

The Challenges of the Eco-Social Market Economy

Belgrade

19 – 21 April 2016





The seminar on the topic “Challenges of the eco-social market economy”, which was organized by the Dutch CNV trade union and the World Organization of Workers (WOW) in collaboration with the European Centre for Workers’ Questions (EZA), FCG/ GPA-DJP (Austria) and SS BOFOS, with the support of the European Commission, was held in Belgrade, 19 - 21 April 2016 at the Majestic hotel.





At the beginning of the seminar, **Bartho Pronk**, President of the European Centre for Workers' Questions (EZA), said that, before the Lisbon Treaty, people experienced the European Union as a community reduced only to economy. "Later it got a social component. We introduced the word "social" in the Treaty, and the environment or ecological component has become very important. It is necessary to see how we should act towards eco-social market economy", said **Pronk**.

Günther Trausnitz, president of the European Organization of the WOW, said that it was the task of trade unions to assist in preserving the balance of three components - economy, social aspect and ecology.

Mara Erdelj, SS BOFOS President stressed the importance of the fact that in Belgrade, the "city of open heart", union representatives from as many as 23 European countries, assembled to discuss functioning market economy accompanied with the care about social justice and environmental protection. She said that the Union promoted eco-social market economy, which should provide good quality life for all. It is important to spread solidarity, and we proved in practice that this is possible at the global level. She also stressed that the union should build its image and identity in order to be a respectable social partner both for employers and the government.

Johannes Mindler-Steiner, the Executive Director of the Institute for Environment, Peace and Development (IUFE) from Austria said that the eco-social market economy is a very important model because "without the ecosystem that will work, we cannot exist, and in that case the social aspect will not be an issue".

The important question is what you leave to the next generation. Eco -social economy is a philosophical orientation. Sustainable development is the objective of the eco-social market economy and we must make it possible for the future generations to have the same rights that we have now, said **Mindler-Steiner**.

Eco-social market economy is a concept that exists, but has no effect as it should have. Therefore, each of us as a natural or legal person should contribute in this sphere, said **Johannes Mindler-Steiner**.





Ms. Marija Parun Kolin, Senior Research Associate in the Center for Sociological Research of the Social Sciences Institute in Belgrade, said that the model of eco-social market economy is very important nowadays – in times of strong promotion of market efficiency and liberalization.

The EU does not impose any particular social model, but offers states the option to carry out their own independent social policy. However, there is something called the European model of welfare state which is often opposite to liberal concept. The European model of the welfare state implies a balanced economic and social development accompanied with social dialogue between representatives of labour and capital. The European social model involves an active role of trade unions that participate in social dialogue together with other social partners; trade unions should initiate changes and stabilize social situation. When we talk about the European social model, the union represents young workers in particular, elderly people, pensioners, the disabled, and the protection of gender equality as one of the main strategies encouraged by the ILO and the EU, said **Professor Parun Kolin**.

She said that, unlike traditional social dialogue in which employers associations and trade unions

discuss the level of wages, regulation of holidays, working conditions and similar problems, a new social partnership is more broadly based and refers to a wide range of issues focusing on social policy and the labor market.

“Modern unions are actors of multipartite social partnerships at local and regional levels, or are united in national federations and confederations on supranational level”, said Professor Parun Kolin. “While the new EU member countries quickly caught up with developed European countries in terms of reducing unemployment rates, these rates in Western Balkan countries are twice as high and exceed 20% in all of them. Czech Republic, Poland and the Baltic countries are approaching the European social model.

The unemployment rate in the Czech Republic is close to that of most developed countries of the European Union. Average unemployment in the EU is around 9%, the lowest rates are in Germany (4.3%) and Czech Republic (4.5%), while the highest are recorded in Greece (24.6%) and Spain (20.5%)”, said **Marija Parun Kolin**.

“In the Western Balkans countries, 50% of youth from 15 to 25 are unemployed; this is much higher rate of youth unemployment than in developed Europe and requires specific reform efforts in adapting education and reform employment policy.



Unemployment affects women more than men and they are the biggest losers in transition, because typical female jobs are the first to lose the race in market competition (textile industry, services, administration).

Typical female jobs are paid less. Those are routine jobs (secretaries, service providers in health care and social protection, executive and operational positions) as well as all other low-paid occupations that require patience and attention”.

As the main challenges for Serbia, Parun Kolin mentioned: slow pace of European integration, slower economic development and privatization, rising debts, problems in realization of the rule of law, demographic and social problems, immigration problems, disregard of environmental criteria. She added that Serbia, in order to improve the eco-social market economy, must as a state, be responsible for social policy, particularly with regard to employment, housing and education policies, pension insurance, universal health care protection, protection of the unemployed and social protection.

