A new path for Europe

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An ETUI Handbook for Trainers

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Introduction

A New Path for Europe is a series of three connected videos which condense a considerable range of social, economic, legal, political and historical information. There are several parts to be peeled off progressively throughout the videos, depending on the interest and experience of the participants of your course. Trade unions aim to secure justice for all, and as the only membership organisations with worldwide reach, are well placed to make the case.

The films can be used to:

– take a look at national and European situations
– investigate the origins of the crisis and to examine how the trade union role is critical in reducing the probability of this
– understand the way the crisis was managed
– reflect on alternatives
– explore alternatives to the austerity measures
– enhance knowledge and trade unions capacity
– assert the historical role of trade unions
– consider potential alliances with civil society organisations
– find entry points for trade union strategy building

The videos

The videos start from participants’ national contexts, building towards a European level consideration, where things come together and national contexts can be explored on a much wider stage. Getting the most out of the training depends on active participation – union reps have the vital knowledge and experience of their own national and workplace context.

The handbook

This handbook consists of general background information and specific information about the script of the three videos. Each part will contain references to the phrases used in the videos, so as to help facilitate the discussion. Most references come from ETUI, ETUC, EU publications and they also include references from social organisations close to trade unions. Trade unionists are part of their local communities and these videos reflect the fact
that the impact of the crisis goes beyond the workplace to the communities in which people live. The common concerns contribute to the common ground for common reflection. At the end of the third video, several demands come up. These demands go beyond the remit of the ETUC, but enable us to highlight fundamental and structural objectives that do take into account the common concerns for common action.

The handbook is not constructed as a formal training programme, but at the end of each section, it contains a sample activity, and through each part it puts forward several possible things for participants to consider. It is intended to assist tutors, not to limit them.
General background information

There are several entry points to this issue which has at root a political context which allowed the financial crisis to happen. The handbook starts from the financial crisis because it has been used as the trigger to devastating and deeply unfair austerity measures. It is not intended to develop financial expertise – trade unions can act though they might lack full financial knowledge.

Asking the right questions will contribute to the discussion and to finding common ground on which to act. If we ask the question ‘what should be done to reduce the violation of labour rights?’ we might find ourselves looking for a remedy to a symptom, i.e. the labour rights violation. But if we phrase the question towards a solution, we would be on the right track towards a real solution. For example, if we ask ‘is our political context committed to labour rights?’ there can be only two answers: yes or no. Beware that any answer like ‘partly’ is either a timid yes or a timid no. If the answer is yes, then we can progressively formulate other questions to pinpoint what needs to be done to maintain our labour rights. If the answer is no, then that is in itself a solution to our problem of labour rights violation.

I. General background information on the political context

Much has been written on the origins of the crisis. Some investors saw the financial turmoil coming and made a fortune from it, both in the US (subprime mortgage crisis) and in Europe, where in the case of Greece, they bet that Greece would default. Some individuals made a fortune betting against governments.

What went wrong? Some ideas

- No one was paying attention. Why? Lack of expertise? Lack of access to information? Not my responsibility?
- Speculators observed government behaviour: each time a bank was going bankrupt, the government would buy the ‘bad assets’ and charge it to society. This is neatly summarised by the phrase ‘privatise the profit, socialise the loss, globalise poverty.’ Speculators studied government balance sheets to see

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1 Based on ‘The Global Economy & Finance Situation’; Hard Talk BBC Interview of Kyle Bass, hedge fund manager.
how big debts were and how big revenues were; for example, between 2007-
mid 2008 from one thousand dollars of Greek debt, one could make seven
hundred thousand dollars of profit. Greek sovereign debts traded as if it was
German sovereign debt. The sector remains fundamentally unregulated.
- Women are not adequately represented in the sector. Gender perspective on
the behaviour of the financial sector show clearly that the fact of women’s
relative absence impacts on the quality and methodology of decision-making.


There is a need for trade unions to develop some capacity to
monitor the financial markets. This could involve:

- developing financial expertise.
- campaigning to raise public awareness – for example, governments have not
helped small enterprises and households while they have helped out big banks.
- raising public awareness of the fact that the bailing out action by governments
means that it is the public who is holding the bonds, not the banks, and that the
public is now in a position to influence the behaviour of these banks.
- demanding regulations on banks activities and speculations.
- demanding a transaction tax, or ‘Robin Hood tax’.
- developing legal expertise to denounce the Troika, the legal vacuum of its
veiled decisions, and the violations of EU treaties by its own institutions.
- learning from other experiences around the world, such as Iceland, where the
government split the burden between banks and public, and made sure lower
incomes would not be affected. Welfare state structures were reinforced.
Trade unions were consulted and participated in the building of the solution.

II. Specific information

In the three videos, the characters make references to social, economic,
legal and political facts. They represent only some elements of the wider
picture. Participants can add to this from their knowledge and experience.
The handbook pulls together the information and references used by the
characters. It is recommended that the trainers and participants then discuss
the process and begin to put forward alternatives.

Examples:

- why were such decisions taken?
- who benefits from them?
- how do they affect the workers’ interests?
- were the trade unions involved?
- what should have been done to prevent or reduce the negative impact?
- who are the stakeholders?
- what are their converging and diverging interests?
- what are their aims, interests, strategies, legitimacy and power?
- what is their duty towards labour rights protection?
- what strategy can the trade unions adopt to increase the power of their action?
Part I: Diverging Europe

The impact of the crisis and the reaction of governments and the EU

Objectives:

– collecting information to support the next stage (parts 2 and 3 of video).
– share information on the impact of the financial crisis in the different European countries.
– exchange information on how the financial crisis has been handled.

