

A Social Compact for Europe

The European Union can only emerge from the spiral of crises in which it is mired by making strong political choices. Some choices will directly affect the 'common destiny' that binds Europe's citizens together. Only by strengthening cohesion and solidarity will Europe be able to move forward.

This challenge is being addressed by the European Trade Union Confederation (ETUC). On June 5-6, 2012, European trade union leaders unanimously backed a new Social Compact for Europe.

Such a compact must be based on three key pillars: social democracy – in particular, respect for collective bargaining; economic governance serving sustainable growth and quality employment; economic and social justice, through redistribution policies, taxation and social protection.

Europe today is caught in the austerity trap.

Budget cuts are deepening the recession and, in turn, creating bigger deficits. This deterioration in public finances is prompting governments - under pressure from Europe - to strengthen austerity measure. The vicious circle is complete and the trap is snapping shut.

Caught in this desperate spiral, the majority of governments are attacking social protection systems, wages, labour law and even fundamental rights.

The result of nearly three years of austerity policies, deregulation and privatisation is now all too clear: rocketing unemployment, economic stagnation, rising inequality, the emergence of a new class of 'precarious' workers and, ultimately, social despair.

This is a potentially explosive cocktail and the ETUC is well-placed to assess all of its attendant risks. Democracy itself is being jeopardised as right-wing nationalists gain ground across Europe. History teaches us that when democracy falters, fundamental rights crumble.

Europe needs to radically change course. Emerging successfully from the crisis does mean strengthening economic governance, but it will not happen through imposition of internal devaluations and a vast Europe-wide austerity programme.

On the contrary, this new governance must be implemented in order to meet the challenges of sustainable prosperity. It must support cooperation and coordination of economic policies and investments that promote a low-carbon economy.

It must be part of a clear political and institutional framework which reflects this common destiny, in particular through the creation of Eurobonds, a stronger role for the European Central Bank in managing the crisis, convergence and harmonisation of tax policies (corporate tax bases and rates of taxation), rapid implementation of the financial transaction tax, and a much more determined fight against tax havens.

To remain true to the goal of "improved living and working conditions, so as to make possible their harmonisation", as laid down in the Treaties, this new governance must also ensure quality employment, fair wages, equal treatment and good social protection.

Increasingly urgent calls are being made for policies that promote growth. The ETUC joins in these calls, while warning about the nature of that growth and the means used to restore it. We do not believe that structural labour-market reforms create growth, still less sustainable prosperity. The

ETUC calls on all actors on the European stage – the Commission, the Council, the European Parliament, national governments, trade unions and employers – to engage in this discussion on a new Social Compact for Europe.

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