

Speech given by Bernadette Ségol, General Secretary of the European Trade Union Confederation (ETUC)

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President(s), partners

The European Trade Union Confederation was waiting with anticipation for the Commission Communication on strengthening the social dimension of Economic and Monetary Union, together with the role of social dialogue.

But its adoption on 2 October left us profoundly dissatisfied.

I would like to make a few brief remarks regarding this proposal and also on the general situation we are in.

The current multi-faceted crisis exploded five years ago essentially in the financial sector; it triggered an economic and then a sovereign debt crisis.

To combat this crisis –once they had saved the banks with our money- EU leaders adopted and implemented policies through brutal austerity measures and internal devaluation.

This has exacerbated the crisis, destroyed functioning economic structures, reduced consumption, increased inequalities and poverty, attacked wage levels, dramatically raised unemployment, and jeopardised social cohesion.

Inequality is rising. Economic and social divergences continue to grow, within as well as between countries.

Support for the EU project is falling dramatically as a consequence.

Furthermore, demographic change, scarcity of natural resources, the perspective of a lost generation, increasing energy prices, and continuing uncertainties in the banking sector are daunting challenges facing us in this second decade of the 21st century.

For all these reasons, the ETUC calls on the Council to change course, and launch a bold European recovery plan with a target of investing additional 2% GDP per year over the next decade drawing on national and European resources. The aim is to relaunch the economy leading to sustainable growth, to re-industrialise Europe and to create decent jobs, particularly in countries most affected by the crisis.

This is the only way to give a new direction to the European project and show that the EU stands for social progress and is not an instrument which attacks social rights.

The ETUC will mobilise its members around these demands during the month of November.

You received a joint letter between the leaders of BE/CEEP/UEAPME and ETUC. As you are well aware substantial differences exist between us on many subjects, including around the subject of investment.

However we felt that, at this stage, a joint message, on the urgent need for investment to create employment could be a useful contribution to the council.

This is what we achieved with this joint letter. No more, no less.

On the social indicators

It is vital that economic governance should no longer be regulated purely by economic criteria such as the deficit and the public debt.

Prioritising these aspects has sparked the increase in poverty, inequality, and the erosion of public services, social protection and social relations.

In reality, economic and social factors are inseparably linked.

Social indicators - which already exist today but are dismissed as unimportant – are actually essential points of reference if we wish economic and monetary union to move forward in a coherent and socially positive way.

The social indicators that have been proposed are certainly interesting, and the Scoreboard is potentially a useful tool.

But the major problem is that these social indicators remain merely 'indicators': they have no teeth. They lack the power to change the direction of economic policies and the recommendations put forward, which themselves follow the criteria set out in the fiscal compact.

In our view, if, for example, the country-specific recommendations demand a cut in the minimum wage, and this cut leads to increased poverty, these recommendations should be changed.

It is imperative that these social indicators carry weight in the development of economic policy.

On mobility

We are not opposed to mobility for workers and European citizens. On the contrary. Mobility is an achievement of the European Union and we were among the first to express support, when many others withheld it.

However, mobility will not resolve the economic and social problems confronting us. Countries in crisis lose a great deal of their dynamism and hope for the future when their young people leave. These countries cannot recover lost ground if young people – often the best qualified – abandon their own countries.

Getting workers to move from Portugal to Germany, or from Greece to Finland, would create an EU “mezzogiorno”, where the need for fiscal transfers from one country to the other would considerably increase.

Mobility is often synonymous with posting of workers. This is an extremely sensitive topic. As long as there is no resolution to the problem of equal treatment for posted workers, there is a severe risk that mobility will be used to accommodate social and wage dumping. We remain determined on this issue: people must be treated equally and paid equally.

May I also take this occasion to plead for solidarity with unfortunate people from beyond our borders. The Lampedusa tragedy weighs heavily, and it is not the only one. Europe must act in a united fashion in dealing with them in dignity, while working through stronger foreign policies to prevent the push factors that force these people to come.

