.1. Characteristics of German industrial relations***

Industrial relations not only shape the relationship between employers and employees, but also industrial relations lay the fundament for society as a whole and citizens' relationship to the state. Industrial relations in individual European member states are defined by different traditions, institutions and negotiation procedures as well as their reciprocal relationship to the state. Industrial relations in Germany are deeply rooted in social partnerships – corporatism characterizes trade unions relationship to the state. German industrial relations are based on an advanced culture of consensus-building, and social partners use an established set of tools for political and economic problem-solving. Because of this historical and institutional framework, industrial relations in Germany are less shaped by conflict than in other parts of Europe.

The industrial relations in Germany work on two levels. At the basic level, collective participants – trade unions and employers' associations – predominantly negotiate the terms of the sale of labour within free collective bargaining, i.e. these parties hammer out tariffs for companies and sectors. On another level, the participants – work council and management – regulate the concrete conditions of work in respective enterprises (within the range of the works constitution). This, thereby, excludes open measures of industrial action. The representation of works councils and their interests within a company are further strengthened by the institution of co-determination.

Collective agreements determine work and income conditions although there have been strong erosion trends. With regard to the working conditions, there are also minimum statutory standards. For example working hours or generally binding minimum wages are set and there is no statutory minimum wage.

The most important level in collective agreements concerning wage and work conditions is the industrial sector in Germany. Sectoral industrial relations are characterized in Germany by a splitting of wage scales into East and West Germany. Trends have shifted to concentrate the collective bargaining processes and regulations onto the company level.

## RESULTS OF THE WORKING GROUP "SOCIAL DIALOGUE (SD)"

In the last ten years, German industrial relations have changed and have become more flexible. This development was supported by labour market reforms and the declining organization of companies in the employers' associations.

## ***2.2 Economic and labour market developments in Baden-Württemberg (RB Tübingen and Stuttgart), some aspects***

**Table 1: Economic and labour market development in Baden-Württemberg 2008-2012 (Month October)**

Year	Gross domestic product Percentage change from the previous year <sup>1</sup>	Unemployment- rate % <sup>2</sup>	Youth unemploy- ment rate (15 to under 25 years)	Short-time worker annual average
2008	0,3	4,6	3,3	-
2009	-9,2	5,7	4,7	248.682
2010	7,0	5,4	3,8	95.298
2011	4,8	4,5	2,8	19.840
2012	0,6	4,4	2,9	13.794*

**Source:** Statistical office Baden-Württemberg and Federal Employment Agency

<sup>1</sup> Price-adjusted, chain-linked.

<sup>2</sup> Unemployment rate related to total non-self-employed civil work force.

Baden-Württemberg and in particular the NUT2-Stuttgart region were strongly affected by the financial and economic crisis because of their high shares of manufacturing and related strong export orientation of production. This resulted in the greatest economic downturn since the founding of the country (GDP 2009 -9,2%). The unemployment rate increased only slightly. High usage of labour market policy instruments that increased short-time working (Kurzarbeit) and qualification was primarily responsible for this.

## ***2.3 Crisis responses and good practice of social partnerships (Example: Short-time working)***

The operational crisis response to the financial and economic crisis in the country NUTS-2 regions relied on the extensive use of short-time working (Kurzarbeit) and on internal flexibility measures such as working time accounts.

Re-negotiation of collective agreements on tariff adjustment rules and benefits to the operational requirements were approved by the social partners for many industries. In the metal and electrical industry in Baden-Württemberg, the Baden-Württemberg Employers' Association of the Metal and Electrical Industry (Südwestmetall) and the Metalworkers Union (IG Metal) Baden-Württemberg created the Pforzheim Agreement in 2004. This was a tool to



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set uniform standards and conditions for re-negotiating collective agreements, in order to respond to special operational situations. According to this agreement deviation from the tariff agreements is possible temporarily, if this is necessary socially and/or economically. This temporary deviation should protect or create jobs.

Several renegotiations in collective agreements for the metal and electrical industry have been made in response to the financial and economic crisis in Baden-Württemberg. For example, occupational employment pacts were created by companies in order to secure employment. Because of their concessions in wages and working conditions, workers received employment guarantees by the companies.

Taking advantage of existing tariff options in collective agreements for renegotiation was an important contribution to overcoming the financial and economic crisis. Stabilization of employment in Baden-Württemberg could be made by the companies with "occupational employment pacts". These arrangements for securing employment in the financial and economic crisis were made possible by an experienced social partnership (social dialogue) in the Baden-Württemberg metal and electrical industry.

An active national and regional labour market policy supported the efforts and actions of the social partners at the company level to secure employment through introducing short-time working (Kurzarbeit), reduction of working accounts and qualification measures.

#### ***2.4 Responses to the financial and economic crisis in Brandenburg and Berlin***

Social partners in Berlin and Brandenburg have also been active and taken responsibility for guaranteeing jobs. For example, in addition to national guidelines of scrapping premiums (government subsidies to promote sales of new cars with 2.500 €) and short-time allowances, social partners reacted with their own negotiations.

Due to the political constellations, Berlin and Brandenburg had different modes of cooperation between the social partners. In Berlin, there was a broad social dialogue; but in Brandenburg during the financial crisis 2008/2009, there was a dialogue only with the Ministry of Labour, Social, Health and Women Brandenburg (MASGF) and the employers' organizations. The two different modes of cooperation are described in more detail as follows:

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BERLIN: Business organizations, trade unions and the Regional Directorate of Federal Employment Agency joined forces in the Berlin Senate to advise employees and employers together about how they could cope with the economic crisis. The parties agreed that, especially in times of crisis, the companies needed information about where they could get help quickly if they got into economic difficulties.

The aim of the actors was the protection of employees' jobs, but these negotiations were also used for short-time work and further training. Extra training for employees gave companies the chance to prepare for future needs for skilled workers and this also aimed to emerge stronger from the crisis. The parties launched a joint internet portal [www.berlin-trotzt-der-krise](http://www.berlin-trotzt-der-krise), where aid and advisory services were bundled together.

The following relevant actors were involved in the project: Senate Departments, the Chamber of Industry and Commerce Berlin, the Berlin Chamber of Crafts, the Investment Bank Berlin, the association of business organizations in Berlin-Brandenburg, the Regional Directorate of the Federal Employment Agency and the DGB Berlin-Brandenburg.

The actors emphasized in their appeal to the Berlin companies, that companies should not dismiss but they should keep employees during the financial crisis.

BRANDENBURG: The Ministry of Economy in Brandenburg established an aid package with four goals: 1) Investment projects should be secured, 2) these projects should bridge bottlenecks in financing, 3) further equity capital should be strengthened and 4) public investment should be accelerated. For this, the Investment Bank Brandenburg (ILB) established a task force for investors.

Following the example of Berlin, there was an appeal to the Brandenburg companies not to dismiss workers. And this was combined at the same time with an aid package from the Ministry of Economy with the Ministry of Labour, Social, Health and Women Brandenburg (MASGF) if employers' federations Berlin-Brandenburg Companies were to keep their workers during the financial crisis.

With the state elections in September 2009, new political constellations developed: more and more cross-industry, sectoral and in-company dialogue developed in Brandenburg.

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This social dialogue increasingly took a key role in tackling the challenges of the financial crisis and contributed to economic stability. It preserved and even increased the health of the economy in the State of Brandenburg and it created new and also fairer solutions for workers.

Brandenburg responded to the crisis with the signing of a joint declaration on the strengthening of social partnerships in May 2011. This was a "lived" classical social dialogue between employers and employees associations and trade unions (social partners) through the interaction with the MASF Brandenburg.

The Joint Declaration strengthened the social partnership between companies and trade unions in the State of Brandenburg. With this "Joint Declaration on the strengthening of social partnership in the State of Brandenburg", the signatories wanted to tackle major structural challenges of the future in the context of collective bargaining.

Also, the vocational training consensus in Brandenburg is important for future employment. The vocational training consensus is part of the Brandenburg social partnership of employers, unions and state government. The following actors were involved in the vocational training consensus: the state government with the Prime Minister and the lead Ministry of Labour, the Ministry of Education, Economy and Infrastructure and the Regional Directorate of Federal Employment Agency for Employment Berlin-Brandenburg, the Chambers of Industry and Commerce (IHK), the Chambers of Handicrafts (HWK), the German Trade Union Confederation (DGB), the business associations of Berlin-Brandenburg (UVB) and the State Association of Liberal Professions of Brandenburg (LFB). The aim of the consensus is to offer vocational training places to all Brandenburg young people who are trainable (and who are willing and able to be part of the program). Such a pact aims to encourage companies to create more vocational training places.

Also, there are various projects supported by the European Social Fund (ESF) to combat unemployment, especially for young people. Social partners were also decisively involved in the framework of this partnership principle supported by the ESF.

## **2.5 Conclusions and challenges**

- Social dialogue is needed for the implementation of the EU 2020 strategy, to accompany the EU funds policy 2014-2020 and to implement innovative approaches for the social dimension and social policies that are underrepresented in the EU 2020 strategy.
- Further enhancement of the participation of social partners in the development of strategies at the state level (for example, for energy concepts, sustainability strategies, and innovation strategies).
- Social dialog operates in a future-oriented way. It can recognize conflicts around employment, migration and international expectations for regional labour markets. It can also quickly recognize new forms of precarious employment and the increasing competitiveness of sectors with higher-quality employment.
- In the face of economic disparities and social inequality, social dialogue improves the harmonization of living and working conditions. This is apparent in how social dialog created balances between the peripherally located region of Brandenburg and the capital region of Berlin.

### **3. Social dialogue in Rhône Alpes [France] Sophie Berlioz /Cyril Hauland-Grønneberg**

#### ***3.1 Characteristics of French industrial relations***

Social dialogue in France can be found on three levels:

##### **National level**

Social dialogue on the national level involves a tripartite process between state, trade unions, and employers' representatives. Nearly 90% of all employees are involved at the collective and branch convention.

##### **Company level**

Social dialogue at the company level is an independent process, where social dialogue encompasses a bipartite process between staff representatives and employers' representatives. At the company level, staff representatives are divided into three main authorities:

- **CE** - an “Enterprise Committee”, which deals with economic issues
- **CHSCT** - committees for health, safety and working conditions
- **DP** - employees' representatives dealing with individual and collective complaints of the staff.

