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**In the shadow of  
Germany's selective  
compliance with  
'Brussels': trade unions'  
limited involvement in  
the European Semester**



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### **Case study Germany.**

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This Working Paper was produced in the context of the European Commission-funded project 'National Trade Union Involvement in the European Semester' – **INVOTUNES** 2018-2019, which is being coordinated by the European Social Observatory (OSE). The European Commission assumes no responsibility for facts or views expressed in this publication, or their subsequent use. These are the sole responsibility of the authors.

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**Referring to this publication:** Kraemer, B. (2020), In the shadow of Germany's selective compliance with 'Brussels': trade unions' limited involvement in the European Semester. National trade union involvement in the European Semester (INVOTUNES) project. OSE Working Paper Series, Research Paper No. 39, Brussels: European Social Observatory, January, 36 p.

ISSN 1994-2893

With the financial support of the



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## Executive summary

This OSE Research Paper analyses the German trade unions' involvement in the European Semester (ES). In its 2017 and 2018 Trade Union Involvement Index, the European Trade Union Confederation (ETUC) finds the extent of their involvement to be poor, which is a surprising finding considering the German government's appreciation of the ES agenda as well as of domestic social dialogue. Hypothetically, this low degree of involvement could be related to the *policies* of the actors involved, to the *access channels* to the ES or to limitations in *strategies* of interest representation. To gain a better understanding of the factors impacting the trade unions' involvement at both European Union (EU) and domestic level, this study follows the INVOTUNES analytical framework (Sabato 2018). It considers the salience of the ES for national policies, the degree of EU pressure and the industrial relations system. It also assesses the relevant institutional and political background conditions, against which it analyses the access mechanisms, interest representation strategies and outcomes of the trade union involvement. The study is based on the available literature, official documents and eight semi-structured face-to-face and numerous phone interviews with representatives of the trade unions, employer associations, European Commission and federal ministries and parliament. The period of reference is 2014 to spring 2019.

The situation is characterised by Germany's selective compliance with the ES. As one of the architects of the ES agenda, the German government strictly complies with the Stability and Growth Pact (SGP) – once shaped by the German finance minister – but as Europe's strongest economy it does not take active policy measures to comply with the Macro-economic Imbalance Procedure (MIP) and to reduce Germany's enormous current account surplus. Progress in implementing the EU's Country-specific Recommendations (CSR) which aim to reduce the account surplus and open the German market to foreign businesses, is limited. The importance of the ES for national labour market and social policies (the focus of the INVOTUNES project) is therefore limited. EU pressure on Germany is low.

Germany belongs to the 'social partnership' cluster of the INVOTUNES project's industrial relations typology. As can be expected in this cluster, the European Commission and the national government proactively involve the social partners in the annual ES process. The Commission provides access to the ES via multi-stakeholder and tripartite meetings, which at the request of both social partners are termed 'conversations' rather than 'consultations', in order to highlight their informal and non-binding character in comparison to the more regulated social partner consultation at EU level. Access to the domestic ES cycle is limited to participation in a multi-stakeholder consultation on the draft National Reform Programme (NRP). The selection criteria for participation are not transparent, the

time frame for commenting on the draft is too short for meaningful involvement. Moreover, the procedure of the national ES cycle gives civil society organisations and national parliament only a minor role.

Against this background, the national trade unions' strategy for involvement in the ES can be described as pragmatic. From a policy perspective, they oppose the debt brake of the SGP and mistrust the ES agenda as pursuing neoliberal rather than trade-union friendly policies. From a perspective of interest representation, the sectoral trade unions prefer to rely on established channels to ministries and political parties and leave involvement in the ES to the peak level German Trade Union Confederation: the *Deutscher Gewerkschaftsbund*, DGB (1). The latter weighs the limited resources available in terms of working time and staff against the concrete outcomes of the ES at EU and at domestic level. The DGB makes use of meetings with the Commission in order to intensify communication and information exchange ('insider strategy') whereas, at domestic level, it has given up on influencing the government with regard to the NRP and uses online publication of its NRP statements to present its own policy views to an interested public ('outsider strategy') (DGB 2019).

Direct influence of the trade unions on the outputs and outcomes of the ES could not plausibly be demonstrated. But since the Commission sees a need for raising internal demand and public investments to lower Germany's surplus account, some Country-specific Recommendations are close to the trade unions' views and take their suggestions on board. Both the trade unions and the employers make selective use of the CSRs which are close to their views – the employers appreciate most of the CSRs, the trade unions appreciate that the share of trade union friendly CSRs has increased, but are still critical of the overall ES agenda. No influence on the outcome of the domestic ES process could be detected.

The study summarises the situation by saying that given the significance of the ES for German macroeconomic and labour market policies, the trade unions' limited involvement can be considered as 'rational'. In order to strengthen their involvement in the ES in the future, trade unions need to invest in strategic alliances with political parties, civil society organizations and academia, to make both the policies and the democratic processes of the ES matters of public concern.

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1. The DGB is an umbrella Organisation for eight German trade unions, in total representing more than 6 million people.

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## 1. Introduction and setting the scene

Since European Commission President Juncker’s ‘New Start for Social Dialogue’ in 2016, the EU institutions have indicated that they find the involvement of the social partners fundamental to improving ownership of the European Semester (hereafter referred to as ‘the Semester’ or ES) and to bringing about better socio-economic outcomes (European Commission 2018b). The ETUC advises its affiliates to actively participate in the ES in order to influence its messages and the reforms at national level, but the quality of trade union involvement is varied and the outcomes are often limited (Sabato *et al.* 2017; Eurofound 2016, 2017, 2018).

This also applies to Germany, where in 2017 and in 2018 the ETUC found the involvement of the trade unions to be ‘poor’ (ETUC TU-I Index 2017, TU-I Index 2018 <sup>(2)</sup>), although the coalition government of Christian Democrats and Social Democrats (2013-2017/18, 2018-present) appreciates both the ES agenda and social dialogue. The underlying question in this paper is *whether the low involvement of trade unions is due to shortcomings in interest representation, or rather to democratic deficits of the ES procedures (access channels)? Or is the weak involvement related to the policies of the actors involved – the European Commission, the national government or the trade unions?* The paper first sketches the political and institutional framework conditions – the importance of the ES for national policies, the EU pressure, the industrial relations system and the consultation of the social partners in policy making. It then describes the access channels to the ES which the European Commission (hereafter referred to as ‘the Commission’) and the national government make available to the trade unions, the use of the ES messages for the national social dialogue, and the trade unions’ interest representation strategies. Next, an in-depth case study takes a closer look at three CSRs to investigate whether and under which conditions the trade unions have an impact on the outcomes of the ES. The reference period is 2014 to spring 2019. The study is based on the available academic literature, official documents, eight semi-structured face-to-face interviews and numerous explorative phone interviews with representatives from the trade unions, employer associations, European Commission, federal ministries and staff members of the Parliament and the federal council.

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2. The ETUC Survey on TU Involvement is available from the ETUC website: <https://est.etuc.org/index.php/tu-index>

*Selective compliance with the Semester and the degree of EU pressure*

Germany differs from the other Member States in the INVOTUNES project <sup>(3)</sup> in the central political role it gives to EU policies, and in its economic strength. As a political actor, the coalition government of Christian Democrats (CDU/CSU) and Liberals (FDP) (2009-2013) had a major influence on the introduction of the debt brake into the Fiscal Compact, the Stability and Growth Pact (SGP) and on the surveillance mechanisms of the Semester (Schäuble 2011). The coalition government of CDU/CSU and Social Democrats (SPD), in power since 2013, now claims responsibility for further developing the ES into an instrument for fiscal, economic and subsequently political policy coordination (Coalition agreement 2013; Coalition agreement 2018). Compliance with the debt brake and with the SGP is a core issue of the federal finance ministry (*Bundesfinanzministerium*, BMF) which, on its website, presents its national budgets as a role model for other Member States <sup>(4)</sup>.