Background information from debates at ETUI trainings and seminars, ETUI and ETUC documents and other publications

– Troika (IMF, ECB, EU Commission) doesn’t exist in the Treaties.
– It is a problem of democracy. The Commission takes part in the Troika on behalf of the lending states while, in fact, the EUC’s mandate is to represent the whole college of the 27 Member States.
– Troika doesn’t have a legal statute.
– Thus, one may question the procedural legality of anything done by the Troika and the validity of its actions.
– Troika ‘suggests’ to a State what to do, and then the Troika informs the college of the 28 countries (European Council) that the State in question has decided to ‘do that’, and asks whether the European Council approves it.
– So, the EU Commission members that attend the Troika do not have the mandate for all of the proposals that they put forward, simply because they do not have the mandate from the whole ‘college’.
– The argument invoked is that ‘we are in an emergency crisis situation’, thus emergency procedures are implemented without consulting representative bodies.
– The procedure is not a normal procedure. That is a problem.
– Constitutional changes were imposed overnight in several countries. They were imposed under the cover of the ‘emergency’ action and in violation of
the basic democratic rule of public consultation, etc. As if it was exceptional, and yet, in Hungary, constitutional changes were enforced before the Troika intervention, and in full contradiction of the spirit and the letter of the EU, especially with regards to fundamental human rights. The question of whether the new Lisbon treaty would be of use to successfully reverse the situation in Hungary is dismissed by some, disregarding the whole Article 7 (Lisbon Treaty), particularly its §3. According to some, the treaty contains no element that would allow the EU to intervene/interfere positively in any country. Once a State is in the EU, the others have got to put up with it as it is. In other words, procedures exist for accession not for expulsion.

Some examples of discrimination in treatment between banks and small businesses and families:

- While private small business and families were refused bail-out, governments bailed out private banks.
- Banks were not dispossessed though their ‘debt’ was paid by the tax-payers. In other words, it is the citizens who should now own the credit notes (the banks), rather than the banks.
- When a small business or a family goes bankrupt, an audit and possible seizure of goods is in place. Not with the banks.
- Although many families lost everything, and their houses/flats remained empty, and some of their members committed suicide, and the banks had been bailed out, banks were not forced to accept another mortgage reimbursement plan, or diminish the interest, or suspend the mortgage claim for sufficient time, or consider that it was better to keep people in their housing, etc.

Some legal text

EU Charter of Fundamental Rights Art. 51§1, 53

Art. 51§1: The provisions of this Charter are addressed to the institutions and bodies of the Union with due regard for the principle of subsidiarity and to the Member States only when they are implementing Union law. They shall therefore respect the rights, observe the principles and promote the application thereof, in accordance with their respective powers.

The principle of subsidiarity is defined in Article 5 of the Treaty on European Union. It ensures that decisions are taken as closely as possible to the citizen, and that constant checks are made to verify that action at Union level is justified in the light of the possibilities available at national, regional or local level. Specifically, it is the principle whereby the Union does not take action (except in the areas that fall within its exclusive competence), unless it is more effective than action taken at national, regional or local level. It is closely bound up with the principle of proportionality, which requires that any action
by the Union should not go beyond what is necessary to achieve the objectives of the Treaties.

The Edinburgh European Council of December 1992 issued a declaration on the principle of subsidiarity that laid down the rules for its application. The Treaty of Amsterdam took up the approach that followed from this declaration in a Protocol on the application of the principles of subsidiarity and proportionality. Following the entry into force of the Treaty of Lisbon on 1 December 2009, the Protocol now requires the principle of subsidiarity to be respected in all draft legislative acts and allows national parliaments to object to a proposal on the grounds that it breaches the principle, as a result of which the proposal may be maintained, amended or withdrawn by the Commission, or blocked by the European Parliament or the Council. In the case of a breach of the principle of subsidiarity, the Committee of the Regions may also refer directly to the Court of Justice of the European Union.

**Art. 53:** Nothing in this Charter shall be interpreted as restricting or adversely affecting human rights and fundamental freedoms as recognised, in their respective fields of application, by Union law and international law and by international agreements to which the Union, the Community or all the Member States are party, including the European Convention for the Protection of Human Rights and Fundamental Freedoms, and by the Member States' constitutions.

**International Labour Convention N°87, 98 & 151**

**Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)**

This fundamental convention sets forth the right for workers and employers to establish and join organizations of their own choosing without previous authorization. Workers’ and employers’ organizations shall organize freely and not be liable to be dissolved or suspended by administrative authority, and they shall have the right to establish and join federations and confederations, which may in turn affiliate with international organizations of workers and employers.

**Right to Organise and Collective Bargaining Convention, 1949 (No. 98)**

This fundamental convention provides that workers shall enjoy adequate protection against acts of anti-union discrimination, including requirements that a worker not join a union or relinquish trade union membership for employment, or dismissal of a worker because of union membership or participation in union activities. Workers’ and employers’ organizations shall enjoy adequate protection against any acts of interference by each other, in particular the establishment of workers’ organizations under the domination of employers or employers’ organizations, or the support of workers’ organizations by financial or other means, with the object of placing such organizations under the control of employers or employers’ organizations. The convention also enshrines the right to collective bargaining.
Labour Relations (Public Service) Convention, 1978 (No. 151)
Public employees as defined by the convention shall enjoy adequate protection against acts of anti-union discrimination in respect of their employment, and their organizations shall enjoy complete independence from public authorities as well as adequate protection against any acts of interference by a public authority in their establishment, functioning or administration.

