

[ETUC newsletter]



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Figure of the month

Greece intensifies austerity

Within the framework of ongoing negotiations with the troika (International Monetary Fund, European Central Bank and European Commission), the Greek government is planning new cuts in wages and pensions in order to achieve an additional **budgetary saving of 11.7 billion euros**.

(Source: Le Monde)

Note



Dear Readers,

Europe today is caught in an austerity trap. Some countries have reached the limit of what is bearable. Social anxiety is running very high and is being expressed through numerous protest movements. The European Union and its Member States are stubbornly taking the wrong path. And yet, the European Union will only escape the spiraling crisis in which it is mired by making strong political choices.

There is a social debt which is central for saving Europe. There is a social emergency in the countries of the South and inequality is on the rise. Programmes imposed on countries in difficulty, but also on other countries that wish to meet the criteria, concentrate on cuts which hit lower earners, cut social protection and undermine industrial relations. They are dismantling the social model which made Europe a good place to live. The President of one of our Greek Trade Union members informed us that free trade zones were being created in countries in southern Europe, which would then compete with those still better-off in the North. He has got a point and what is now being done to workers in Greece, Portugal, Ireland, Spain will sooner or later boomerang and affect workers in the North.

Austerity is not only leading to a social emergency. Austerity is also worsening public finances. To give a simple example, even if Greece or Spain ran a zero deficit, the debt ratio would still explode because GDP and economic activity would be in total collapse.

We are in a situation where capital has felt no pain from the crisis and its operation is still totally protected. The Commission, the Council and the ECB are calling for structural reforms, for cuts in minimum wages, cuts in pensions, cuts in unemployment benefits. Nothing is being done about a minimum tax base for companies or the taxation of capital and many countries are dragging their feet, to say the least on a financial transaction tax. Banks can manipulate interest rates in cosy offices, and nothing happens.

We support social progress and not social dismantlement. We are against the fiscal treaty. It offers no solution. The Growth Pact is good in so far as it gives growth and employment a central place. But its content is by far insufficient to be effective.

We stand for a Social Compact for Europe. In this period when discussions are going on about a new treaty, those in charge must be well aware that we are serious about our demands to give priority to social rights over economic freedoms. We will use our strength to influence a change in course. A sustainable route out of the crisis presupposes the strengthening of policies which contribute to reducing the various forms of social inequality, and reverse the tendency towards an excessive concentration of wealth.

Bernadette Ségol,
ETUC General Secretary



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[Interview]

Employment: the top priority for the European trade union movement

Interview with Józef Niemiec, ETUC deputy general secretary, in charge of employment

With more than 25 million unemployed people in Europe, employment is the top priority for the European trade union movement. Is it the same for the European institutions?

Józef Niemiec (JN): The latest unemployment statistics in the European Union are disastrous. According to Eurostat, unemployment in Europe has continued to rise at a sustained pace every month for a year. It has now reached record levels. Today, more than 25 million people, i.e. 10.5% of the working population, are out of work. The recent ILO Report on Global Employment Trends underscores, indisputably, that the worst is yet to come. After four years of budget cuts, the economic prospects remain gloomy, and the euro zone is edging towards a double dip recession. All this confirms the ETUC's warnings about the risk of generalised austerity and excessive deficit reductions stifling the economy as a whole. This situation, which hides individual and collective situations of despair, anger and even real personal tragedies, is unacceptable and calls for a strong reaction, in particular on the part of the European institutions. It is vital for them to become fully aware of this feeling of urgency and to decide to go into action.

The approach to employment adopted hitherto by the European institutions is unsatisfactory. Although we consider that some proposals put forward by the European Commission in the employment package in particular deserve to be examined in greater depth, European policymakers continue to focus on



the wrong target. The structural reforms of the employment market characterised by the deregulation of employment protection legislation are undermining and even dismantling the collective bargaining systems, favouring increasingly more flexible labour markets and policies that increase precarious employment. This method will not create new jobs. On the contrary, these reforms will replace quality jobs by mediocre jobs, which will increase the feeling of insecurity among European workers.

Unless austerity and repeated budget cuts are abandoned, we will not create but destroy jobs! No employment policy can offset failing economic policies. We had the opportunity to repeat this message at the important employment conference entitled

“Jobs for Europe” held on 6 and 7 September of this year by the European Commission.

