

[ETUC newsletter]



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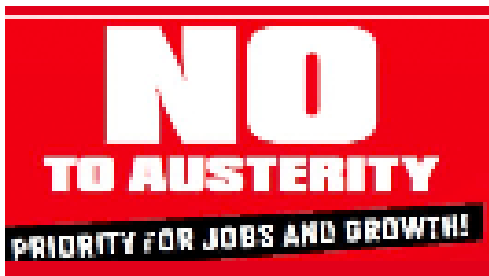
Figure on the month

95,4 trillion dollars

Between 1997 and 2009, the banks' activities have boomed. Within 12 years, their assets in the world have multiplied by three, from 33,3 to 95,4 trillion dollars.

(Source : Alternatives économiques)

Note



Dear Readers,

Our day of action against austerity, held on 15 December, was a success. I would like to thank the members who mobilised actively and contributed to the success of the day. The European trade union movement has emerged from it reinforced, united and solid. The same cannot be said for our politicians. Far from practising the solidarity and mutual cooperation that they pay lip service to in their speeches, they are playing the national card over and above the European one. We wish to remind Europe's leaders that they have important responsibilities with regard to the difficulties being faced by the citizens of Europe as a result of this crisis.

As things stand, the trade unions seem to be the only hope for millions of people. Citizens and workers in Europe can simply no longer bear austerity imposed on everyone when exorbitant bonuses are being lavishly handed out at the end of the year to a fortunate few, specifically to traders. The only response from many governments is austerity and belt-tightening, an approach that is likely to lead us into a new recession, strangle the economy and punish the citizens. In addition, the European Union is behaving like a policeman who wants to punish the naughty students. As I have gone on record repeatedly as saying, these austerity plans seem to be inspired by the punitive spirit of the Treaty of Versailles in 1919, which devastated the German economy, with disastrous political repercussions, when what we really need is a Marshall Plan like the one adopted at the end of the Second World War, which was a genuine programme for European recovery. The fate of Europe is tied to this crisis. European political action is urgently needed. Europe must advance as a united force and find new engines for growth to shape its future. We also need a European economic government equipped with instruments like Euro-bonds to curb speculation and serve to fund a European economic recovery plan.

The trade unions will continue to be active right across Europe, and another European mobilisation is planned for the spring of 2011. Public opinion is not averse to trade union mobilisations, because they tap into a sense of disquiet about the future.

I wish you all a very merry Christmas and a Happy New Year.

John Monks
General Secretary



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[ETUC in action]

ETUC CAMPAIGNS

“No to Austerity for everyone and bonuses for a happy few” – European Day of Action

15/12/2010 – In the framework of its [campaign against austerity](#), the ETUC organised a decentralised day of mobilization on the eve of the European Council held on 16–17 December. The ETUC and its Belgian members gathered in front of the European Commission’s headquarters to express their solidarity with the social protest movements taking place across Europe against the drastic austerity measures whilst the banks continue to



pay astronomical bonuses to their traders. [On the same day, many decentralized actions took place in several countries \(in Greece, Spain, France, Luxemburg, Denmark, Czech Republic, etc\).](#) Several trade unions, members of the ETUC, went ahead of the December 15 call with a number of national mobilisations because of the accelerated deterioration of the economic and social situation in their countries. The day after the action, [John Monks met Jean-Claude Juncker, President of the Eurogroup, to outline the main points of the ETUC campaign against austerity.](#)

[Link to the interactive map](#)
[Photo gallery and video](#)
[Day of action leaflet](#)

MAJOR MEETINGS – CONFERENCES – PROJECTS

ETUC Executive Committee – Welcome to Croatian trade union NHS, 83rd member of the ETUC

01-02/12/2010 – The ETUC met its last Executive Committee for 2010. The main topics for discussions were related to the economic situation in Europe and the impact of austerity measures which have lead to an [increasing number of social protests in Europe](#).

In the framework of the European Day of Action against austerity on 15 December, the ETUC secretariat presented its two new tools – the [Austerity Watch](#) and the [Bonus Watch](#) – with a view to denouncing the injustice of austerity being imposed on all while bonuses are granted to a few. European energy policy, the Single Market Act, equal treatment for migrant workers, lifelong learning for quality jobs, and nanotechnologies were the other major issues of the meeting. The Executive Committee also accepted the membership request to the ETUC coming from the [Independent Trade Unions of Croatia \(Nezavisni Hrvatski Sindicati – NHS\)](#) :

thanks to this new affiliation, the ETUC has actually 83 national trade union confederations members in 36 countries.





