



11th BIENNIAL

EUROPE WORK EMPLOYMENT

**THE CURRENT CRISIS IN EUROPE IS SHAKING
INDUSTRIAL RELATIONS TO THEIR
FOUNDATIONS**

**WHAT SOLUTIONS AND WHAT ROLE BY THE
SOCIAL STAKEHOLDERS FOR A WAY OUT ?**

SUMMARY OF ATHENS SEMINAR

29 November 2013

© Lasaire, Paris-Saint-Etienne – *Reproduction is authorised provided that the source is acknowledged*

With the support of



In partnership with



Comité économique et social européen



THE CURRENT CRISIS IN EUROPE IS SHAKING INDUSTRIAL RELATIONS TO THEIR FOUNDATIONS

WHAT SOLUTIONS AND WHAT ROLE BY THE SOCIAL STAKEHOLDERS FOR A WAY OUT ?

TABLE OF CONTENTS

INTRODUCTION	Page 5
DEVELOPMENT OF INDUSTRIAL RELATIONS IN THE CURRENT CRISIS IN GREECE WHAT CHANGES IN PROGRESS ?	Page 7
CONCLUSIONS	Page 11
HOW ARE THE SOCIAL STAKEHOLDERS TO BE INVOLVED IN THE SEARCH FOR ECONOMIC, SOCIAL, INDUSTRIAL AND FINANCIAL SOLUTIONS IN THE CURRENT CRISIS	Page 12
CONCLUSIONS	Page 15

INTRODUCTION

❖ **Christos Polyzogopoulos**, President of the Economic and Social Council (ESC) of Greece

Mr Polyzogopoulos opened the seminar and welcomed the participants. He was delighted about this conference, the subject of which is crucial for Europe and even more so for countries where the crisis has acquired significant dimensions. This is particularly the case in Greece which is going through its 5th or 6th year of deep recession – a situation that goes to the very foundations of society, starting with unemployment which afflicts 1.5 million people, especially the country's youth.

❖ **Alexis Mitropoulos**, legal expert member of parliament from the SYRIZA party in opposition

Focused on the crisis, the subject of this conference is particularly welcome when we take stock of the destructuring of industrial relations it has caused in Greece. Mr Mitropoulos pointed out that this country has been subjected to shock treatment by the Troika since 2010. As of the first memorandum, the country had to proceed to a generalised internal devaluation which could only be done by dismantling labour relations which were satisfactory and balanced.

This situation is all the more scandalous, as many experts had criticised the Maastricht Treaty and the stability pact, and had underscored that Greece was not ready to join the Monetary Union. But no one believed that the European Union would thereby cause the collapse of our collective culture and labour rights, in violation of the Community acquis, international labour treaties and the charter of fundamental rights. We are witnessing a methodical attack against the trade unions to reduce their economic and social role and put an end to the collective culture, ultimately leading to a dismantling of the social fabric.

The most serious aspect, beyond the abolition of social benefits and the devaluation of any collective action, is the ideology of the memorandum, this obsolete neoliberalism without limit which eliminates all intermediation and plans the dismantlement of the social state and rule of law attained through social struggles. The memorandum lists the different measures contained in the Acts of 2011 and 2012 which remove the legitimacy of the trade unions to negotiate the minimum wage and reduce the salaries of civil servants by all sorts of devices. They do so in application of the 3rd memorandum which thus intervenes in an area that falls under the exclusive competence of the social stakeholders. All these measures provide a violent plan for the destruction of the system of labour relations in the country and a determination to arrive at a society without trade unions and without social protection in order to bring the national internal devaluation to its conclusion. Germany reformed its labour market creating mini jobs and by resorting to migrants from Eastern Europe with wages of €400 to €600. At the same time, it feeds on the lifeblood of other countries, such as Greece, whose people are forced to emigrate. These effects are not caused by the crisis but the way it is managed which is not democratic and hence problematic. We have to reverse this policy of the European Union which the people of Europe are rejecting more and more.

❖ **Nicholaos Skorinis**, Vice-President of the Greek ESC. Member of the employers' delegation

Greece is going through its 6th year of deep recession. The growth forecasts for 2014 announce a drop of -0.4 to -1%. Unemployment is expected to reach 31.5% in 2014. More than 200,000 SMEs have closed. 100,000 will close in 2014. There is no investment any more. GDP has collapsed. Competitiveness remains a problem. Even with a growth rate of 2%, we could, in the best case scenario, create 250,000 jobs in 2020. This means still 1.5 million unemployed, most of whom are young people. We are going through the same situation as Bulgaria, where the most educated young people are emigrating. That makes us vulnerable if we are to revitalise the production system and the country loses its scientists.