##### **Regional level**

Despite the fact that social dialogue is historically centralized in France, it has progressively devolved more recently. Social dialogue occurs at the regional level, taking into account the features and the problems specific to a geographical area. For example, social dialogue may be a response to new forms of employment, such as subcontracting, temporary work, or the individualization of career paths. As a consequence, social dialogue at the regional level may indicate a response to needs emerging from specific business locations.

There is an unequal balance of power between trade unions and employers' representatives in French industrial relations. Eight organizations are represented, including five Confederations. The following organizations are listed in order of their influence:

- **CGT** – the General Confederation of Labour [1895] was the first influential trade union in France
- **CFDT** – the French and Democratic Confederation of Labour [1964] was the product of a split from the French Confederation of Christian Workers (CFTC): it decided to reject its confessional trade union roots and become a non-confessional one
- **FO** – the Labour Force [1947/48] began after a split from the CGT after circumstances that occurred during the Cold War

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- **CFTC** – the French Confederation of Christian Workers [1919] maintains a Christian democratic tradition
- **CFE/CGC** – the French Confederation of Executive and Managerial employees [1946] organised “white collar” workers

Three additional trade unions

- **SUD** – the Solidarity United Democratic [1988] split off from the CFDT, and is now mainly in the public sector
- **UNSA** - the National Union of Autonomous Trade-Unions [1993] split off from the former National Education Federation (FEN), a trade union in the educational sector. It has close ties to the CFDT
- **FSU** - the Unitarian Trade-Union [1993] is a product of a split of FEN in the national education sector. It has close ties to the CGT

Three confederations of employers:

- **MEDEF** which represents large firms
- **CGPME** which represents medium and small firms
- **UPA** which represents very small firms

This large range among concerned parties raises two main problems for social dialogue.

First, the eight trade unions have different traditions, and also different overall political and ideological aims. The eight are often divided about which strategies to pursue in terms of government reforms.

Second, the trade unions, however numerous, are not strongly representative. For example, the CGT promotes a strategy of “gathered trade unionism,” but faces difficulties in finding “reliable” allies. For example, from 1966 to 2003 it was allied with the CFDT, but today it’s closest ally is FO. On the other hand, the three confederations of employers, which jointly represent about 80% of employers, are united in their aims.

There have been recent changes regarding representation. Before 2008, the five trade unions were considered as representatives at the national level. Since 2008, new requirements have been institutionalized: 10% of the votes needed at a national level and 8% at the professional level to be recognized as representative.

Trade unions have more presence in the public sector than in the private sector. In the private sector, they are more visible in industry than in the building and trades sector. Trade unions are more present in the large firms than in the middle and small firms, which are reputed to be a trade union “desert”. It is clear that trade unions have few affiliates among young people.

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Less than 2% are under age 30, which is a weakness. Trade unions are not as “institutionalized” in France as in some other countries. In France there is a tradition of “fighting” for this situation. A famous French slogan says: “Without a balance of power, you have nothing”.

The part played by the state shows a difference of appreciation between CGT and CFDT; the CGT favours a strong state with legal regulations and the CFDT favours more contractual relations.

### ***3.2 Social dialogue in France: Characteristics***

French labour law is organized by a hierarchy of norms. This system insures that conventions and collective agreements cannot be less favourable for employees than the law or public regulations (constitution, laws, and rules) decree. Also, employment contracts cannot be less favourable than conventions or collective agreements.

A new law with ramifications for social dialogue was instituted in June, 2013, called “Loi de sécurisation de l’emploi” (“Law of reassurance of employment”). The consequences of this law, specifically promoting flexi-security in France, are important. The general aims of this law include 1) the anticipation and sharing of strategic planning between a company and its staff representatives, 2) more flexibility for the company, 3) an expanded role of the region for employment (for example, as outlined in the the GPEC - Projected Management of Jobs and the Skills) and 4) a more liberalization of the labour market.

A definite change for social dialogue in France is flexi-security and institutionalization of new forms of employment in labour law . The new law has introduced subcontracting, “flexibility of employees for the security of the company” and changes in the way lay-offs occur during economic down-turns, i.e., rejection of mobility. There has been an individualization of careers and of the social safety system. Training has changed and there have been regulatory changes that also have had affects in the rights and prerogatives of staff representatives. Such changes raise questions about the supremacy of collective conventions. Do these changes risk an upheaval of a hierarchy of norms and, therefore, of the whole French social model?

### ***3.3 Social dialogue in Rhône Alpes: Characteristics and innovation***

Social dialogue in Rhône-Alpes is historically efficient and innovative, but relatively new compared to countries such as Sweden or Germany. It was not until the 2000s that social and

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economic councils worked on social dialogue in Rhône-Alpes with two objectives: first, to finance social dialogue, and second, to provide a way for trade unions and staff representatives to act on it.

In May 2004, the state, and employers and trade unions of the region met and decided that the economic and social stakes of the region would take the form of social dialogue. Since 2004, social dialogue in the region is focused on professional training, employment and financial tools. Social dialogue, from this regional point of view, is the product of efficient cooperation, but this does not always offer a sufficient response in case of a crisis.

### **3.3.1 Successful leverage of social dialogue at the regional level**

Social dialogue has been successful on a regional level in several ways. It has leveraged cooperation of stakeholders for co-building and strengthening stakeholders' commitment in decision-making. Here is an awareness that a formalization of social dialogue or a rigid framework might constitute a risk, especially if it would hamper innovation and reduce social dialogue to a simplistic discussion of practical applications.

### **3.3.2 Active associations in Rhône-Alpes**

Three bodies of active associations have been created. These groups make decisions relative to employment needs. They are divided by sectors and expertise domain. They focus on needs and recommendations for training which is stipulated by the Regional Committee of Coordination of Employment and Training (CCREFP). The active associations provide support for employment searches (Regional Committee for Employment). The associations also provide space for discussion and dialogue, anticipating economic change. The associations focus on employee security and training packages that are a key elements of regional innovation in Rhône-Alpes.

### **3.3.3 Three financial tools created in Rhône-Alpes**

There are three financial tools that were created for Rhône-Alpes in order to support companies.

The first support is the SUEVAL (Commission of Monitoring and Evaluation created in 2006) which helps the monitoring and evaluation of state or public aid in favor of employment. They are in the form of grants and each grant also provides information for stakeholders. This tool has been utilized by the CGT.



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The second form of financial support is the FRERA (Regional Found for Employment in Rhône-Alpes, with a budget of 7 million €).

These are regional grants for promoting employment, by providing a guaranteed credit for companies that cannot otherwise attain credit with banks. The grant supports companies in difficult times in order to promote and protect employment.

The third financial tool is a form of regional contracts that promote training development – This tool is stipulated in the Regional Planning Contract of the Development of Vocational Training (CPRDFP). These regional contracts focus on specific business needs or special employment areas.

### ***3.4 Crisis responses and good practice of social partnership (an example)***

In order to support employment and to respond to financial stakes, two funds have been created. There is a regional fund for investment. There is also a Regional Fund for Urgent Action (FRAU), which finances and provides advice for companies in financial difficulties. It is a tool of support for the company and it is backed up by expertise to enable the company to anticipate problematic situations in coordination with other regional groups, to anticipate support and to help coordinate the retraining of employees.

Three levels of stakes have emerged with the crisis and CGT: 1) the stakes of sectors, and especially industrial sectors; 2) the stakes of financing, such as who decides a company's strategy –i.e. one actor (employer) or different actors (stakeholders); 3) the stakes of innovation and re-industrialization, addressing the question of what would be the link between innovation and industrialization.

More generally, the CGT's position is focused on the creation of labour value. Considering that new forms of employment deny labour, this in contrast raises questions about the employee's recognition for his labour and the depreciation of quality of work.

CGT considers competitiveness and labour value as inseparable: the crisis cannot be faced if one considers labour as a cost rather than a value. Labour is the only origin of wealth and should be highlighted and protected.

So, the question at stake for social dialog is: Could social dialogue at regional level be a real help to employment promotion, as well as a place for the recognition of employees' skills and competencies?

### ***3.5 The “ARTISANTE” case: an example of a good agreement thanks to social dialogue at the regional level of Rhône-Alpes***

#### **3.5.1 The agreement for the creation of the CPRIA signed at the national level**

On December 12, 2001, a national agreement was signed between the UPA (the French Confederation of Employers for Small Firms), and five French confederations of employees recognized at the national level (CGT, CFDT, FO, CFTC, CFE/CGC) on the theme of the social dialogue at a regional level.

A regional inter-professional balanced representation committee was created, called CPRIA, Interprofessional Regional joint commission of the Small business sector (Crafts).

A major problem occurred because this agreement was contested by the MEDEF (the French Confederation of Employers for Large Firms), and the CGPME (the French Confederation of Employers for Medium and Small Firms). The two employer associations contested the agreement because it gave new recognition and new rights to trade unions, especially because the agreement supported financial contributions for social dialogue.

Finally, the agreement was validated in 2008, despite opposition from the MEDEF and the CGPME. The CPRIA has been established at the regional level in 22 French regions.

In 2010, a common letter from the UPA (the French Confederation of Employers for Small Firms) and the 5 French confederations of employees was written in order to organize the representation of trade unions in very small firms. The consequence of this initiative was the organization of elections in 2012 of representatives in very small firms.

#### **3.5.2 The agreement of the CPRIA Rhône-Alpes at the regional level**

After the national agreement of 2008, a decision was made in 2009 to create the CPRIA Rhône-Alpes. This was called the the Interprofessional Regional Joint Commission of the Small business Sector ( or Crafts) of Rhône-Alpes. Since late 2011, the CPRIA Rhône-Alpes has been in place. Initial discussions were about problems of worker recruitment and retention. A main problem that was identified was the departure of employees to larger firms because larger companies have more social rights, especially in terms of health insurance coverage. Health insurance coverage in France is problematic because one needs total health insurance coverage for dental care and eyeglasses, but this is only covered to a small degree by the French social security system. So, the original idea of this joint commission in Rhône-Alpes

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was to extend the right of voluntary insurance for secondary health care coverage, which does not exist for employees of small firms with fewer than 50 employees.

