



Brussels, 21 June 2012

To: Heads of State and Government of the Member States of the European Union
Cc: President of the Council, Herman van Rompuy
President of the European Commission, José Manuel Barroso

Letter to the European Council of 28-29 June 2012

From emergency measures to a smart, sustainable and inclusive economy

Dear President, Dear Prime Minister,

On June 28 you will discuss new and potentially far-reaching measures aimed at lifting Europe out of the current crisis. We welcome the fact that the debate is moving beyond a narrow focus on fiscal discipline.

As Spring Alliance, a participatory movement bringing together trade unions, social, development and environmental organisations, we observe that budget consolidation efforts so far have not only failed to solve the crisis, but have also fuelled social unrest and are jeopardising essential investments in a greener economy. We see increasing inequalities, rising poverty and exclusion, soaring unemployment, work insecurity that affects particularly young people, and growing disillusionment with the European project. Europe needs a new approach.

Part of your discussion will be on the adoption of Country Specific Recommendations to implement an economic recovery plan that should be in line with the Europe 2020 strategy and aim at an inclusive and sustainable growth.

We would like to express our concerns regarding the proposals made by the European Commission for these recommendations and to present you with an alternative approach for an inclusive and sustainable recovery plan:

- **Despite recent declarations on the need for growth, the main focus of the economic governance is still massively on austerity measures and cuts in**

budget expenditures. The first priority of all the country specific recommendations is always on correcting an excessive budget deficit and requires “rigorous implementation of budget strategy”.

- **The fight against poverty is manifestly absent from your top priorities. Your commitment to lift 20 million people out of poverty is not implemented.** Aggregated national commitments amount to a maximum of 12 million people.
- **We reject all policies leading to downwards competition be it with respect to labour rights, wages, working conditions or environmental standards. Increasing precariousness on the labour market is detrimental to an inclusive growth.** The word quality is never linked to employment in the country-specific recommendations and most of them aim at lowering employment protection and thus the quality of employment¹. The current labour market trends show that the increase in employment since 2010 was mainly accounted for by more temporary jobs and to a very limited extent by permanent jobs, which points to a risk of seeing an increase of in-work poverty in the coming years².

We therefore call for an alternative recovery plan that will support an inclusive growth with both quality jobs and reduced social exclusion, with investment in a clean environment and a sustainable green economy and with development policies aiming at solidarity with countries outside Europe. The alternative recovery plan pact will provide the current missing link between social justice, sustainability and growth. In particular we call on you to:

- **Invest in quality and sustainable employment** to counter the increase of precariousness, indecent working conditions, labour market segmentation and in-work poverty; and to guarantee decent wages.
- **Ensure that wage-setting remains a national matter, to be dealt with according to national practices and industrial relation systems.** Negotiations between social partners at the relevant level are the best tool to secure good wages and working conditions. In any event, all wage floors should at least respect Council of Europe standards on fair wages.
- **Adopt a youth guarantee for all young people in Europe,** ensuring the provision of a decent job, or of adequate training opportunity, within four months of unemployment or leaving school.
- **Implement the commitment to lift at least 20 million people out of poverty and social exclusion, to improve the lives of people while bringing economic** benefits for society; and ensure quality public services and social protection, including fair and sustainable health and pension provisions.
- **Invest in quality education and training** to achieve equal opportunities, include disadvantaged groups, and safeguard the education of the new generations and the prosperity of our society.

¹They request for example: “reform of the system of wage indexation”, “ensure that the minimum wage adaptation support competitiveness and job creation”, “limit use of civil law contract and extend the probation period for permanent contract”, or “adjust employment protection legislation as regards permanent contracts in order to reduce labour market segmentation”.

²[COM \(2012\)299](#), p. 15.

- **Invest in social and health services** as a potential source of quality employment and as an answer to the ageing population, the need to support early childhood education³ and the marginalization of vulnerable groups.
- **Ensure affordability of housing** to respond to the current housing market crisis and to address the growing need for affordable housing and for an increasing part of the population.
- **Implement the country-specific recommendations for a tax shift from labour to environmental and resource use taxes.** This should be done systematically and with high ambition, while ensuring compensatory measures to avoid the poorest members of society facing further hardship.
- **Invest in sustainable infrastructure, research and development, climate technology and renewable resources.** Extra resources, raised from improved use of the European structural funds, the European Investment Bank, project bonds, and an adequately engineered financial transaction tax, should be allocated to social and environmental purposes.
- **Reaffirm your commitments to the 2015 Millennium Development Goals and take realistic, verifiable actions to meet your 2015 aid and development targets.** We urge the European Council to discuss concrete plans for the coming three years that ensure that all Member States reach the aid target of 0.7% GNI by 2015, that the EU's collective target is met, and that Europe's leading global role in development is maintained. Moreover, with the UN-led post-2015 consultation process underway, we urge you to initiate critical thinking on the post-2015 global development framework and support efforts to ensure that this process is open and transparent, participatory, inclusive and responsive to voices of those directly affected by poverty and injustice.
- **Ensure that the next Multi-annual Financial Framework will support** stronger investments in green and decent jobs and sustainability, in line with the above mentioned objectives, and that public money is spent for public goods.
- **Involve citizens and civil society organisations at local, regional, national and European level in the decision making process of the economic governance** in order give a voice to those who are directly impacted by the budget and fiscal consolidation. Their involvement will help to reduce the current democratic deficit of European governance.
- **Ensure that the European Parliament has a formal role in the European semester process.**
- **Ensure the autonomy of the social partners at national and European level** as well as the respect of their role and position. There must be no unilateral intervention by the public authorities in collective bargaining or existing collective agreements, and coverage of workers by collective agreements should be maximized.

We call on you to integrate these proposals in your discussions on a new master plan for the Eurozone and to ensure that it is inclusive and sustainable this time.

³ See Commission's Communication: [Towards a job-rich recovery](#) of April 2012 calling on member states to "Improve health workforce planning and forecasting to match the demand and supply of health professionals better while offering them long-term job prospects and stimulate exchange on innovative and effective recruitment and retention strategies for health workers".

This will be crucial in order to move from emergency measures with damaging social and environmental consequences to a sustainable and inclusive long term social, environmental and development pact for an economy that responds to the needs of EU citizens.

Yours sincerely,



Bernadette Segol
General Secretary
ETUC



Conny Reuter
President
Social Platform



Jeremy Wates
Secretary General
EEB



Olivier Consolo
Director
Concord