On the issue of industrial relations, Mr Skorinis noted that because the procedure for extending collective bargaining agreements is no longer in force, non-affiliated employers need no longer apply the collective standards defined at sector level. A study found that 88% employees from the private sector will find themselves outside a collective agreement with individual contracts and will be entitled to a gross minimum pension of €582. The employers' trade unions are being weakened more and more and we are heading for a dismantling of labour relations.

The working hours of all employees in the private sector have been reduced with repercussions on their pay, cut by €300 or €400 per month, ultimately entailing a reduction in demand and a collapse of resources for social protection funds. In small companies with 7 to 10 employees who are not entitled to have trade unions, workers are not protected and will be forced to sign the contract proposed to them. A report by labour inspectors indicates that

more and more full-time employment contracts are being turned into part-time contracts by unilateral decision on the part of the employer.

The crisis is used as pretext to dismantle labour relations and to do away with collective bargaining. State interventionism is actually becoming generalised and making workers more vulnerable.

We are not, however, going to get out of the crisis by annulling labour law and the collective bargaining system. In spite of all these measures, competitiveness remains very weak. Greece dropped 6 places at the Global Competitiveness Forum. As we have seen, thousands of companies are disappearing, young people are emigrating, the insurance funds are collapsing, salaries are shrinking and public investment is being reduced. All this leads to an ever deeper recession. What can stem this collapse of the Greek economy is certainly not the dismantling of labour law, but a development policy that defines guidelines to restructure the production apparatus. A development that must be supported through the social dialogue and collective bargaining as a nexus for future prosperity. Collective bargaining is important, because it guarantees social cohesion and is a means of fighting against unfair competition.

Unfortunately, that is not what lies ahead. There is currently a threat that the minimum wage and pensions will be reduced further by the fact that the Troika is planning a new minimum wage that will be aligned with the development of unemployment. The social dialogue no longer exists in Greece, and employers' organisations cannot manage to meet with the government. M. Skorinis, who is the General Secretary of the ISFV (the professional confederation of artisans and shopkeepers of Greece), the most important employers' organisation that represents 85% of the companies, and a member of one of the four employers' organisations that negotiate national collective bargaining agreements, was not received by the Prime Minister nor by the ministers. He concluded his presentation by sounding an alarm: The impending collapse of the democratic regime in Greece.

❖ **Roger Briesch**, Europe Delegate for Lasaire, pointed out that the essential objective of this 11th Lasaire Conference is to take better stock, at European level, of ongoing changes brought about by the crisis in industrial relations.

Having heard the first presentations that painted a very sombre picture of the situation in Greece, he wanted to underscore the positive signal from the introduction of a minimum wage in Germany by the new coalition being established. It constitutes considerable progress at EU level and an opening for change.

The seminar will tackle two of the topics of the biennial conference: the development of industrial relations and the involvement of the social stakeholders in the search for solutions to the current crisis. The discussions we will engage in could contest or amend the analyses presented in the basic document. A central dimension that emerges in our discussions today pertains to the possibility or the need to adapt the institutional framework in order to remove impediments. The European Union of 28 members has clearly shown its limits and we must proceed to an in-depth examination of what needs to be done today, particularly in the eurozone, which constitutes the pillar of the European Union. If the euro goes under, Europe as a whole will sink with it. Shouldn't the institutional framework be adapted to move forward in the eurozone? The Eurogroup already exists although there is no real consultation with the other Member States, while at the same time, decisions concerning the euro need not be taken by the 28. This structure must be given a precise institutional framework, and we must undertake and even participate in a specific discussion on the eurozone which is getting under way. The final meeting in Paris might be an opportunity to present proposals stemming from this 11th biennial conference.

**DEVELOPMENT OF INDUSTRIAL RELATIONS IN THE CURRENT CRISIS IN GREECE:
CHANGES TAKING SHAPE**

❖ **Theodoros Sakellarios**, Professor, Dean of the Faculty of Social Sciences and Psychology, Panteion University, proceeded with a presentation in continuation of that of Mr Skorinis. More specifically, the changes that have taken place in Greece on the status of work and industrial relations have had considerable repercussions on society and its institutions.

Since 2008, to get out of the crisis and save the system, the economic and social elites of this country did not hesitate to take measures that threaten to destroy the rule of law established when coming out of the great depression in 1929. These attempts are not new. This challenge to the system of labour relations had already emerged in the 1980s and continued in the 1990s with globalisation. The change of the labour rules was at the core of all proposals for reform. To get more growth, create more jobs, more wealth, more prosperity, etc., labour relations had to be restricted. And yet, the facts speak for themselves. The current economic and financial crisis has actually placed us in the reverse situation. All these restrictive efforts, all these measures have not had any of the expected effects in Southern European countries and especially in Greece – quite the contrary, they have made things worse. The crisis is deepening, poverty is increasing. The dismantling of the institutions recommended by the memoranda has brought society to a state of liquidation which is giving rise to such phenomena as delinquency and the emergence of the extreme right.

