

Vienna, November 23, 1992

## **Social Partnership**

**Agreement between the Federal Economic Chamber,  
the Federal Chamber of Labour,  
the Austrian Trade Union Federation and  
the Presidential Conference of  
Austrian Chambers of Agriculture**

Co-operation between the social partners, based on the voluntary principle, has always been motivated by the awareness that concerted efforts are the best means to strive for and achieve the objectives of accelerated growth and higher national incomes. Key elements in their endeavours were the stabilisation of monetary value and the enhancement of production (cf. Raab-Olah Agreement of 1962).

The international economic development is currently characterised by the globalisation of competition, growing liberalisation in the services sector, regional integration and matching strategies on the part of the business community. The need for careful management of our natural resources is accepted worldwide. In addition, political upheavals and a considerable decline in affluence across Europe and internationally have generated large migratory movements.

This development brings with it a multitude of challenges for economic and social policies in Austria. Such challenges make it expedient to renegotiate the objectives and means of co-operation between the social partners:

- Augmentation of affluence and social standards by qualitative growth, which should be as compatible as possible with ecological concerns and create the resources for rehabilitating the environment.
- Joint efforts to achieve full employment; specific labour market problems require special consideration and promotion of problem groups such as elderly employees, the young and women.

- Safeguarding overall economic stability by suitable policies with regard to income, competition and currency.
- To attain this end, it is necessary to ensure international competitiveness for the Austrian economy. This requires in particular constant efforts towards achieving high investment levels, extending research activities, persistently improving productivity and quality, and an excellent infrastructure.
- Broad participation in international and in particular European integration by joint and active co-operation within the scope of objectives and conflict management strategies as developed by the social partners, in which efforts they expect to be supported by the federal government.
- Support for increased internationalisation of the Austrian economy.
- Promotion and development of human skills and talents in Austria. In this, the social partners perceive a special challenge with regard to education and training.
- Maintenance and improvement of a humane working environment and continued development of a well-balanced social structure in Austria.

Ensuring Austrian competitiveness in the medium term will require in particular persisting in an economic and social policy directed towards consensual solutions. Our experience in the past decades has shown that social peace is a value *per se* and a major comparative advantage in international competition.

Co-operation between the social partners aims to achieve a medium term continuum in economic policy and economic development.

In economic policy, the ecological element has gained a prominent place. Among the social partners, awareness of the issue grew at an early stage through studies prepared by the Advisory Committee for Economic and Social Affairs, and solutions have been outlined on a joint basis. In the future, their offer to contribute to coping with the requirements of an environmental policy will be forwarded with more emphasis.

Agriculture faces a particularly difficult position, due to the increasing free trade in agricultural products, constant price pressures brought to bear on key products, great ecological challenges and the transition to services functions. The social partners advocate their support for efficient, territory-wide agriculture and forestry on a farming basis, and they will contribute to finding a constructive solution for the pending problems.

### Current challenges

In the years to come, the social partners consequently envisage special challenges in the fields of internationalisation, integration, the opening of Central and Eastern Europe, and in policies involving the labour market, migrants, education and environment.

In their traditional field of income policy (wages and price policy), the social partners continue to feel challenged to jointly discuss the relevant problems and achieve results in line with the above economic and social policy objectives.

They intend to continue their administration of statutory regulations in matters such as social security and agricultural market regulations, and they intend to contribute to a new organisational model of the labour market administration.

The social partners continue to insist on being consulted in the drafting of bills and decrees, in order to contribute towards a pertinent solution by furnishing their experience and the forwarding the interests of their members.

In matters where they have highly divergent opinions but which directly touch upon the very interests of their respective members they will insist on being included in political solutions: this applies in particular to social policy, especially health and pension insurance, provisions for old age, labour laws and the labour code.

In the long term, the social partnership will be successful only when it operates from a position of strength and financial independence. The social partners are therefore committed to the internal reconciliation of interests and the principle of compulsory membership in the chambers.

Acceptance of compulsory membership by members and the public must be enhanced by improved internal democracy, strict internal monitoring and greater transparency. Yet, social partnership also means that this type of conflict management must not be restricted to governing the rules of procedure at a federal level, but be pursued at a company and provincial level and, to an ever increasing extent, at an international level.

Bodies:

### The Parity Commission

The Parity Commission has always been the focal point of cooperation between the social partners. In their future activities, it is intended to serve as a special discussion platform between the government and the bodies representing the social partners. It should provide a forum to discuss and negotiate strategies of economic policy and feasible action, conflicts and the implementation of joint recommendations by the social partners.

The Commission should meet regularly (at least quarterly) and should be extended at least to include the Federal Minister of Finance. If required, other federal ministers and public bodies may be invited to attend meetings as well.

### The price Sub-committee

The Price Sub-committee should review its activities profile: in view of the decreasing practicality of traditional price regulation by parity, issues of competition are gaining in importance. In the future, it should be possible to commission studies on the competitive situation and development in all business sectors and to have reports submitted to the Parity Commission. In addition, the Price Sub-committee will receive, in the open sector, data on the development of economic conditions from key companies in each trade, while the application-filing principle should continue to be effective in the protected sector. Where a trade shows a marked upward trend in prices, the Parity Commission should consider re-introducing the application system. In cases of controlled pass-on of costs for ongoing public contracts, the Parity Commission and government officials should decide on activating the Price Sub-committee.

### The Wage Sub-committee

The Wage Sub-committee should act on the basis of three premises: The Austrian Trade Union Federation is the only body entitled to file applications. The Parity Commission continues to act as arbitrator in the case of conflicts. After their signature, all collective agreements must be submitted to the Parity Commission and its Wage Sub-committee.

### The Advisory Committee for Economic and Social Affairs

In view of the critical economic, social and educational challenges, the work performed by the Advisory Committee is of special importance. In the light of its additional activities in developing proposals for solutions, the Advisory Committee intends to enforce the use of working groups. Each interest group will delegate four members. A standing committee for environmental issues will be established.

### The Sub-committee for International Affairs

A committee will be appointed which will, on a standing basis, deal with international developments in areas of politics which are relevant for the social partners. Their joint evaluation of international processes is intended to facilitate and, if necessary, co-ordinate participation in discussions and decision-making processes in European and international interest groups and institutions, a participation which is of steadily mounting importance.

Each interest group will delegate four members to the new sub-committee.

Each social partner is entitled to file motions to convene meetings, institute proceedings and develop studies in all institutional bodies of co-operation.

Culture of conflict management

The social partnership is characterised by a special kind of discussion and negotiation culture and by the willingness of its participating bodies to enforce compromises internally as well as externally and to represent different interests with due regard to medium-term joint objectives and the overall interests of society. This requires and is conditional upon a permanent base for discussion and constant exchange of information.

(Signature)

FEDERAL ECONOMIC CHAMBER

(Signature)

PRESIDENTIAL CONFERENCE OF AUSTRIAN  
AGRICULTURAL CHAMBERS

(Signature)

FEDERAL CHAMBER OF LABOUR

(Signature)

AUSTRIAN TRADE UNION FEDERATION