But the German government's compliance with the ES is selective. As an economic actor, Germany, since 2011, has been in breach of the threshold of the Macro-economic Imbalance Procedure (MIP). In addition, the federal ministry for economic affairs (*Bundeswirtschaftsministerium*, BMWi) disagrees with the Commission's analyses (European Commission 2014) that Germany's surplus has a negative spill-over effect on other Member States and that the German government must take macro-economic policy measures to reduce it. According to the BMWi, the surplus reflects Germany's competitiveness and serves as an engine for the economy of the Eurozone (BMW 2017). EU pressure on surplus countries is low. Since 2014, the Commission has subjected Germany to in-depth reviews (IDR), and in its CSRs it addresses the export-driven account surplus by suggesting more public and private investment, opening up of the domestic market to foreign businesses and raising internal demand. The CSR has had little impact on national policies. The ES was an issue in some public policy debates when the new coalition government took office in 2013 (Maatsch 2017), but over the past years only the opposition parties – the Greens and the Left – have raised the issue of non-compliance with the CSRs and the lack of democratic procedures in the national ES cycle – without any noticeable effect (Deutscher Bundestag 2015; Deutscher Bundestag 2019). According to the Commission, from 2011 to 2018, 38% of all the CSRs addressed to Germany recorded at least 'some progress' whereas 62% recorded 'limited' or 'no' progress; the Commission concluded that Germany's implementation of the CSRs 'remained relatively weak and remained below the progress made by others' and that the gap in reform implementation between Germany and other countries

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3. The INVOTUNES project covers eight countries: Belgium, Bulgaria, Finland, Germany, Hungary, Italy, Portugal and Sweden. Case studies are available from the project website: <http://www.ose.be/invotunes/>

4. Bundesministerium der Finanzen [website](#).

even widened over time, despite the fact that the country was subjected to in-depth monitoring (European Commission 2018b). EU pressure on Germany through the Semester can therefore be said to be low.

### *Trade union consultation in the 'Social partnership cluster'*

Under the industrial relations typology applied by the INVOTUNES project (Sabato 2018), Germany belongs to the Centre-west industrial relations cluster ('Social Partnership cluster', Eurofound 2015), which is marked by the autonomy of the collective bargaining partners in wage setting and low state intervention in industrial relations. Due to the legacy of the Bismarckian social welfare system, the trade unions and employer organisations are represented on the boards of the statutory social security institutions and on those of the statutory vocational training system.

The structures of the German industrial relations system have stayed stable over time, but industrial relations are weakening and employer organisations and trade unions have been affected by membership decline (Dribbusch *et al.* 2018). From 2008 to 2017, the collective bargaining coverage of workers decreased from 50% to 43% in West Germany and from 27% to 23% in East Germany (Ellguth and Kohaut 2019), with strong differences in coverage between the manufacturing and the private service sector. How to stop the trend is a matter for controversial debate: the employers promote greater flexibility in collective agreements, the decentralizing of collective bargaining and offers of membership without a binding obligation to apply collective agreements. The trade unions, however, engage in organising new members and call on government to take more legislative action to stabilise sectoral collective bargaining. Both sides have strong ties to the parties of the ruling coalition government: the employers to the CDU/CSU, the trade unions to the SPD.

The social partners are consulted, but rarely directly involved in the designing of public policies. Consultation by the ministries or parliament's expert committees is a typical feature of German corporatism but consultations are ad hoc and issue-oriented. Tripartite pacts and alliances are an established path for advancing particular policy issues (Eichhorst and Weishaupt 2013) but they are temporary and depend on the policies of the parties in power. No standing national social and economic council is in place.

It is noteworthy that in the German case, the term 'social partners' refers to the partners in collective bargaining (Funk 2018) and does not – as at EU level – include business associations not engaged in collective bargaining. This is an important distinction with regard to the involvement of social partners in public policies: in theory the German understanding implies a balance in bargaining

power. By additionally involving business associations, the EU level definition of 'social partners' impacts on the balance in interest representation of the two partners. In the ES process at EU and at national level, the selection criteria for involvement are not transparent.

Three trade union confederations exist, of which the largest one, the German Confederation of Trade Unions (*Deutscher Gewerkschaftsbund*, DGB), is an ETUC member and is involved in the Semester. DGB has eight sectoral trade unions with some six million workers; the largest, IG Metall (2.2 million members), represents the views of the workers in the export-oriented manufacturing industry, and the second-largest, the United Services Union (*Vereinte Dienstleistungsgewerkschaft*, ver.di with 2.0 million members) represents the interests of service workers depending on internal demand and on the public employer.

The two remaining trade union confederations are affiliated to the European Confederation of Independent Trade Unions (CESI) and are members of the European Semester Alliance, a network of civil society organisations <sup>(5)</sup>. The German Civil Service Association (*Deutscher Beamtenbund*, DBB), which has 42 affiliates and represents 2.2 million civil servants and workers in the public sector and in private companies, would like to be involved in the ES at national level but has not been invited to do so (TU10). The third confederation is the small German Christian Trade Union Confederation (*Christlicher Gewerkschaftsbund*, CGB), representing some 200,000 workers.

The employer side is represented by the Federal Confederation of German Employer Associations (*Bundesvereinigung der deutschen Arbeitgeberverbände*, BDA) and by the Central Association of the Trades (craft guilds) (*Zentralverband des Handwerks*, ZDH). As will be explained later, the ES process additionally involves business organisations not engaged in collective bargaining; these are the Federal Association of the Manufacturing Industries (*Bundesvereinigung der Industrie*, BDI), the German Chamber of Trade and Industry (*Deutscher Industrie- und Handelskammertag*, DIHK) and the peak level committee of private German businesses (*Gemeinschaftsausschuss der gewerblichen deutschen Wirtschaft*).

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5. The European Semester Alliance, set up by the European Anti-Poverty Network (EAPN), The European Womens' Lobby (EWL), EPSU, CESI, PICUM and other organizations, was active in the early years of the reference period of this project but has not been very active since 2017.

## 2. The involvement of national trade unions in the Semester: access channels and resources exchanged

### 2.1 Awareness of the Semester

The DGB represents its affiliates in the ES; these take a critical view of the ES agenda and have limited interest in engaging in the ES process themselves. Most affiliates indicate that they mistrust the 'neoliberal policies of the EU institutions' and 'do not want to spend time and energy on a fruitless effort to change the overall macroeconomic and policy orientation (TU4).' Also, they lack time to become involved in the ES process at national level which, according to their observations, 'brings no results because the government does not care about the CSRs anyway' (TU5, TU6). The strong manufacturing unions rather rely on their European sectoral social dialogue structure, IndustriALL, and on IG Metall's liaison office in Brussels for interest representation at European level; at national level all DGB affiliates have well-developed channels to the federal ministry of labour and to the government coalition party, the SPD. Only the small trade union for education and science, the German Education Union (*Gewerkschaft Erziehung und Wissenschaft, GEW*), an affiliate of the European Trade Union Committee of Education (ETUCE), finds it useful to put pressure on the national government via the Commission and the CSRs (TU7). In practice, in the sectoral trade unions only a small number of trade union officers are informed about the details of the Semester procedures and processes.

