



Response – Public consultation on an action plan for the social pillar (European pillar for social rights)

The EU Commission has invited all partners to present their views until 30 November 2020 on new policy action or legal initiatives needed on different levels (EU, national, regional, local) and/or pledge concrete commitments as a Member State, region, city or organisation towards implementing the European pillar for social rights, henceforth the social pillar.

Please find below the views of the Confederation of Swedish Enterprise, Sweden's largest and most influential business federation representing 49 member organizations and 60 000 member companies with over 1.6 million employees.

Summary

The Confederation of Swedish Enterprise is very positive about the EU and the prosperity created by the internal market. We are equally concerned about the way the social pillar has become a legislative agenda at the EU-level. We contend that the EU must revert back to the original plan for the social pillar as a compass and reference framework for national reforms processes. The current expansionist tendencies need to stop. Focus must set on facilitating business activities and employment as the way to recover from the pandemic and to reinforce Social Europe.

Very positive about the EU

We would like to begin by emphasizing that the Confederation of Swedish Enterprise is very positive about the EU and the prosperity created by the internal market through the removal barriers to trade and the freedom of mobility. This project is far from complete, however. Much work remains to be done to realize the full potential of the internal market through good conditions for globally competitive entrepreneurship that creates jobs, innovation and growth.

The Confederation of Swedish Enterprise therefore believes that the EU should continue to focus on the efficiency of internal market and through this reinforce Social Europe. As pointed out in other contexts, the differences in working and living conditions between EU Member States are mainly due to the differences in economic development and employment - and not the absence of labor market regulations or other social rights.

It is through competitive companies and communities that we create the resources required to successfully tackle the challenges of our time, to develop and maintain our welfare and, hence, to realize the goals expressed in the social pillar. The fallout of the current pandemic is making this more abundantly clear than ever: Recovery will require full focus on restarting business activities and employment, not administrative burdens or the legal uncertainty of new legislation.

Revert to the original plan

Even though the Confederation of Swedish Enterprise shares the Commission's assessment that there is a common interest in increased upward convergence of working and living conditions for the citizens of the EU Member States, we are very concerned about the current trend of turning the social pillar principles into legislation, in particular at the EU level.

By contrast, we believe that it is important for the EU to stimulate national reforms that increases competitiveness throughout Europe. We are thus positive to the use of recommendations, benchmarking and the dissemination of good examples, as done through the European Semester. In this context, we would also like to emphasize the importance of the Commission recommendations not being legally binding, as the opposite would undermine the democratic processes both within the EU and in the Member States.

Consequently, we also contend that the EU must revert back to original plan for the social pillar. In 2017, it was launched as a compass and as a reference framework to be used to screen the employment and social performance of Member States and to drive the reform process at national level. More emphasis should therefore be placed on the social scoreboard as part of the European semester process and, hence, on outcomes.

We believe the social score board should be supplemented with indicators measuring the conditions for entrepreneurship. Furthermore, we propose that indicators measuring the efficiency of public administration are also included, as such infrastructure determines the fate of national reforms. Examples of such indicators are:

- The World Bank's "Doing business" which measures the regulation of entrepreneurship
- OECD entrepreneurship indicators
- The so-called the tax gap, i.e. the difference between the tax that should have been paid and the one actually determined
- Transparency International's Corruption Perception Index

The Social pillar must not be used to expand power

As a concluding remark we would like to point out that ahead of the social pillar's proclamation at the Gothenburg social summit, we warned against it becoming a legislative agenda. It pains us to acknowledge that we have now been proven right.

According to paragraph 18 of its preamble, the pillar is not to entail an extension of the Union's powers and tasks as conferred by the Treaties and it should be implemented within the limits of those powers. We believe it is essential that this commitment is honoured or else the precious collaboration which has so painstakingly been built risks fracturing. To put it bluntly, the current expansionist tendencies need to stop.