



European Trade Union Confederation (ETUC)  
Confédération européenne des syndicats (CES)

## EUROPE MUST ADDRESS ITS SOCIAL DEBT

The debt crisis and how to get out of it is being discussed everywhere. And so it should. But there is a social debt which is just as central to save Europe as the monetary debt.

Programmes imposed on countries in difficulty, but also on other countries wanting to fit in the criteria, concentrate on cuts affecting the most vulnerable, on diminishing social protection and on weakening of industrial relations. It is a systematic enterprise to dismantle the social model which made Europe a place of advanced democracies and reduced social inequalities. There is a social emergency in countries of the south and increased levels of inequalities everywhere. Economic programmes are creating unacceptable free trade zones in Europe, competing with and undermining those still better off. What is now being done to workers in Greece, Portugal, Ireland, Spain will sooner or later come back as a boomerang to hit workers in the North.

The situation of young people is especially unbearable. Their level of unemployment is close to or reaches 50% in several countries of the south, while precarious working conditions are on the rise throughout Europe.

Austerity is not only leading to a social emergency. Austerity is also spectacularly failing: it does not tackle excessive debt burdens, nor does it restore market confidence. Instead, austerity further weakens public finances. Even if Greece or Spain were to run a zero deficit, the debt ratio would still explode because of the collapse of GDP and economic activity exacerbated by unsustainable interest rates imposed to meet the expectations of the financial markets.

Who is benefiting?

Casino capitalism is at the root of the problems we are facing today. This system has failed. But capital does not feel challenged and its operation is still protected. Banks manipulate interest rates in cosy offices, but governments continue to focus on making people pay for its failure.

The European Union institutions, Council, the European Central Bank and the International Monetary fund must target tax justice, end tax competition and tax evasion and finally -but not only- implement a financial transaction tax. Instead they are calling for structural reforms, for cuts in minimum wages, cuts in pensions, cuts in unemployment benefit. This is unfair. This is ineffective. What we need are investments and decent wages leading to sustainable growth.

ETUC will use its strength and influence to change course. A sustainable route beyond the crisis presupposes the reconstruction and strengthening of mechanisms and policies that contribute to reducing various forms of social inequality, and reverse the tendency towards the excessive concentration of wealth.

ETUC supports a European union which promotes good jobs, decent wages, social progress and social justice. We oppose the dismantlement of our social model which serves as a reference and inspiration to workers in the rest of the world.

ETUC has a social project for Europe. In this period when discussions are going around on a new convention and possibly a new Treaty, those in charge must be well aware that we are serious about our demand that social rights should have priority over economic freedoms.

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