In order to develop a proper analysis on what the European coordination of collective bargaining and wage policy was, is and will be in the future, we need to consider the effects of the economic crisis on existing wage setting mechanisms.

Recession, unemployment and public debt, as economic consequences of the financial bubble which burst in 2008, have been tackled in very different ways by the European Union, notably the EMU, and other parts of the world, such as the US.

Quantitative easing (printing money) and investments to tackle unemployment and boost economic growth on the other side of the Atlantic Ocean, austerity and cuts to tackle public debts in Europe.

Two contrasting economic models: in Europe the neo-liberal one prevailed.

In European economic governance, through the Semester process and the Fiscal Compact procedures, the European social model, the social protection mechanisms, and particularly wages and collective bargaining systems, have become the single tool for macroeconomic adjustment.

This happened because the monetary lever to protect the common currency, as well as public investment to support economic recovery, were not available options, or Member States in the EU Council didn’t want to use them, mainly for ideological reasons.

The question is: has this recipe worked? Did it increase competitiveness and bring Europe out of recession?

Figures and facts show that it did not.

Cuts to social protection, increasing precariousness and fragmentation in the labour market, moderation and cuts on wages, the decentralisation and dismantling of collective bargaining; these actions negatively affect productivity, skills and competences, purchasing power and internal demand, and increase inequality and social exclusion.

All this depresses the economy, boosts macroeconomic imbalances and increase public expenditure, making public debt reduction unaffordable for most European countries.

This model, that resembles the German model after Hartz reforms and wage moderation policies, cannot work for all the countries at the same time. This is because it introduces internal competition (between companies and workers) in Germany, and also between Germany and the other EU countries, instead of playing an external competition game against the rest of the world as Europe as a whole.

It is for these reasons that we, as the ETUC, after a long and fruitful discussion with our affiliates, decided to launch an alternative macroeconomic policy and a new coordination system for collective bargaining.

Our alternative economic strategy is based, as you are probably aware of, on two main proposals: the Social Compact and our European Investment Plan (aNewPath4Europe), which is also linked to the DGB Marshall Plan.
I don't have the time now to go through these proposals, you can find them on our website.

What is important to note in these proposals are the policies which we consider as pillars of our alternative economic governance: public and private investment, new European industrial policy, competitiveness based on innovation research and competences instead of labour costs, wages as an engine for internal demand and growth.

And this is also the basis for our strategy on wages and collective bargaining, within a coherent picture.

Since the crisis hit, real wages have decreased in all the EU countries and even nominal wages in most of them; pay inequality has increased enormously as well as private profits, but they have not been re-invested; wages did not align with productivity developments, not even in Germany and in other surplus countries, and this completely contradicts the European Commission's mantra that wages should be in line with productivity.

Such developments have deepened recession and stagnation, thus we are going towards depression and deflation in most European countries.

Besides this, unemployment levels continue to rise across Europe. Even in countries where the so-called structural reforms have formally increased the number of jobs, the number of working hours is stable or even lower.

Regardless of all this, the European Commission in its Country Specific Recommendations continues to insist on wage moderation, collective bargaining decentralisation and dismantling, and rejecting wage indexation linked to inflation.

This is the situation we have to face as the European trade union movement.

Accordingly, we decided to reset our priorities on collective bargaining coordination, a practice that began in 1999 but had been strongly undermined by the crisis and austerity policies.

We have two new top priorities:

- To stop the downward spiral on wages and restore a flexible system to increase wages according to the different national contexts.
- To jointly react to the attacks on wages setting mechanisms and collective bargaining coming from the EU institutions and governments and restore full autonomy to social partners in dealing with negotiations.

To do that, we have had to rethink our famous historical “golden rule” on wages (inflation + productivity); not to cancel it, but to translate it into a more effective slogan, which can oppose the incorrect approach taken by the Commission.

“Wages in line with productivity”, the Commission says, meaning “nominal” wages. “Real wages in line with productivity”, we have to reply.

It means that nominal wages should follow inflation in all countries, in order to avoid deflation and sustain internal demand, according to targets autonomously set by social partners.