Neoliberalism – historical references

The moral philosopher Adam Smith (XVIII century) is regarded as the founder of modern economics. Here are some quotes from Adam Smith that can be read to participants and ask them to consider how this fits with current neoliberal thinking.

Examples:

Adam Smith
“Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to society... He intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was not part of his intention.”

Neoliberalism
“Omnipotence of the markets. Economic growth will bring social growth”

NB: It is interesting to note that Adam Smith uses the ‘masculine’ and that today, the gender ratio has hardly changed in decision making institutions.3

Adam Smith
“People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.”

2 From The Wealth of Nations: An inquiry into the nature and the Causes of the Wealth of Nations
3 See page 29 on gender perspective
ERT (European Round Table of industrialists)
Since the early ‘80s, ERT meets around the common interest of opening up the markets. ERT is a strong lobby group embedded in the EU decision making process, to the point that its recommendations get copied and pasted into the EU directives.

Find more current correspondent expressions/situations for the following excerpts:

Adam Smith
“Wherever there is great property there is great inequality. For one very rich man there must be at least five hundred poor, and the affluence of the few supposes the indigence of the many.”

“Our merchants and masters complain much of the bad effects of high wages in raising the price and lessening the sale of goods. They say nothing concerning the bad effects of high profits. They are silent with regard to the pernicious effects of their own gains. They complain only of those of other people.”

“Civil government, so far as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor, or of those who have some property against those who have none at all.”

“I have never known much good done by those who affected to trade for the public good.”

“All for ourselves and nothing for the other people seems to be in every age of the world the vile maxim of the masters of mankind.”

“These proprietors preferred to have a pair of diamond shoe buckles or other frivolous, useless, ostentatious objects for themselves than support the maintenance of a thousand men for one year.”
Script Video PART I: Diverging Europe

Diverging Europe

*Benchmarking Working Europe* is a yearly ETUI publication on social indicators of a healthy society. The 2013 publication points out the growing divergence between EU Member States: EU core/creditor countries, EU supplying economy countries and so called New China EU countries (where working and wages conditions are comparable to those on the China coast). Increased austerity is followed by increased inequality. The inequality exists also between social groups of the same country.

Roulette

The roulette symbolises the unregulated financial markets, the casino capitalism, the casino economies, the gambling of some speculators with the well-being of people. ETUC had been denouncing the speculation, casino capitalism, the hedge funds for some time before the seriousness of the financial crisis became visible.⁶

Troika

**FT Lexicon definition:** The term Troika, which comes from the Russian meaning ‘group of three’, was increasingly used during the eurozone crisis to describe the European Commission, International Monetary Fund and European Central Bank, who formed a group of international lenders that laid down stringent austerity measures when they provided bailouts, or promises of bailouts for indebted peripheral European states – such as Ireland, Portugal and Greece – in the financial crisis.

These measures were not for debate. The assumption behind this is that the solution lies on reducing or giving up fundamental and labour rights, a luxury in hard times. Yet these rights did not cause the crisis. They constitute the values on which the EU was built.

The Troika put forward cyclical and structural measures. Eventually cyclical measures become structural too. An example of cyclical measures presented as painful but reversible once the cycle changes was ‘wage moderation’. An

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example of structural, and therefore irreversible measures, was undermining collective bargaining structures.

**Possible questions to participants:**
- What is the cause of the financial crisis?
- What is the legitimacy of the Troika?
- What is the legal foundation of its decisions?
- Which cyclical and structural measures were implemented by your governments?
- What was their justification?

**The language used by the Troika is deceptive:**

- wage moderation = wage decrease
- negative growth = decrease
- modern economy = with no social conditions
- austerity = deflation (regardless of fundamental and labour rights)

Deflation is a tool used by the neoliberal system to achieve structural reforms through a decrease in salary, public spending and price. The structural reforms are implemented regardless of human rights and undermine social, labour, gender achievements. To call deflation austerity is not insignificant. It adds a morale dimension which can help create the belief that people have been living beyond their means and that it is normal to cut unnecessary expenses.

**Possible questions to participants:**
- Can you give more examples of deceptive language used by the Troika and your governments?
- What does ‘single thought’ mean? Is it in line with the European Union original project? Why?
- What is the gender impact of drastically cutting public spending?

**The neoliberal philosophy remains dominant**

In 2009, the possibility of regulating the financial markets was raised at EU and G7 & G20 levels but it has not gone any further yet. Neoliberalism is a doctrine based on simple statements:

- ‘private is always better than public’ thus, privatisation of everything will be more efficient, less costly and better for the consumer.
- ‘the market knows everything’; it is omnipotent, godlike and will always regulate itself and for the better.

It advocates unregulated trade and financial markets under the assumption that economic growth brings social growth. Yet, those who have privileges and money have no obligations towards others. The neoliberal system was reinforced in the Reagan and Thatcher years, particularly once the Iron
Curtain was dismantled and the spectrum of communism vanished. Thus, at the beginning of the ‘90s the governments of the western countries started complaining about the heavy cost of their social budgets.

Possible questions to participants:
– What is the neoliberal system?
– How does it account for social values?
– What is the cost of your national social budget?
– How does it compare to the other budgets?
– How much public money was used to bail out the banks?


...are all seen as barriers to a modern economy.


...are all seen as an unnecessary expense.

Cut public spending. Increase austerity. Clear the debt

...are together seen as the solution.

Ask participants:
– Do you agree?
– Why?

EU Charter of Fundamental Rights. Art. 51§1, 53

51: Speaks of the scope and asserts the principle of subsidiarity. Social policy has been the privileged area for subsidiarity until the Troika intervention.