**3.5.3 The agreement “ARTISANTE” signed by the CPRIA Rhône-Alpes**

The agreement “ARTISANTE” was negotiated between the UPA and the five regional representatives’ confederation of employees (CGT, CFDT, FO, CFTC, and CFE/CGC). This regional agreement was innovative because it anticipated the new law and regulations approved in July 2013 which introduced obligatory complementary insurance.

In 2012 after 9 months of discussion and negotiation, the “ARTISANTE” agreement was signed at the regional level within the CPRIA Rhône-Alpes. The agreement included the extension of the right of voluntary insurance for secondary health care coverage for 208,000 employees of small firms in Rhône-Alpes who were not previously covered. It is the first agreement in the region that gives new rights to craftsmen. The importance of this agreement is that it was signed during the period of crisis, and helped workers in spite of the crisis.

The negotiations changed the choice of the voluntary insurance premium for secondary health care coverage. The challenge for CGT was to convince the other trade unions that the conditions for an agreement with the UPA included a consideration of this voluntary insurance premium for secondary health care coverage under the umbrella of the “social economy.” Finally, the MACIF was chosen to carry this voluntary insurance premium for secondary health care coverage.

**3.5.4 The consequences of the agreement “ARTISANTE” by the CPRIA Rhône-Alpes**

The regional council of Rhône-Alpes has provided a budget for this agreement. Also, an association was created (APIARA) which manages the collective contract for voluntary insurance premiums for secondary health coverage (MACIF).

Today, negotiations are now underway for a new agreement in the area of cultural and social activities. The context of these negotiations involves the fact that the enterprise committees for firms of 50 or more employees have a specific budget for these cultural and social activities - often a budget of 1% or more of the total mass of salaries of the firm.

The goal is to provide the same rights to employees in small firms as those with employees with an enterprise committee in larger companies. The APIARA could play the role of an inter-enterprise committee in order to manage these cultural and social activities.

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Another negotiation might follow to find a new agreement in the area of training. Today 25% of young people in France are unemployed, and 100,000 are without a diploma. As is, this new agreement could lead to many apprentices abandoning their apprenticeships because of problems concerning accommodation, transport, poor working conditions or misbehaviour of young new employees.

## **4. Social dialogue in Continental Croatia [Croatia]** **Tomislav Kiš / Andrija Petrović**

### ***4.1 Characteristics of industrial relations and social dialogue in Croatia and Continental Croatia - some aspects***

In Croatia employers are organized in 57 associations and three associations at a higher level.

There are 534 registered trade unions, organized in 24 associations at a higher level, from which five central trade unions are represented on a national level. 35% of employees are members of trade unions.

Croatia is a young democracy with a relatively short tradition of conducting social dialogue. Social dialogue is not reduced to collective negotiation but it encompasses all types of dialogue and negotiations, consultations and exchanges of information on questions of interest related to economic and social policy between social partners or government representatives and social partners.

There are two levels of social dialogue in Croatia:

#### **1. Tri-partite social dialogue**

The first level of social dialogue is tri-partite. Conducted by social partners and public administration on a national or local level through economic and social council – social partners are directly involved in shaping public policies and decision-making.

The Croatian Economic and Social Council (ESC) was founded with the goal of protection and the promotion of economic and social rights. Specifically, this means that it represents the interests of employees and employers, management of the economy, social and developmental policy, the fostering and implementation of collective agreements and their alignment with measures of economic, social and development policy. The ESC is made up of government representatives, employers' associations of higher national levels and trade unions of in higher level (according to the Act on Representation).

- Social dialogue and the relationship between social partners were deeply damaged because of changes made in the Labour Act.

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- At the end of 2010, social partners and the Croatian government began to draft the new Agreement on the Foundation of ESC.
- At the ESC session in 2011, it was concluded that the Croatian Government, the Croatian Employers’ Association and central trade unions would found a tri-partite committee in charge of analysing problems dealing with reductions in salaries and related contributions.

## **2. Bi-partite social dialogue**

The second level of social dialog is bi-partite. At this level there is direct dialogue and negotiations between social partners (employers’ associations and trade unions). There are two types of bi-partite social dialogue:

- 1) Sectoral social dialogue – conducted within the framework of one sector (business /branch). The institutionalisation of this type of social dialogue began in 2010 with the foundation of sectoral social councils.
- 2) Collective negotiation – collective branch agreements are currently in force in Croatia. There is no official statistics that show the spreading of collective agreements (61%).

### **Weaknesses of social dialogue in Croatia**

- There is chronic deficit of dialogue, criticism and discussion in countries with underdeveloped democracies such as in Croatia.
- Media, under governmental or some other type of censorship.
- “Light” socialism is born – i.e. a socialism after socialism; this is a system with enormous public sector and numerous public enterprises on which the whole economy is oriented.
- Lack of official statistics in the field of Croatian industrial relations.
- There is a lack of analytical approach or foundation to industrial relations analysis in Croatia (especially, information and analysis is lacking about the developing conditions or problems of companies and workers).
- There is a lack of knowledge on basic negotiation (such as “field of negotiation”, “level of negotiation”).
- There is a need for consensus in making changes in the previous Act on Representation. This is a pre-condition for defining goals of the Labour Act and related criteria.

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- Weaknesses in social dialog, according to social partners, are some unacceptable approaches towards changes in the existent Labour Act.
- There are problems in collective negotiation, such as difficulties in assembling negotiation committees. Counting votes take a long time and there is inefficient mediation processes in cases of disputes (the ESC decides in such cases). Also, in particular sectors, there is an unwillingness of some partners to negotiate.
- There are only small numbers of formal social councils (2 tri-partite and 1 bi-partite).
- The low criteria for national representation allows competition for “union dumping”.
- There is only a small number of initiatives from social partners. This means that innovation prospects from social dialog cannot be fully realized.

**What to expect?**

According to the International Labour Organization, pre-conditions for conducting social dialogue are strong in Croatia. This is because there are independent associations of workers and employers with adequate logistic capacities and access to information. Also, political will and desire in every political party is engaged in the process of social dialogue. They are interested in the fundamental rights for freedoms to associate and to bargain collectively. There is corresponding institutional support for these party interests. Therefore, we can expect continued work on capacity-building of social partners for social dialogue. Indeed, the Ministry of Labour and Pension System (MLPS)/Independent Department for Social Partnership works intensively on social partners’ capacities. Such collective work is in the near future: It is important to identify goals, measures and to determine how to wisely “spend money” that Croatia will have at its disposal.

**What needs to be done?**

In order to look ahead to the future and promote social dialog in Croatia, several tasks must be undertaken. First of all, social partnerships and social dialogue must be promoted and developed at the European level.

Quality institutional frameworks must be identified and used for dialogue; and administrative capacities must be built for every participant in dialogues, in order that they can participate efficiently in dialogue. There are several tasks for government and governing bodies. Government and governmental bodies need:

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- Government must ensure participation of trade unions’ representatives in preparation, discussions and in shaping solutions in the field of tri-partite dialogue.
- It must increase its support of activities for the development of sectoral social dialogue and collective bargaining while implementing key socio-economic and public reforms.
- Government needs to improve mechanisms of social dialogue on national levels, regional levels, sectoral levels and at company levels.
- Governing bodies need to collect data and analyse social partners and their capacities;
- They need to provide training to union activists, commissioners and representatives of councils of employees.
- It is necessary to promote and expand sectoral bipartite social dialogue.
- Further, there is a need to compare and analyse sectoral dialogue in the EU and Croatia.

Social dialogue needs to be raised to higher quality levels in order to enable social partners to participate equally in shaping, implementing, monitoring and evaluating public policies, in order to benefit all ranks of Croatian society.

#### ***4.2. Economic and labour market developments in the region, some aspects***

Croatia and its central region of continental Croatia are especially characterized by:

- Strong deindustrialisation
- A low export and strong import orientation
- Strong orientation towards services

The neighboring region of Croatia includes six countries from South-Eastern Europe that are all non-EU countries: Albania, Bosnia/Herzegovina, Kosovo, Macedonia, Montenegro and Serbia. These countries are affected by a strong decline of exports and a decrease in foreign investments. Thus, the regional economic environment is even more affected by the economic and financial crisis as Croatia itself.

#### ***4.3 Examples of crisis responses and good practice of social partnership***

Economic measures were implemented by the Croatian Government to tackle the financial and economic crisis and, especially, to reduce unemployment. The economic measures were taken



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without a proper analysis or indicators. Therefore, it is not surprising that they showed no effects in terms of economic development and employment in the country.

The increase of the VAT from 23% to 25% and other taxes caused prices to rise, and therefore, the standard of living in Croatia sunk. Along with this, unemployment, especially of young people, increased. This policy weakened social dialogue for the trade unions after the Croatian government unilaterally canceled collective agreements and provided no financial incentives for promoting employment.

At the regional/local level, the city of Zagreb is exemplary for social dialogue in Croatia. The Economic and Social Council of the city of Zagreb combines all social partners and provides an exchange of social partners for all policies aimed at improving growth and employment. A key employment goal of the city of Zagreb is for young people to find their first job. As a part of its coordinated effort with the social partners in economic and employment policy, the City of Zagreb supports the creation of enterprises. It also lobbies for additional training and mentoring of unemployed persons and the creation of good business conditions for enterprises.