She also stated that it is necessary to promote the economic system at the level of the country, based on the solidarity that respects human needs. It is also necessary to promote social entrepreneurship, encourage gender-sensitive employment policy

and implementation of environmental objectives and environmental oriented economy.

- Life expectancy is one of the indicators of social policy. We complain about the modern way of life that destroys us, but in the past half century life expectancy in the European Union has grown by ten years.

Average life expectancy in the EU is 80.6 years in both sexes. For men it is 77.8 years and for women 83.3 years. The highest life expectancy is in Italy for men (80.3) and in Spain for women (86.1), while it is lower in the Western Balkans: in Serbia it is 71.7 years for men and 76, 3 years for women.

Population ageing is a general trend in the EU and the new member states. In average, persons over 65 represent 18.5 % of the EU population. Ageing trend is unequal and hence the proportion of old people is the highest in Italy (21.4%) and Germany (20.8%) and the lowest in Ireland 12.6%). Ageing population percentage in Western Balkans equals to rates in the EU, said Marija Parun Kolin.



Goce Selovski, President of Macedonian Trade Union of Financial Organizations Trade (SFDM) said that in Macedonia there is a good example concerning the fact that the government has banned the construction of a dam (which could lead to sinking of a great part of the national park). A ban on the construction of the dam was supported by only one small union. However, if it was not for the European Union, the project of the dam construction would not be suspended and the dam would nevertheless be built. The project is currently suspended. Yes, that is bad for the economy, but good for eco system, said **Selovski**.

He mentioned the fact that out of a total of 650,000 employees in Macedonia only 100,000 are unionized. That is the problem. The union should be strengthened, because only a massive trade union with large membership can contribute to solving problems, said **Selovski**.

“We currently do not have a legal framework that would give the union a public authority. This means that the trade union work is more of advisory character”, stressed **Krsto Pejović**, President of the Financial Institutions Trade Union of Montenegro, SFOCG. He added that SFOCG drafted the Collective Agreements Application Bill and that it would be discussed in Parliament. This is a positive for this union. As far as ecology is concerned, by the Constitution of Montenegro,

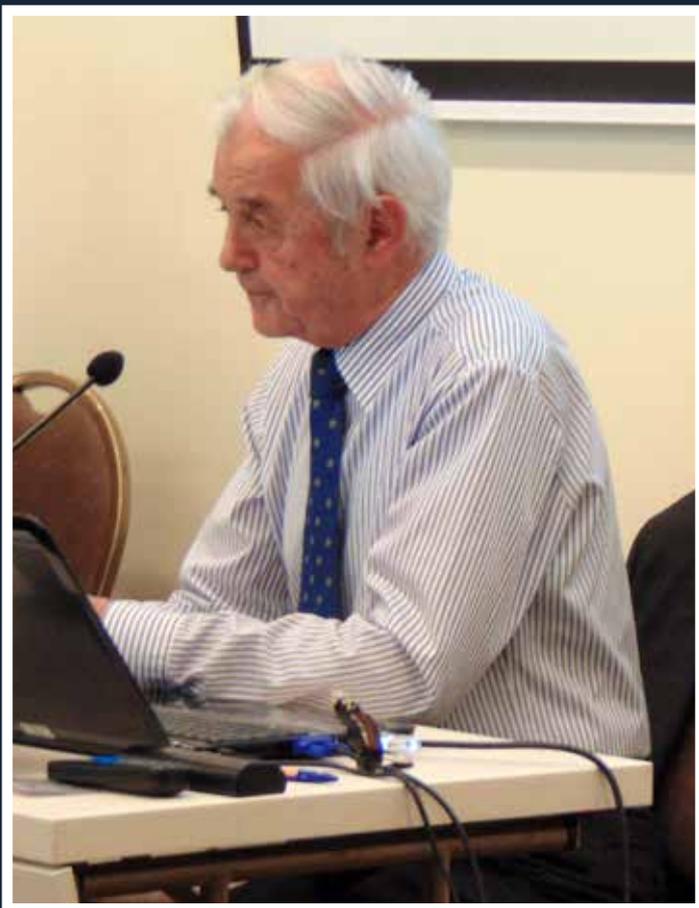


the country is declared democratic, social and ecological. Unfortunately, there is no much activity in this matter, since the concept of eco-social market economy and its application require knowledge above all, said **Pejović**.



Bogdan Hossu, Chairman of the National Confederation of Trade Unions “Cartel Alfa” from Romania spoke about large adverse effects of the water power supply system on the environment. He commented on the union and economic problems in his country noting that a large number of Romanians left the country in search for work in Western Europe.