53: Speaks of the level of protection for human rights and fundamental freedoms.
International Labour Convention N°87, 98 & 151

Some examples of violations of ILO conventions and social charter can be found in ETUI publications.7

Possible questions to participants:
- Can you give some national examples of violations of art. 51 §1 and 53 of the EU Charter of Fundamental Rights?
- And of ILO Conventions and EU Social Charter?
- Can you give examples of national legislation violations since Troika’s intervention?

Unemployment, emigration, dispossession, poverty

Possible questions to participants:
- Can you give some examples of how your country (and trade union movement) has been affected by increasing unemployment, emigration, dispossession, poverty?

7 http://www.etui.org/Publications2. Benchmarking Working Europe 2013, Chap. 6, p.84-104
**Activity for Part I of the video ‘Diverging Europe’**

**Part I Reminder: The impact of the crisis and the reaction of stakeholders**

**Objectives:**
- Collect information so as to support your thinking when tackling Part II & III of video
- Assess the impact of the financial crisis in the different European countries
- Exchange information on how the financial crisis has been handled

The above objectives can to be spread over several activity sheets.

**Activity Sheet: National experiences**

**Objectives:**
- Identify national duty-bearer stakeholders

**Tasks:**
- Read your national Constitution
- Identify constitutional rights that have been violated because of the economic crisis
- Make sure the task is done from a gender perspective
- Determine who is the “duty-bearing stakeholder”, i.e. responsible for protecting those rights. (example: access to health – what are the different ministries that have the duty to ensure access to health?)

**Responsibility distribution:**
Choose a Chair and a group speaker to report back in plenary.

**Duration:**
Work group: 01:00
Report in plenary: 10 minutes each group

A follow-up activity could address possible strategies to ensure the duty-bearer stakeholder(s) comply with the national constitution.

Another activity could look at this at the European level.
Part II: Hung out to dry?

Analysing the crisis management

Objectives:

– analyse the process put in place to handle the crisis
– look at it from the perspective of the EU’s expressed ideals
– understand where the responsibility lies

Some background information from debates at ETUI programmes, ETUI and ETUC documents and other publications

The fundamental crisis is that of a democratic deficit in the decision making process at EU and governmental levels. There is lack of transparency. Public decisions are taken behind closed doors. Mandates are not respected. There is confusion between responsible levels of decision making bodies. Conflict of interests blurs independence.

The EU is governed by unelected interests, whose interests lie with the business promoted by the lobby industry. The industry is gathered under the ERT (European Round Table of Industrialists).8 They are the fabric of the neoliberalism, the single market, the single thought – which in itself is in full contradiction with the founding EU Democracy. ERT started as a small club in the early 1980s and is now said to have become part of the EU institutions.

The financial crisis did not come out of the blue. It is the culmination of a process of deregulation and liberalisation over decades, a process whereby private takes precedence over public interests, of business lobby over social interest.

Previously-refused business demands are repackaged under a new brand: M.I.A. instead of A.M.I., REFIT instead of Monti II or Smart Regulations.

In 2008, the EU Commission appointed an independent group to make recommendations for financial supervision and financial market regulation, as a means of addressing the financial crisis. The group was made of 8 ‘wise’ men:

- **Jacques de Larosière** is co-chair of a financial lobby structure
- **Rainer Masera** is linked to Lehman Brothers
- **Onno Ruding** is linked to Citigroup
- **Otmar Issing** is linked to Goldman Sachs
- **Callum McCarthy, Lars Nyberg** and **Leszek Balcerowicz** are deregulators
- **José Pérez Fernández** provides financial markets intelligence to the big banks

Three of the eight are linked to the US banks directly involved in causing the crisis. Balcerowicz is close to US right wing think tanks like the Cato Institute, one of the close advisors to the Bush administration, and involved in neoliberal think tanks in Brussels, Poland and the UK.

The results of the work of this group of wise men: public money was widely flooded into private banks.

The same banks who contributed to the crisis are now making a fortune off the tax payers’ misfortune.

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**The IMF’s mandate**

*The IMF promotes international monetary cooperation and provides policy advice and technical assistance to help countries build and maintain strong economies. The Fund also makes loans and helps countries design policy programs to solve balance of payments problems when sufficient financing on affordable terms cannot be obtained to meet net international payments. IMF loans are short and medium term and funded mainly by the pool of quota contributions that its members provide. IMF staff are primarily economists with wide experience in macroeconomic and financial policies.*

Here is an excerpt from page 12 of the joint report by the ILO, OECD, IMF and the World Bank, Los Cabos, June 2012 on **Boosting jobs and living standards in G20 countries**:

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9 www.imf.org
Minimum wages: Combined with in-work benefits and measures to reduce the non-wage cost of low-paid jobs, a statutory minimum wage set at an appropriate level may raise labour force participation at the margin, without adversely affecting demand, thus having a net positive impact especially for workers weakly attached to the labour market.

Maintaining the purchasing power of minimum wages at around 30 to 40 per cent of median wages sustains demand and reduces poverty and income inequalities. Statutory wage floors systematically set at levels significantly above that range entail the risk that these benefits would be more than offset by lost job opportunities, especially for youth and low-skilled workers. Allowing the minimum wage to slip significantly below that range risks exacerbating poverty while weakening demand.

Since the crisis there has been renewed government attempts to break down the social partner mechanisms, with wages in many countries getting closer to the margins outlined in the above joint report.