The previous speakers had already broached the changes in labour relations, but Mr Sakellarios wanted to go back to the issue, as he deemed it essential. He listed the different measures that were taken, which have weakened the system in the private sector:

- The minimum wage, which now depends on a governmental decision, since the national collective contract was abolished, is €586.
- The abolition of the extension of collective agreements entails a multiplication of individual contracts.
- Unemployment: no hope of any drop before 2024.
- The new legislation, which facilitates firing, has enabled employers to proceed to mass redundancies.
- The reduction of unemployment benefits. Moreover, only 20% of unemployed workers receive them.
- The reduction in the cost of labour by 20%.
- The increase in flexibility of work to the detriment of full-time employment, enabling employers to change working times and to turn full-time employment contracts into part-time ones.
- The abolition of the 5-day work week.
- The possibility of using consecutive fixed term contracts for more than 2 years.
- The reduction of wages.
- The abolition of collective bargaining.

In the public sector, we observe a reduction in the number of jobs by not replacing departing employees, redundancies, and the reduction in the number of public undertakings. Furthermore, the 13th and 14th month have been done away with and the new salary schedule has reduced wages sharply.

The austerity has caused a general decline in the standard of living. Purchasing power has been reduced by 46%. The loss of income of civil servants amounts to 40%. A drop of 25% is expected for 2013. According to Eurostat data, the level of poverty has exploded, going from 28.3% to 34.6%, compared to a European average of 25%. There are people who are said to live on an annual income below €3,800. The GINI inequality index is between 33% and 34% putting Greece at the top of the charts.

The minimum wage has continued to drop, particularly for young people, for whom it is below €500. We are thus confronted with a new culture of employment that affects young people in particular and necessarily impacts the role of the trade unions. This burst of deregulation of employment, flexibility, precariousness, redundancies, impoverishment of the social coffers has an impact on democracy – with that vicious circle that draws us downward and marginalizes the human dimension.

The prospects for development for Greece in such a context are those of a third-world economy based on low-cost labour. This shows the hypocrisy of the very same people who are calling for the development of qualifications for high technologies.

What can be done to restore collective labour relations, put an end to this dismantling, and reinforce solidarity? Roger Briesch spoke about restoring the credibility of Europe, but if things continue like that in Greece, the

construction of Europe will no longer have any proponents here. Europe must propose a social and political vision and at the same time take concrete measures and define common rules that take countries out of this decline. It is necessary to put a stop to this experiment with a third-world economy being imposed on the peoples of Europe.

❖ **Udo Rehfeldt**, Researcher at the IRES, presented the results of a European study: “Social Democracy in Countries hard hit by the Crisis” as well as of work conducted on the question of trade unions in Europe. This study can be consulted on the IRES website (www.ires.fr).

At issue is to find out whether the mechanisms of social democracy are challenged by the crisis or whether they can help to overcome it.

Since the onset of the crisis, there has been an increase in unilateral intervention by the governments in all the Member States (most often to deregulate the labour market), which alters the balances struck in the past to define rules on labour relations between the autonomy of the social partners and State intervention.

The new element is that the same interventionism in the sphere of the autonomy of the social partners is observed on the part of the European Union, which produces two sorts of recommendations:

- Specific recommendations of the European Commission under the European semester, which recommends to countries to abolish certain social rules and social protection of employment, reduce salaries in the public sector and in the economy as a whole, decentralise collective bargaining by derogation, de-index wages, reduce the minimum wage, etc. These recommendations are not totally restrictive at the moment.
- Conversely, in the 3 countries subjected to the memorandum, Greece, Portugal and Ireland, the interventionism is more restrictive, as the interventions of the Troika practically replace the national governments. In the chapter of the report devoted to Greece, we have used the term “destruction of the system of industrial relations.” This echoes the presentations of this morning which referred to “dismantling.” The Greek case is really an extreme instance – to such an extent that the question arises: aren’t we in the process of verifying the capacity of social partners to resist?!

The other question we can ask is what is the situation in the internal sphere where relations between the social partners are played out. Here, once again, we observe a common tendency in all countries: a rise in demands by employers for the centralisation of collective bargaining. These are not new demands. They used to be relayed by international institutions such as the OECD, but now they are made by the European institutions. The question arises as to whether this decentralisation is carried out by derogation imposed by the State, whether it is accepted by the social partners, or whether it is a wildcat deregulation on the part of companies. It is worth mentioning that relations of force have deteriorated in all countries. The unionisation level is down, the rate of coverage by collective bargaining agreements is declining in certain countries, the capacity of employees to mobilise is impaired, and the rate of strikes tends to diminish in Europe.