Many European policymakers, representatives from the academic world, and the European social partners convened at the conference to discuss the implementation of the “Employment Package.” What were the conclusions of this conference?

JN: The tone and content of a certain number of speeches make us hope that the precariousness and social anxiety caused by unemployment are finally starting to find a political echo. Bernadette Ségol, ETUC General Secretary, also welcomed the suggestions made to invest in sectors with high



[Interview]

Interview with Józef Niemiec

employment potential, as well as in the fight against barriers to the employment of women and against the sidelining of older workers. Similarly, we fully share the concerns about youth unemployment. In the latter regard, I would like to point out that according to the ILO report, and I quote *“employment guarantee systems and the priority accorded to training could help get the unemployed off the street and integrate them in useful activities by offering protection against new economic tensions.”* According to the same study *“these guarantees for young people can be introduced at low cost, less than half a percent of GDP in European countries, which will remain below additional costs caused by the ongoing removal of young unemployed people who have already lost contact with the labour market.”* These statements confirm the merits of our demands.

Nevertheless, we believe that there is a decisive leap to be made. It is vital to take action. The seriousness of the situation is such that we simply cannot continue to prevaricate. We will follow closely the next annual report on growth and the recommendations made for the Member States.

We call on policymakers not to focus on the wrong target: It is not labour law, or social dialogue or the welfare state that is killing the recovery, but rather the addition of austerity plans, hundreds of billions of euros in budget cuts, increases in VAT and reductions of social benefits. Many Member States have made these choices under pressure from the EU. Some Member States have lowered wages and have tried to weaken collective bargaining and the institutions that support social dialogue, by questioning the role of the trade unions. They have made the labour market flexible and slackened the rules on individual and collective redundancies. What is going on in Greece, Spain, Portugal and Italy at this time is clearly indicative of the fact that the situation is economically and socially untenable and that a change of course is needed.

The time has come to turn the page on austerity and to define a concerted recovery policy. We regret that the latter theme was not included in the programme of the conference. This would have enabled us to look into the investments needed to develop the green economy, into the way of financing the jobs of tomorrow in social services in the countries in recession, and in those which apply drastic austerity

plans. We could also have broached the issue of creating jobs for women, young people and older workers in a context of massive unemployment. Employment remains the top priority for the European trade union movement and we will continue to fight to have our demands taken into account.

What does the ETUC propose to revitalise the economy and to create jobs?

JN: First of all, it is necessary to correct austerity policies because they contribute to the destruction of jobs and do not revitalise the economy. It is clear that no discussion on a reform of the policy of employment could produce concrete results without a radical change of course. For the ETUC, it is vital that emphasis is placed on the quality and sustainability of the jobs created.

This will require sizeable investment in the economy, in people, in businesses and in our long-term future. To that end, we call on policymakers to seek new sources of financing at European level and to concentrate on industrial policies that promote a just transition to a sustainable development model.

Particular attention must be paid to youth employment. To defuse the youth unemployment time bomb, the European trade union is in favour of a “youth guarantee” to enable all young people in Europe to gain access to a decent job or to appropriate training for a four-month period from the time they register for unemployment or leave school. Similarly, we recommend implementing active employment market policies, including initiatives to support people who have few or no links with the labour market. There are sectors with solid employment prospects such as services to individuals and healthcare or the green economy which, in order to be fully capitalised on, require long-term investments, particularly in training and the development of skills. I must stress the crucial connection between investment and the long-term because it is the cornerstone of any future-oriented policy. Our alternative vision for the future of Europe was clearly summarised in the proposal for a social contract for Europe which the ETUC Executive Committee adopted unanimously last June. We therefore invite all those who want a better, fairer and more social Europe to join us in discussing this proposal.



[Focus on the EU and trade union positions]

Without an end to collective austerity, employment policy won't create jobs

05/09/12 – On the eve of the European Commission's conference "Jobs for Europe", the ETUC called on European policy makers to face up to the failure of austerity and adopt an alternative approach. The latest EU unemployment statistics are disastrous: unemployment has increased virtually every month for the past year and is reaching record levels. Over 25 million people are now out of work and behind the statistics are individual and collective stories of frustration, anger, loss, despair and, increasingly, personal tragedy. For the European trade union, in such a situation, employment policy cannot compensate for failing economic policies.