Labour and social rights are portrayed as barriers to the modern economy, especially since the collapse of the communist block. Trade unions’ historical role is under attack and the current EU and the international neoliberal system aim at limiting the role of trade unions in the wage setting and collective bargaining.

Ask participants to read extracts from the Lisbon Treaty and discuss possible breaches.

The EU violated the principle of subsidiarity and interfered in areas where it was not competent. Several unions have denounced labour and social rights violations. Denouncing the Troika’s legitimacy would mean an upstream action with consequences all the way downstream. It would have a greater impact than individual action. The question is who is responsible, who gives the order, who is accountable to whom? Who should be denounced and what court could receive the complaint? It is a risk as there is no certainty that the case would be heard. There is also a question of cost. All this raises serious concerns about the violation of basic democracy. Some counter arguments to these concerns can be found online:


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**Art. 123 of Lisbon Treaty**

**Article 123**

1. Overdraft facilities or any other type of credit facility with the European Central Bank or with the central banks of the Member States (hereinafter referred to as ‘national central banks’) in favour of Union institutions, bodies, offices or agencies, central governments, regional, local or other public
authorities, other bodies governed by public law, or public undertakings of Member States shall be prohibited, as shall the purchase directly from them by the European Central Bank or national central banks of debt instruments.

2. Paragraph 1 shall not apply to publicly owned credit institutions which, in the context of the supply of reserves by central banks, shall be given the same treatment by national central banks and the European Central Bank as private credit institutions.

In other words, ECB and national central banks cannot lend money directly to governments. Their loans go through private banks, only with higher interest rates paid by the public. So, public money through private wrapping, reimbursed with public money, interests inclusive. Why?

Private banks have been bailed out with public money. Isn’t the creditor the owner of the property – at least for as long as the debt hasn’t been reimbursed?

The Fiscal Compact Treaty was adopted against EP will. It will strengthen the powers of the Commission. It sets one-size-fits-all measures in the Eurozone, while as yet there is no fiscal and bank union, and national situations are very different. It disregards most of the Lisbon Treaty articles, let alone art.174 about economic, social and territorial cohesion, and art. 151 about social policy. It opens the way to further austerity measures on citizens without taking measures against tax evasion, for financial markets regulations and tax on financial transactions...

Art. 3. Sets the structural deficit at 0.5 % of the gross domestic product at market price (…)

In the event of significant observed deviations from the medium-term objective or the adjustment path towards it, a “correction mechanism” shall be triggered automatically.

A 0.5% structural deficit maximum is meant for the markets, to ‘reassure’ them. It is unrealistic for most countries and definitely unrealistic, if fundamental social and labour rights are to be guaranteed. ETUC has denounced it and demands a Social Compact. Moreover, nothing is mentioned as to the nature, length and scope of this ‘correction mechanism’, which de facto is a ‘deflation/ austerity mechanism’. Read more at www.etui.org and www.etuc.org
People react to the shock of the crisis and want to understand what happened and how it is all being handled.

**Crisis, economic, social, political?**

Possible questions to participants:
- How many crises are we talking about?
- How was the crisis presented to national and European public opinion?
- Can you give some national examples of political, social, economic crisis?

**Unexpected, culmination of a process, a fraud**

Possible questions to participants:
- Do you agree with the perspective expressed in the video?
- Why?
- What are the provisions at national and European levels that allowed the process to go on?

**Who is responsible?**

- Most governments claim to be implementing instructions from Europe, as if there was no connection between EU and national levels. The EU is made up of the Member States whose governments meet and decide on policies.
- It is useful to check the understanding of the participants of the EU institutions and their perception of the decision making process.

**The Commission, Council, Parliament and Bank and their mandates**

This section looks at how the different institutions have openly disregarded their mandates:

- The Commission is supposed to represent the interests of all Member States. Yet, when it sits at the Troika, it only represents the interests of the creditor Member States.
- The European Central Bank is governed directly by European law, not by corporate law applying to private companies. However, it is structured like a corporation in the sense that the ECB has shareholders and stock capital. Its capital is five billion euro held by the national central banks of the Member States as shareholders. The initial capital allocation key was
determined in 1998 on the basis of the states’ population and GDP, but the key is adjustable. Shares in the ECB are not transferable and cannot be used as collateral. Its primary objective is to maintain price stability within the Eurozone. Its current president is Mario Draghi.

**Ask participants** to reflect on the fact that the ECB is independent and fed by public money from national central banks.

**Possible questions to participants:**
- Have Troika decisions and suggestions interfered with national and European laws?
- Can you give some examples?
- How would you file a complaint?
- Based on what arguments?
- To what court would you address your complaint?

**Fight the crisis: Put the people first!**

This is the ETUC slogan, used since 2008, right at the beginning of the crisis. ETUC had warned the EU institutions of the consequences of the neoliberal system and of unregulated financial markets.

**Art. 123 of Lisbon Treaty**

**Possible questions to participants:**
- Consider how art. 123 of Lisbon treaty fits with austerity measures

**TINA (There Is No Alternative)**

This is the slogan, first used by Margaret Thatcher, of the neoliberal agenda.

**Possible questions to participants:**
- Can you give some examples of neoliberal agenda in your countries?
- What are their common denominators at European level?
No minimum wages over '30-40% of median wages'

See the joint report of the OECD, IMF, ILO and World Bank\(^4\). Check with participants whether they are aware of how the subsidiarity principle has been interfered with.

**Possible questions to participants:**
- Does your country have a minimum wage?
- How is it fixed? By legislation, social partners bargaining, etc.?
- Can you calculate 30-40% of the median wage in those countries and check whether the result is higher or lower than their minimum wages?