On the establishment of a convergence and competitiveness instrument

Within our borders, the ETUC supports economic solidarity, including between countries. For example we are in favour of eurobonds and project bonds.

The Commission has suggested that such funds could be used to assist countries in difficulty. Why not, indeed? But unfortunately these resources would only be available through a bilateral contract between the Commission and an individual state, subject to the implementation of structural reforms.

The required reforms are generally linked to cuts in salaries - and often in the minimum wage - a lowering of the protection of the workforce and a weakening of social relations.

We have profound concerns that the deals proposed treat labour as the adjustment factor with total disregard for our acquired rights.

On strengthening social dialogue and involving the social partners in the European Semester

We welcome the emphasis on the need to strengthen the role of social dialogue both at EU and national level, and the involvement of EU and national social partners in economic governance. Indeed, we, as social partners, have agreed on a declaration concerning the implication of social partners in the economic governance process; it's good. But I reiterate here that this agreement deals with the process of economic governance, not with its contents. We have been, and are, opposed to the type of economic governance that has been imposed to us.

At EU level, the Commission needs to include the social partners' contribution not to the Industrial Relations report, which appears once every two years, but in the Annual Growth Survey.

At national level, we have to go further than merely encouraging Member States to involve the national social partners. Their views should form part of the governance process, and the Commission should monitor and ensure that this is happening. In instances where there is no agreement between the social partners themselves, both opinions should be included.

At the same time, we want to see the tripartite social summit and the macroeconomic dialogue becoming more effective. But would the Commission, and the Council, and the European Central Bank, really be ready to make these two platforms more effective? If the answer is yes, we should start with an in-depth analysis of how we can improve the outcomes of these meetings.

On 2nd October the Commission adopted a communication on the social dialogue, promoting the role of social partners: one small step forward. At the same time, two steps back. On the same day, another Communication from the Commission froze a decision on a joint agreement between social partners at sectoral level. We are angry because this joint agreement was ridiculed in the worse tabloid fashion when, in fact, it aims at protecting the health and safety of hairdressers from chemical irritants and dangerous premises.

We are also angry at the Commission's dereliction of duty as guardian of the Treaties, which are clear that it should act when the social partners have reached agreement. This undermines the whole social dialogue settlement we had reached in Maastricht.

On Refit

The "Refit" Communication goes further. It is a frontal assault across a range of social rights.

To give further examples: there will be no new programme on Health and Safety. The Commission wants to weaken legislation on information and consultation of workers and make it more favourable to business through a so-called "consolidation".

The Commission has also announced a review of important legislation on part-time work, and fixed-term contracts – the results of negotiations and agreements between the social partners. Also being assessed for downsizing is legislation on information on employment contracts and temporary agency work.

In the past, the Commission drew up social programmes designed to foster social progress. But these days, the ETUC is appalled at the lack of initiatives to build up or strengthen a just framework of workers' protection.

For us, the internal market is only acceptable if it is accompanied by common standards and regulations to safeguard social conditions and guarantee workers' rights. The stated intention of the Commission's Refit programme is to get rid of red tape. But in the social field, it threatens to lower standards across the board. And simply having a few social indicators for the eurozone will not meet this objective.

This will not pass. We are launching a campaign: RethinkRefit.

Conclusion

Our overwhelming impression is that current policy is to do the minimum: just enough so that society doesn't break down altogether within the eurozone, but at the same time to leave the internal market to develop as a free trade area.

It looks like Mr Cameron and a few other heads of government are now in charge of the General Secretariat's agenda. That is a slippery slope.

We insist, on the contrary, that it is essential to have a safety net of minimum social standards. Bean-counting economic policy has not worked. Rather it is leading us to disaster.

Europe must show that it cares, and that it will act accordingly. The alternative is on the electoral horizon. It looks grim.