## **5. *Social dialogue West Sweden [Sweden]*** **Kent Kling**

### **5.1. *Characteristics of Swedish industrial relations***

There are three trade union confederations:

- Swedish Trade Union Confederation (blue-collar), 14 unions/ affiliates, 1,500,000 members (LO)
- Swedish Confederation for Professional Employees (white-collar) 18 unions/affiliates, 1,200,000 members (TCO)
- Swedish Confederation of Professional Associations (academician) 22 unions/affiliates, 630,000 members (SACO)

There are two Swedish employer organizations:

- Confederation of Swedish Enterprises (Svenskt Näringsliv), 47 member employer organizations/associations
- Swedish association of local authorities and regions, 290 municipalities, and 20 county councils/regions

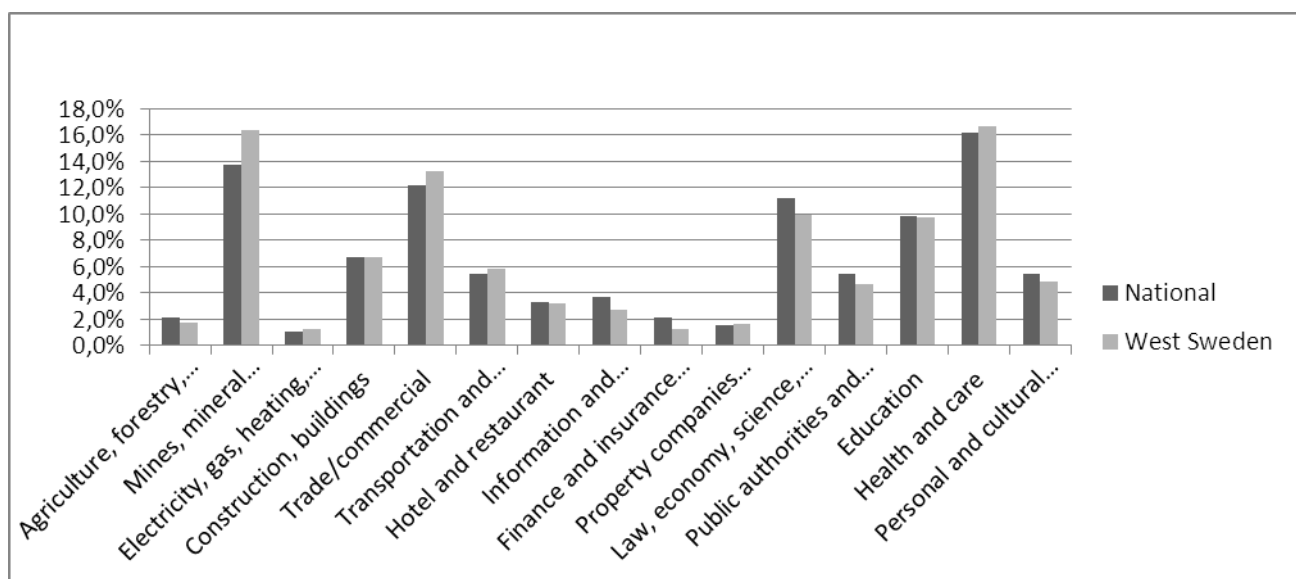
### **5.2. *Social dialogue***

The social dialogue in Sweden is based on bipartite or tripartite dialogue/agreements. The most common agreement is the collective agreement between employer/association and employee/trade unions. A decision-making tripartite board on the regional level is responsible for the distribution of EU grants in the field of the EU structure funds.

### **5.3. *Economic and labour market developments in the region (some aspects)***

West Sweden has a higher proportion of employees in the manufacturing industry than the nation as a whole. The financial crisis has meant a continuation of far-reaching structural changes to more employees in the service-producing activities and fewer in the goods-producing businesses. This was not least marked by Saab Automobile's bankruptcy in December 2011. A year later the newly established electric car company National Electric Vehicle Sweden (NEVS) wrote an agreement to acquire the assets of Saab Automobile's bankruptcy. Whether the company can manage to get production and sales of Saab-electric cars going remains to be seen. However, the production industry, and the export-oriented manufacturing sector in particular, are still key activities in the regional economy.

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**Diagram 1: Number of employed persons by activity National and West Sweden 2010**

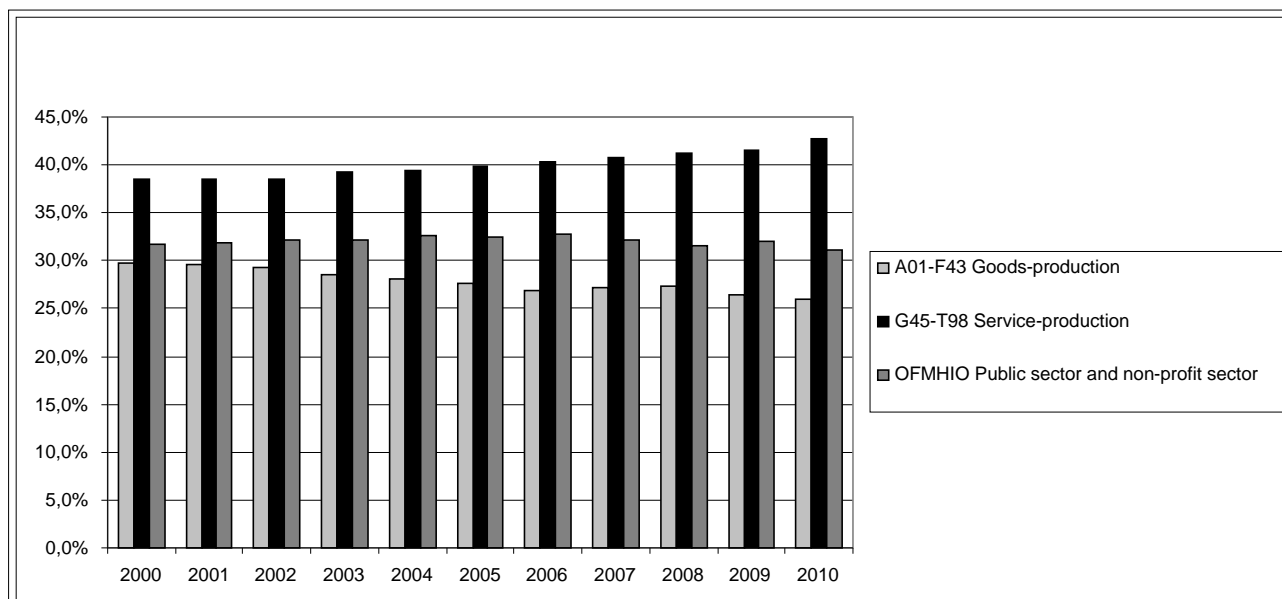
Source: SCB (Statistics Sweden)

**Table 1: Number of employed persons by activity National and West Sweden 2010**

	National 2010		West Sweden 2010	
	Number of employed, 1000s	Percent	Number of employed, 1000s	Percent
<b>Agriculture, forestry, fishing</b>	94,4	2,1%	15,5	1,7%
<b>Mines, mineral extraction, goods production</b>	619,3	13,7%	147,1	16,4%
<b>Electricity, gas, heating, water supply, sewerage, waste management, remediation</b>	51,7	1,1%	11,5	1,3%
<b>Construction, buildings</b>	301,2	6,7%	59,8	6,7%
<b>Trade/commercial</b>	548,9	12,2%	119,6	13,3%
<b>Transport and storage</b>	247,8	5,5%	52,2	5,8%
<b>Hotel/restaurant</b>	147,7	3,3%	29	3,2%
<b>Information and communication</b>	168,2	3,7%	24,3	2,7%
<b>Finance and insurance</b>	94,7	2,1%	11,9	1,3%
<b>Property companies and property management</b>	68,8	1,5%	14,6	1,6%
<b>Law, economy, science, technology, property service, travel agencies</b>	503,4	11,2%	88,5	9,9%
<b>Public authorities and defense</b>	248,2	5,5%	42,6	4,7%
<b>Education</b>	439,8	9,8%	87,3	9,7%
<b>Health and care</b>	729,2	16,2%	150,4	16,7%
<b>Personal and cultural service</b>	245,8	5,5%	44	4,9%
<b>Summa</b>	<b>4509,1</b>	<b>100%</b>	<b>898,3</b>	<b>100%</b>

Source: SCB (Statistics Sweden)

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**Diagram 2: Percentage of employed persons by activity (economic sector) West Sweden 2000-2010**

Source: SCB (Statistics Sweden)

As an export-dependent region, West Sweden was hit hard by the decreasing demand for exports (not least from the southern European countries) following the financial crisis. As a consequence, a larger proportion of the population in West Sweden received layoff notices than the nation's population as a whole. The unemployment rate rose to almost 9 % in West Sweden during 2009, compared to 8.3 % in the nation as a whole.

#### 5.4 Crisis responses and good practice of social partnership (example)

The Swedish government's measures to mitigate the financial crisis have been half-hearted. After the change of government in 2006, the labour market policies focused on more job-search activities for the unemployed, while program activities to develop skills and competences were reduced. This meant that tools to combat higher unemployment in the wake of the crisis were missing. The right-wing government also proved unwilling to support the troubled automotive industry in Trollhättan.

In addition, the government changed the unemployment insurance for the worse, which meant that those who became unemployed in the wake of the crisis had difficulties managing the private economy, which also negatively affected the domestic demand in the Swedish economy. The increased costs, reduced benefits, and stricter rules to qualify for insurance significantly increased the number of unemployed who lacked compensation. Besides the

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harder conditions for individuals and their relatives, there has been a greater burden on the municipalities. The reductions in unemployment insurance were seen as an attack on unions, and these reductions chipped away at the relationship between the state and the unions.

With the increasing unemployment among the young, a social dialogue was initiated between the Swedish government, unions, and the employers’ organization to create new ways to provide young people an introduction to, and practice of, the professions. The “pact for jobs” (Jobbpakten), that the collaboration came to be called, aimed at increasing opportunities for young people so that they could enter the labour market. At the same time the government promised to lower the costs of unemployment insurance. The aim was to provide 30,000 jobs to young people. The basic idea was that young people would work 75% of the time and spend the remaining time in education and training. Full salary was to be paid for the hours worked. The Swedish trade union confederation (LO) and the government said yes, but the negotiations broke down when the Confederation of Swedish Enterprises (Svenskt Näringsliv) chose to withdraw. Since then the negotiations have continued on the branch and industry level. Several unions have already signed agreements.

## **6. *Social dialogue Lombardy [Italy]*** ***Luis Lageder***

### **6.1 *Characteristics of Industrial Relations and Social Dialogue in Italy and Lombardy - important aspects***

Some important characteristics of industrial relations and social dialog in Italy are as follows:

- Non-existence of an economic policy
- There is an implementation of the social dialogue only according to the interests and political conveniences of the government
- There is a wide difference of interpretation and behaviour among different trade unions
- Internal break of employer's organization
- There is a social dialogue with the Region Lombardy. This region is has involved social part(ern)s and there is a signature of regional agreements.
- The bargaining on work and welfare themes is decentralized. There are collective agreements in different sectors.
- There is an acceleration of structural change in the system of production.
- The country has seen a strong reduction of employment in medium and big enterprises
- Employment in productive enterprises has been decreasing.
- Plight of many SMEs.