**Multiplier 0.5**

The IMF predicted that cutting the Greek public budget by 1% should have meant a fall in the GDP growth by 0.5%. In reality, the fall has been around 3 times higher. Austerity measures are contributing to recession.


They are all perfectly in tune with each other but not with the European Union’s original purpose.

**Possible questions to participants:**
- What is the TTIP (Transatlantic Trade and Investment Partnership)?
- Do you see any relationship between the above list of issues and TTIP?
- What is the position of your trade unions on TTIP?
- What is the position of the ETUC on TTIP?
- Ask yourselves the same questions with regard to TISA & REFIT

Lisbon Treaty art. 1-12, and democracy, and decent working conditions and decent living standards

Please read at least Articles 1-12 and discuss with the participants.

Possible questions to participants:
– Is the political context favourable to the implementation of Articles 1-12 of Lisbon Treaty?
– Have you heard of TTIP, TISA and REFIT?
– Can you talk of them from the perspective of democracy?
– Reflect on possible trade union strategies to help with the implementation of those articles
– Are there other civil society organisations which could help?
– Which ones and how?

In the eastern and central European countries, a salary of about 500.00 euros is considered a good salary, as it is in the parts of China, on the coast, across from Taiwan.

Possible questions to participants:
– What is the labour situation in your country?
– Do you think that solidarity with Chinese workers in China would contribute to the preservation of decent working conditions in Europe?
– Can the ILO help?
– What strategy would you envisage?

Mind the gap!

The gap between the EU institutions and the citizens.

Possible questions to participants:
– How are European institutions perceived in your country?
– What do you think could be done to change the negative perception?
– What trade union projects are in place to help with this?
  See for example http://www.tueip.dircon.co.uk
– What is the risk of a dismantled European Union?
Activity for Part II of the video ‘Hung out dry?’

Collective analysis of the crisis management

Objectives:
- Analyse the process put in place to handle the crisis
- Consider how it complies with the EU spirit and text
- Understand where responsibility lies

Activity Sheet: National experiences

Objectives:
- Share national experiences
- Analyse how it is being handled

Tasks:
- Choose one aspect of the crisis and discuss in your group
- Consider national measures taken by your government to handle it and identify their impact
- Think particularly about the gender impact

Responsibility distribution:
Choose a moderator and a group speaker. The latter will report back in plenary.

Duration:
Work group: 01:30
Report in plenary: 15 minutes each group

A further activity could be about what could have been done, from a national trade union perspective, to prevent the crisis.

A further activity sheet could focus on the European level.
Part III: Mind the gap!

Trade Union alternatives

Objectives:

– Understand ETUC proposals
– Check how they fit in with the EU’s original purpose
– Reflect on trade union strategies for implementation

Neoliberalism is a doctrine, a dogma, made up of principles and statements that have no empirical foundation and that have been proven wrong, as witnessed since 2007 with the onset of the financial crisis. Yet when it comes to the G20, it’s business as usual regarding neoliberalism, despite its own declarations about the need to regulate the financial markets. It is a doctrine based on simple statements: ‘private is always better than public’ thus, privatisation of everything will be more efficient, less costly and better for the consumers (which is very often not the case); ‘the market knows everything’, it is *omni sapiens*, just as God would be, it will always regulate itself and for the better. The consequences of such statements are a flood of sufferings, because those who have privileges and money have no obligations towards the others. Neoliberalism has become the ‘common sense’; the single thought where there is no space for any other thought, not even for Keynes “The boom, not the slump, is the time for austerity”.

Thatcher was a fervent supporter of neoliberalism with her motto: ‘there is no alternative (TINA)’. The neoliberal thought has become the single thought because of investment made by some to control the intellectual production and communication means, thus achieving viral thought standardisation.
Creditor countries behave as if they had given away the money to countries in difficulty while in fact, they have lent it and are making sure it will be paid back. They speak of help, support, strain, while in fact, it is a loan.

Around the world, between 2008 and 2009, 14 thousand billion dollars of aid of all kinds was given to the banks by the governments of the US, UK and other European countries. If a dollar was equivalent to a second, it would amount to as many seconds as in 450,000 years.

In the Eurozone, between 2008 and 2012, 1,839.5 billion euros (14.2% of GDP) was pumped in the financial sector as a bailout for banks.

Where does this money come from, if not from tax-payers? The logical consequence is that banks belong to tax payers, whether banks like it or not. As such, we could force the banks to lend money to SMEs, families, etc., investing in social and sustainable projects. One needs legislation for this and also for a world-wide tax on financial transactions, CO2, etc. According to the Bank for International Settlements in Basel, if transactions were taxed, 600 billion dollars would be collected annually for a green new deal. Even Roosevelt insisted that in time of crisis public investment is essential to boost the economy. Yet the G7 and the G20 are only dealing with the ‘financial’ crisis as their unique concern. It is the State that has to start investing. The states say there is no money and they don’t look for alternatives. The money is in fiscal paradises. The G20 spoke about them in 2009, now they have stopped talking about them. Moreover, there are 10 million people spread across the globe that together own 41 trillion dollars, 3 times the EU GDP.\footnote{\textsuperscript{15}}

Yearly European GDP loss amounts to €1,000 billion, because of tax evasion and fraud.

Oxfam figures published on eve of Davos 2014: 80 people own 50% of the world’s wealth (in other words the wealth of 3.5 billion people).\footnote{\textsuperscript{16}}

\footnote{\textsuperscript{15} Based on an interview of Susan George: http://www.rtbf.be/video/detail_noms-de-dieux?id=722233}

\footnote{\textsuperscript{16} Data and figures may vary over the years. Trainers could ask trainees to update them as the starting point of a comparative activity towards a common trade union action.}
Part III is dedicated to mobilising trade unions and the alliances against austerity. It is dedicated to the strength of the union.