These two questions were combined in order to go over the main countries. As already pointed out, the Greek situation is an extreme case. The other countries tend to be in the intermediate registers. Four countries of the eurozone were studied: France, Germany, Italy, and Spain. In the 2 countries in the South, Spain and Italy, we observe an attempt by the governments in the initial phase to gloss over the sphere of autonomy of the social partners. On the other hand, in France and Germany, we see a reverse movement to reactivate the social dialogue. France remains a case apart, with a tradition of State intervention. But we are witnessing a reverse movement. The law protects bargaining in companies which do not have trade unions. In Germany, we are witnessing the reactivation of consultation with trade unions after the breakdown under Schroeder. Angela Merkel organises “crisis summits” with the social partners to put in place concerted measures such as short-time work. As regards wages, which have been restrained since 2004, we see that contractual wages have increased while real wages have decreased, due to the drop in contractual coverage. This provides proof of the dual nature of the German economy: in industry, wages are going up. They are the highest in Europe. The service sector is a low-wage sector. Yet this is the biggest sector in Europe.

In Italy, Berlusconi wanted to promote derogatory or proximity agreements, but Confindustria undertook not to apply that law. Very few company agreements were signed, and only 5% of the agreements are derogatory. What facilitates matters for companies is the “Cassa integrazione” which plays the same role as short-time work in Germany.

In Spain, the summit consultation was impacted by the prospect of a change of government. The employers put an end to consultation thinking that they would get the new government to back them. And in fact, when he came to power, Rajoy had a law enacted that enabled companies in difficulty to get out of the sector collective agreement. The report details the impact of this measure. In fact, 27% of the companies have availed themselves of this option, and 55% have done so by negotiating an agreement with the trade unions.

The foregoing review shows that there is evidently a difference between the countries of the North and South, but even between countries of the South -- and that is the case of Spain where the employers' organisation has returned to the negotiating table. In these aforementioned four countries considered as intermediate cases, i.e. with sector bargaining coordinated and aligned with company bargaining, Spain today appears in the category of countries with centralised wage bargaining.

❖ **Christos Polyzogopoulos**

Thank you for this presentation which shows us how to reactivate the democratic processes in the hardest hit countries.

We had a meeting here yesterday with the Greek minister of finance on the need to revive social democracy through the institutions. Unfortunately, the association of Greek industrialists did not follow the movement of the other social stakeholders and did not sign the final document, which was nonetheless signed by the other employers' organisations which actually represent the majority of the companies. Driven by an unwavering determination to overturn social democracy, the government did not accept the proposals of the social partners. The IMF said "we are sorry" and that was all. Greece is the victim of the financial markets. The era of the memoranda has created a new social reality. But the Greek people does not accept this way of doing things.

DISCUSSION

❖ **Ilias Iliopoulos**, Vice-President of the ESC of Greece

The discussions that this meeting affords us are very important and the truths unveiled here are good to hear. This morning, Mr Mitropoulos spoke of planned choices, given legitimacy by laws to change the work environment, organise the collapse of the social dialogue, and undermine the productive forces in Greece. The decisions taken have reversed the rights of our people. We have no money any more as a result of a planned attack by an organised group of accomplices in the country itself, but also people outside the country. We are now in this memorandum experience, but we have not asked for money. We have not begged. Europe must stop this financing. We do not need it. In 2009, we had a debt of 288 billion, but the Greek government intervened to bring it down to 110 billion with money taken from the insurance funds of public hospitals, universities, citizens. They took measures to restrict the expenses of the State. The debt was 60% of GDP. But after all these measures and the financing by the Troika, we are up to 120%. They are now saying that the programme is doing very well: we purportedly had a primary surplus, but they do not see the number of SMEs that have closed, 40% of the population living in poverty, and 350,000 families without electricity in winter!

Where are we headed? Towards an even more serious situation.

How is Europe intervening to reduce these inequalities? We feel closer to France, the great French revolution, we have the same pillars, the same credo. Our people will find their way back to that Greece... Europe must become a model for humanity.

❖ **Driss Guerraoui**, General secretary of the EESC of Morocco

This discussion is very instructive for the other side of the Mediterranean. When Europe fares ill, we feel it in our country. Is this a crisis of the European model or a crisis in the model? In fact, we are really in a crisis of the model, the crisis of the social link, of living together. I refer to the image of Europe and its social model to rethink a great social contract, a historical compromise.

❖ **Avezi**, President of the clerical employees' union

With M. Iliopoulos, we were the leaders of the fight against inequalities. The employers have taken out 50 billion. They have used our country as a guinea pig to experiment with the deregulation of labour. They have even resorted to defamation by accusing us of being lazy, whereas in terms of hours worked, we are above quite a number of other countries.

