

EPSU Economic Policy Group

Notes of the meeting on 26 October 2012

The meeting began with a review of the main points of previous meeting

There was a brief description of the latest economic developments indicating a continuation of the recession in several countries along with data showing GDP and unemployment changes since beginning of crisis.

Economic governance and wages

Ronald Janssen, economic advisor at the ETUC, gave a presentation on the various elements of economic governance and the European Semester with a common theme running through them of pressure for greater wage flexibility. Some key points emerging from the presentation and discussion were:

- Scope for challenging country-specific recommendations (examples of Sweden and Italy);
- Need to monitor Excessive Imbalance Procedure with possibility that in 2013 next alert mechanism scoreboard and country reports might lead to threat of sanctions for some countries;
- Wage-productivity link posed threat particularly to public sector so important to look at broader picture and role of public services (eg health) in delivering productivity across sectors;
- Other role for wages in boosting economy – also weakened if developments limited to nominal wage link to productivity;
- Counter argument is that weaker labour legislation, lower wages and precarious conditions undermine productivity rather than promoting it;
- Need to make clear that despite wages offensive, there was not a clear trend in increasing investment but more an increase in dividends.

Co-ordinating around EU2020 strategy, Annual Growth Survey and Country-Specific Recommendations

Sian Jones of the European Anti-Poverty Network (EAPN) explained how the EAPN was co-ordinating the work of its national organisations in trying to get systematic input into the National Reform Programmes and National Social Reviews as well as developing alternative Country-Specific Recommendations. She reported that while all networks were able to make a contribution at European level less than half said they were fully involved at national level and only four of these said that the process involved real consultation. There was also the challenge, as at European level, that economic and finance ministries tend to dominate the process rather than those dealing with labour and social affairs. The approach of EAPN was to analyse all elements of country programmes in terms of their impact on poverty and not to just focus on those policies seen as directly related to poverty.

Key points from discussion and responses from Sian:

- Some concern that issue of poverty was not on the agenda in Denmark and Sweden but EAPN groups in both countries making some headway.

- Core campaign of EAPN was about minimum income standard across Europe.
- Concern about use of structural funds, threats to EU budget and Social Fund and questions around transparency.
- Positive about working with other organisations at both national and European levels.

Working in the OECD with TUAC

Daniel Bertossa of PSI provided some background on the work of the Trade Union Advisory Committee (TUAC) at the OECD, pointing out that there were a number of key issues – austerity, tax, pensions, regulatory reform – where it might be valuable for EPSU and some national affiliates to play more of a role. He suggested that this might be particularly appropriate during the current period when there is a bit of a shift within the OECD around its analysis of the causes of the crisis, the role of inequality and the impact of austerity measures.

Financial transactions tax and the EPSU fair tax campaign

Nadja Salson of EPSU provided an update on the latest developments with 10 countries now committed to introduce a financial transactions tax and beginning the enhanced co-operation procedure within the EU. There was some debate on the question of the impact on pension funds and how the revenue from an FTT would be allocated. There was also an issue about whether it would have an impact on share dealings in industrial companies as much as in holding companies. Still work for trade unions and campaigners in each country to campaign around the FTT and how implemented. Argument around pension funds was that they should be invested for the long term and so should not be involve in high level of transactions.

Tax justice campaign would highlight the €1 trillion of tax revenue uncollected each year in the EU as a result of tax avoidance and evasion. This was a figure now also being used by the European Commission and the issue of improving tax administration had been raised in the 2012 Annual Growth Survey. Campaign would focus on needs for properly resourced tax administrations to tackle this and will expose some of the big multinational companies who are avoiding taxes on a large scale.

Annual Growth Survey 2013 – draft statement from EPSU

Richard Pond introduced the draft statement, apologising for only circulating it at the beginning of the meeting. He also outlined the main points of a consultative meeting on AGS organised by DG Employment with the involvement of the European social partners at cross-sectoral level. It was suggested that the draft statement provided a good basis for arguing for a new approach from the Commission although it was also proposed that it could be improved by including more of the specific, positive policy proposals put forward by EPSU.

Campaigning

Richard Pond reported on the discussions of the Action Group on Austerity set up by the EPSU Executive Committee and that had met in June and September this year. The meetings underlined the need to get the European message across at national level and acknowledged the time and resources required to organise major actions across Europe. The ETUC day of action on 14 November was noted, supporting the general strikes against

austerity in Portugal and Spain on that day. Action had also been discussed in the Mediterranean constituency with the possibility of a two-hour walkout being organised in Italy.

Future activity and participation in the Economic Policy group

It was suggested that, despite the technical issues raised, it would be useful to discuss further the International Monetary Fund's new perspective on fiscal multipliers. There was some recognition of the information being distributed to group members but then a question as to the low level of participation in the meeting – only six participants from EPSU affiliates in five countries.

A meeting had already been fixed for 21 February 2013 and it was now likely that this would be a two-day meeting organised with the support of the ETUI. This would allow more time to go into some of the main issues in more depth and discuss the work of the group and how best EPSU and affiliates could play effective more roles in the economic governance process.