Part III is mostly a ping pong between EU institutions, governments and the Troika on one side, and the concerned trade unionists, citizens, workers, the unemployed, etc. on the other. The trainer can therefore check that all slogans are understood and commented on by participants. In other words, for part III, the handbook will suggest questions to participants only after some slogans. It is suggested that trainers discuss them with participants to see how they understand each slogan, why it is used, whether they agree with it and why. If the reply is positive, they can be asked how they would make it a reality. If the reply is negative, what are their alternatives, etc.

**Troika recipe is working. Look at Ireland and Spain. Greece will eventually recover so will Portugal and Cyprus**

This is regularly reported by spokespersons for the Troika, the IMF, national governments, etc. and, of course, it refers to financial indicators only. The social indicators are not taken into account.

**Possible questions to participants:**
- How many countries in the world have recovered thanks to structural reforms imposed by the IMF?

**Marshall Plan.** Stop toxic lies, their impact is real.
It works just for the bankers. People first. Learn from Iceland and Argentina

In Iceland, there was national ownership of the programme (‘subsidiarity’); protection of labour and social rights, the burden was shared between public and banks, etc.

**Possible questions to participants:**
- Comment on the above slogans.
- Why are the trade unions asking for a Marshall Plan?
- What did Iceland and Argentina do?

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17 DGB Confederation of German Trade Unions | Executive Board | Department of Economic, Financial and Fiscal Policy | December 2012
Less collective bargaining will help

No discrimination. Stop social dumping. Fair pensions

TINA TINA. Austerity

IMF pulls the arm of the EC because at some point the IMF itself realised that austerity was hurting beyond what the IMF would have regarded as necessary. In fact austerity is contributing to recession. The media have reported IMF, OECD, ILO, even Standard & Poor’s, which are hardly the friends of the trade union movement, saying that ‘it was the wrong thing to be doing, the wrong medicine, and that it could only make the situation worse’. 


There is no one single European social model yet, the Union is founded on social values.

Possible question to participants:
– What does European social model mean to you?
– How to maintain it and develop it further?

18 There is no alternative: Thatcher’s motto, neoliberal motto.
19 TATA is the reply of trade unions and affine social movements. TATA was proposed as a slogan by Susan George.
21 Konstantina Kuneva is a Bulgarian migrant worker in Greece and the general secretary of the Greek Panattic Union of Cleaners and Domestic Personnel. She was attacked with acid on 23.12.2008.
22 There are environmental limits that can be crossed without irreversible damage. Social and environmental changes are necessary.
But there is no money
No tax evasion. Tax on financial transactions

Rule of Law, not of money. Audit of the debt.
Unite against social disintegration. Fair trade.
Financial market regulations. Europe is the citizens not the banks. Our children first

Paying the debt to speculators and banks is no constitutional matter. Genuine social dialogue.
Public education.
Public services for all. Quality jobs

No discrimination. Public debate
In other words: ETUC manifesto

A new path for Europe, is that what you want?
Yes
We want the original European Union purpose back
‘A new path for Europe’

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23 George Katrougalos is one of the several jurists and lawyers that have signed the ETUI labour lawyers’ manifesto for the respect of fundamental social rights. www.etui.org
24 Eric Toussaint is a trade unionist and Chair of CADTM (NGO working on debt issues). www.cadtm.org/ICAN
25 María Helena André (ETUC Deputy General Secretary, 2003-09)
26 Several examples exist of EU interfering with social partners. Here is one: http://www.uniglobalunion.org/news/eu-commission-says-no-social-partner-agreement-hairdressers
27 ‘More women at the top’ is part of a genuine implementation of gender perspective in all policies. It is also a matter of TU strategy to achieve a genuine social Europe.
Similarity between the crises in Iceland, Ireland and Cyprus: small countries with oversized and internationalised banking systems. Though one might argue that the difference between the three countries is the currency, the real difference is the fact that the Icelandic krona is backed by one single monetary and fiscal system.

Between 2003-2008 signs of the crisis emerged in Iceland but very little was done to avoid it.

In political terms, Iceland fell victim to a very dramatic neoliberal exercise: rapid growth that rose and fell very sharply. The tax had been flattened out, higher income paid very little tax and this became unbearable.

During the boom, labour immigration rose. Then, with the crash, unemployment rocketed to over 9%. It is now at around 5%.

2009: Measures were taken

**Actions on revenues and expenditures:**
- Increased tax-free allowance and an increase in capital income tax
- Increase in the standard VAT rate
- New tax on wealthy individuals
- New environmental and carbon taxes (CO2)
- Increase in social security contributions
- Excise taxes on petrol, diesel fuel, alcohol, tobacco, etc. increased

**Growth stimulus:**
- 100 per cent reimbursement of VAT
- Additional private pension withdrawals
- Reforms increasing the educational level
- Payment date adjustment of taxes and excises for corporations
- Increase in reimbursements for filmmaking
- Ambitious investment plan for the next three years as a foundation for supporting innovation and a more diversified economy
- Action plan to support the green economy
- Green investment fund recently established. The aim is to strengthen the foundations of the green economy, where environmentally friendly solutions are in the frontline
- New legislation to strengthen research and development activity of innovation enterprises, by providing them with the right to tax credits in respect of costs of innovation projects
- Substantial increase in contributions to competitive funds for innovation and research (R&D funds)
– Project fund for creative industries established to strengthen a fast growing industry
– Special fund to support infrastructure development in tourist destinations