But real wages should follow productivity, in the sense that where productivity is high or increases, real wages should grow as well; where productivity stagnates or even decreases, real wages should be moderated, but not cut.
This strategy has absolutely to remain autonomous and based on our internal coordination, in order to avoid wage competition between countries and trade unions; and this is the reason why we opposed the attempt, which came from EMCO at the beginning of last year, to set up a tripartite wage monitoring mechanisms at EU level led by the institutions.

At the same time, we have to bring our position into the European discussion, in order to influence it and to try to convince the EU institutions and the national governments that our approach on wages is the most efficient in tackling recession and relaunching competitiveness.

In fact, we submitted a paper to the EPSCO informal meeting held last week in Athens which summarises our analysis and proposals on wages in Europe, with the purpose of changing the way the Commission and governments think about this issue.

That paper was the result of internal discussion with our affiliates, and it followed two other positions we adopted within our Collective Bargaining Committee, in the summer of 2013 in Florence and at the beginning this year in Frankfurt.

We will continue this political exercise, trying to change the European and national priorities on wages in a well-coordinated way.

But at the same time we have to be aware (and here we come to our second point) that we cannot be successful in our coordinated wage demands, if we don’t react to and oppose the attacks coming from the institutions on collective bargaining and on our autonomy in developing negotiations and industrial relations.

In the last three years, after the Semester process had been renewed on the basis of the Fiscal Compact, 16 countries were affected by Country Specific Recommendations dealing with wages and collective bargaining. The results have been very negative for trade unions and workers.

We have to put an end to this war. Firstly to defend the principles set in the Treaty, which preserve social partners’ autonomy and prevent the EU by intervening on wage setting; secondly to defend our collective bargaining/minimum wage systems and our affiliates’ position in negotiations.

With these purposes in mind, we decided to ask the EU institutions to be involved in the Semester process as social partners, by signing a joint declaration and by participating in a new tripartite dialogue with the EU Council’s bodies dealing with the Semester.

This is a broad process, covering all the different aspects of governance, but within this larger picture we also decided to set up an internal system of coordination specifically targeted on wage policy and collective bargaining. This is aimed at influencing and, when possible, preventing and changing the parts of the CSRs concerning these issues.

This system, which we named Collective Bargaining Toolkit, has been set up through a resolution adopted by the Executive Committee of the ETUC last year and it completes and integrates our traditional internal coordination as a second pillar.

The Toolkit addresses different topics: the Semester process and its relationship with wages and collective bargaining, social partners’ involvement in it at the different levels, the coverage of collective bargaining, the industrial relation practices, the trade union rights and the different priorities in negotiation rounds, starting with demands linked to inflation and productivity.
The functioning of the Toolkit involves different transversal activities, mainly focused on three aspects: the mutual exchange of information between the ETUC and its affiliates, the setting up of common positions in order to influence the different steps of the Semester process both at EU and national level (Annual Growth Survey, National Reform Programmes, Country Specific Recommendations), training activities for all the people involved in this exercise.

As I said we have already issued some specific positions in order to face the different phases of the process and are trying to ensure full integration between this Toolkit and our general participation to the Economic Governance.

After having reacted to the Annual Growth Survey issued by the Commission at the end of last year, we are now engaged in supporting our affiliates who are involved in negotiations with their governments on the National Reform Programmes.

With the document submitted to the EPSCO members, we are preparing our common reaction to the oncoming Country Specific Recommendations.

We have also conducted two training courses just a few weeks ago to make the members of the Collective Bargaining Committee ready to participate in this process, as well as ensuring they are able to properly use the Toolkit and the related website.

This is our new strategy to reaction to the new situation.

It is not a simple exercise and it implies a proactive and open approach both from the ETUC and from our affiliates.

It implies stronger coordination and involvement not only of the national confederations, but in particular of the European trade union federations and the national sectoral federations, who are the real actors in collective bargaining and negotiations.

The process is brand new and in its early stages, but we are putting in place significant efforts to implement and improve it, and the first results are coming.

We are convinced that this is the only way we have to preserve trade unions’ role and relaunch our action in the field of collective bargaining.

Only with your help will we be successful.