The macroeconomics and fiscal policy department of the DGB represents their views in the annual ES process. As a political actor, the DGB opposes in its public statements the debt brake of the Fiscal Compact and SGP and the unequal treatment of deficit and surplus countries in the MIP. Moreover, it shares the fears of its affiliates that the ES will foster structural reforms aimed at decentralising collective bargaining, at liberalising public security systems and at opening economic sectors to foreign services and investments without sufficiently protecting workers' and trade union rights. The DGB also criticises the democratic deficits of the Semester process and demands limits on the role of the European Council and of the Economic and Financial Affairs (ECOFIN) Council configuration and the strengthening of the influence of the European Parliament instead (DGB 2017b, 2018b, 2018c, 2018d; Biegon 2018). Since 2012, as a criticism of the ES, the DGB has campaigned for a 'Marshall Plan for Europe' (DGB 2012), a Keynesian vision of an investment fund anti-cyclically financing investments in infrastructure, IT-technology, housing, education and broadband for job growth and recovery.

To the DGB, involvement in the annual Semester cycles is not a top priority compared to these policy objectives. But the confederation sees a need to engage in the annual ES processes in order not to

miss any opportunity to influence European and national policies, not to leave the policy field to the employers and for reasons of European trade union cooperation – this despite poor outcomes of their involvement at national level (TU1, TU2, TU3).

## ***2.2 Access channels to the Semester***

The Commission and the national government both proactively approach the DGB. Since the term 'involvement' is not clearly defined, the Commission has provided various forms of access channels, whereas the national government has applied a routine multi-stakeholder consultation procedure.

### *The EU level*

The EU level experimented with various forms of multi-stakeholder, tri- and bilateral Semester meetings in order to improve the information exchange with the social partners. In 2015/2016, DGB and BDA jointly objected to a multi-stakeholder meeting and asked to be invited to a separate trilateral meeting. Also, they clarified that they do not want the meetings to be termed 'consultation' as they do not meet the criteria of social partner consultation according to Article 154 of the TFEU. The social partners and the Commission agreed on the term 'Gespräche' (conversations or talks); this indicates the informal character of the Semester meetings and that neither side is obliged to accept input given by the others. In more recent years, these trilateral conversations have taken place twice a year and follow on from multi-stakeholder meetings involving business organisations, the Chamber of Commerce and Trade, a social welfare organisation and other stakeholders.

To the DGB, the subjects of the Semester meetings are of additional concern. 'The EU Commission first confined us to social and labour policy issues, but that we don't want. They shall discuss the fundamentals with us, we want to debate macroeconomic and fiscal policy issues with them also' (TU 1 in interview 2017).

Communication with the Commission has considerably improved over the years, due to more formal and informal contacts with the Berlin representation desk and due to the ETUC's policy coordination efforts to link national trade union officers up with the Commission. 'Because of the Berlin office, the Commission by now knows better what we think' (TU2). The Commission officials emphasise that they use various sources of information, link up with various stakeholders and in the case of the social partners aim to inform Brussels of the views of both sides (EU1; EU2). The trade union officers find that 'these meetings are useful, but they are also time-consuming. Sometimes I find that the number of meetings is questionable considering what actually comes out of them' (TU3). Doubts are raised regarding the poor outcomes of the ES process at national level.

### *The national level*

Access to the national ES cycle is provided by staff of the federal ministry for economic affairs, BMWi. In the annual ES cycle, the federal government has to deliver three documents to the Commission: the draft budget, the Stability Plan and the National Reform Programme (NRP). The Stability Plan is drafted by the federal ministry of finance, BMF, and, after approval by the federal cabinet, is sent to Brussels without prior multi-stakeholder or social partner consultation. The NRP is compiled by the BMWi as a report by the federal government and by the government of the 16 Laender, and in 'a routine consultation process' (BMW1) is sent to a number of stakeholders for comment. The employer organisations (BDA, ZDH), several business organisations (BDI, DIHK, the joint committee of the private sector industries), the DGB, a social welfare organisation (DPWV) and the peak-level organisation of the municipalities (*Deutscher Städtetag*) and others are asked to participate in the consultation. To avoid additional time constraints, the number of consulted organisations is kept low. This is also why the trade union confederation DBB is not asked to comment (BMW2). After this consultation process is finished, the second NRP draft is sent to the federal council and to parliament's committee on economics and energy as well as to the committee on EU affairs, for debate. After approval by the federal cabinet, the final version is sent to the Parliament for information (only) and to the Commission.

The BMWi find this to be the only possible process because of the tight time frame of the ES. The time schedule is seen as very short but manageable. 'Commenting on the NRP is a regular procedure and goes without many surprises. It is not the only report the social partners are commenting on and they can draw on the comments they deliver elsewhere' (BMW2).

Both social partners are critical of the procedure. To the DGB, the consultation process is neither timely nor meaningful. 'In the NRP the BMWi says it invites the social partners to a meeting on the Semester. But I don't know what they mean by that. All that I know is a meeting where the NRP is mentioned just aside of other reports.' (TU1) For his/her comments, the Trade Union Liaison Officer (TUSLO) depends on colleagues delivering their parts to the DGB statement; staff sick leaves and work-related travel easily disrupt the work process. 'So, we are under strong time pressure. You cannot term this is a true social partner consultation.' (TU1, TU2) Both social partners doubt that the BMWi has time to consider their comments when writing the NRP. 'Time is so short I doubt that they have time even reading what we say.' (TU1) Both social partners are frustrated. 'We have gotten used to the way it goes. The NRP is a report presenting government's activities to the Commission. That's it.' (BDA 2)

Neither the federal labour ministry nor parliament's committee on labour and social affairs is involved in the process; both actors typically consult the trade unions – but their lack of involvement impacts on the trade unions' influence. Moreover, the political parties in parliament only debate the NRP once it is finalised. Because of this procedure, the Green Party criticises government for not taking the ES seriously as a coordinating mechanism; the party is calling for a prominent role for the draft NRP in parliament's policy debates (Deutscher Bundestag 2019).

### **2.3 Resources**

The trade union officers find engaging in the Semester process politically important but frustrating. This raises the question of whether they lack sufficient resources to obtain better results. The DGB's activities in relation to the ES are affected by limited financial and organisational resources.

The DGB's main objective is the interest representation of its sectoral affiliates vis-à-vis political decision-makers. The confederation does not engage in collective bargaining nor does it organise individual members, but is financed by its sectoral affiliates so it can mediate their interests and represent them at regional, federal and at supranational level. In consequence, the confederation has invested in strong cognitive resources and infrastructure for interest representation. It employs experts with in-depth knowledge of policy developments at national and European level, and cooperates with trade union-related research institutions. Moreover, for interest representation the DGB has liaison officers in Berlin and Brussels.

Legally, the confederation is not allowed to call industrial action but has political resources to push its demands via insider strategies (i.e. informal and formal meetings, formal and informal consultation procedures, cooperation) or outsider strategies (publications, campaigns or demonstrations). Traditionally, the DGB has strong ties to the SPD (Behrens and Jacoby 2017) and to the SPD-led federal labour ministry. Communication with the staff of the federal economics ministry (SPD-led 2013-2017, CDU-led since 2017) and with the federal ministry for finance (CDU 2013-2017, SPD-led since 2017) are reported to be considerably more difficult.