### **6.2 *Economic and labour market developments in the region (some aspects)***

Lombardy has a work force that is employed in the manufacturing sector at a much higher rate than in Italy as a whole. The financial crisis has, however, given acceleration to the structural change of the system of production. The structural change has meant that there is an increase in the percentage of employees in the services sector in comparison to the number of employees in companies specializing in the production of goods. However, the industrial production and the manufacturing field are both still based on reaping profits through export and these are still key activities in the region in terms of additional value for unity of product. The Lombardy is the Italian region with the highest gross national product and high industrialization. Lombardy's economy is built on a widespread and diffuse system of small and medium-sized enterprises particularly prone to growing global competition. The stagnation of the indigenous population and its progressive aging has made it all the more critical that the immigrant workforce grow.

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The economic crisis hit the productive network of companies quite hard and the Italian financial situation contributed to increasing the crisis further. The gravity of such a blow has been caused by a decrease of exports and the collapse of the internal demand for such products. A further factor is aggravated by the public administration's difficulty in maintaining the state budget so that it cut transfers to local authorities (regions - provinces - municipalities) and blocked the salaries of public employees.

The actual situation reflects around 400.000 workers and workers on redundancy payment, with an unemployment rate of 7,8% in 2012 in contrast to the 10,8% employment rate of Italy.

### ***6.3 Crisis responses and good practice of social partnership (Example: youth unemployment)***

The paths taken by the Italian government in order to reduce the crises' effects have only partially been effective. After the change of the government in 2011, the choices are focused against the growth of the national debt, leaving aside the activities to re-launch employment and training. The transfers to the local authorities that covered the health care system, the local public transport and the public school were heavily cut. Again the investments were reduced, the pension system modified for the worse and real salaries were reduced. In short, all measures further depressed the internal demand. The interventions in the labour market, designed to exchange flexibility with employment recruitment (Fornero reform), have simply widened the area of precarious work and not guaranteed employment for families and have continued to be under-paid. So, in the sum, individuals and families have experienced increasing difficulties with reduced resources and the municipalities have had a more difficult time in support in policies for income and provision of services to citizens in the suburbs.

The increasing "youth" unemployment came to 12% in Lombardy and 21% in the whole country, and this has started a confrontation on both national and regional levels of government, trade unions and business associations. This confrontation led to an agreement for an assisted entry of young people into the productive system through the systems of apprenticeship. The apprenticeship is an employment contract for an indefinite period aimed at providing training and employment for young people aged from 15 to 29 years. The apprenticeship is regarded as a key tool to allow the entry of young people into the labour

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market with a contract, offering stability and guarantees in employment. The employer is liable to pay the apprentice, not only remuneration for work performance, but also provide vocational training. In view of this commitment, there is tax relief for the company.



## **7. *Social dialogue Catalonia [Spain]*** ***Ricard Bellera i Kirchhoff***

### **7.1 *Characteristics of Catalan industrial relations***

There are four trade union confederations in Spain that are members of the European Trade Union Confederation:

- CCOO (Comissions Obreres. Confederation of Workers’ Commissions) with 10 industrial federations and over 1 million members, 153.082 in Catalonia (CCOO de Catalunya)
- UGT (Unión General de Trabajadores. General Workers’ Federation) with 11 industrial federations and 900.000 members, 150.000 in Catalonia (UGT de Catalunya)
- USO (Unión Sindical Obrera. Workers’ Trade Unionist Confederation) with 5 industrial federations and 80.000 members
- ELA-STV (Euzko Langilleen Alkartasuna. Basque Workers’ Solidarity) only active in the Basque country with 100.000 members

There are two employer organizations in Spain which are associated:

- CEOE (Confederación Española de Organizaciones Empresariales / Spanish Confederation of Employer Organizations) with 64 territorial and 161 branch organizations and 1.200.000 employers organized
- CEPYME (Confederación Española de la Pequeña y Mediana Empresa), Spanish Confederation of SMEs’ with 59 territorial and 51 branch organizations

In Catalonia the two employer organizations are Foment and PIMEC:

- The Foment members are also members of CEOE at the Spanish level
- The PIMEC members (Petita i Mitjana Empresa de Catalunya – SMEs’ Catalonia) are independent from federal level organizations in Catalonia

### **7.2 *Social dialogue***

Social dialogue is present on both Spanish and Catalan levels. Both are based on bipartite or tripartite dialogue/agreements. The most common agreement is the collective agreement between employer/association and employee/trade unions. In Catalonia there exists a long tradition in tripartite agreements that reaches wider strategic levels:

- 2005 and 2008: “Acord strategic per a la internacionalització, la qualitat de l’ocupació i la competitivitat de l’economia” (Strategic Agreement to Promote the Internationalisation,

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Job Quality and Competitiveness of the Catalan Economy). The last one fixing 17% of the Catalan budget with 111 concrete measures (tripartite government PSC-ERC-ICV/EUiA).

- 2013. Acord Estrategic 2013-2016. This agreement is still in process with the conservative government of CiU. The agreement holds lower dimensions than the strategic agreements in 2005 and 2008. Its goal is to encourage competitiveness, employment and social cohesion, but at the same time to reduce the deficit and stimulate growth.

In the collective agreements between employers' and workers' organizations there was a general agreement to orientate negotiations themselves: This orientation was outlined in the 'Acord Interprofessional de Catalunya 2011-2014' (Inter professional Agreement of Catalonia 2011-2014), signed on November 2011. These kinds of agreements are currently under pressure because subsequent labour law reform conducted and agreed in February 2012 does not recognize the negotiation capacity of social partners.

On the branch collective agreement level, there were 278 collective agreements functioning in Catalonia in 2013, 123 of them negotiated at the state level, 58 at the Catalan level, and 97 negotiated in various provinces.

**Table 1: Number of existing collective agreements at national and Catalan levels**

ÀMBIT NEGOCIACIÓ	Nº CONVENIS	%
<b>Estatal</b>	<b>123</b>	<b>44,25%</b>
<b>Catalunya</b>	<b>155</b>	<b>55,75%</b>
Autonòmic	58	20,86%
Barcelona	42	15,11%
Girona	14	5,03%
Lleida	15	5,40%
Tarragona	26	9,35%
<b>TOTAL</b>	<b>278</b>	<b>100%</b>

Font: secretaria d'acció sindical i política sectorial CCOO Catalunya

**Source:** CCOO de Catalunya

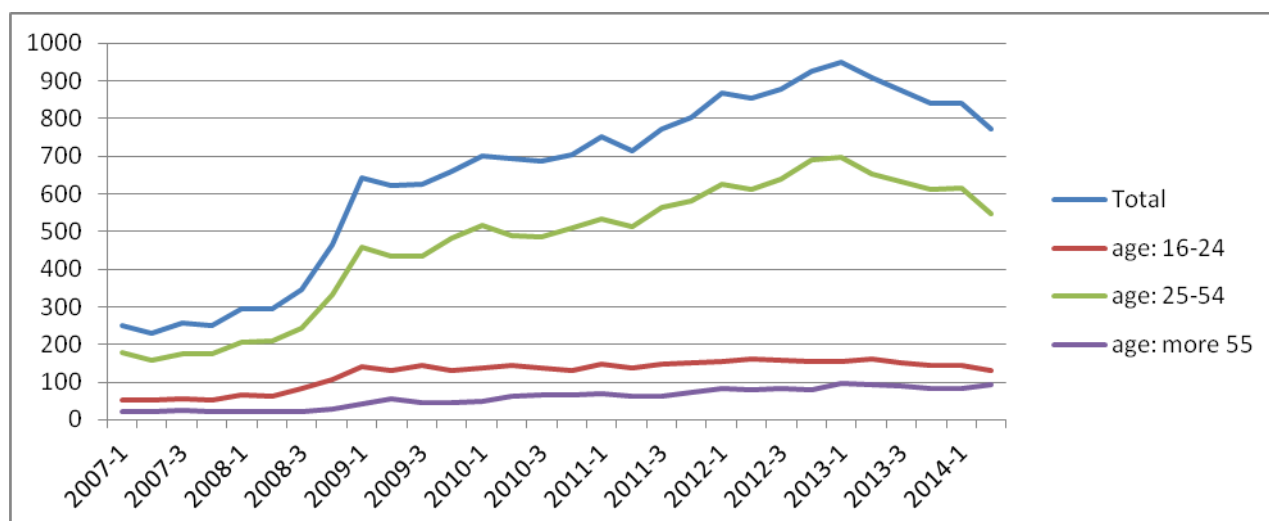
### ***7.3 Economic and labour market developments in the region (some aspects)***

Catalonia has been hit strongly by the financial crisis. As a response, the region has created a wide range of austerity measures (for example, cuts in public and social spending, decentralizing collective bargaining and reducing unemployment benefits). The restriction of

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credit has been especially destructive for small and medium enterprises. Small enterprises (less than 50 workers) are responsible for 85% of employment in Spain.

**Table 2: Catalan unemployed persons 2007-2014 (in thousands)**



**Source:** IDEScat (Catalan Statistical Institute)

Unemployment has hit young people the hardest, and women and immigrants are the most vulnerable. The reduction of unemployed in the last year is due mainly to increasing emigration of workers (immigrants returning to their countries and leaving their host country of Spain, but also because of Catalan workers migrating to other parts of Europe). This can be seen in Catalonia from 2008 to 2013 with 573.943 persons who left, with a variation of 22% from 2012 to 2013 (Catalan International Association on Ministry). Another element that should be considered in order to understand an apparent improvement of the employment rate is the quality and temporality of contracts.