[Focus on the EU and trade union positions]

Working time: the ETUC denounces the communication of the European Commission

21/12/2010 – The ETUC is disappointed by the communication of the European Commission on the second consultation of the social partners on the revision of the working time Directive. It shows no political will to end the opt-out and the prolongation of reference periods without safeguards through collective agreements. For the ETUC, the protection of workers' health and safety must remain the primary goal of any review of the working time Directive.

[ETUC press release](#)

A disappointing European Council

17/12/2010 – According to the ETUC, the outcome of the recent European Council is disappointing, because it rejected Euro-bonds and approved measures to punish countries in difficulties rather than helping them. John Monks declared: "The outcome of this Council is

more in the spirit of the Treaty of Versailles of 1919 and of economics of 30's. What was needed is still the spirit of the Marshall Plan for vulnerable countries".

[ETUC press release](#)

Adoption of directive on the single permit for foreign workers is delayed

15/12/2010 – The European Parliament has not adopted the framework directive on the single permit for foreign workers but has instead extended the debate for a further two months. However, trade union concerns on this text remain. One week prior to the vote in the European Parliament the [ETUC urged](#) MEPs to vote in favour of the amendments establishing equality of treatment so as to avoid the adoption of an antisocial directive. The ETUC has called on all trade union organizations to pursue and develop this debate with the members of the European Parliament in their respective countries to ensure that this directive respects the principles of the charter of fundamental rights.

[ETUC press release](#)

Climate negotiations in Cancún: trade unions demand greater efforts

13/12/2010 – The European trade union movement welcomed the final agreement reached at the [UN climate conference in Cancún](#), which includes trade union demands for a just transition, while calling on all governments to aim higher at the next meeting in Durban, South Africa in one year's time. "We must act at once to introduce instruments that can secure the necessary funding, including a tax on financial transactions, as well as instruments for negotiations and social dialogue in all continents, in order to achieve this Just Transition. This will in turn help give concrete shape in Durban to the sustainable development goals enshrined in the Cancún agreement. Following Cancún, the demands of social democracy have been reinforced" declared Joël Decaillon.

[ETUC press release](#)



[Focus on the EU and trade union positions]

The ETUC welcomes the “Bruges Communiqué” in favor of European cooperation in vocational education field

13/12/2010 – The informal meeting of Ministers for Education that took place in Bruges with the participation of the European social partners unanimously approved the **Bruges Communiqué on Enhanced European Cooperation in Vocational Education and**

Training for the period 2011–2020. The ETUC welcomes the Bruges Communiqué, and applauded the efforts made by the Member States and by the different EU presidencies that have promoted it. ETUC also appreciated the initiation of consultation

by the European Commission for the European initiative for the recognition of informal and non-formal education and training.

[More information on Bruges Communiqué](#)

A new European debt and investment initiative is necessary

06/12/2010 – John Monks sent a [letter to the Finance Ministers of the European Union](#) calling to open a **serious discussion on the transfer of national debt into European debt.** The European trade union movement made a possible policy proposal in

which 60% of national debt would be taken out of the grip of speculators, while financing a robust and European investment led recovery.

[ETUC press release](#)

Energy : the ETUC claims a sustainable EU policy

01/12/2010 – On the eve of the [Energy Council](#), the ETUC adopted a [Resolution on Energy Strategy for Europe 2011–2020](#), to express its proposals for the future debate on this strategy. For the European trade union movement, the EU’s future energy policy needs to **protect consumers**, including vulnerable consumers, **ensure quality jobs through a just transition towards a low-carbon economy, promote industrial competitiveness and ensure emission reduction and a sustainable supply.** In the debate on the characteristics of its [future energy policy](#), the EU specifically needs to adopt measures to ensure a just transition: regarding that, **the ETUC has proposed 20 priorities.**

[ETUC press release](#)



[Trade Union Agenda]

December 2010 – January 2011

01/12/2010	ETUC Steering Committee (Brussels)	
01-02/12/2010	ETUC Executive Committee (Brussels)	
08/12/2010	Meeting of the Group II 'Workers' of the European Economic and Social Committee (Brussels)	
15/12/2010	ETUC Day of Action against austerity (Brussels)	
18/01/2010	Meeting of the Group II 'Workers' of the European Economic and Social Committee (Brussels)	