They have applied an unprecedented policy to roll back social conditions which has led to the appearance of extremist and even Nazi movements, phenomena that are profoundly alien to our culture and our civilisation. We have a lost generation. We are losing our intellectuals. 6,000 Greek doctors are in Germany, although they were trained in Greece. We want to believe in more Europe, but what kind of Europe are we talking about? The kind that

accumulates surpluses in the North and deficits in the South? We are fighting for a Europe that reinforces viable employment, for better understanding and mutual respect. We do not want casino capitalism that does not invest in the real economy but in the stock exchange and derivatives instead. We want a real development plan, a Marshall plan, the reinforcement of our economy. We must be able to coordinate our efforts with other countries that are also suffering from the crisis. We want to join forces with France, the country of the enlightenment, of fraternity and democracy, which must play a pioneering role. That gives me courage to continue to fight for our values.

❖ **Pierre Héritier**, Founding member of Lasaire, France

The message from our Greek colleagues raises a crucial question: What means and resources have to be deployed in order to be heard by the ruling classes, so that they all measure the scope of this crisis that is affecting Europe? Because to the diagnosis just made should be added the crisis of confidence afflicting the ruling classes with the possibility of negative repercussions on trade unions that risk in turn being considered as inefficient and incapable of dealing with the situation. This crisis of confidence has economic repercussions as well. Consumption by households is declining and we cannot see how we could get out of the stagnation. There is a real risk of seeing all of Europe getting caught in a downward spiral.

There is an ideological battle to be waged against the Troika. It is necessary to explain what it is at issue, to shed light on its antisocial dimension, the aggravation of poverty that it has unleashed, and the threats it entails for democracy, but also to insist on the fact that it is totally counterproductive: its action makes the crisis worse instead of remedying it.

Another point must also be stressed, that of the State debt in the name of which these austerity policies are justified. It is necessary to ask first where this debt comes from. We lose sight of the origin of the crisis, i.e. that States got into debt to bail out the banks. The financial crisis has been very costly for the States. Today, Lasaire economists have clearly shown that it makes no sense to try and attack the debt without growth. That is an issue that the media have difficulty in broaching with frankness. A battle of ideas has to be waged. We do not pay sufficient heed to the criticism levelled by the trade unions and the intellectuals on the Troika to show that it is leading us up a wall. I am profoundly European, but what kind of Europe do we want? We must certainly think about institutional reforms, but there are measures that have to be taken without preconditions, otherwise it will be too late.

❖ **Fausto Durante**, Head of the department of economic affairs of the CGIL, Italy

I agree with Alexis Mitropoulos when he says that it is not the crisis that is causing the collapse of the industrial and economic systems in Europe. Because it is the wrong solutions worked out by the European institutions to tackle the crisis that cause these shock effects which are responsible for the de-industrialisation and economic failures that ultimately lead to more recession and more unemployment. The precepts put forward by the Commission are wrong.

So, what can the social stakeholders do? From the perspective of the trade unions, we need more solidarity, more jointly charted action plans. To proceed along that path, in November, the executive committee of the ESC proposed to launch an extraordinary investment plan to stimulate economic recovery in Europe and to fight against unemployment. It is a new approach to promote convergence between countries. The richer and more developed must be invited to contribute to economic development and to finance the more vulnerable countries. Good words are not enough. Concrete measures must also be implemented. The discussion must be extended to what we want to build with these investment plans that we propose. We must mobilise the trade unions and people at the workplace, and conduct awareness-raising work among the future European Parliament on working conditions and labour relations.

Furthermore, we must look into the systems of social relations in Europe that have best enabled countries to resist the economic crisis. That could lead us to reconsider some of our positions. We therefore see that the systems that can deal with the crisis are those where workers participate in the decisions concerning the company, which is the opposite of what is recommended by the Commission and the centre-right governments in Europe.

To conclude, we have to defend ourselves, fight to maintain and improve working conditions, especially for young people, throughout Europe. In short, we must resist attempts to challenge the social dialogue in Europe by all possible means.

❖ **Joël Maurice**, Economist at Lasaire, France

Mr Maurice is concerned about the extremely critical situation in which Europe finds itself. The upcoming European elections can be a means of changing policy guidelines. It is up to the trade unions to initiate a discussion that challenges and denounces the fact that the policies pursued at European level are diametrically opposed to what should

be done. We must manage to reverse the trend, show that multiplying austerity measures does not create growth but unemployment and compromises the very idea of Europe among its constituent nations.

