Joint ETUF statement on the Annual Growth Survey 2014

The Annual Growth Survey (AGS) 2014 confirms the European Commission’s unwillingness and inability to meet the economic and social challenges faced by a European Union in deep crisis. In 2014, too, austerity and structural reform will remain the Commission’s answer to the crisis. These measures have already proven to be incapable of lifting Europe out of the crisis and represent an attack on the fabric of European society by accentuating inequalities.

In the AGS 2014, the Commission points to marginal rates of economic growth to argue that Europe is on its way toward recovery. While GDP decline may have stopped, unemployment remains at record heights. Europe needs a radical shift in policy to turn the tide. Action along the lines of the European Trade Union Confederation’s “Plan for Investment, Sustainable Growth and Quality Jobs” is urgently needed to end the crisis and to spare the European project from social meltdown.

Jointly representing more than 30 million workers, the European Trade Union Federations EFBWW, EFFAT, ETUCÉ, EPSU, ETF, IndustriAll Europe, and UNI Europa stress their concern over the announcements made in the AGS 2014. If the European Semester unfolds in accordance to the priorities set out in the AGS, working people will continue to take the brunt of economic adjustment in Europe.

The AGS 2014 leaves no way out of the current stagnation

Given the severity of the current crisis, only a large-scale investment programme can pull the EU economy out of stagnation. Investments in infrastructure and a resource-efficient industrial base are particularly needed to achieve this. To sustain the recovery, such an investment programme must be flanked by policies that ensure robust internal demand for European goods and services. With the AGS 2014, however, the European Commission confirms that it fails to understand this. At EU level, a shrinking EU budget demonstrates the Commission’s and Member States’ failure to mobilise resources for a European investment strategy. At the same time, the Commission discourages Member States from deciding tax increases that could serve to raise funds for national investment programmes and to redistribute wealth. The AGS 2014 further recommends shifting taxes from labour to consumption which diminishes internal demand by reducing employees’ purchasing power, disproportionately affects low-income households, and puts social security systems under severe strain. This adds to already pursued policies that will cause internal demand to remain sluggish for the foreseeable future: as the AGS 2014 confirms, it will remain the Commission’s aim to interfere in social partners’ autonomy in order to ensure that wage growth is kept strictly in line with productivity increases. With neither investment nor a recovery of internal demand in sight, however, economic activity and industrial capacity will continue to decline.

Liberalising markets will hurt workers and alienate citizens

In view of persisting economic stagnation, the Commission seeks to stimulate a return to growth by creating comprehensively liberalised markets for goods and services. Next to calling upon national governments to ‘rigorously apply’ the EU services directive, the
AGS 2014 specifically demands liberalisation measures in the energy, waste, and water sectors. Past liberalisation exercises have had a clear negative impact on jobs, pay, and working conditions and failed to deliver improved quality or lower prices. Moreover, experience with the implementation of the EU services directive shows that such measures open up legal grey areas which encourage social dumping, rogue cross-border competition, and the creation of oligopolies. This leads to a situation in which overall economic returns are marginal while the quality of employment in the affected sectors is declining. Crucially, European citizens do not support the European Commission’s agenda of liberalisation, as was shown clearly by the mass mobilisation of European civil society that occurred when the EU services directive was first proposed.

**Deregulating health and safety, if necessary by breaching social partner rights**

Believing that ‘red tape’ is one of the key reasons for the lack of growth in the EU, the Commission is determined to axe legislation that could step on big business’ toes. The Commission’s infamous REFIT communication (COM(2013) 685), which identified the entire area of occupational health and safety regulation as potentially redundant, is the first product of this anti-social agenda. The EU will therefore refrain from proposing new legislation in this field. Moreover, by refusing to transpose a social partners’ agreement on occupational health and safety in the hairdressing sector into law, the Commission has already demonstrated its readiness to attack social dialogue if it comes in the way of the REFIT approach. It stands to fear that the European Commission will use its competences in the European Semester to demand Member States to implement similar strategies and to axe national legislation, too. Next to sacrificing workers’ health and well-being, such policies are bound to cost companies and tax payers dearly as occupational diseases are not countered which cause sick leave and necessitate hospital treatments.

**Shrinking public sectors endanger the European social model**

‘Modernising public administration’ is once more one of the five main themes of this year’s AGS and again the Commission demands further cost savings. This will again lead to redundancies in the public sector. It will add to already unacceptable levels of unemployment and leave remaining employees in the public sector with increased workloads on lower pay and pensions. No mention is made of the turmoil being created by such short-term policies with quantitative cuts as their objective rather than improving the quality of public services. The trade union movement rejects these proposals and stresses that the European social model is not negotiable: this requires widely available, high quality public services. The AGS 2014 moreover fails to acknowledge that many reforms have been imposed with little or no social dialogue. The Commission’s continued attacks on public services also undermine the credibility of some of the AGS’s few positive announcements: While the AGS’s comments on the need for better cooperation to tackle tax fraud, it neglects that this goal is imperilled by the recent loss of 50,000 jobs in national tax administrations. More and better trained staff are essential to make a serious assault on tax fraud, tax avoidance, and tax havens.

**Conclusion**

Sadly, the prospect of a jobless recovery continues to loom large in Europe. The AGS proposes a continuation of the very economic strategies that have prolonged the crisis. Already now, the prevalent levels of unemployment have caused a veritable social crisis in many countries. In view of the AGS’s announcements, the European trade union movement continues to oppose EU economic governance in its current form. Trade unions demand an EU economic governance in which the concerns of working people take centre stage. The ETUC proposal for a Confederation’s “Plan for Investment, Sustainable Growth and Quality Jobs” presents a viable way to achieve this. EU
decision-makers need to take up this proposal as a matter of urgency in order to preserve social Europe.