### 3. Linkages between the Semester and national social dialogue

#### *3.1 Correspondence between the themes of the national social dialogue and the Semester*

As already explained in the introduction, there is no institutionalised national social dialogue in Germany. Germany's corporatist arrangements are temporary, issue-oriented and dependent on the policies of the coalition government in power. The CDU/SPD coalition has revitalised the mechanism of tripartite pacts and alliances in recent years (Coalition agreement 2018). Since the economic crisis, several tripartite pacts have been established in order to jointly address common objectives. By comparing these pacts to the CSRs, overlapping themes can be identified, but there is no empirical indication of any influence of the ES on these national pacts. If at all, there is a European influence by way of European funding lines, by the European Social Fund (ESF) in particular.

In the social and labour policy field, bi- and tripartite pacts predate the existence of the ES and address themes which were of concern already before the economic crisis: staffing of apprenticeship positions, helping disadvantaged pupils to enter the labour market, or improving working time arrangements in businesses to increase the labour market integration of working mothers. In more recent years, the federal ministry for economic affairs has also set up tripartite pacts, the most influential being the 'Alliance on Industry'. The latter aims to enhance the competitiveness of the German manufacturing industry by strategically developing new industrial policy concepts and by lobbying for industrial policies at national and at EU level. Increasing public investment in infrastructure and broadband internet connection is one of its main objectives. As stated before, some of the pacts thematically correspond to the ES but there is no indication that they exist because of the ES. Rather, the CSRs take up issues also addressed by these tripartite arrangements.

A third mechanism set up by the government are multi-stakeholder summits and conferences organised for the discussion of future national strategies on, for example, further training, the digital agenda, artificial intelligence or occupational safety and health. It is noteworthy that these arrangements are different from the drafting of the 'National Reform Programme' by the BMWi. The latter is a government report not a national strategy.

Broadly summarising, the CSRs of the years 2014 to 2018 address four main themes (see Annex II):

- a) Fiscal policy recommendations aimed at promoting private investment in Germany – modernisation of the tax administration, reduction of municipal taxes for businesses, more privatisation in the public health system;

- b) More public investment in infrastructure, education, innovation, and IT broadband;
- c) Opening the market to foreign investors and service providers: liberalisation of specific service sectors (railway, retail sector), liberalisation of the regulation of trades and professions;
- d) Raising internal demand: promoting the conditions for wage growth by lowering taxes and social security contributions for low-wage earners; raising the share of women working longer hours or full-time; facilitating transition from non-standard part-time to standard part-time employment; increasing the share of workers working in old age; and promoting the training and integration of the most disadvantaged groups.

### ***3.2 Awareness and relevance of Semester messages/initiatives for national social dialogue***

The trade unions and the employer organisations hold different views on the CSRs. The employers (BDA 2, BDA3) and the manufacturing industry (BDI 2017; BDI 2018) state that most of the CSRs are to their liking whereas the trade unions stress that to them the CSR messages are of a very mixed nature and that while some of them are appreciated (i.e. 'raise public and private investments'), others bear risks for the industrial relations system, particularly in the service sectors ('take more ambitious measures to stimulate competition in the services sector'), or are even opposite to the trade unions' social policy position ('increase initiatives for later retirement'). Others are phrased so that they can be interpreted in various ways and used by both social partners ('raise conditions of wage growth').

The trade unions find the fiscal policy recommendation on more public investment particularly relevant. The Commission points to the fact that public investments are below euro-zone average and recommends accelerating investments at all levels of government, especially in infrastructure, education, research and innovation. The recommendation is of potential use for various sectoral trade unions and for tripartite pacts in the industrial policy field (i.e. Alliance on Industry).

In the social and labour market policy field, the recommendations for raising internal demand correspond to the trade unions' views: for example, the recommendation to facilitate the training and labour market integration of disadvantaged groups. But the importance for national social dialogue is limited because this issue is already addressed by tripartite initiatives.

### ***3.3 Usages made of the Semester in national social dialogue***

Trade union experts report that in their debates with the employers or with government, they make selective use of individual recommendations to back up their arguments (TU3, TU4, TU7). This is

the case particularly in regard to the recommendations to increase investments in infrastructure and education (TU2, TU7) and to facilitate the transition from non-standard to standard employment (TU2, TU3, TU7).

However, the labour and social policy CSRs are said by the interviewees to either address well-known problems already dealt with by various EU-funded projects or to address longstanding controversial policy issues which cannot easily be resolved. As stated by an interviewee: 'We have been dealing with all of these issues for years and these recommendations are not news for us. In discussions (with the employers or the ministry) we can point out that the Commission also recommends the same (as we do). But this is of little use because interest in the Semester is low on the side of the government. And this is known to the employers' (TU3). In other words: a recommendation by the Commission is no structural support if the recommendation is not backed by either government or the employers.

## **4. Trade unions' strategies for involvement**

### ***4.1 Strategies for involvement***

Given the limited usage of the CSRs for trade union policies, and in the light of DGB's limited resources, the confederation takes a reactive rather than a proactive approach in interest representation.

*Vis-à-vis* the Commission, the DGB aims to communicate its general criticism of the Commission's policy views and, at the same time, to put forward its demands and recommendations. To this end, it chooses an insider strategy by taking part in the formal multi-stakeholder and tripartite ES meetings organised by the Commission.

At national level – where the involvement of the trade unions in the NRP consultation process is a routine procedure organised by the BMWi – the DGB and BDA in 2016 jointly asked the BMWi to make the social partners' written comments on the NRP draft public. Since then, the ministry publishes links to the statements of various stakeholders on the ministry's NRP website. The DGB takes this opportunity to release a lengthy statement (up to 30 pages) on national policies and on its own demands. The statement is written knowing that it will most likely be only read by persons with expert knowledge about the ES process, for example by staff of political parties, ministries or civil society organisations. Reaching this readership is seen as important: time and effort is invested in writing the NRP statement in order to reach out to this audience rather than to influence the NRP

draft. As an outsider strategy, the release of the statement is, however, underdeveloped, as it is not accompanied by advocacy activities or campaigns related to the Semester.

#### ***4.2 Mechanisms for Internal Coordination***

At EU level, the ETUC has developed effective mechanisms for internal coordination and interest representation by the trade unions. The efforts are highly appreciated by the TUSLO and other trade union experts involved, who find it helpful that the ETUC takes up and channels their demands to the Commission and proactively organises contacts with Commission officials (TU2, TU3, TU 4).

By contrast, there are no developed mechanisms for internal coordination in the national cycle. Interest representation is centralised in the hands of the TUSLO, who cooperates with other DGB experts in writing the NRP statement. No regular meeting with the sectoral trade unions on the ES is organised 'for not wasting their time on an issue which brings no results' (TU1; TU2). Developing better internal coordination mechanisms in the upcoming future is, however, seen as necessary in order to be better equipped to weather future challenges, i.e. the intended closer connection between the cohesion funds and the Semester.

Coordination with the second largest – and competing – trade union confederation, the DBB, or with civil society actors has not been considered a strategic option by the DGB; this is because of the limited importance of the ES for national policies and because the DGB, for pragmatic reasons, has preferred a classic social partnership approach with the BDA. In 2016, BDA asked the Commission to organise tripartite meetings separately from multi-stakeholder meetings. 'To us, this aspect was not that important but we agreed to cooperate with BDA on that issue because tripartite meetings are better for talking about issues only of concern to the employers and trade unions' (TU1).

#### ***4.3 Determinants of the strategy***

The DGB's strategies are determined by several constraints: limited interest of most sectoral affiliates in the CSRs and the NRP, the limited policy significance of the CSRs, and limited resources to invest in the ES process. Against this background, staff and time are invested in strengthening communication with the EU institutions, the Commission in particular, to make the DGB's views better heard.

