



Brussels, 9 March 2011

JM/sw

- *To the Heads of Government of the Member States in the Eurozone and other Member States*

Economic Governance

We, the leaders of trade unions in the member states of the eurozone and some other EU member states, write to you in advance of the Competitiveness Summit of heads of Government, to be held on March 11.

That Summit will consider the future system of economic governance in the EU with particular reference to member states which have adopted the euro.

We support the objective of developing economic governance in the EU but we are strongly opposed to the way the concept is being developed and to the current proposals of the Commission and of members of the Council. And we find it totally unfair that working people are paying for the follies of financial markets.

The central thrust of the current proposals is to exert downward pressure on wages; and to interfere in collective bargaining. This austerity is deflationary, unfair, and socially regressive. Moreover, it ignores the subsidiary principles enshrined in the Lisbon Treaty on collective bargaining and the autonomy of the social partners. The whole concept of social Europe is being placed in increasing jeopardy.

President Trichet's recent remarks cautioning against pay increases made this very clear, but, manifestly, his call is being ignored in the senior ranks of the financial services sector and in other boardrooms where salaries are recovering to pre-crisis levels. This adds fuel to the fire.

Lest we forget, it was not pay – and labour markets - which caused this crisis. It was the banks which were at its epicentre, geared at speculation instead of supporting the real economy, and feeding asset booms with excessive credit growth, resulting in unsustainable private sector debt.

But the burden of adjustment is now switched to workers and their wages while the bankers return to business - and bonuses – as usual. Yet did the balanced budget make any difference in Ireland? What have the wage indexation systems of Belgium and Luxembourg to do with the current crisis; they were certainly not at the heart of the matter.

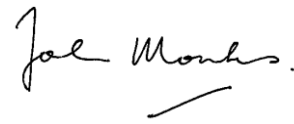
We urge you to press the case for positive economic governance, not a system based on tough and regressive rules against pay and workers rights. Europe needs growth and employment, and a more imaginative approach to competitiveness, to be at the heart of economic governance. In this context, we want your support for financial transaction taxes, for Eurobonds, and for a European wide plan for youth unemployment, the group hardest hit by the crisis. Skills training and a new approach to investment in industry and in sustainable development are also crucial to the EU's future. Competitiveness is not simply a matter of wage costs but a total approach based on high productivity, skills and investment. We also believe that as the EU takes on responsibility for more economic governance, there will be a strong case for a larger budget to support this role.

So at the forthcoming summit, our message is to change the current approach towards austerity governance towards one which has growth and jobs as central objectives.

Yours sincerely



Wanja Lundby-Wedin
ETUC President



John Monks
ETUC General Secretary



Austria
Erich Foglar
ÖGB President



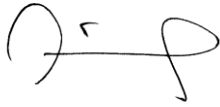
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FGTB President



Luc Cortebeek
CSC President



Jan Vercamst
CGSLB President



Cyprus
Nicos Moyseos
SEK General Secretary



Diomides Diomidous
DEOK General Secretary



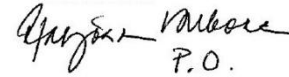
Arslan Bicakli
TÜRK-SEN President



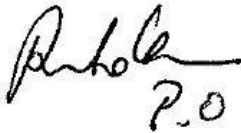
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EAKL President



Ago Tuuling
TALO President



Finland
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SAK President



Mikko Mäenpää
STTK President



Czech Republic
Jaroslav Zavadil
CMK OS President



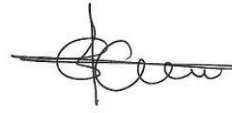
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FO General Secretary



François Chérèque
CFDT General Secretary



Alain Olive
UNSA General Secretary



Jacques Voisin
CFTC President



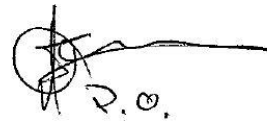
Bernard Thibault
CGT General Secretary



Germany
Michael Sommer
DGB President



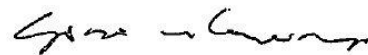
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Yannis Panagopoulos
GSEE President



Spyros Papaspyros
ADEDY President



Ireland
David Begg
ICTU General Secretary



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CGIL General Secretary



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p.p.
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GWU General Secretary



William Portelli
CMTU President



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FNV President



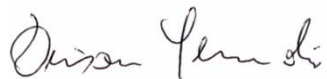
Jaap Smit
CNV President



Richard Steenborg
MHP President



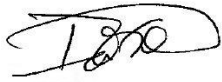
Hungary
István Gaskó
LIGA President



Slovenia
Dusan Semolic
ZSSS President



Spain
Candido Mendez
UGT-E General Secretary



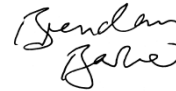
Ignacio Fernandez Toxo
CC.OO General Secretary



Julio Salazar
USO General Secretary



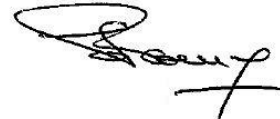
Adolfo Muñoz
ELA General Secretary



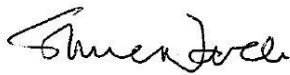
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TUC General Secretary



Portugal
Manuel Carvalho da Silva
CGTP-IN



João Proença
UGT-P General Secretary



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Sture Nordh
TCO President



Croatia
Dijana Sobota
SSSH-UATUC
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Marija Hanževački
NHS General Secretary