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The Future of Europe

It is not an exaggeration to suggest that Europe is now faced with unprecedented economic, social and political challenges. They include, lack of growth and unemployment, particularly among youth, insufficient investment, migration, security issues, and the need to redefine EU-UK relations. These challenges are probably the most profound since its inception shortly after the conclusion of the Second World War

We shouldn't forget that the origin of the European Union lies in the aftermath of that horrendous world conflict. It has been described as the most advanced political project ever undertaken, the only one to embody a social welfare dimension with the development of public provision of health and education services. In fact, it has also been referred to as the most effective and long lasting Peace Process in our history, guaranteeing peace and stability across the continent spanning seven decades.

While Europe's role as a global force is essential, as the White Paper points out its place in the world is shrinking while other parts grow. It is predicted that by 2060 the Union will account for less than 5% of the world population. Its economic power will also decrease, when it is expected that its percentage of world GDP will be less than 20 in 2030, while the influence of economies such as China and India will rapidly increase. In these circumstances and in the context of Brexit, a major question for Europe is its ability to maintain its influence and values on this revised global stage.

Much has been written, to date, about Brexit. The exit of a major EU member state with a population of just over 65 million or 13% of the total EU figure of 510 million, will be a major shock. The UK accounts for 16% of total EU GDP. It is embedded in a complex network of trade flows, manufacturing supply chains together with a myriad of regulatory and legal instruments governing trade in products and services. Aside from a unique set of constitutional arrangements, the Republic of Ireland and the United Kingdom are inextricably linked by the scale and intensity of the trading relationship between them. Ireland is its 6th largest trading partner. The Republic of Ireland exported €13.5bn worth of goods to the UK in 2016, with a further €1.6bn to Northern Ireland over the same period, over 13% of total Irish goods exports. Northern Ireland exported just under £3bn worth of goods to the Republic of Ireland in 2015, over 30% of its total exports while Great Britain exported just over 15.5bn worth of goods to the Republic in 2016. This is in addition to the significant trade in services across the UK and Ireland.

- There have been many statements in the months since the Brexit referendum regarding the 'unique circumstances' on the island of Ireland and the necessity for the Brexit process to find a mechanism to negotiate them. Congress believes that the Belfast Agreement already provides the structure for dealing with these issues and that the agreement must not be viewed as an impediment to the negotiation but rather as a resource for it. The agreement places an obligation on the governments of the Republic of Ireland, the UK and Northern Ireland to act and make decisions in the best interests of all the people on the island of Ireland both economy and socially. The inter-governmental structures already exist and should be utilised during the Brexit process to ensure that decisions taken do not cause manifest harm to workers on any part of the Island. The EU itself has an obligation to ensure that all member states, present and past, live up to their obligations as set out in the agreement.
- Failure to come to a post-Brexit arrangement which protects trade and jobs would, we believe, necessitate a significant policy shift on the part of the European Union. Central to any agreement must be an end to the straightjacket of fiscal rules that, effectively, discriminate against public investment. This is imperative not only for the Island of Ireland which is likely to be the worst affected when Brexit happens but for all States in the Union characterised by under-employment, lack of public investment, pressure on productivity and living standards along with associated social crises.

Over the past decade there has been a growing dissatisfaction with the policy direction of the Union. The diminution of the European Social model, we believe, has undermined the progress of European integration and given rise to a level of mistrust between the institutions of the EU and its citizens. Ireland along with certain other Member States suffered an unnecessarily severe and imbalanced fiscal adjustment in the years from 2008 to 2013 and such policy errors must never be repeated. The crisis and the insufficient responses to it have deepened divergences and have particularly affected people on the most modest incomes. Let us remember that, overall, almost a quarter of the EU's population is at risk of poverty or social exclusion, one fifth of young people are unemployed in the Eurozone, and the salary difference between men and women is still above 16%. Economic prosperity and social progress are pronounced European goals but over the last decade it has delivered neither. The incompetent and doctrinaire response at European level to the crisis, not to mention at national level, which characterised much of those years, has exacted a huge burden on 'Debtor nations'. Indeed as the White paper points out, out of the 22 EU member states listed including the UK, Ireland ranks 15th in terms of the most unequal distribution of income. It has become increasingly difficult to reconcile the vicious pursuit of these austerity policies with the advancement of equality and social justice. European integration was meant to afford some protection against globalisation, and the