Some have advanced the idea of an economic recovery in Europe by means of a Marshall plan or a programme of major works, for instance. These proposals must be supported, all the more so as they are not in the direction taken by the EU. Beyond that, there is a more general problem which has to do with the way that the eurozone -- which is considered as the cutting edge of Europe -- was constructed. That is an important theoretical question that should concern economists because we are in a single currency area which can be summarised as one big market without any institutions other than the ECB. As is well known, however, the market does one thing only: it strengthens the stronger members of the centre and weakens the periphery (cf. the work of Robert Mundell). We need town and country planning policies that give hope to all the constituent countries of the eurozone and enable an internal restoration of balance so that each country can find its place in the collective creation of wealth. We have no discussion on this issue, we do not have a European industrial policy, and even less so a regional town and country planning policy. There were the structural funds, but with the new, extremely weak financial framework, we do not have the means and resources for a real town and country planning policy. We must return to the basic principle of the construction of Europe: convergence toward progress, the reverse of what is done today, when countries are being pulled down with the dismantlement of their social systems.

The major problem is not our insertion in globalisation, but first a problem of restoring an internal balance with measures that would enable everyone to find his place in the construction of Europe. All economists must sit around the table with the social partners to ask the question: how should we conceive of the Europe of tomorrow, of a Europe converging in progress. Finally, as to the question of social relations, it should be borne in mind that internal devaluations are difficult undertakings, as Greece and Spain have found out. It is actually easier to proceed to internal revaluation, i.e. revalue the wages in countries with a surplus. We are therefore on the wrong track in wishing to lower salaries because this feeds a deflation process that is subsequently very difficult to reverse. We must consider a coordinated development of wages upwards and not downwards.

CONCLUSIONS

❖ **Anne Marie Grozelier**, General Secretary of Lasaire, France

To conclude this first session, Mrs Grozelier proposed to resuscitate the spirit of the previous seminar, two years ago. The observation made in 2011 was already quite sombre. Today, two years, later, it is even darker, characterised by three elements:

- **First observation:** not only have the economic austerity and deregulation policies imposed on countries in crisis produced no results, but they have made the situation worse: recession, unemployment, youth unemployment – 60% of young people in Greece are unemployed – numerous economic declines, violations of the social models in Greece and in other countries on employment, wages, health, retirement and in brief on all the social systems. It is a real programmed destruction of the vital fabric of society which has been evoked by our Greek friends this morning.
- **Second observation:** The attacks on democracy. As Udo Rehfeldt has explained, social democracy has been challenged in all the countries, and more particularly in Greece. The social dialogue is damaged. The governments are called upon to implement policies dictated from the outside by the Troika. Moreover, everything is carried out as if the governments did not have the capacity to consider alternative policies to those imposed on them by the Troika. In this context, the citizens naturally no longer have the right to exercise their fundamental liberty, namely to choose between this or that policy. It is the very core of the democratic functioning that is thus flouted.
- **Third observation:** What comes clearly out of this session is that the crisis provides an opportunity to replace democratic values by the sole rationale of the market. It provides the pretext to turn Greece (and other countries) into a laboratory for experimenting with an accelerated switchover to an ultra liberal society. It is in this perspective that the eagerness to destroy the social dialogue and the collective bargaining systems can be understood. We are therefore faced with the attempt to suppress in brutal fashion a set of mechanisms that safeguarded democracy. In brief, Greece is used here as a guinea pig, as are other countries, such as Portugal. We are dealing with processes that break the backbone of countries that are too weak to resist. Such statements which we heard during the discussions this morning are in no way exaggerated.

Given this situation, what can be the outcomes? Elements for a solution have already been outlined. They will be discussed this afternoon. Discussions this afternoon and on other occasions of the biennial conference will refocus on the way that the social stakeholders can take back control in places where decisions are made, i.e. as close to policy as possible.

INVOLVEMENT OF THE SOCIAL STAKEHOLDERS IN THE SEARCH FOR ECONOMIC, SOCIAL, INDUSTRIAL AND FINANCIAL SOLUTIONS TO THE CURRENT CRISIS

❖ **Joël Decaillon**, Executive Vice-President of Lasaire, France

This afternoon's discussion continues from that of this morning in broaching the involvement of the social stakeholders in the search for a solution to the crisis in Europe. Several avenues for solutions could be broached this afternoon:

- Which investment plan for Europe to restore growth?
- Can we claim a minimum wage in Europe as an extension of the CUD-SPD coalition agreement which contains the implementation of the minimum wage in Germany?
- Which action for equal treatment of wages in Europe?
- How to fight against emigration by the most qualified young people in the countries hardest hit by the crisis which poses a problem for the future of those countries? That raises the question of using qualified labour in Europe.
- What kind of growth in Europe? It is not merely a matter of restoring growth with the recipes of the past but of managing resources in a frugal manner and dealing with waste. That requires a great deal of grey matter and technological innovations.