ETUC press release: <http://www.etuc.org/a/10309>

Portugal's future cannot be based on austerity

04/09/12 – On the occasion of the fifth evaluation of Portugal's rescue plan by the representatives of the Troika (European Union, International Monetary Fund and European Central Bank), the ETUC raised the alarm about the harmful effects of the on-going application of austerity measures on the lives and the futures of Portuguese workers and citizens. The situation in Portugal clearly brings to light the limits and ineffectiveness of austerity and repeated budget cuts. The ETUC asked the Troika to draw the necessary conclusions and to radically change their approach. *"To achieve a lasting solution to the crisis, we need to definitively drop the austerity measures. It is time for austerity to give way once and for all to measures that encourage sustainable growth, quality jobs and decent salaries, like those proposed in the Social Compact for Europe"* declared Bernadette Ségol.

ETUC press release: <http://www.etuc.org/a/10307>

Monti II regulation withdrawal makes the social progress protocol more urgent than ever

04/09/12 – The ETUC welcomed the Commission's decision to withdraw its proposal for a Monti II regulation. The ETUC had previously rejected the proposal since it restricts the right to take collective action. The withdrawal of the proposal, however, does not solve the problems created by the European Court of Justice (ECJ) in the Viking and Laval judgments. For the ETUC, it is more urgent than ever that a solution to the current situation is found as it prevents workers from fully enjoying their rights. In this context, the European trade union is calling on the Commission to put forward a proposal for a [social progress protocol](#) to be attached to the European Treaties. Such a protocol should clarify the relationship between fundamental social rights and economic market freedoms.

ETUC press release: <http://www.etuc.org/a/10329>



[EU Agenda]

September – October 2012

07–08/09/2012	Informal meeting of Ministers for Foreign Affairs (Paphos)	More information
10–13/09/2012	Plenary Session of the European Parliament (Strasbourg)	
14–15/09/2012	Informal ECOFIN Meeting (Nicosia)	More information
16–17/09/2012	Informal meeting of Ministers for Energy (Nicosia)	More information
18/09/2012	Plenary Session of the European Economic and Social Committee (Brussels)	
19–20/09/2012	Justice and Home Affairs Council (Brussels)	More information
24/09/2012	General Affairs Council (Brussels)	More information
04/10/2012	Employment and Social Affairs Council (Luxembourg)	More information
04–05/10/2012	Informal meeting of Ministers for Education (Nicosia)	More information
08/10/2012	Eurogroup Meeting (Luxembourg)	More information
09/10/2012	ECOFIN Council (Luxembourg)	More information
10–11/10/2012	Competitiveness Council (Luxembourg)	More information
15/10/2012	Foreign Affairs Council (Luxembourg)	More information
16/10/2012	General Affairs Council (Luxembourg)	More information
18/10/2012	Plenary Session of the European Economic and Social Committee (Brussels)	
18–19/10/2012	European Council (Brussels)	More information
22–25/10/2012	Plenary Session of the European Parliament (Strasbourg)	
25/10/2012	Environment Council (Luxembourg)	More information
25–26/10/2012	Justice and Home Affairs Council (Luxembourg)	More information
29/10/2012	Transport, Telecommunications and Energy Council (Luxembourg)	More information



[You may be interested]

Launch of “Equal Times – News at work” website

Equal Times – News at Work, the international website for news, is now available in English, French and Spanish at the address www.equaltimes.org. Equal Times is a global news, opinion and campaign website about work, politics, economy, development and the environment. With a worldwide network of over 50 correspondents,

it aims at balancing the weight of big business in the media with news that lets working people know what’s really happening across the



world. On the Equal Times website, readers can find daily news with three breaking stories a day, weekly in-depth features, and an opinion piece each Monday to shape your week as well as monthly special reports.

More information: www.equaltimes.org



[Trade Union Agenda] September – October 2012

09–12/09/2012	TUC Congress (Brighton)	More information
13/09/2012	ETUC Steering Committee (Brussels)	
18/09/2012	Meeting of the Group II ‘Workers’ of the European Economic and Social Committee (Brussels)	
17/10/2012	ETUC Steering Committee (Brussels)	
17–18/10/2012	ETUC Executive Committee (Brussels)	

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