The DGB's underdeveloped outsider strategy, aimed at informing an interested readership of DGB policy views, is a very pragmatic reaction to the poor mechanisms of involvement. 'We cannot influence the NRP; for influencing national policies, we use other channels' (TU2).

## 5. Influence of national trade unions in the Semester

### 5.1 Influence on the Semester agenda

With regard to annual Semester processes, trade union officers wish to debate fundamentals of the policy agenda but do not aspire to actually have an influence on it. They trust in the ETUC to have a stronger position in this regard (TU2). Via the ETUC, the trade union officers channel their demands for more democratic participation in the Semester, for a restriction of the role of the finance ministers in the EU process and for a decisive role for the EU Parliament.

At national level, the drafting of the NRP has no agenda-setting function. The German government applies the term 'national agenda' or 'national strategy' to multi-stakeholder initiatives developing future activities on issues of particular concern, such as the National Strategy on Artificial Intelligence or the National Strategy on Further Training. In contrast, the NRP is a report by the government similar to other annual reports such as, for example, the annual national growth report. It informs on the past activities of the federal government and of the Laender' (BMW1). As a result, the German parliament is involved only to a very limited extent (Kreillinger 2019).

### 5.2 Influence on the outputs of the Semester process

The trade unions are critical of the Semester's overall agenda, but they acknowledge that the Commission's outputs in relation to Germany have changed over the years and reflect trade union views better than they used to in the early years of the Semester. 'I am not saying that the policies of the Semester have changed, but when you read the Country Report or the In-Depth Review you see that their analysis has changed and that they now take up some of our arguments. Some parts of their analysis we can agree to, for example what they say on the investment backlog or on the wage development' (TU2).

A more balanced view in the analyses is visible, for example, in the Commission's analyses of Germany's current account surplus. Examining the reasons for the subdued domestic demand, the Commission states that 'despite record low unemployment and high job vacancy rates, wage growth remains moderate [...]. Over 2000-2016, real labour productivity per person increased by about 10.8%, while real compensation per employee only increased by about 6.2% [...]. Weaker coverage of collective bargaining may also have resulted in containing wage growth. As a result, service sector wages are the lowest in the EU relative to manufacturing wages [...]. Income inequality increased in Germany in the early 2000s, and wealth inequality is high in international comparison [...]. Recent empirical evidence for Germany is consistent with the theoretical literature suggesting that inequality

may have an effect on growth, its components and the trade balances’ (European Commission 2018b).

On the other hand, the Commission explains the causes for the dampened private investments in Germany with arguments which are closer to the employers’ views on the obstacles for businesses in Germany: ‘Inefficiency in corporate taxation; the high administrative burden; the less developed venture capital market compared to international innovation leaders; regulatory restrictiveness in the services sector; and delays in implementation of electricity and broadband infrastructure projects’ (European Commission 2018b).

In one interview, Commission officials explain that their analyses are based on the academic literature and that they have to be informed of the views of both sides (EUCOM1). There is no indication that the Commission is actually ‘influenced’ by the social partners; presumably the Commission follows its own line of argument while selectively taking account of those views that fit its perspective.

### ***5.3 Influence on the outcomes of the process***

The trade unionists differentiate between ‘real influence’ on the ES – meaning influence on the underlying macroeconomic and fiscal policy agenda – and impact on individual CSRs. They have influence neither on the ES agenda nor on the Commission’s analyses, but they potentially have an impact on individual recommendations (TU1, TU2, TU 3, TU 7). A comparison of CSRs in the years 2017 and 2018 with the years 2013 and 2014 reveals an increase in trade-union friendly recommendations in parallel to the decrease in the overall number of CSRs. This trend reflects Commission civil servants’ stated wish to take a balanced account of the views of both social partners (EUCOM1, EUCOM2). The trade union officers are very hesitant to claim any positive result of their efforts (TU1, TU2). They cannot disentangle whether an individual CSR is due to them, the ETUC or the Commission’s own analysis. As will be shown below in the case study, there are indications that in some cases they had an impact on the CSRs. If so, in these cases, their influence was as a result of the trade unions continuously raising the same demand in their ES meetings with the Commission (TU 1, TU7).

At national level, it is impossible to trace an influence of the trade unions on the NRP. The DGB as well as the BDA doubt that the BMWi has the time to take their comments into consideration. The trade unions even doubt the BMWi’s interest in doing so. The BMWi is not allowed to comment on the issue. The texts of the NRP give no indication that the DGB statements were taken on board.

## **6. The involvement of German trade unions in the Semester: case studies**

### ***6.1 Description***

To gain a better understanding of the influence of the trade unions, the following section tracks three CSRs which the trade unions welcomed. Still, they do not claim to have directly influenced them. The recommendations are a) to raise public investments in infrastructure; b) to improve the conditions for wage growth; and c) to support the transition from non-standard mini-jobs to standard employment.

They differ in outcomes at national level; in the case of recommendation a) on public investments the Commission acknowledges that the national government made some progress, whereas progress was limited on b) (the recommendation on wage growth) and on c) (supporting the transition to standard employment). It is assumed that the difference in implementation can be explained by recommendation a) being backed by both social partners – the national outcome only partially matches the trade unions' views – whereas in cases b and c the social partners hold conflicting views on these issues.

### ***6.2 Case study: investments in infrastructure***

For the DGB, increasing public investment has been key to stimulating economic and job growth (DGB 2018a). In opposition to the debt brake introduced in the Fiscal Compact and SGP, DGB's proposal for a Keynesian Marshall Plan for Europe from 2012 called for anti-cyclical, credit-financed public investments in the energy, transport, housing, education and broadband sectors, in order to revitalise the European economy. The Plan suggests a European Future Fund financed by existing EU funds, financial transaction and wealth taxes and 'New Deal Bonds' (DGB 2012). The concept served as a blueprint for the ETUC's recovery plan from 2013 (ETUC 2013), which was an inspiration for the European Fund for Strategic Investments (EFSI), the so-called Juncker-Plan, from 2014.

Also, in 2014, the BMWi set up an expert committee of academics, financial institutions and representatives from the social partners to discuss future German investment policies. When the committee released its results in 2015 (Fratzcher 2015), the trade unions disagreed with the published results and published a statement to the effect that investment policies should not be used to further privatisation and public-private partnerships, and asking for public investments to be exempted from the debt brake (the so-called 'golden rule' for public investments) (Expertenkommission 2016, 13-16).

In the meantime, the TUSLO had raised the demand for more public investment in the meetings with the Commission. 'We have always used the meetings with the EU Commission for bringing forward the demand for more public investments even though we know that the German government does not care about the CSR' (TU 1).

When in 2015 the Commission first recommended using 'the available scope for more public investment in infrastructure' (CSR 2015), the Juncker fund and the German expert committee were already in place. The recommendation was inspired by the DGB but phrased in a way to leave room for various interpretations – including the diverging views of the members of the national expert committee on investment. The same recommendation was repeated in 2016 and 2017 and was changed in 2018 to 'abolish constraints on infrastructure investment'.

Of the CSRs to the liking of the trade unions, the fiscal policy recommendation on investment in infrastructure is the most successful in terms of implementation. The Commission's CSR assessment finds that there was 'limited progress' on implementation in 2016 but 'some progress' in 2017 and in 2018. This is because the government increased the federal funds for investment in transport infrastructure and announced a federal infrastructure plan for 2030. The Commission appreciates the German government's involvement of a public consulting company which promotes public-private partnerships for implementing infrastructure investments, particularly at municipal level. This is not what the trade unions wanted; they spoke out against public-private partnerships. Also, the Commission did not follow the trade union demand to exempt public investments from the debt brake. In sum, the outcome of trade union involvement is mixed.