creative destruction of markets. It is not at all obvious that it has done so; in fact there is reason to claim that it has exacerbated it. One of the biggest dilemmas is that there is no social institution to balance and power and independence of the ECB, and so we find ourselves strangled by fiscal rules regardless of their consequences for our citizens.

The evidence is that there is a growing disconnect between citizens, national governments and technocratic elites in Brussels and Frankfurt. Repulsive political forces are at work across Europe even in traditionally stable and moderate political cultures. History shows that there will eventually be a countermovement by workers against economic conditions which oppress them. We know that Brexit arose as a result of the alienation of millions of working people in the UK whose lives have been dogged by low incomes, precarious work, discrimination and little viable prospect of self-advancement. Instead these workers embraced the agenda of the far right, whose simplistic nationalistic philosophy offered them a false dawn. The experience in the US is similar where Trump protectionism had their endorsement. Demagogues and others will continue to take advantage of this popular discontent with the EU as long as the direction of European social, economic, trade and fiscal policy ignores fundamental social rights and reinforces exclusion.

It is imperative; therefore, that confidence in Social Europe is rebuilt.

The European Trades Union Confederation recently proposed a new pact for the future of Europe based on prosperity, social justice and democracy. Reshaping Europe requires different policies, different rules and a greater participation by citizens, working people and organisations representing them.

It requires more upward convergence in terms of living and working conditions between countries and within countries, less inequality and more economic and social cohesion. Better living standards for workers must be designed and stronger policies put in place to achieve them.

The EU can once again be cherished by workers and citizens if it finds and provides concrete solutions to their problems through quality jobs and full employment, social protection personal security and well-being.

EU leaders must discard their main tools of adjustment to date, such as wage depression, the dismantlement of Collective Bargaining, labour market flexibility and the generation of precarious work models, cuts in public spending, unacceptable levels of unemployment and social exclusion.

It is high time for sustainable growth and quality jobs and fair working conditions. The Juncker Plan for investment must be redirected towards countries and sectors most in need.

The Stability and Growth Pact must be reformed by introducing a stable and transparent 'golden rule' for flexibility, excluding from deficit and debt targets,

productive investment for infrastructures, green economy, R&D, social infrastructures and public services.

The challenges posed by climate change and the digitalisation and automation triggered by globalisation have to be addressed via a 'just transition' strategy which ensures that quality job creation compensates job destruction. Precariousness and fragmentation in the Labour Market new forms of employment require specific measures to guarantee the same rights as others workers, including the right to bargain, social, health and pension protection and trade union representation.

The European Social model, which was the benchmark for the rest of the world, now weakened and jeopardised and in some countries dismantled, must be reinforced. We must change the mainstream narrative which considered it's an obstacle to economic growth. It must be recognised that countries with higher wages, strong social dialogue and collective bargaining, sound social protection systems are the best economic performers. The social dimension of the European Union must achieve the same relevance as economic governance and we must make sure that the Pillar of Social Rights is not a set of empty promises. Workers and citizens need concrete measures that can make a difference to their daily lives improving their living and working conditions.

The forthcoming Brexit negotiations should be utilised as an opportunity to set up a Convention with the involvement of social partners and civil society, to profoundly change the Fiscal Compact into a tool to support sustainable and fair growth. In addition, we must aim to reform the Stability & Growth Pact and introduce a Social Progress Protocol, along with a social semester to ensure the implementation of European Pillar of Social Rights.

We in the Trade Union movement fear that without this basic and urgent transformation the entire European Project is in grave danger of expiration and the consequences of this happening are beyond contemplation.

Irish Congress of Trade Unions

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