**Table 3: Number of signed contracts (permanent/temporary) depending on the sector (agriculture, industry, construction, services)**

**Taula 6.3.2. Contractació registrada per grans sectors d'activitat (2012-2013)**

	2012		2013		Variació (N)		Variació (%)	
	Indefinit	Temporal	Indefinit	Temporal	Indefinit	Temporal	Indefinit	Temporal
Agricultura	3.259	50.540	3.076	55.818	-183	5.278	-5,6	10,4
Indústria	26.323	100.326	24.520	103.692	-1.803	3.366	-6,8	3,4
Construcció	13.680	97.301	12.279	92.258	-1.401	-5.043	-10,2	-5,2
Serveis	242.893	1.593.603	194.824	1.674.487	-48.069	80.884	-19,8	5,1
Total	286.155	1.841.770	234.699	1.926.255	-51.456	84.485	-18,0	4,6

Font: Elaboració pròpia a partir de les dades de l'Observatori d'Empresa i Ocupació

**Source:** Government of Catalonia

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As it is shown in the table, the employment that was created between 2012 and 2013 is in the framework of fixed-term contracts. In one year the number of permanent contracts signed was reduced by 51.456 contracts, and the fixed-term contracts increased by 84.485 contracts. This is especially relevant in the services sector and construction.

Another relevant current trend is the creation of part-time employment:

**Table 4: Number of part-time work in Catalonia**

**Taula 3.2.7.2. Parcialitat de la població de 16 a 64 anys per grups d'edat (4t trimestre 2002-2013)**

	4t trim 2012	4t trim 2013	Variació (N)	Variació (%)	Taxa parcialitat 4t trim 2013
16 a 19 anys	8.631	7.193	-1.438	-16,7	51,9
20 a 30 anys	101.937	130.431	28.494	28,0	28,0
31 a 44 anys	149.574	163.020	13.446	9,0	13,7
45 a 54 anys	87.083	93.983	6.900	7,9	12,5
55 a 64 anys	51.766	53.322	1.556	3,0	12,9
<b>Total</b>	<b>398.991</b>	<b>447.949</b>	<b>48.958</b>	<b>12,3</b>	<b>15,8</b>

Font: Elaboració pròpia a partir de les microdades de l'EPA (INE)

**Source:** Own representation according to data of the National Statistics Institute (INE)

Part-time contracts amounted to 15,8% of contracts signed in 2013 with a variation of 12,3% related to 2012. It seems evident that Spanish TUs are not opposed to part-time employment, but this kind of employment is not freely chosen by workers. About 10 % of the whole population would like to work more hours than they are contracted for. This applies especially to the case of partial-contracts:

**Table 5: Number of workers who wanted to work longer (underemployment)**

**Taula 3.2.6.1. Subocupació de la població de 16 a 64 anys (4t trimestre 2012-2013)**

	Població subocupada	Població ocupada total	Variació (N)	Variació (%)	% població subocupada
<b>HOMES</b>					
4t trim 2012	107.505	1.459.395	7.925	8,0	7,4
4t trim 2013	121.245	1.488.212	13.740	12,8	8,1
<b>DONES</b>					
4t trim 2012	145.171	1.318.649	24.191	20,0	11,0
4t trim 2013	164.938	1.350.424	19.767	13,6	12,2
<b>TOTAL</b>					
4t trim 2012	252.676	2.778.044	32.116	14,6	9,1
4t trim 2013	286.183	2.838.636	33.507	13,3	10,1

Font: Elaboració pròpia a partir de les microdades de l'EPA (INE)

**Source:** National Statistics Institute (INE)

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High unemployment and opposition to collective bargaining (as well as decentralization of the process) have produced increased pressure on wages. This in turn has reduced the income of families and internal demand for company products. Family income has fallen in the last years by 7%.

**Table 6: Annual income per family living 2008-2012**

**Taula 7.1.1. Renda anual neta mitjana per llar**

2008	27.818		
2009	27.190		
2010	26.814	<b>variació 2008-2012</b>	
2011	25.693	(N)	(%)
2012	25.787	-2.031	-7,3

Font: Enquesta de condicions de vida (INE)

**Source:** National Statistics Institute (INE): Survey of the National Statistics Institute

The risk of poverty and social exclusion has increased from 19,5% in 2008 to 26,7% in 2011. In 2012 41,9% of families had no money to go on holidays and 37,7% were not able to afford unforeseen spending. The number of workers who are not receiving any benefits has increased from 283.300 in 2008 to 533.500 in 2011.

**Table 7: Unemployed status: Obtaining unemployment benefits / without unemployment benefits / not classified**

**Taula 7.2.1. Evolució de la percepció de prestacions per desocupació**

	4t trim 2008	4t trim 2013
Rep subsidi o prestació	170.200	271.300
No rep subsidi o prestació	283.300	533.500
No classificables	2.300	15.700
<b>Total</b>	<b>455.800</b>	<b>820.500</b>

Font: Enquesta de població activa (Idescat)

**Source:** IDEScat (Catalan Statistical Institute)

It seems clear that the austerity measures have been used to stimulate not economic and industrial competitiveness (less investment in R+D +I or training) but competitiveness to the bottom. A main part of the strategy has been pressure on collective bargaining. This pressure has been in form of laws and media. For example, legal pressure came with the labour law reform of February 2012. These measures were passed one week after a big agreement for collective bargaining and employment creation between social partners. Strong legal

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persecution and security laws and a media campaign against trade unions have also created major pressure on the trade unions. Media campaigns have depicted social dialogue not for its capacity to fix employment conditions and wages but it has displayed social dialogue as an obstacle for economic strategies of wage reduction in southern Europe. The consequence has been the destruction of dialogue structures, culture and confidence between partners. The Spanish population has been overwhelmed with the idea that ‘in a democratic country with a working parliament you don’t need social dialogue’.

#### ***7.4 Crisis responses and good practice of social partnership***

The big challenges in the Catalan economy and society will only be overcome in the upcoming years with a stronger social dialogue. A common strategy should involve mainly social partners to cover incomplete training models – for which, only recently, have included widespread initiatives for youth training guarantees and dual training. Social dialogue is also needed to cover insufficiencies in the industrial model as well as to counterbalance the human and economic consequences of an impoverished society that has very low purchasing power. In this sense the agreement that was distorted by the Spanish government in February 2012 and which was fixing 3 strategic axes for economic and social recovery is still valid:

- Social dialogue and confidence to control parallel prices and wages
- Reinvestment of all surpluses in R+D+I and job creation
- Reinforcement of collective bargaining to support SME sectors

It seems as if the Spanish government has no conscience about the value of social dialogue and is serving the interests of multinational companies and financial capital which have no real intention to create jobs. A country, such as Spain, with its economic core in the production area and in particular, a region like Catalonia, needs urgently to re-start and support social dialogue. Only then will the country and this region be able to serve the interests of the SME branches that have a real potential for job creation. Brussels will need to propose the reintroduction of social dialogue in order to force the Spanish government to accept and reinforce collective bargaining. It is time to recognize that the current European strategy of ‘competitiveness to the bottom’ is not working and will only put pressure on working conditions from the periphery to the center. Social dialogue in Catalonia and in Spain should be thought about as a common strategy in collective bargaining at a European level. In this sense, the reinforcement of European partners such as the ETUC will be of most importance.

## **8. *Summary and results of the Working Group "Social Dialogue"*** ***Dr. Harald Kohler***

On closer examination of social dialogue in the selected countries and regions we find quite different forms of social dialogue:

- Sweden (represented by West Sweden) and Germany (represented by the state of Baden-Württemberg with the districts of Tübingen and Stuttgart and also represented by the state of Brandenburg with a lesser extent) embody regions with strong social partnerships and strong social dialogue.
- Before the financial and economic crisis the social partnership and the social dialogue in Spain and Italy (represented respectively by Catalonia and Lombardy) were often at high levels, depending on the type of industry. As a result of austerity in both countries, the social dialogue is now clearly disturbed and has even come to a standstill in Catalonia/Spain.
- In France, the social dialogue is a product of confrontational industrial relations. The Holland administration has promoted social dialogue at a central government level. In Rhône-Alpes, this is slightly more pronounced and has come about because the government has progressively encouraged decentralization to French regions. As a result of the decentralization, there is now an approach to strengthen social dialogue on the regional level.
- In Croatia (continental Croatia), social dialogue is only slightly pronounced. The social dialogue in Croatia is the result of economic and social transformation and state-building. There are now more attempts at reform, many of these at the municipal level. The dialogue is markedly tripartite.

What is the role of social dialogue in cushioning the impact of the economic and financial crisis? What are the requirements to do so?

- Strengthening social dialogue through active economic and employment policies, for example, Germany.
- Facilitating close cooperative relations between trade unions and government, as was practiced in Sweden until the change of government by conservative parties in Sweden.
- Strengthening social partners' active participation.
- Supporting a dialogue at all levels (EU, national and regional) is important to secure coherence and to produce more results from social dialogue. The aim is to get a real "European-added value" to the dialogue. Good practice at the regional level should be part of it.
- New approaches to "social dialogue" can be hardly found. It is mostly an "old approach"

## **9. *Summary tables (matrices) and SWOT-analysis***



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**Summary table: Social dialogue in the financial and economic crisis (NUT-2-Regions)**

