European Trade Union Confederation (ETUC)
Confédération européenne des syndicats (CES)

Emergency Resolution **16/5/2011**

ETUC Congress urges ECOFIN Council to change its political course immediately

I. Greece needs a perspective for growth and development and no austerity policy

Europe is at a crossroads. The current Greek crisis proves that the rescue attempts so far have not resulted in a sustainable stabilisation of the Eurozone. Exactly one year ago, the heads of state and government of the Eurozone made lending commitments to Greece against severe austerity measures and deep social cuts. They announced this would save the Eurozone.

However, the severe austerity measures plunged the Greek economy deeper into the recession; massive social and pay cuts put social peace at risk. In 2010, the Greek government reduced new borrowing from 15.4 to 10.5 percent of the GDP. However, the national debt rose to 142 percent of the GDP because the economy shrank by 4.3 percent. Currently Greek government spending without interest is almost covered in spite of falling tax revenue. However, the rating agencies are downgrading Greece, claiming: the interest on debt could not be paid. Hence, Athens would not be able to cover Greece's funding gap of 59 billion Euros in 2012 and 2013 on the capital market. Greece's future must not be left to the capital market.

II. Europe needs a change of course

The case of Greece once again shows that the European rescue umbrella does not work if the consolidation of the national budgets is not tackled in line with the economy. Without growth there will be no budgetary improvement. On the contrary: unemployment and bankruptcies increase, tax revenue falls (by 1.3 billion in 2011) and the justified resistance of the population grows. Ireland and Portugal are faced with similar scenarios: growing debt is following the severe austerity course. New help and even more severe restrictions follow the debt. The downwards spiral has been set in motion. As usual, workers will be the ones who take the brunt of such a development. This has to be avoided.

New help for Greece accompanied by severe conditions will once again not work. Greece needs loans with lower interests and longer terms without further restrictions, which result in social cuts and are hampering growth. To get out of the crisis, Europe must help countries in crisis such as Greece with an ambitious investment and development programme to generate growth and employment and with that income and tax revenue. However, anybody sticking to the one-sided austerity plan, accepts the collapse of the Eurozone.

At their meeting on 16 and 17 May, the Finance Ministers of the Eurozone and the ECOFIN Council will set an important political course. The intention is to adopt a mandate for the negotiations with the EU Parliament on the Economic Governance Package. The vote in the ECON Committee of the EU Parliament brought some improvements, but also a further tightening of the proposals. The serious concerns voiced by the trade unions remain. ETUC will never accept direct or indirect interventions in pay, in the autonomy of collective bargaining or in national wage formation systems:

Direct and indirect labour costs are not a matter of competence for the Commission and the council, setting wage targets and fixing the wage formation machinery is our business, not the business of European policy makers.

III. Therefore, the ETUC Congress appeals urgently to the ECOFIN Council to immediately take the following measures:

- Loans to Greece and other deficit countries shall be low-interest , with rates not being higher than the ones banks refinance themselves at the ECB, and their terms must be extended.
- Financial aid to deficit countries must not be linked with growth hampering and anti-social austerity measures, which even accelerate the downwards spiral. Therefore: an immediate end to privatization and one-sided savings diktats to Greece and other deficit countries, which further exacerbate the situation in der Eurozone.
- Foster a public investment strategy allowing Europe to grow out of its debts and deficits.
- Allow deficits to be brought back over a more realistic and longer period of time: To avoid economic stagnation the 3 percent deficit target should only be reached over the 2016 2017 time horizon.
- Integration of a binding investment strategy for growth and employment in the Economic Governance Package: setting the course for an anti-cyclical economic policy.
- Recognizing the autonomy of the social partners and rejecting the competence of European policy makers on pay: no direct or indirect intervention in pay, in the autonomy of collective bargaining or in wage formation systems, no restrictive European wage targets – integration of safeguard clauses in the Economic Governance Package.
- Restore the principle of ordinary (and not reversed) qualified majority voting to decide that a country is experiencing imbalances that are ‘excessive’.
- Insert specific provisions excluding recommendations on pay from the sanctions regime.

IV. Delegates to the 12th ETUC-Congress express their full solidarity and support to the workers and the trade union movement in Greece and other countries that are severely tested by the different Austerity measures.