### ***6.3 Case study: conditions for wage growth***

Cases b) and c) (see below) are recommendations concerning labour and social policy. They are interrelated. They originate from the Commission's analysis of Germany's macroeconomic imbalance and its export-driven current account surplus – set out in the IDR and Country Reports – and aim at better balancing the account by raising internal demand. Demand can be increased by bringing more persons onto the labour market, by raising the hours worked or by wage increases.

In 2013, when the Commission subjected Germany to an IDR for the first time, it recommended 'create conditions for wage growth to support domestic demand' via fiscal and labour market measures:

*'To this purpose, reduce high taxes and social security contributions, especially for low-wage earners and raise the educational achievement of disadvantaged people. Maintain appropriate*

*activation and integration measures, especially for the long-term unemployed. Facilitate the transition from non-standard employment such as mini-jobs into more sustainable forms of employment. Take measures to improve incentives to work and the employability of workers, in particular for second earners and low-skilled, also with a view to improving their income. To this end, remove disincentives for second earners'* (European Commission 2013).

In 2017 and 2018 the Commission recommended: 'Create conditions to promote higher wage growth, while respecting the role of the social partners' (European Commission 2017, 2018a). This recommendation refers to collective bargaining rather than to labour market measures. With regard to the declining collective bargaining coverage, the Commission can be interpreted as recognizing a need for government intervention to stabilize the conditions of the collective bargaining system. This position is closer to the trade unions' preferences than to those of the employers. German law grants a high degree of autonomy to the collective bargaining partners, which share an understanding that intervention by the national government in wage policies should be strictly limited and that the EU level should not interfere. However, for the trade unions, government intervention is a last resort when they lack the organisational strength to push employers to sign a collective agreement – which is the case particularly in a number of service sectors. In contrast, the employers find that in order to stabilise collective agreement coverage, the application of agreements must be facilitated; they call for the decentralization of collective bargaining and greater flexibility in agreements. They see no need for a CSR on the issue (Kampeter 2018; BDA 2017, BDA2).

Because of the trade unions' skepticism vis-à-vis the Commission's overall neoliberal policy agenda and the potential risk of detrimental EU intervention in wage policies, the DGB does not openly lobby for a CSR on 'conditions for wage growth' (TU 1, 2, 4, 5). It, rather, uses its statement on the NRP draft to call on government to introduce measures to stabilise the collective bargaining system, for example by facilitating extension mechanisms (DGB 2017a, 2018a)

Progress in the implementation of this CSR by the national government was only limited, according to the Commission (European Commission 2018a). In the NRP 2018 and 2019, the government reacts to the CSR by arguing that it took measures to increase wages in the previous legislative term<sup>(6)</sup>; no more intervention, it says, is needed since wages will increase because of good economic

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6. In 2014, the government enacted legislative reforms aimed at strengthening collective bargaining autonomy (*Tarifautonomiestärkungsgesetz*) and introduced a statutory minimum wage. In the NRP 2018, the government additionally refers to two reforms aimed at increasing gender equality (legislation on equal representation of women and men on management boards and on transparency of wage structures) which are not related to the collective bargaining system.

development and rising skill shortages. The decline in collective bargaining coverage is not considered in the NRPs for 2018 and 2019. In conclusion, it can be assumed that although the Commission shares aspects of the trade unions' analysis, the federal government – or, to be more concrete, the NRP released by the federal ministry for economic affairs – takes a position close to the preferences of the employers.

#### ***6.4 Case study: transition from mini-jobs to standard employment***

From 2013 to 2017 the Commission recommends 'facilitating the transition from non-standard employment such as mini-jobs into more sustainable forms of employment', in order to create conditions for wage growth and raise internal demand. Mini-jobs are a regulated form of short part-time work, with an earnings threshold of 450 euros per month (2019) and incomplete social security coverage. Since their introduction via the 2003/2004 labour market reforms, this form of employment has grown rapidly, particularly in female-dominated service sectors. In 2018, some 7.5 million workers had a mini-job, of which about 4.8 million workers had this as their sole employment. The trade unions – the United Services Union ver.di and DGB in particular – are highly critical, arguing that mini-jobs are used to replace standard employment and that the mini-jobs trap increases the risk of in-work and old-age poverty. Trade unions demand the removal or substantial reform of mini-jobs.

The DGB regularly raises the issue in the annual ES meetings with the Commission (TU 4), because a CSR on mini-jobs can be of potential use in controversial debates with the employers and the government (TU4, TU5). The BDA, however, has no interest in such a CSR, because, according to the employers, mini-jobs meet the interests of workers, female workers, as well as of employers (BDA: Minijobs).

The Commission has taken up the issue in its CSRs, presumably because of its own macroeconomic analysis that in Germany domestic demand is dampened by the high share of short part-time work (European Commission 2015, 2017, 2018a). The implementation of the recommendation is poor. When the new CDU/SPD coalition government took office in 2013, it planned to facilitate the transition from mini-jobs to standard employment (Coalition agreement 2013: 52) but no active measures for reducing the number of mini-jobs were taken. The 2018 CDU/SPD coalition agreement no longer mentioned mini-jobs, and in the 2018 NRP, the government stated that it sees no need to take any action because the overall number of mini-jobs is declining due to positive market developments.

To sum up: The three case studies indicate that, despite their skepticism, the trade unions use the ES meetings with the Commission to put forward their demands, and that this is done with the purpose of influencing national policy. In the end, it is unclear whether the Commission takes up these demands because of the trade unions or because of its own macroeconomic and labour market analysis. At national level, the only CSR to have been implemented (some progress) was the recommendation appreciated by both the trade unions and the employers (case study a). Those CSRs which were unilaterally appreciated by the trade unions, saw only 'poor' progress. Moreover, the rationale behind the NRP, drawn up by the federal ministry for economic affairs, is usually closer to the employers' preference for avoiding government interventions.

## 7. Conclusions and policy recommendations

### 7.1 Conclusions

The purpose of this study is to identify factors that explain the low involvement of the German trade unions in the ES. The report first sketches the political and institutional framework conditions and then analyses the access channels, the use of the ES by social partners and the outcomes of the ES involvement. Regarding the framework conditions, the study shows that the ES is of limited importance for national policies, because the German government only selectively complies with the ES. As a country in surplus – and as Europe’s strongest economy – Germany faces limited pressure from the EU. The CSRs, which primarily address Germany’s current account surplus, are of low importance for national policies. Implementation of the CSRs is limited and – as highlighted in the case studies – even more limited if the CSRs are backed by the trade unions only and not by the employers also. The limited outcome at national level makes investing time and resources in the annual ES process unattractive to the trade unions. In addition, the trade unions are skeptical of the policy impacts of the ES agenda on industrial relations and the public sector. Therefore, due to public policy considerations, they have no interest in pointing to the importance of the ES for national policies. For very different reasons, the government and the trade unions do not play an active role in the ES process.

Deficiencies in both the access mechanisms to the ES and in the interest representation strategies of the trade unions explain their limited involvement. Germany belongs to the social partnership cluster, which means that the social partners are proactively involved in the ES. However, the quality of the trade unions’ involvement is poor and in need of reform. The quality of the access mechanisms – i.e. information exchange with the Commission and the consultation procedures used by the federal government – are less effective than the channels generally used by the social partners at EU and at national level. While the Commission has improved the information exchange – which is still less intensive than a consultation process – the consultation procedure used by the national government is not transparent, and is seen as meaningless by the trade unions (<sup>7</sup>). The reasons are time constraints and a lack of interest in developing the process any further.