	Germany		France		Croatia
	Baden-Württemberg (Tübingen/Stuttgart)	Brandenburg	Rhône Alpes	Nord-Pas de-Calais	Continental Croatia
<b>Characteristics of the industrial relations</b>					
National	<ul style="list-style-type: none"> <li>- Deeply rooted social partnerships (corporatism)</li> <li>- Culture of consensus-building</li> <li>- Social partners use an established set of tools for political and economic problem-solving</li> </ul>	<ul style="list-style-type: none"> <li>- Deeply rooted social partnerships (corporatism)</li> <li>- culture of consensus-building</li> <li>- social partners use an established set of tools for political and economic problem-solving</li> </ul>	<ul style="list-style-type: none"> <li>- High concentrated culture of an equal balance of power</li> <li>- Culture of state intervention</li> <li>- Small companies have no staff representatives</li> <li>- Stronger representation in industrial sector</li> </ul>	the same	<ul style="list-style-type: none"> <li>- Rooted social partnership</li> <li>- Developing culture of consensus-building</li> <li>- Set of tools for political and economic problem-solving exist and can be used</li> </ul>
Regional Level (NUTS 2)	<ul style="list-style-type: none"> <li>- Social dialogue pronounced in the manufacturing sector (industrial sector)</li> <li>- Less pronounced in other sectors (services)</li> </ul>	<ul style="list-style-type: none"> <li>- Low tariff commitment</li> <li>- Low collective agreement coverage</li> <li>- Payment according to local tariffs by the companies</li> </ul>	<ul style="list-style-type: none"> <li>- Quite new and non-normative: i. e. social innovation via social dialogue is possible but depends on a shared common diagnosis.</li> <li>- The risk is that this type of social dialogue remains very formal.</li> </ul>		<ul style="list-style-type: none"> <li>- Region is divided into administrative sections</li> <li>- Set of tools used for social dialogue is not equally established and developed in different sectors</li> <li>- Diverse collective agreement coverage</li> <li>- Payment according to local tariffs by the companies</li> </ul>
Changes in the industrial relations [general and specific in the financial and economic crisis]	<ul style="list-style-type: none"> <li>- Changes in the industrial relations</li> <li>- Higher flexibility</li> <li>- Developments supported by labour market reforms and the declining organization of companies in the employers' associations.</li> </ul>	<ul style="list-style-type: none"> <li>- Increase of low wages</li> <li>- Developments supported by labour market reforms and the low level of organization of employers' associations</li> </ul>	<ul style="list-style-type: none"> <li>- Higher flexibility with legislative changes</li> <li>- The changes of social dialogue happened before the crisis but the interesting point is that some of them have been reinforced despite the crisis</li> </ul>		<ul style="list-style-type: none"> <li>- Steep increase of low wages</li> <li>- Higher flexibility</li> <li>- Developments supported by labour market reforms and the low level of both employers' and employees' associations</li> </ul>
The financial and economic crisis (Economic and labour market development in the region, some aspects]	<ul style="list-style-type: none"> <li>- High shares of manufacturing (automotive industry and engineering)</li> <li>- Strong export orientation of production</li> </ul>	<ul style="list-style-type: none"> <li>- Low industrial density due to the transformation of the East German economy (DDR)</li> </ul>	<ul style="list-style-type: none"> <li>- Lower industrial density because of the crisis</li> </ul>		<ul style="list-style-type: none"> <li>- Strong deindustrialisation</li> <li>- Low export and strong import orientation</li> <li>- Strong orientation towards services</li> </ul>
Operational crisis response at national and/or regional level	<ul style="list-style-type: none"> <li>- Extensive use of short-time working (Kurzarbeit)</li> <li>- Internal flexibility measures e.g. working time accounts</li> <li>- Business activity support program (Konjunkturprogramm) like support for buying new cars (Abwrackprämie)</li> </ul>	<ul style="list-style-type: none"> <li>- Modest use of short-time working (Kurzarbeit)</li> <li>- Berlin “trotzt der Krise” program in Berlin and Brandenburg – established by social partners and state administrations. The aim was to educate employees in times of short-time-working (Kurzarbeit) and not to dismiss them</li> <li>- Business activity support program (Konjunkturprogramm), like support for buying new cars (Abwrackprämie)</li> </ul>	<ul style="list-style-type: none"> <li>- A new law for more flexibility for employers and some individual protections for employees (as for training, complementary insurance) =&gt; A law which contrasts with the French tradition of social protection</li> <li>- It allows yet a formal framework for mobility</li> </ul>		<ul style="list-style-type: none"> <li>- Extensive use of short-time employment</li> <li>- Layoffs instead of internal flexibility measures</li> </ul>

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	Germany		France		Croatia
	Baden-Württemberg (Tübingen/Stuttgart)	Brandenburg	Rhône Alpes	Nord-Pas de-Calais	Continental Croatia
Good practice of social partnerships	Re-negotiation of collective agreements on tariff adjustment rules and benefits to the operational requirements for the metal and electrical industry (Pforzheim agreement 2004) - a tool that sets uniform standards and conditions for re-negotiating collective agreements, to respond to special operational situations.	<ul style="list-style-type: none"> <li>- Social-partner-dialogue to strengthen employee participation and collective bargaining (agreement of the social partners and the administration of Brandenburg)</li> <li>- High level of partnership in the context of EU-funds and programs for the social-partner dialogue for “decent work”.</li> </ul>	Example at the regional level: the signature of the agreement « Artisanité » in the CPRIA Rhône-Alpes (The Interprofessional Regional Equal committee of the small business sector [and Crafts] in Rhône-Alpes).=> Extension of the rights of voluntary insurance for back-up health coverage that does not exist for the employees who are working in firms under 50 employees .	-	Positive practices can be found only on the local (company) level, for example, the collective agreement between the New Union and employers in the wood industry in Ravna Gora.

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	Germany		France		Croatia
	Baden-Württemberg (Tübingen/Stuttgart)	Brandenburg	Rhône Alpes	Nord-Pas de-Calais	Continental Croatia
<b>SWOT-Analysis</b>					
Strengths	<ul style="list-style-type: none"> <li>- Operational, sectoral and regional social dialogue: high degree of organization of collective bargaining</li> </ul>	<ul style="list-style-type: none"> <li>- High labour and wage flexibility</li> </ul>	<ul style="list-style-type: none"> <li>- Rhône-Alpes = second region in France with a large diversity of activities in agriculture, industry and services;</li> <li>- Since 2000 social dialogue has existed at a regional level in Rhône-Alpes</li> <li>- Different financial tools have been created to face the crisis at a regional level in accordance to “Strategic Committees” in profession and territories</li> <li>- Possibility of discussion in the basis of a common shared diagnosis</li> </ul>	-	<ul style="list-style-type: none"> <li>- Existence of tools for social dialogue</li> <li>- High collective agreement coverage at the sectoral level</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>- Low degree of state regulation of wages</li> <li>- Increase of low wages by the labour market reforms</li> </ul>	<ul style="list-style-type: none"> <li>- Low degree of state regulation</li> <li>- Low tariff commitment</li> <li>- Large low-wage sector</li> <li>- Wide range of atypical employment</li> </ul>	<ul style="list-style-type: none"> <li>- France is a very centralized state without a tradition of social dialogue at the regional level;</li> <li>- Possibility to have a social dialogue but without co-determination in the process of decision making</li> <li>- Social dialogue does not produce social norms like at the national level (no possibility of conventions or collective agreements)</li> <li>- No means allowed to staff representatives to lead negotiations in regional social dialogue</li> </ul>	-	<ul style="list-style-type: none"> <li>- Increase of low wages by labour market reforms</li> <li>- Low tariff commitment</li> <li>- Large low-wage sector</li> <li>- Wide range of atypical employment</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>- Expansion and strengthening of the social dialogue at sectoral and company level</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthening of the social dialogue at sectoral and company level</li> </ul>	<ul style="list-style-type: none"> <li>- Trade unions are gathered at the regional level in Rhône-Alpes</li> <li>- New agreements (example with the “Artisané” agreement within the CPRIA)</li> </ul>	-	<ul style="list-style-type: none"> <li>- Expansion and strengthening of social dialogue at the level of companies and local administrations</li> </ul>
Threats	<ul style="list-style-type: none"> <li>- Declining organization of companies in the employers' associations</li> <li>- Wage level in the metal industry for basic work is “too” high from the perspective of Baden-Württemberg Employers’ Association of the Metal and Electrical Industry (Südwestmetall)</li> <li>- Decrease of tariff commitment</li> <li>- Increase of atypical employment (contracts work labour)</li> </ul>	<ul style="list-style-type: none"> <li>- Further decrease in the volume of industrial employees</li> <li>- Even stronger labour and wage flexibility and low wages</li> </ul>	<ul style="list-style-type: none"> <li>- The division existing at a national level between the different Trade unions in France can be transferred to a regional level</li> <li>- Social dialogue reduced to a mere discussion or concertation</li> </ul>	-	<ul style="list-style-type: none"> <li>- Declining organization of companies in employers' associations</li> <li>- Further decrease in the volume of industrial employees</li> <li>- Even stronger labour and wage flexibility and low wages</li> </ul>