❖ **Regina Goerner**, IG Metall, Germany

I am going to reply to the questions raised this morning rather than make a theoretical presentation. IG Metall has never been in agreement with the austerity policy in Germany. We have always fought against the German government these last 30 years and its neoliberal policy which, in our view, was going to lead to disaster: something that has in fact come to pass.

When the crisis started, we asked the question: what can we do to avoid the closing of companies and unemployment?

We fought to save jobs and industry, so that the latter makes profit, but that did not succeed.

We proposed measures for purchasing power and aid for consumption.

In seeing what is going on in other countries, we understood that we had to work on the type of economic and financial system that must be established in order to have social justice.

It is necessary to regulate the market; free competition is not enough. It is necessary to preserve the European social model. It is indispensable to assume the debt of the European countries most in difficulties. We proposed a Marshall plan: an independent European Investment Fund with national variations that can attract investors. It is necessary to start with countries that want it.

At the same time, we want to preserve the German training model which puts qualification at the heart of the future of Europe. We are in favour of a tax on financial transactions to finance infrastructures.

❖ **José Augusto Oliveira**, Member of the Secretariat and Executive Committee of the CGTP, Portugal

We are going through a very difficult period for the various European countries: financial crisis, crisis of democracy, social crisis. It is a real threat to human rights. Speculators have sought profit without worrying about the major crisis they would cause. It's a crisis of the capitalist system itself. A process is underway with regard to the public debt in Portugal. This crisis threatens democracy and paralyzes social services. It affects salaries, purchasing power and labour law. Privatisations are picking up steam and precariousness is being

generalised. 67% of wage earners do not have a decent wage nowadays. Collective bargaining is challenged and stopped. The constitution is violated.

The Portuguese state has responsibilities in this situation, but its manoeuvrability margin is very limited given the pressure exerted by the IMF, ECB and the European Commission.

A real colonisation policy is being applied on the poorest countries. It concerns the eurozone. New types of solidarity must be introduced.

Important social movements are taking place in Portugal (the movement of the indignants).

We agree that the public debt has to be reduced, but a growth rekindling policy is needed.

DISCUSSION

❖ **Driss Guerraoui**

To reduce the debt and overcome the crisis, new wealth must be created without fail. The ESCs are a major instrument to help the crisis resolution process.

❖ **Joël Decaillon**

I am not sure that we can get out of this crisis simply by creating new wealth. Worldwide tax and redistribution instruments are needed. Furthermore, I am not sure that the ESCs are the best bodies for expressing the aspirations of wage earners.

❖ **Denis Meynent**, member of the EESC, Advisor to the Europe/International area of the CGT

The austerity policies currently pursued at European level are having powerful recessionist effects. For instance, a study conducted by one of the main economic consultants of the European Commission puts the figure for Greece at more than 8 points of GDP and more than 4 points for my country, France. Economically costly on the social front because of the unemployment they generate, these inefficient policies are based on a wrong diagnosis. The main problem is not the level of public deficits. Europe is suffering firstly and contrarily because of insufficient demand. It is therefore necessary to restore growth in Europe in a cooperative manner with the help of an integrated development policy by setting such objectives as investment, the massive creation of quality jobs, pan-European solidarity and transition to a low-carbon economy so as to change the production model.

The European Trade Union Confederation (ETUC) proposes a plan for investment, sustainable growth and quality jobs.

This plan consists of investing 2% of European GDP each year for 10 years. This represents approximately €240 billion each year, which is a considerable sum. The targeted areas concern energy transition, transport networks and infrastructure and the development of broadband networks, the future of industry (support for SMEs, energy efficiency, micro credit, etc.), public and private services (urban renovation, health and social protection, etc.), infrastructures and housing for elderly persons, social housing, plus investments in qualifying training, which are essential for the revaluation of labour and of workers.

It has been proposed to establish a specific development fund or to call on the European Investment Bank (EIB). The plan is to be financed through a double mechanism: an endowment or increase of capital if the EIB is brought in, and then the issuance of bonds. The governance of this system will enable social control and the involvement of the broadest spectrum of social partners possible, in particular to guarantee the optimal location of productive activities and thus avoid their polarisation as is the case at present, in the absence of an industrial policy at the level of the Union.

❖ **Kostas Tsirikas**, President of ADEDY, Greece, member of the ESC of Greece

At present, it is the national interest that predominates in Europe as well as the market. We have a real democratic deficit. Neo-Nazi movements are cropping up.

This process must be reversed. It is the market that must be adapted to democracies. We must put an end to casino capitalism. We have to fight against neoliberal ideologies. We should bear in mind Roosevelt and Keynes. In Germany, wages must be increased to boost demand and reduce the social dumping promoted by the exponential growth of poor workers.

