Meeting argues that major changes needed in economic governance

(18 September 2014) **This meeting, organised with the financial assistance of the European Commission, provided EPSU affiliates with an opportunity to review developments in economic governance and assess prospects for 2015.**

Coordination in the European Semester

Sarah King, advisor at the ETUC, provided some background on how the ETUC works and the way in which its various committees and working groups were trying to coordinate around the European Semester. She said that it was the employment and economic committee taking the lead along with the collective bargaining committee. The ETUC was trying to ensure that it and its national confederations were ready to intervene at the relevant points of the process.

The ETUC works in particular with the Employment Committee (EMCO). The committee is made up of senior civil servants from each Member State's labour ministry and acts in an advisory capacity to the ministers who sit on the Employment and Social Affairs Council (EPSCO). EPSU affiliates were encouraged to keep in contact with their confederations to help ensure that there is a national voice on public service issues within the ETUC, alongside the European input coming from EPSU.

ETUC note on semester coordination:

- ETUC Semester Coordination

The European Semester

There was a short discussion about the Semester process noting the key stages of the Annual Growth Survey, National Reform Programmes and Country-Specific Recommendations. There was still a problem about the inadequate involvement of the European Parliament, national parliaments and social partners at both national

and European levels. It was apparent that some elements of the Semester – the alert mechanism and in-depth country reviews – were even less open to public scrutiny.

Powerpoint covering Semester, new Commission and Annual Growth Survey:

- Main themes of meeting

The New Commission

The proposed new structure and membership of the college of commissioners was discussed along with the statement of the president and mission statements sent to new commissioners. While there was hope that the positive statements on investment, social dialogue and other matters such as taxation would be followed by concrete action there was some scepticism as to whether the new team would deliver, particularly based on experience of their records at national level.

Click here for the mission letters to all commissioners

Economic trends

The latest economic data showed that the Eurozone was still facing very sluggish growth and persistently high unemployment. There remained no signs of a sustained recovery with even recent growth forecasts for Germany being revised downwards. Only half EU Member States had managed to get back to pre-crisis levels of output and only Malta and Germany had seen unemployment fall to pre-crisis levels. It was pointed out, however, that much of the growth in employment in Germany could be attributed to low-paying, part-time jobs (mini-jobs).

ETUC Economic and Employment Committee powerpoint on economic developments:

- ETUC presentation on economic developments

Annual Growth Surveys 2014 and 2015

There was a discussion about the main themes of the 2014 Annual Growth Survey (AGS) before considering a summary of the key points raised by a document circulated by DG Employment in advance of the consultative meeting on the 2015

AGS. While the 2014 AGS had referred to the need to tackle unemployment and particularly youth unemployment, there had still been to much emphasis on the notion of growth-friendly fiscal consolidation which in practice had been implemented as fiscal consolidation without adequate account taken of the need to protect areas important for growth such as education and training and public investment. There had also been too much of a focus on deregulation and “modernising public administration” without an appreciation of the vital role public services play in the economy.

There was also an exchange on the Country-Specific Recommendations with several comments indicating that national governments were doing little to implement what in many cases were very general recommendations. It was noted that between the Commission drafting the recommendations and approval by the European Council there was some scope for trade unions, particularly if working with sympathetic employers and/or governments to try to get recommendations withdrawn or amended. The Swedish unions had been successful in getting a recommendation on wage flexibility deleted by the Council.

The DG Employment document circulated for the AGS consultation contained a lot of useful data, highlighting the impact of unemployment, the scarring effects especially on young workers, the increase in material deprivation, the positive impact of investing in education, training and active labour market policies and the need for social dialogue. It seemed that there was considerable ammunition for arguments for a significant shift in approach in the 2015 AGS.

Taxation

EPSU policy officer Nadja Salson gave an overview of EPSU’s work on tax, linking it to the tax measures that had been highlighted in the 2014 AGS and country-specific recommendations. She said there was still a lot of work to do to get agreement on a common consolidated corporate tax base and implementation of an effective financial transactions tax.

Nadja added that while there had been a shift in EU policy on tax issues it was still a struggle to counter the lobbying of business and financial interests to ensure concrete measures were taken to tackle tax fraud and tax havens. Some countries, such as Netherlands and Spain had taken on more staff to deal with tax fraud but in contrast there had been cuts in many other countries, with particularly large job

cuts in the UK and Greece.

Cover note and background report on taxation for April 2014 EPSU Executive Committee:

- EPSU EC Taxation Cover Note
- EPSU EC Taxation Progress Report

Working with other organisations – the Semester Alliance

EPSU, along with the ETUC, had joined a number of civil society groups in an Alliance to challenge the content and process of the European Semester. Sian Jones of the European Anti-Poverty Network was a leading coordinator of the Alliance and explained what it had been doing so far. She said that the various organisations in the Alliance had very similar criticisms of the Semester, the limited input from social partners and civil society and the pre-eminence given to economic priorities over social concerns.

The Alliance had also challenged the way Country-Specific Recommendations had been drafted and put forward a range of alternative recommendations. The Alliance had produced information on the Semester and was working on a lobbying strategy for the European institutions. Three national projects were part of the current year's work and the one in Bulgaria, involving local trade unions and civil society, had proved particularly successful in establishing an coordination around the Semester.

Click here to visit the Semester Alliance website

Public investment

There was a short discussion about recent trends in public investment across Europe with spending below pre-crisis levels by some €65 billion a year. It was agreed that EPSU and affiliates at national level needed to push for an increase in public investment, particularly in areas, like healthcare, that were important for long-term growth and delivered a significant payback in terms of boosting the wider economy.

It was also agreed that there had to be some vigilance about the promotion of public-private partnerships which in some quarters were seen as providing a

solution to the shortfall in public investment, despite all the evidence to the contrary.

Note on public investment:

- Note on public investment

Debt auditing

The EPSU Congress in May had agreed a resolution to support campaigns around debt auditing – the process of analysing national debt to establish how and why it had increased and in particular to identify the extent to which governments were facing high debt repayments after having to bail out the banks. There was some evidence of EPSU affiliates supporting campaigns in France and Belgium.

While no specific proposals were agreed as to how EPSU could support these campaigns it was noted that there is an important case to be made at European level about the unfairness of the international markets and the way in which some countries' attempts to resolve their debt and deficit problems are undermined by excessively high interest rates.

This conference received financial support from the European Commission

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