**Summary table: Social dialogue in the financial and economic crisis (NUT-2-Regions)**

	Sweden	Italy	Spain
	West-Sweden	Lombardy	Catalonia
<b>Characteristics of industrial relations</b>			
National	<ul style="list-style-type: none"> <li>- Deeply rooted social partnership</li> <li>- Culture of consensus-building</li> <li>- Social partners use an established set of tools for political and economic problem solving</li> </ul>	<ul style="list-style-type: none"> <li>- Non-existence of an economic policy</li> <li>- Existence of procedures and experiences recognized</li> <li>- Implementation of the social dialogue only according to the interests and political conveniences of the government</li> <li>- Difference of interpretation and behaviour among different trade unions</li> <li>- Internal break within employers' organization</li> </ul>	<ul style="list-style-type: none"> <li>- Deeply rooted social partnership</li> <li>- Historical culture of consensus-building that changed radically with the absolute majority of the right wing party (PP) and austerity policies within the frame of European governance</li> <li>- Social security, pensions, labour regulation, public sector, etc. were managed with a fluid and strong social dialogue</li> <li>- Collective bargaining is in Spain law and has a hierarchical structure. It covered more than 70% of workers</li> </ul>
Regional level (NUTS 2)	<ul style="list-style-type: none"> <li>- Social dialogue is not specifically pronounced in a certain sector</li> <li>- However, the number of members in both employers' and employees' organisation is lower in some sectors which affect the social dialogue in a negative sense</li> </ul>	<ul style="list-style-type: none"> <li>- Social dialogue with Regione Lombardia, involvement of the social part(ner)s and signature of regional agreements</li> <li>- Decentralized bargaining on work and welfare themes</li> <li>- Collective agreements in the different sectors</li> </ul>	<ul style="list-style-type: none"> <li>- There is a very long tradition of social dialogue in Catalonia affecting public, economic, industrial or social policies</li> <li>- In 2008 with the 2nd Agreement for the Internationalization and Competitiveness of the Catalan Economy there was 17% of the Catalan budget concerted in a tripartite manner</li> <li>- High collective agreement coverage that is also negotiated at a regional level</li> </ul>
Changes in industrial relations [general and specific in the financial and economic crisis]	<ul style="list-style-type: none"> <li>- West Sweden has a higher proportion of employees in the manufacturing industry than the whole nation</li> <li>- The financial crisis has meant a continuation of far-reaching structural changes to more employees in service-producing activities and fewer in the goods-producing businesses</li> <li>- The production industry and the export-oriented manufacturing sector are still key areas in the regional economy</li> </ul>	<ul style="list-style-type: none"> <li>- Acceleration in the structural change of the productive system</li> <li>- Strong reduction of employment in medium and big enterprises</li> <li>- Decreasing employment in the productiveness of enterprises</li> <li>- Plight of many SMEs</li> </ul>	<ul style="list-style-type: none"> <li>- Both at a national and at a regional level there is the tendency to avoid social dialogue due to the global financial crisis.</li> <li>- Social benefits, working laws, pensions and public services have been drastically reduced and submitted exclusively to political initiative and control</li> <li>- European governance is taken as an excuse to avoid collective bargaining at a branch level and the government has decentralized it to the companies</li> <li>- Enterprises use the legal advantage of new laws to negotiate unacceptable conditions in bargaining also at a regional level</li> </ul>
The financial and economic crisis (Economic and labour market development in the region, some aspects]	<ul style="list-style-type: none"> <li>- As an export-dependent region, the decreasing demand following the financial crisis hit West Sweden hard</li> <li>- A larger proportion of the population in West Sweden received layoff notices than the nation's population as a whole</li> <li>- The unemployment rate rose to almost 9 percent in West Sweden during 2009, compared to 8,3 percent in the nation as a whole</li> </ul>	<ul style="list-style-type: none"> <li>- Decrease of exports</li> <li>- Decrease of wages</li> <li>- Collapse of internal demand</li> <li>- Blocked salaries of public employees</li> <li>- Cut transfers to local authorities</li> </ul>	<ul style="list-style-type: none"> <li>- There was a very strong pull to reduce jobs in Catalonia in construction and the industrial sector but also in the public sector</li> <li>- Currently unemployment rates near to 25% and youth unemployment is close to 50%</li> <li>- Lot of SME enterprises have closed because there is no access to credit and no internal demand</li> <li>- Also, big enterprises in the industrial sector have drastically reduced or eliminated jobs</li> <li>- Strong reduction of wages and jobs in the public sector (especially in education and health)</li> </ul>

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	<b>Sweden</b>	<b>Italy</b>	<b>Spain</b>
	<b>West-Sweden</b>	<b>Lombardy</b>	<b>Catalonia</b>
Operational crisis response at national and/or regional level	<ul style="list-style-type: none"> <li>- The Swedish government's measures to mitigate the financial crisis have been half-hearted. After the change of government in 2006 the labour market policies focused on more search activities for the unemployed, while at the same time they reduced programmes to develop skills and competences</li> <li>- The right-wing government also proved unwilling to support the troubled automotive industry in Trollhättan</li> </ul>	<ul style="list-style-type: none"> <li>- Choices focused on reducing the growth of the national debt</li> <li>- The government abandoned activities to relaunch employment and training</li> <li>- Heavily cut transfers to the health care system, the local public transport, and public schools</li> <li>- The pension system was been modified (for the worse)</li> <li>- Real salaries have been reduced</li> <li>- The interventions in the labour market, designed to exchange flexibility with employment recruitment (Fornero reform) have simply widened the area of precarious work and employees have become extremely under-paid</li> </ul>	<ul style="list-style-type: none"> <li>- Responding to the global crisis has reinforced the deflation spiral. Less jobs, less demand, less production at both the national and regional level</li> <li>- Strategically the governments are betting on competitiveness based on low wages. There has been little public or private investment in research, innovation and development</li> </ul>

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	<b>Sweden</b> <b>West-Sweden</b>	<b>Italy</b> <b>Lombardy</b>	<b>Spain</b> <b>Catalonia</b>
Good practice of social partnerships	With increasing unemployment among the young, a social dialogue was initiated between the Swedish government, unions and the employers' organization to create new ways to give young people an introduction and experience in various professions. The aim was to provide 30,000 jobs to young people. The basic idea was that young people would work 75 percent of the time and spend the remaining time in education. Full salary was to be paid for the hours worked. The Swedish Trade Union Confederation (LO) and the government said yes, but negotiations broke down when the Confederation of Swedish Enterprise (Svenskt Näringsliv) chose to withdraw.	- Agreement for an assisted entry of young people into the productive system through the use of apprenticeship agreements for the extension of employment benefits to small businesses - Agreement on non-self-sufficiency for the support of families	In February 2012 a general agreement for job creation and bargaining was signed between trade unions and employer organizations to increase internal flexibility, contain wages, reinvest benefits and contain prices. This general agreement was answered a few weeks later by the labour law reform that in effect reinstated the initial positions of employer organizations in opposition to the signed agreement. Since this law reform, the social dialogue has been weakened.
<b>SWOT-Analysis</b>			
Strengths	<ul style="list-style-type: none"> <li>- An attractive region: West Sweden is attractive to residents, visitors and companies</li> <li>- High competitiveness and productivity: effective production systems with attractive companies, extensive R &amp; D and viable clusters</li> <li>- Populated local markets - a good foundation for human development and entrepreneurship</li> <li>- Decreasing environmental impact, due to forward-thinking companies and politicians. This also contributes to a healthy environment</li> <li>- Well-educated population with emphasis on science / technology and a diverse educational system</li> <li>- Relatively strong social networks and a positive view on entrepreneurship and the future</li> <li>- A common well-functioning welfare system and appreciated social services</li> </ul>	<ul style="list-style-type: none"> <li>- Excellence areas with high capacity for research and development, for example: the health sector</li> <li>- Decreasing environmental impact</li> <li>- High population as a basis for human and industrial development</li> <li>- Education system is well developed</li> <li>- Social networks highly developed</li> </ul>	<ul style="list-style-type: none"> <li>- Traditional strong social dialogue</li> <li>- High degree of organization in collective bargaining</li> <li>- Strong alliance between TUs and social movements that has begun to change governmental positions and improve the value of social dialogue.</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>- Social exclusion and ethnic discrimination: even though Sweden is an egalitarian country, it is still the case that a person's life chances vary with one's origin, appearance and gender. Not least in the big cities, there are residential areas with urban poor</li> <li>- The labour market must make room for more people to work and contribute. The unemployment rate in West Sweden has long been at 5-6 percent even in periods of economic boom. Employers have problems in finding labour with the right competences even though unemployment is high. Many unemployed have too little training or experience to be recruited by employers. New labour market policies and changes in the educational system are needed to better match the unemployed with available jobs. More employers need to see the potential in unemployed people and be willing to accept people with a wage subsidy</li> <li>- The transportation system in West Sweden is too undeveloped to match the needs of a metropolitan region, particularly around Gothenburg</li> <li>- There are some vulnerable communities and local underdeveloped labour markets around West Sweden due to its declining attractiveness. Less peripheral municipalities that cannot expand their markets become too one-sided. That provides fewer development options and makes them incapable of attracting new residents.</li> </ul>	<ul style="list-style-type: none"> <li>- Social exclusion and ethnic origins or gender discrimination</li> <li>- In big cities there are areas of urban poverty</li> <li>- Companies have had problems finding workers with the right skills</li> <li>- Many unemployed do not have the training or experience sought by employers</li> <li>- The transport system is not able to give an excellent quality levels</li> </ul>	<ul style="list-style-type: none"> <li>- The European economic governance through the European semester (National Reform Program) is destroying the social dialogue culture and the value of collective bargaining in an economy made principally of SME (that creates 85% of employment)</li> <li>- The selfish position of enterprises that have interpreted the priority in a financial crisis is not to promote social dialogue but to reduce the influence and consultation capacity of trade unions, and this makes social dialogue simply impossible.</li> </ul>

RESULTS OF THE WORKING GROUP “SOCIAL DIALOGUE (SD)”

<p>Opportunities</p>	<ul style="list-style-type: none"> <li>- The economy has the potential of growing more expansive and faster than Swedish regions on average. However, the Gothenburg region needs to be growing faster by increasing its population. Markets primarily in the Skaraborg and Fyrbodal regions must be better integrated in the regional economy</li> <li>- West Sweden has a strong profile for innovation and for competition in the global knowledge economy. Several international briefings point out western Sweden as one of the regions in Europe with a good position to compete with future developments of innovative capacity</li> <li>- Increased regional R &amp; D spending can boost competitiveness and the development of the region</li> <li>- Great opportunity to become a pioneer in a less fossil-dependent economy with sustainable organizations</li> </ul>	<ul style="list-style-type: none"> <li>- Regional ability to grow faster than other regions</li> <li>- Potential ability to compete in the knowledge global market</li> <li>- High presence of hydropower</li> <li>- Investments in renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>- There is no way out of the crisis without social dialogue. Social dialogue needs to be at a branch level due to the medium company size and the needs to negotiate training, innovation, security</li> </ul>
<p>Threats</p>	<ul style="list-style-type: none"> <li>- Future prosperity must be based on more jobs and narrowing the gaps of inequality. It is not a durable way to have a large proportion of workforce unemployed while the pressure on the welfare system grows with a growing population. Of course, the situation is also unacceptable from an individual perspective</li> <li>- Increased international competition: the economy in West Sweden is dependent on the automotive industry and is therefore vulnerable to growing global competition</li> <li>- The weak growth of the working age population and the fluctuations in the age structure will make immigration more important</li> </ul>	<ul style="list-style-type: none"> <li>- Inequality has dramatically increased</li> <li>- Unemployment rates have caused increasing pressure on social services</li> <li>- Demographic stagnation of indigenous population and progressive aging</li> <li>- Population growth is difficult with an elderly population and disability. This has weakened people' and their families' resilience</li> <li>- The region is suffering from growing global competition</li> <li>- Difficult cohesion in employers' trade organizations</li> <li>- Grow of difficult relationship between workers and trade unions</li> </ul>	<ul style="list-style-type: none"> <li>- In the same moment that employers are refusing to negotiate, they are putting social dialogue in danger. If there is no social dialogue there is also no need for employer organizations. Instead, the job will be done by lobbies that try to influence politicians. This goes against the spirit of social dialogue, the democracy standard and the identity of the European Social Model.</li> </ul>

## 10. List of authors

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