[EU Agenda]

December 2010 – January 2011

29/11-10/12/2011	16th Meeting of the Parties to the Climate Convention (Cancun)	Meeting Agenda
02/12/2010	Justice and Home Affairs Council (Brussels)	Council Agenda
02/12/2010	Transport, Telecommunications and Energy Council (Brussels)	Council Agenda
06/12/2010	Employment, Social Policy, Health and Consumer Affairs Council (Brussels)	Council Agenda
06/12/2010	Eurogroup meeting (Brussels)	Meeting Agenda
06/12/2010	Economic and Financial Affairs Council (Brussels)	Council Agenda
09/12/2010	Foreign Affairs Council (Brussels)	Council Agenda
10/12/2010	Competitiveness Council (Brussels)	Council Agenda
13-16/12/2010	Plenary Session of the European Parliament (Strasbourg)	
13/12/2010	Foreign Affairs Council (Brussels)	Council Agenda
14/12/2010	General Affairs Council (Brussels)	Council Agenda
13-14/01/2011	Informal meeting of Foreign Affairs Ministers (Budapest and Gödöllő)	
15-17/01/2011	Informal meeting of Social Affairs Ministers (Budapest and Gödöllő)	
17/01/2011	Eurogroup meeting (Brussels)	
17-20/01/2011	Plenary Session of the European Parliament (Strasbourg)	
18/01/2011	Economic and Financial Affairs Council (Brussels)	
19-21/01/2011	Informal meeting of Justice and Internal Affairs Ministers (Budapest and Gödöllő)	
31/01/2011	Foreign Affairs and External Relations Council (Brussels)	



[Dossier]

Financial regulation: a major challenge for the European trade union movement (Part II)

As [we had already announced in the October issue of our Newsletter](#), Part II of the “Financial Regulation” dossier is devoted to three additional aspects of this topic: the regulation of rating agencies, the abolition of tax havens, and the supervision of bonuses paid to executives of financial institutions.

As these aspects have substantial political and economic repercussions, they constitute three major challenges for which the European trade union movement has long been mobilised and for which it has been calling for better results and greater transparency. We shall shore up our presentation with a view to the recent policy debates in the European Parliament and the Council of Ministers of the European Union.

Regulating the rating agencies: a real challenge for regulating financial capitalism

The predominant role that rating agencies play in the world's economic and financial system has been much in the limelight in recent months. The positions they adopt cannot go unnoticed, because they have a substantial impact on the decisions of public and private economic players. For some countries like Greece and Ireland, for instance, the deterioration of their rating has exacted a heavy price, as they were forced to borrow the funds they needed to reimburse their sovereign debt at a higher rate on the financial markets. There is general agreement, moreover, that the rating agencies contributed significantly to the financial crisis by underestimating the risk of some credit products when they issued opinions on the solvency of companies, governments, and “toxic” financial products. Two years after the crisis broke out, the rating agencies are still indispensable players in what ETUC calls “casino capitalism,” and they continue to play their game without any real or efficient supervision of their activities.

In 2008, under pressure from the trade union movement, the European Commission proposed new rules to introduce a common regulatory system for financial ratings. According to these rules, all rating agencies must apply to register with the European Securities and Markets Authority (ESMA). The problem of conflicts of interest for rating agencies is also broached, because rating agencies will no longer be able to provide services to customers that they rate. At its last plenary session, the European Parliament adopted this directive by 611 votes in favour, 15 votes against, and 25 abstentions, by proposing more extensive amendments that strengthen the powers vested in ESMA to impose

sanctions, compared with those provided by the Commission. In its initial proposal, the Commission suggested that it was better placed to impose fines, on the recommendation of ESMA. The legislation adopted nonetheless vests ESMA with this power. Similarly, a series of amendments have been made according to the type of violation and the size of rating agencies, and ESMA will be able to impose fines on rating agencies of up to 20% of their turnover.

ESMA could also conduct investigations on the premises of rating agencies and will have to submit an in-depth report on the activities of all rating agencies by 2014. In line with the co-decision procedure, it is now up to the Council to approve officially the text adopted by the Parliament, before the directive can enter into force.