“In Romania”, he said, “there are 800,000 companies and concluded collective agreements exist in 14.000 only”.



Josef Riegler, Vice-chancellor AD, Honorary president Ökosozialen Forum (Austria) speaking about the EU, stressed the subsidiary principle according to which the problems or issues that can be resolved at the lowest level, should be resolved there.

Eco-social market economy is an achievement of the national economy school, ortholiberalism and Christian social doctrine. It is the most successful model for economic and social development and is policy artwork. Environmental sustainability, social justice and economy must be balanced. If this balance is disturbed, social development will not be good.

Instruments of eco-social market economy are strong state which ensures that market competition is fair, strong legislation, principle of social partnership of economy and workers based on shared responsibilities. We all have the possibility to behave or not ecologically, as individuals as well as enterprises, as local communities and as state. The European Union founded the eco-social market economy on Section 3 of the Lisbon Treaty, said **Riegler**.

Social responsibility of management is therefore a guarantee of future profit, he said.

Lately, there is a significant competition in arms

race. China is leading the way and demonstrations of power again dominate. Therefore, constructive forces should be mobilized and in this regard there should be globalization of workers' organizations. Global management is not difficult, mechanisms exist for that, **Riegler** concluded.

Günther Trausnitz, president of EO/WOW stressed that Riegler spoke from his heart and called things real name. Solidarity in the first place, but in conjunction with subsidiary, because solidarity cannot oppress anyone, he said. Market economy is needed, but with strong rules. Partnership is to be written in capital letters, concluded **Trausnitz**.



An important guest

Josef Riegler was born November 1st 1938 in Judenburg, Austria. He is an Austrian politician engaged in policy influence of companies on the environment. He was involved from 1987 to 1991 in the work of Austrian federal government. He also was from 1989 to 1991 the Austrian Peoples' Party leader. In 1986 he introduced the eco-social market economy term.

Josef Riegler is also the honorary president of the Eco-social Forum and the ecological tax reforms advisory Council friends. Since 1986, he is an honorary member of the Lichtenstein Judenburg Austrian Catholic Brotherhood.



IJmert Muilwijk, owner of the Groenpand Netherlands speaking on renewable energy gave the example of hotels that often scatter energy. “We live in a world where we consume electricity, use district heating, but we actually do not know where energy comes from. By 2050, we might use many other sources. Of course, heating plants will still exist, but we should also use solar and wind power. Saving opportunities exist, but people do not make use of them. For example, buildings could be built in a more energy efficient way”, said **Muilwijk**.

Dr Petar Djukić, professor of the Faculty of Technology and Metallurgy, Belgrade University, at the beginning of his speech quoted archimandrite Tadej: “Our thoughts not only cause wars, they also cause environmental pollution preceded by far more dangerous spiritual pollution”. He pointed out that ideology of permanent growth without control is not good.

In Serbia, there is an urgent need for economic growth, but only some of us are concerned with its quality. Chances that a model of sustainable growth will be established in Serbia are weak, but we definitely need to fight for its implementation. We have to begin from education to achieve sustainable development. We also have to commence paying for environmental damage. Those who cannot pay will have to stop polluting. We need to recycle and save energy, and increase energy efficiency. Everyone wants to use common good, but few are ready to pay for it.



Serbia annually loses two to three billion dollars due to unpaid environmental costs. As one of the possible scenarios resulting from climate change, professor **Djukić** mentioned migration of population from south to north to occur by 2050. Each river cleaned, each eliminated waste dump, all this, step by step, means sustainable development, he concluded.



Lenka Mužikova from the KOK union spoke about the situation concerning the labor legislation in the Czech Republic. The hot topic in the Czech Republic is conditions for retirement. The pension system reform is needed, because the pension deficit is growing. In 2014 it was 43.4 billion Czech crowns or 1.6 billion Euros.

Judith Hamburg from the Hungarian MOSZ spoke about the situation in realm of work in Hungary. The Labour Law of 2012 restored the

provision of working hours of shops; criteria for retirement are 62 years of age or 40 years of service for women who want to retire early.

Ivan Babić, the Trade Union of Oil Industry of Croatia, (SING), said that in Croatia the eco-social market economy concept is poorly developed. Unions are addressing issues concerning the non-observance of collective agreements by employers while the workers seek their rights in courts.

Speaking about Poland, Polish representatives **Andrzej Matla** and **Jozef Mozolewski** said there was neo-liberal government in power there and consequently retirement criteria were increased to 67 years of age both for women and men.



RTS TV show dedicated to the seminar:

<http://www.bofos.org.rs/show.php?stranica=aktivnosti>



Participants enjoyed in view of Belgrade from the river Danube after the first day of the seminar