Lessons drawn from the Icelandic crisis analysis

The banks were allowed to grow too fast
– The financial regulation made the fall in asset prices cause fire sales and the credit crunch
– The banks were insufficiently capitalised

External auditors and rating companies failed
– The banks were always profitable until they failed
– The banks always satisfied capital requirements

Banks that grow fast should be subject to higher capital requirements and increased supervision

Onsite inspection needs to be strengthened

Having own currency helped dealing with the aftermath of financial crisis

A crisis is a terrible thing to waste
– Making fundamental changes becomes easier after crises
– But crises can also be a fertile ground for bad ideas

Best practices to tackle the crisis

– During difficult times make the most difficult decisions first. Do not postpone them for the future
– The home country must be in control of international assistance
– Preserve the welfare structure and shelter the low-income groups
– Strike the right balance between taxes and cuts
– Importance of social dialogue and involvement of citizens and social partners
– We cannot have a financial system that privatises the gains and socialises the losses. So the Icelandic government decided not to bail-out the banks (the debt was too big to be afforded anyway). The three banks that had collapsed were put under public curatorship (without nationalisation) and only domestic deposits were guaranteed (not those abroad). In other words, the banks had to shoulder their own responsibilities
– And don’t give up. If these lessons are followed there is light at the end of the tunnel
– Invest in the real economy
Main elements of the 2009 Stability Pact
Secure wage increases for the lowest paid, preserve the vital parts of the welfare system, transform the tax system on a just basis and formulate an aggressive employment and investment strategy to counter the fall in aggregate demand.

Conclusions:

- It is clear that ASI (Iceland General Trade Unions Confederation) involvement had a major impact on the fiscal program and its content
- It benefitted its members and although ASI had to assume a lot of responsibility, and in some respect blame, the overall opinion among its members is positive
- The planned PPP\textsuperscript{28} projects was not realised due to opposition in the Left Green party and therefore the core of the employment policy was not put into action
- Unemployment is still very high and migration to Norway is high

Though Iceland is on its way out of the crisis, the government collapsed for its lack of aggressive employment policy.

Possible questions to participants:
- What lessons can be drawn from the Argentina case?
- Can you compare how the crisis was managed in your country, at European level, in Iceland and Argentina?

\textsuperscript{28} PPP: Public-Private Partnership
Talking about a gender perspective doesn’t mean talking about women only. It is about the relationship between both, how they both access resources, how both are affected by culture, how the decision making process is made and whether decisions cover the needs of both. It is about equality. At least one out of two men is a woman.

2003. UNESCO: ‘Equality is a common heritage of humankind’

There is a lot to say about gender perspective. It is time to understand that by omitting the systematic mainstreaming of gender perspective, the power of trade unions and social partners in civil society is halved. It is a matter of strategy. The ethics of care must be equally distributed between men and women. There is now a recognition that if gender perspective had been mainstreamed and more women had been at the top, the financial sector would not have behaved as it did – as behind the numbers there are human beings.

The EU 2020 Agenda is a tool to implement the EU legal and political objectives. Results are hardly seen from the gender perspective. Serious concerns exist about some EU Member States, where there is voluntary confusion between austerity and ethics. Cuts in social, health, care budgets are affecting more women than men, as they push them back into carrying out unpaid domestic work. Cuts have a direct impact on their independence and feed the assumption that women have no added value for society.

The 2020 Agenda doesn’t actually talk of social policies, rather of welfare/care policies, which has opened the way to substituting universal public and quality services, with charity initiatives that are fostering soup kitchens, food banks and citizens’ solidarity, instead of social and institutional justice. Gender equality policies are just enunciated without any implementation plan.

In the Treaty of Rome (1957), reference is made to the need for equal pay for equal work between genders. It is both a human and labour rights issue. 57 years later, the claim is still pertinent and it is included in the 2010-15 work programme of the European Commission on gender equality. The 2010-15 work programme reiterates the main claims for: equal economic independence between man and woman; equal salary for job of equal value; equality in decision making; dignity, integrity and an end to gender violence; promotion of gender equality outside the EU; horizontal issues (roles given to genders, legislation and governance tools).

In other words, the gender equality demands have not been achieved yet and, what is even worse, things are going backwards in the current recession context.
Possible questions to participants:
- Do you know of countries where gender perspective is mainstreamed into their national budget?
- Do you know what is their unemployment level and economic growth?
- How would your national budget look if gender perspective was taken into account?
Activity for Part III of the video 'Mind the gap!'

Part III Reminder: Trade unions proposals for alternatives

Objectives:
- Understand ETUC proposals
- Check how they fit with the EU’s original purpose
- Reflect on trade union strategies to achieve implementation of the ETUC proposals

Activity Sheet: Health and Safety at Work

Objectives:
- Assess impact of REFIT on Health and Safety at Work

Reminder:
REFIT is the European Commission’s Regulatory Fitness and Performance programme. It is a fundamental element of the deregulation trend of the EU Commission.

Tasks:
- Read the ETUC position on REFIT and discuss from the perspective of Health and Safety. Think particularly about the gender perspective
- List common challenges for the participants of your group

Responsibility distribution:
Choose a moderator and a group speaker. The latter will report back in plenary.

Duration:
Work group: 01:00
Report in plenary: 10 minutes each group

The following activity could be about identifying all stakeholders that are concerned by REFIT.

Another activity could be to consider a common trade union strategy at a European level to stop REFIT. Make sure that long, medium and short term strategies are included.