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EU: feedback from the ETUI-ETUC conference on 'Europe at a Crossroads'

By Marie-Noëlle Lopez

Taking up the baton of European renewal from the new European Commission and its President Jean-Claude Juncker, the European Trade Union Confederation (ETUC) and the European Trade Union Institute (ETUI) organized a conference from 24-24 September to discuss possible options for a Europe "at a crossroads".

Europe at a crossroads or on the edge of an abyss? Being at a crossroads implies having a choice. Making choices and debating which path Europe should follow was at the heart of the conference in Brussels organized by the ETUC and ETUI from September 24 – 26. It is a question of showing "to those who suggest there are no alternatives and that austerity is the only way that in fact there is another way for Europe", Bernadette Ségol, Secretary General of the ETUC announced during her opening speech.

The opinion of the union movement is categorical: Brussels based policies of austerity and wage devaluations have been a failure. Not only do the social indicators support this (25 million unemployed) but economic performance has been absent. Prospects for the future are not bright either. For Pierre Moscovici, the Commissioner-designate responsible for Economic Affairs, the European Union is "on the threshold of a second slowdown, which if it does come about will push Europe towards a Japanese-type situation of a prolonged period of weak growth with weak inflation. Such a situation would negatively impact public deficit reduction and ruin the European project because Europe is not one single nation." The future Commissioner is focusing on a 300 billion euro pot that President Juncker has promised for future investments geared at "creating dynamism because stability is just not enough". Mr. Moscovici who addressed the European Parliament on October 2 is under pressure to maintain budgetary discipline. He nevertheless pushed the point home that it was important to maintain confidence in the euro and repeated that "there can be no growth without getting out of debt"; even if he also stated that "there can be no *not* getting out of debt without growth."

A revised appreciation of the responses to the crisis suggests a new way forward. Today, criticism – including from those outside of the union movement- over the governments' policy reactions in the face of the debt crisis are getting more vociferous. Admitting that the responses led Europe into a dead-end the outgoing Commissioner in charge of Social Affairs, László Andor, speaking with more freedom than formerly was the case, confirmed the need to reconstruct the economy and the European Social model. "The European Social model is not the source of the economic problems. The source lies in the absence of an industrial policy and the fact that the financial markets are not regulated." In his speech, Prakesh Loungani, an advisor in the IMF, showed that the rise in unemployment was not solely the result of imbalances in the labor market but also of economic decisions made over recent years. European employers however say that even if "the crisis was badly managed, there were no other alternatives to the structural reform policies." Their representative at the conference Markus Beyrer, Director General of BusinessEurope argued that improving competitiveness " needed action on labor taxation and management of public spending."

Which new path? For the unions the first step lies with an investment program in education and innovation. Bernadette Ségol welcomed this longstanding demand from the ETUC, with Luxembourg (President Juncker's homeland) giving it attention even if unfortunately, Angela Merkel's Germany is turning a deaf ear. Added to this, top quality job creation should come back to the front stage of policies and reforms. This viewpoint is at the opposite end of the priority spectrum to Mr. Beyrer who wants "competitiveness to take top priority" before adding, "Precarity cannot be worse than having no job at all." The unions also pushed for social dialogue at all levels ranging from the European level of economic governance that dictates the reforms to implement all the way down to the national level. The unions are confident this will come about in the new style Commission given the commitment that Jean-Claude Juncker has shown for social partnerships.

Important times for the unions. At the same time the union movement recognizes that it is going through crisis times. Patrick Itschert, the deputy Secretary General of the ETUC hopes that the "Thatcher period" which the European unions have just gone through is over. Already weak before the crisis they have emerged even weaker. In fact labor market reforms often led to the dismantling of collective negotiation, for the most part in the countries "under the program" (bailout countries such as Greece, Ireland, etc...) the fact that the unions could not manage to influence these policies did not help their cause. For Philippe Pochet, Director of ETUI, "there is a problem with the union narrative: on the one side there is the employers stance which permeates through whilst on the other side the unions are seen as archaic and conservative." Unions must regain lost ground and within a context where collective negotiation is not at its best. "Relations today are unbalanced, and employers don't need to make compromises", added Mr. Itschert.

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