

## **Preface**

In the wake of the financial crisis that erupted in autumn 2008, 2009 began with one of the worst economic crises experienced by Europe since 1929-1930. As the financial system collapsed, it brought down with it the real economy in most of the EU Member States, provoking bankruptcies, redundancies, restructuring schemes and unemployment. The national recovery plans and their European equivalent strove throughout the year to limit the economic and social damage. But this disastrous sequence of events will weigh heavily on the public finances of EU countries for years to come: it has already resulted in fiscal restraint, and such measures will be with us for a long time to come. The fact that the finance industry had already returned to its casino-like practices and excessive bonuses by the end of 2009 is utterly outrageous.

The only 'positive' outcome is that the extreme nature of this situation and the severity of the crisis have prompted many policy-makers to engage in debates which had seemed closed, or at least confined to radical left-wing circles: a global tax on financial transactions and a 'supertax' on bonuses, but also action against tax havens and a tightening of prudential rules, etc. New scope has arisen for discussion of taxation and supervision, unthinkable just a few years ago, and there is ample potential for change. Yet the European Union as such seems to be playing in the second division here: it has barely shown any leadership at all in managing the crisis. And now, at the start of 2010, one has no choice but to acknowledge that the rules of the game for this neoliberal brand of financial capitalism have not changed significantly.

This state of affairs, combined with the global fight against climate change, calls for a fundamental rethink of the model of 'growth' pursued in developed countries over the past few decades. Social groups and trade unions have long been seeking an expansion and reinforcement of the European social model (trade union rights, social protection, social dialogue and public services). These issues are now compounded by a new challenge on an altogether different scale: to define a new model of development which will, at one and the same

time, put an end to the madcap accumulation and concentration of capital, re-establish social cohesion and justice, and bring about a society based on 'zero-carbon prosperity'. That would mean adopting a wholly new approach to economic prosperity compared with what we understand the term to mean today.

Public authorities, first and foremost the European institutions, have a key role to play in these endeavours. But so have social groups and trade unions at both national, European and international level. It is with this in mind that the European Trade Union Institute has once again teamed up with the Observatoire social européen to produce this 2009 edition of *Social Developments in the EU*. We hope that the analyses it sets out will assist a wide readership in reflecting on the future of the European model.

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