The trade unions’ interest representation strategy is shaped by policy considerations – a general critique of the ES agenda, the fear that implementation of the ES will damage the industrial relations system, and awareness of the government’s low compliance with the ES – as well as by their scarce

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7. It is noteworthy that in September 2019 the BMWi for the first time organised a tripartite meeting on the EU Semester.

organisational resources. Involvement is pragmatic rather than ambitious, and fuelled by frustration rather than by aspiration to make a difference.

As highlighted in the case studies, it is hard to identify direct trade union influence on the ES at EU level. For the national trade unions, the ETUC's policy coordination at EU level provides a basis they can build on when meeting the Commission officers. Their interest representation strategy at national level corresponds to an outsider approach. The DGB publishes its NRP statement in order to have its voice heard by a community of ES experts rather than by the government.

The democratic deficit of the ES procedure is of particular concern to the German trade unions which, via the ETUC coordination, call for the European Parliament to play a stronger role in the process, especially *vis-à-vis* the finance ministers in the Council of the EU. The findings of this paper indicate that the Semester process at national level also needs to be reconsidered. In particular, only improvements to the technicalities of Parliament and civil society participation will lead to deeper involvement of trade unions.

## ***7.2 Policy recommendations for good-quality and meaningful involvement***

On the basis of the document analysis and targeted interviews, we recommend the following:

### **To the European Commission:**

1. Address the democratic deficits in the Semester process at national level; as regards Germany, clarify the character of the national deliverables, particularly of the NRP (*activity report by government or strategic national agenda?*) while strengthening the role of Parliament in debating the CSRs and designing the NRP. Strengthening the role of Parliament is fundamental to politicising the debate on the Semester, to raising public interest in its outcomes and to providing civil society organisations, including the social partners, with channels for influencing the political process.
2. Make Germany's account surplus and measures to reduce it an issue of public policy debates, involving the German Ministry for Economic Affairs and the Ministry for Labour, the ETUC and the social partners.
3. Clarify the term 'social partners' so as to avoid an overrepresentation of business interests over worker interests. The EU definition of 'social partners' differs from the German definition by including business organisations. In Member States with functioning employer organisations, as in Germany, business associations and the Chamber of Commerce are not to be invited as 'social partners'.

4. Clarify whether the term 'involvement' of social partners is congruent with established social partner consultation procedures at national level or whether it is a new format.

#### **To the ETUC:**

5. Address the democratic deficits of the process at EU as well as at national level; clarify the characteristics of the NRP and of the processes of national Semester consultation with regard to the involvement of Parliament, the social partners and civil society.
6. Trade union involvement in the Semester is fragmented, which weakens the trade union side compared to the employers and business side. Exchange information and cooperate with other European trade union confederations (ETUCE, the European Federation of Public Service Unions (EPSU) etc.) on the issue and also contact the European Sectoral Federations and the European Semester Alliance.
7. Support national affiliates in making their members more familiar with the Semester, i.e. via thematic workshops for members of sectoral trade unions or thematic experts.

#### **To the German trade unions:**

8. Prepare for the growing importance of the Semester and for stronger EU-national policy relations in all policy fields of interest for the trade unions.
9. Together with the ETUC, aim to reform the consultation process so that Parliament and civil society, including the social partners, have a stronger role. Together with the ETUC, define indicators and benchmarks for good-quality consultation/involvement.
10. Work together with political parties and NGOs in calling for a more democratic Semester procedure and for stronger involvement of the Parliament. Ask them to make the CSRs and NRP issues a focus of debate in Parliament – notably before the NRP is finalised (not after, as is the case today).
11. Call on government to end the current multi-stakeholder consultation process on the NRP draft; this lacks transparency, involves overrepresentation of the business side and is of a quality far below the quality of consultation processes on other reports. The process of involving civil society, including the social partners, needs to be reconsidered.
12. Knowledge of the Semester is underdeveloped in the trade union confederation and expertise is highly centralised; raise awareness/knowledge of the Semester's policies via workshops and meetings. Strengthen internal Semester coordination in the DGB and with the affiliates. Stand together with trade unions outside the DGB and with social welfare organisations to counter the influence of the employer and business side.

13. Develop insider and outsider strategies more systematically, to lobby the Ministry of Labour and the Ministry of Economics and Finance to comply with trade-union friendly CSRs; allocate staff and financial resources to outsider strategies.

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**Annex 1****LIST OF INTERVIEWEES**

<b><i>Interview No.</i></b>	<b><i>Organisation</i></b>	<b><i>Date</i></b>	<b><i>Mode</i></b>	<b><i>Code</i></b>
1	DGB	June 2018	Face-to-face	TU1
2	DGB	June 2018, Nov. 2018, April 2019	Face-to-face	TU2
3	DGB	August 2018, Nov 2018	Face-to-face	TU3
4	DGB	Nov 2018	Phone	TU4
5	IG Metall	June 2018, Nov. 2018	Phone	TU5
6	Ver.di	June 2018	Phone	TU6
7	GEW	May 2019	Phone	TU7
8	IG BAU	Sept 2018	Phone	TU8
9	IGBCE	Sept 2018	Phone	TU9
10	BDA	June 2018	Face-to-face	BDA1
	BDA	July 2019	Phone	BDA2
12	ZDH	July 2019	Phone	ZDH1
13	BMWi	July 2018	Phone	BMWi1
13	BMWi2	April 2019	Phone	BMWi2
15	EUCOM1	June 2018	Face-to-face	EUCOM1
16	Parliament, Committee European Affairs	Sept. 2018	Phone	Par1

## Annex 2

### Country-specific Recommendations issued to Germany in the policy areas considered (2014-2018)

Year	Country-specific Recommendation to Germany
2014	<p><b>CSR 1:</b> Preserve a sound fiscal position as envisaged which ensures compliance with the medium-term objective over the programme horizon. Pursue a growth-friendly fiscal policy through additional efforts to enhance the cost-effectiveness of public spending on healthcare and long-term care through better integration of care delivery and a stronger focus on prevention and rehabilitation and independent living. Improve the efficiency of the tax system, in particular by broadening the VAT base and by reassessing the municipal real estate tax base; use the available scope for increased and more efficient growth-enhancing spending on education and research at all levels of government. Complete the implementation of the debt brake in a consistent manner across all <i>Länder</i>, ensuring that monitoring procedures and correction mechanisms are timely and relevant.</p> <p><b>CSR 2:</b> Sustain conditions that enable wage growth to support domestic demand. To this purpose, reduce high taxes and social security contributions, especially for low-wage earners and raise the educational achievement of disadvantaged people. Maintain appropriate activation and integration measures, especially for the long-term unemployed. Facilitate the transition from non-standard employment such as mini-jobs into more sustainable forms of employment. Take measures to improve incentives to work and the employability of workers, in particular for second earners and the low-skilled, also with a view to improving their income. To this end, remove disincentives for second earners and further increase the availability of full-time childcare facilities and all-day schools.</p> <p><b>CSR 4:</b> Take measures to further stimulate competition in the services sectors, including certain crafts — in the construction sector in particular — and professional services to boost domestic sources of growth. Take urgent action to significantly increase the value of public contracts open to procurement. Adopt and implement the announced legislative reform to improve the enforcement of competition law regarding competition restrictions. Remove planning restrictions which unduly restrict new entries in the retail sector. Take further measures to eliminate the remaining barriers to competition in the railway markets. Pursue efforts for consolidation in the banking sector, including by improving the governance framework.</p>
2015	<p><b>CSR 1:</b> Pursue growth-friendly fiscal policy and preserve a sound fiscal position, ensuring that the medium-term budgetary objective continues to be adhered to throughout the period covered by the Stability Programme and that the general government debt ratio remains on a sustained downward path. In particular, use the available scope for increased and more efficient public investment in infrastructure, education and research. Improve the efficiency of the tax system, in particular by broadening the tax base, in particular on consumption, by reassessing the municipal real estate tax base, by improving the tax administration and by reviewing the local trade tax, also with a view to foster private investment. Make additional efforts to increase the cost-effectiveness of public spending on healthcare and long-term care. Ensure the sustainability of the public pension system by (i) changing the financing of new non-insurance/extraneous benefits (<i>Mütterrente</i>) to funding from tax revenues, also in order to avoid a further increase of social security contributions, (ii) increasing incentives for later retirement, and (iii) increasing the coverage in second and third pillar pension schemes. Complete the implementation of the debt brake consistently across all <i>Länder</i>, ensuring that monitoring procedures and correction mechanisms are timely and relevant. Improve the design of fiscal relations between the federation, <i>Länder</i> and municipalities also with a view to ensuring adequate public investment at all levels of government.</p> <p><b>CSR 2:</b> Improve conditions that further support domestic demand, inter alia by reducing high taxes and social security contributions, especially for low-wage earners. When implementing the</p>