Abolition of tax havens: the same old story

The struggle against financial speculation risks being waged in vain or having limited effect, if the issue of tax and regulatory havens is not tackled head on, including at European level. No progress has been made to abolish harmful tax competition and introduce greater transparency to date. Unfortunately, the Lisbon Treaty did not reverse the EU's approach to taxation. In fact, the principle according to which taxation remains under the near exclusive purview of the Member States was confirmed. At the same time, repeated attacks against the euro have clearly shown the need, particularly for Member Countries of the monetary Union, to develop a real economic Union comprising not only enhanced coordination of economic policies, but also a tax coordination policy and a European corporate taxation system. In the current discussion about European economic governance and the Europe 2020 Strategy, it is completely unacceptable to the trade union movement that taxation should still be an element of competition between the Member States, while social expenditures are being reduced in a coordinated and simultaneous manner. Moreover, although the accession of new Member States should have afforded an opportunity to align their tax systems to the European social model, it is regrettable that none of the rescue plans and support programmes of certain new members contained conditions to replace the flat-rate taxation systems by



Financial regulation (following)

progressive income and corporate tax rates. This trend was confirmed by the case of Ireland: the low corporate tax rate, well below the average in the euro zone, was not questioned when Ireland was “rescued.”

An additional difficulty is the inability to find effective ways to tackle the challenges raised by the liberalisation of the financial markets and the development of communication technologies. In a context characterised by a lack of transparency and real cooperation by the national tax authorities, it is becoming easier and easier for economic players to access offshore markets so as to get around paying taxes legally due.

In its [assessment of the Larosière Report](#), ETUC underscored that it was not enough for the EU Member States not to appear on the black or grey lists of tax havens drawn up by the Organisation for Economic Cooperation and Development (OECD). On the contrary, there is still a sizeable number of tax havens under EU jurisdiction, which ETUC strongly opposes. France, which will preside over the G20 in 2011, has announced that it wants to make tax havens a prime issue. The European trade union movement will monitor developments closely to see that concrete results are achieved.

Limitation of bonuses: the countdown has started

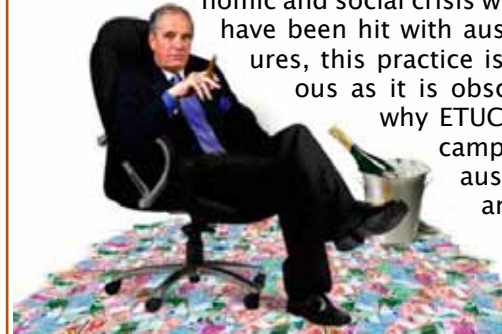
Salary and remuneration policies for bank executives have historically been based on perverse inducements that favour short-term results to the detriment of long-term profitability and, in certain cases, have even rewarded downright failures. This has encouraged a culture of excessive risk taking by financial institutions which was at the root of the economic crisis, the consequences of which are still being paid by workers. In practice, banks paid bonuses based on the anticipated profits from transactions carried out by their operators: the higher the risk, the higher the potential profit and the bonus. While governments were injecting billions of taxpayers’ money in failing banks, their overpaid executives refrained from appearing in public. The European trade union movement has repeatedly denounced this practice and supported every policy initiative to get this practice abolished or at least supervised. The mobilisation of the trade union movement was crowned with success: confirming the voting of the European Parliament of July 7th, the CRD III Directive that limits pay, bonuses and retirement benefits in relation to salary was recently adopted by the Council. This directive

provides for a link between a bonus and the medium-term performance of a banking institution. According to the approved text, as of 2011, at least 40% of the variable part of the remuneration will be deferred for at least three years, and the part of a bonus paid in cash may not exceed 50% of the total. Similarly, stricter rules were introduced for credit institutions that received public aid. These institutions will be able to pay provided they have replenished their equity sufficiently and have reimbursed all the public aid they received. ETUC welcomed these measures as steps in the right direction. Nevertheless, whereas the financial markets have recovered and have returned to their pre-crisis levels, the trade union movement has cautioned against the record bonuses of executives of financial institutions at the end of this year. For the trade union movement, the financial institutions must help pay for the crisis as much as for the remuneration of their executives.

Bonus update

As part of its anti-austerity campaign, ETUC provides a regular update to denounce exorbitant bonuses paid to the most successful traders. These bonuses continue to flourish and to grow, particularly at the end of this year. Against the

background of an extremely severe economic and social crisis where workers have been hit with austerity measures, this practice is as scandalous as it is obscene. That is why ETUC is waging a campaign against austerity for all and against bonuses for some!



SOURCES:

Dossier on financial regulation on the ETUC website:
<http://www.etuc.org/r/1543>

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