



Berlin, November 2006

Renewing Europe around solidarity

- Theses for a European Policy Memorandum from IG Metall –

1. The European Union is in crisis

European integration is undergoing a deep *crisis*. 18 months after the draft European Constitution was rejected in France and the Netherlands, there is still major uncertainty about Europe's future. Moreover, the European Union is a long way from achieving the ambitious objective of its Lisbon strategy. Economic growth and productivity gains have been too weak. There is little sign of higher employment rates for women and older workers or of any resounding success in combating unemployment. The jobless figure remains persistently at 18 million and the social divide is widening.

2. Europe faces a historical decision

These economic and social problems are reflected in the European Union's *identity crisis*. At present Europe has no common principle for its future development and does not know where it is heading. The idea of a European market is still the dominant core of the project. But this is less able than ever to provide the necessary cohesion and the necessary orientation for our future.

Europe faces a *strategic decision of historical significance*. Either it pursues the path it has begun to follow. This would amount to pressing ahead with a market- and elite-oriented model for integration. The consequences would be further loss of public confidence and probably growing social conflicts and political tensions. The second path requires a strength and willingness to shift the course of European policy. It would tackle the two main flaws of the existing model: the underdeveloped social dimension and the democratic deficits. The principles underlying this strategy would be greater social security and responsibility – and greater participation and democracy.

3. Renewing the European social model as a new kingpin project

IG Metall proposes, therefore, that the European agenda should embrace reforms that will renew the European social model as a new kingpin project. The shared consensus behind the European social model is based on the historical experience which fundamentally inspired social states across Europe. This tells us that the market is an extremely efficient mechanism for coordinating economic activities, but hopelessly inadequate when it comes to ensuring a fair distribution of the wealth that has been created. There is an indispensable need here for complementary and corrective policies legitimated by democratic process.

In Europe this complementary and corrective role is assumed by the social state and its institutions – however much they may vary due to historical origins, social systems and cultures. Key institutions of the European social state are strong trade unions, rights of consultation and participation at the workplace and a process of collective bargaining, comprehensive social protection systems and a state that actively pursues distribution and employment policies. These are the foundations of the European social model – and on these we must build if we wish to adapt this model to the demands of the 21st century.

4. Policies to renew the European social model

IG Metall regards the following *policy fields* as particularly significant in relation to politics and trade unions in Europe:

- Europe must not accept mass unemployment or the current gaps in economic performance. It is essential to hold a debate about a fair division of labour in Europe. This will make greater demands of industrial and structural policy. An *EU-wide relocation tax* on undesirable relocations of production motivated by dumping could prove useful. Monetary and fiscal policy as a whole must be redesigned to promote growth and employment. Courage must be shown by adopting *European economic governance* that coordinates all tax and budget policies.
- As the common currency area grows, so the need increases for EU-wide *coordination of collective bargaining policy*. The existing instruments (“coordination rule”) must be broadened and acquire greater legal force at sectoral and macroeconomic level. They must be flanked by common *collective bargaining initiatives* on working hours, training rights and working conditions. Longer-term sights must be set on common collective bargaining agreements.
- Resistance against retrogressive attacks on workplace consultation and participation and on workers’ rights in Europe must be reinforced by proposals to develop these further. There must be greater networking between workers at different sites, between their representatives on workplace committees and between trade unions. Progress must be achieved on the revising the *EURO Works Councils*, and their rights and operating conditions must be improved.
- Competition and structural economic change call for *fundamental social rights and minimum social conditions and tax rules*. On company taxation IG Metall calls for a standardisation of the assessment basis and minimum rates, and for a scale of rates that reflects different national levels of development. We also propose a *social stability pact*. This could provide for social levels of benefit in member states which are geared to the state of the national economy.
- Europe is one of the world’s strongest economic regions. It is fitting, therefore, that Europe’s potential should be utilised to shape economic globalisation. This applies in particular to the growing influence on companies and states of the financial markets and those who operate in them. Europe must pioneer the *regulation of international financial capitalism and of the financial funds*.

5. The “Europeanisation” of IG Metall

The trade unions also need to overcome the lag in their own *Europeanisation*. Drawing on the efforts of individual trade unions and the European umbrella organisations to date, the aim is to convert Europe from a matter left to experts into an issue for day-to-day political practice. IG Metall will continue to “Europeanise” and to reinforce the EMB. To this end we will be launching our programme *Mainstreaming European Policies* and draft our *European Policy Memorandum*.

6. Seize opportunities under Germany’s EU Presidency!

IG Metall urges the German government to use its EU Presidency in the first half of 2007 to set the scene for renewing the European social model. As a first step, efforts should be made to repeal the neo-liberal economic and financial policy requirements anchored in the failed “draft Constitution” and to strengthen the social dimension. The revised draft could be put to the citizens of Europe in a referendum to coincide with the European elections in 2009. This would signify greater participation and democracy in Europe – and once again draw people closer into the process of European integration.