	<p>general minimum wage, monitor its impact on employment. Improve the employability of workers by further raising the educational achievement of disadvantaged people and by implementing more ambitious activation and integration measures in the labour market, especially for the long-term unemployed. Take measures to reduce fiscal disincentives to work, in particular for second earners, and facilitate the transition from mini-jobs to forms of employment subject to full mandatory social security contributions. Address regional shortages in the availability of fulltime childcare facilities and all-day schools while improving their overall educational quality.</p> <p><b>CSR 4:</b> Take more ambitious measures to further stimulate competition in the services sector, including certain professional services, also by reviewing existing regulatory approaches and converging towards best practices across</p> <p><i>Länder.</i> Identify the reasons behind the low value of public contracts open to procurement under EU legislation. Increase efforts to remove unjustified planning regulations which restrict new entries in the retail sector. Take action to remove the remaining barriers to competition in the railway markets. Pursue consolidation efforts in the <i>Landesbanken</i> sector, including by improving the governance framework.</p>
<p><b>2016</b></p>	<p><b>CSR 1:</b> Further increase public investment in infrastructure, education and research. To foster private investment, take measures to improve the efficiency of the tax system, in particular by reviewing the local trade tax and corporate taxation and by modernising the tax administration. Use the ongoing review to improve the design of fiscal relations between the federation, <i>Länder</i> and municipalities, particularly with a view to ensuring adequate public investment at all levels of government.</p> <p><b>CSR 2:</b> Increase incentives for later retirement. Take measures to reduce high labour taxes and social security contributions, especially for low wage earners, and address the impact of fiscal drag. Revise the fiscal treatment of mini-jobs to facilitate the transition to other forms of employment.</p> <p><b>CSR 3:</b> Take more ambitious measures to stimulate competition in the services sector, in particular in professional services, by eliminating unjustified restrictions such as legal form and shareholding requirements and fixed tariffs. To this end, conclude the ongoing domestic review of these barriers and take follow-up measures. Remove the remaining barriers to competition in the railway markets, in particular in long-distance rail passenger transport.</p>
<p><b>2017</b></p>	<p><b>CSR 1:</b> Achieve a sustained upward trend in public investment, especially in infrastructure, education, research and innovation, while respecting the medium term objective. Improve the design of federal fiscal relations with a view to increasing public investment, especially at municipal level.</p> <p>Achieve a sustained upward trend in public investment, especially in infrastructure, education, research and innovation, while respecting the medium term objective. Improve the design of federal fiscal relations with a view to increasing public investment, especially at municipal level.</p> <p><b>CSR 2:</b> Reduce inefficiencies in the tax system, in particular by reviewing corporate taxation and the local trade tax, modernise the tax administration and review the regulatory framework for venture capital. Step up measures to stimulate competition in the services sector, in particular in business services and regulated professions.</p> <p>Reduce inefficiencies in the tax system, in particular by reviewing corporate taxation and the local trade tax, modernise the tax administration and review the regulatory framework for venture capital. Step up measures to stimulate competition in the services sector, in particular in business services and regulated professions.</p> <p><b>CSR 3:</b> Increase incentives for later retirement and reduce disincentives to work for second earners. Reduce the high tax wedge for low-wage earners and facilitate the transition from mini-jobs to standard employment.</p> <p>increase incentives for later retirement and reduce disincentives to work for second earner</p> <p>Reduce the high tax wedge for low-wage earners and facilitate the transition from mini-jobs to standard employment.</p>

<p><b>2018</b></p>	<p><b>CSR 1:</b> While respecting the medium-term objective, use fiscal and structural policies to support potential growth and domestic demand as well as to achieve a sustained upward trend in investment. Accelerate public investment at all levels of government, especially in education, research and innovation, and address capacity and planning constraints for infrastructure investments. Further improve the efficiency and investment-friendliness of the tax system. Stimulate competition in business services and regulated professions.</p> <p>use fiscal and structural policies to support potential growth and domestic demand as well as to achieve a sustained upward trend in investment.</p> <p>Accelerate public investment at all levels of government, especially in education research and innovation, and address capacity and planning constraints for infrastructure investments.</p> <p>Further improve the efficiency and investment-friendliness of the tax system. Stimulate competition in business services and regulated professions</p> <p><b>CSR 2:</b> Reduce disincentives to work for second earners and facilitate transitions to standard employment. Reduce the high tax wedge for low-wage earners. Create conditions to promote higher real wage growth, respecting the role of the social partners.</p> <p>Reduce disincentives to work for second earners</p> <p>facilitate transitions to standard employment</p> <p>Reduce the high tax wedge for low-wage earners</p> <p>Create conditions to promote higher real wage growth, respecting the role of the social partners.</p>
<p><b>2019</b></p>	<p><b>CSR 1:</b> While respecting the medium- term objective, use fiscal and structural policies to achieve a sustained upward trend in public and private investment, and in particular on education, research and innovation at all levels of government, in particular at regional and municipal levels. Step up efforts to ensure the availability of very high-capacity broadband infrastructure nationwide. Improve the efficiency and investment-friendliness of the tax system. Strengthen competition in business services and regulated professions.</p> <p>While respecting the medium- term objective, use fiscal and structural policies to achieve a sustained upward trend in public and private investment, nd in particular on education, research and innovation at all levels of government, in particular at regional and municipal levels.</p> <p>Step up efforts to ensure the availability of very high-capacity broadband infrastructure nationwide.</p> <p>Improve the efficiency and investment-friendliness of the tax system.</p> <p>Strengthen competition in business services and regulated professions.</p> <p><b>CSR 2:</b> Reduce disincentives to work more hours, including the high tax wedge, in particular for low-wage and second earners. Take measures to promote longer working lives. Create conditions to promote higher wage growth, while respecting the role of the social partners. Improve educational outcomes and skills levels of disadvantaged groups.</p> <p>Reduce disincentives to work more hours, including the high tax wedge, in particular for low-wage [earners] and second earners.</p> <p>Take measures to promote longer working lives. Create conditions to promote higher wage growth, while respecting the role of the social partners. Improve educational outcomes and skills levels of disadvantaged groups.</p>