
EU Spring Summit
TUC letter to Prime Minister
March 2010

TUC message to EU Spring Summit: we need jobs and social justice

TUC General Secretary Brendan Barber has written to the Prime Minister ahead of the European Union summit later this month urging him to support the European Trade Union Confederation's statement to Europe's leaders. The statement stresses the need to continue to focus on unemployment – especially youth unemployment – and not exit too soon from stimulus measures.

In particular, the ETUC is calling for a further stimulus package of 1% of EU GDP, new measures to raise funds, for example through a financial transactions tax which I note was endorsed by the European Parliament earlier this week, and better governance both of countries like Greece and the banking sector. The statement also sets out initial comments on the EU 2020 strategy, where unions are looking for a greater commitment to fairness and public services.

The EU Spring Summit – Message to the EU and Heads of Government from the ETUC

The Crisis

Social Europe is under pressure – pressure which will intensify if Governments rush into premature exit strategies with severe social consequences. Already youth unemployment, in particular, is at catastrophic levels in many countries and as yet receives relatively little co-ordinated attention compared to that being demanded by the financial sector.

That sector, including some hedge funds, continues to speculate against some member states and the euro. This speculation should be met by united EU and Government action and by a strong desire to act together so that markets cannot divide and rule, and destroy the euro. This means greater common action on economic governance and a new focus on the urgent need for new sources of finance particularly financial transaction taxes, bonus taxes and on the issue of Eurobonds. Governments and the EU authorities share responsibility for the crisis with the financial services sector.

As a starting point, a plan should be agreed with Greece which does not involve workers paying the price for the country's problems which include breaches of the rules of the euro, and the "cooking of the books" for the previous Greek Government by certain banks to hide the true picture of the Greek economy from the European authorities. As well as being assisted if necessary by the EU, Greece also should be motivated to improve its governance, to curb tax evasion and to develop a fair social pact with the social partners.

The European Social Model with its emphasis on social dialogue leading to agreement is an important way to help Greece and other countries in difficulty: Putting people, not markets, first is an important European principle; and, for example, any reform of pension systems – an issue in several EU countries – must be based on protecting pensions and social security, not on impositions by Governments, panicking in the face of market pressures, and on social dialogue and agreement.

With these points in mind, the ETUC's main messages to the Spring Summit on the crisis are:

- "don't panic, don't exit" from the stimuli packages. Instead we need an entry strategy and the EU must concentrate now on reducing unemployment, especially among the young with a new EU recovery plan amounting to 1% of EU GDP, and plans to develop new, green industrial policies
- develop European economic governance by agreeing a programme with Greece, including the Greek social partners, which is fair, protects workers and essential public services, and addresses the problems of tax evasion by the rich and privileged – and of unacceptable accounting and operations by some banks, especially Goldman Sachs, and the previous Greek Government. There should be a public enquiry on this last aspect.
- develop further European economic governance by introducing new means of raising funds, especially a financial transaction tax, bonus taxes, and the ability to issue Eurobonds.
- quicken up the process in Europe, and internationally, of agreeing effective regulatory measures on banks, hedge funds, private equity and other financial institutions.

EU 2020

With regard to EU 2020, Europe must be careful to show that it can deal with the challenges of 2010 if its plans are to remain credible. While a long-term strategy can be useful in pointing the way forward, it is important that it addresses adequately the reasons for the current crisis – poor corporate governance, greedy financial institutions, tax systems which benefit short-term speculation, the need for new sources of public funds, lack of European economic competences, etc.

At the moment 2020 does not pass this test.

On the text itself, the ETUC is looking for a commitment to equality to be a guiding star to follow – equality of pay for equal work, fair, not flat, taxation, gender equality, and equality of opportunity. These are all key challenges for Europe to surmount over the next 10 years along with the environmental and demographic challenges.

We also miss a sharply defined role for welfare states and public services. These have been the 'heroes of the recession' so far, helping avoiding depression, and they must be a central pillar of the EU in future. They have been subject to privatisation and de-regulation but have still proved robust 'automatic' stabilisers in the crisis. 2020 needs to maintain them and ensure consistency with the concept of a social market economy.

On labour market questions, 2020 needs a social vision for a Europe of fair labour standards, narrowing/eliminating gaps between member states, the promotion of collective bargaining, more security for workers, not using flexicurity in precisely the same terms that flexibility was used (less job security, easier hire and fire, ending national collective agreements etc), and a just transition policy from the jobs of today to the greener jobs of tomorrow. Investment in all working people, in their education and skills for the future, will remain a major task in the next period.

Finally to emphasise the importance of developing the European Social Model, the EU should act now to introduce the Social Progress Protocol proposed by the ETUC which aims at a better balance between the single market and social rights.