



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

## **Case study Germany**

### *Executive summary*

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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 8 semi-structured face-to-face and numerous phone interviews with representatives of the trade unions, employer associations, EU 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 Commission'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 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 (*Deutscher Gewerkschaftsbund*, DGB <sup>(1)</sup>). 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 EU Commission sees a need for raising internal demand and public investments to lower Germany's surplus account, some Country-specific Recommendations

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

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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