❖ **Regina Goerner**

Developing a system of European bonds is not a problem for us. Germany too has a debt problem (+30% since 2008). We have to find an instrument that makes it possible to reduce the debts of the different European countries. We agree that a common solution has to be found in Europe. That requires mobilising wage earners. This is urgently needed in the face of neo-Nazi movements that are cropping up and not only in Greece. We have to provide a real European investment fund accessible to all European countries. It is possible to legislate in the European Union on this issue. We must not allow neo-liberal movements to act alone. It is the time to affirm the role of the social partners.

❖ **Fausto Durante**

We have mentioned European bonds to finance the European investment plan. It is important to have common proposals on this subject. In a crisis phase, it is normal for the richer countries to finance investments more than poor countries. We are all in the same boat: if the countries in the South do not develop, everyone will be affected, including Germany.

Furthermore, better use must be made of the structural funds. There are countries which were not able -- or did not know how -- to use the funds that were earmarked for them. We can use this part of unused structural funds to feed the European investment fund. If that is not done urgently, the money will find its way back to the rich countries.

Finally a more flexible approach is needed for the stability pact when efforts are made by countries to improve financial management.

The governance of this investment fund must not be left solely to Brussels bureaucrats, but a supervisory council must be set up with the participation of trade unionists and employers' representatives.

The objective must be to create well paid jobs and the re-industrialisation of Europe.

❖ **Joël Maurice**

I agree on the need to give positive prospects to the European population. The European investment plan goes in this direction. It is a plan geared to the future, a special debt that can be justified by its future cost-efficiency, so that the deficit engendered is acceptable. When we borrow, we must be able to reimburse. The question is then whether this investment will ultimately bring in new (direct or indirect) resources.

As regards the treatment of the debt, it is necessary to separate the old debt from the new debt, as the Americans did long ago. It was a proposal made by people in Germany, which has not been adhered to for the time being. But it is indispensable so that countries that are in most difficulties can get out of them.

❖ **Joël Decaillon**

As regards European governance, should we remain blocked with a global mechanism of 28 or proceed first with the countries of the eurozone to get our proposals on how to get out of the crisis moving forward?

As regards the European minimum wage, should we proceed to a global reconnaissance exercise for the entire EU or of the eurozone at the outset?

❖ **Anne Marie Grozelier**

The straightjacket of a single mindset on Europe must be loosened.

To move forward on the proposal for a European investment plan, the eurozone seems the most accessible at the outset. Perhaps, we have to approach the different European parties before the elections to gauge where they stand on these proposals.

We should moreover propose a tripartite wage conference.

❖ **Nicholaos Skorinis**

The austerity policy in Greece has to change. It has not produced any positive results.

Europe has 4 choices :

- Make the same mistakes.
- Become a USA type of federation.
- Remain as it is.
- Build a Europe of solidarity.

There is a problem with political will. It is not financial instruments that will get us out of the rut.

The people in Greece are frustrated. The risks of extreme right movements capitalising on that frustration is high.

❖ **Guy Juquel, Member of Lasaire, France**

We must not be against broaching the problems in the eurozone first and in the European Union in general subsequently. This is particularly important for problems such as the European investment plan and the European minimum wage. It is undoubtedly simpler to reach an agreement in the eurozone than in the Europe of 28 and that can fuel dynamism for Europe as a whole afterwards.

The mechanism of reinforced cooperation that exists in the treaty enables countries that so wish to go further into integrated policies at European level, whether on the European investment mechanism, the minimum wage or other issues.

That would create a European integration process in different areas which are now standing in the way of an efficient Europe.

CONCLUSIONS OF THE SEMINAR

❖ **Jean-Cyril Spinetta, President of Lasaire, France**

Thanks are in order to our Greek hosts for their hospitality.

There is a change in tone from the previous biennial conference: we have gone from a defensive tone with alternative proposals to an offensive tone that can help change the course of things.

The discussions have shown wide agreement on the diagnosis.

Faced with the question of whether the euro should be given up, the unanimous answer was no, but not at the price of unfairly shared efforts and mistaken economic thinking (until what level is the debt sustainable? 90% of GDP? Wrong).

The negative effects on growth have been beyond what was expected.

In Greece, the measures have cost 1/5 of GDP as well as the flight of qualified young people.

All the efforts asked are not efficacious and they are even counterproductive (austerity worsens the recession).

There is going to be an ideological debate on the eve of the European elections. We must make our voice better heard. That is possible today. Whereas some in Europe want to do away with social rights, which is what is happening in Germany, the returned SPD-CDU coalition shows that it is possible to get things moving. They are now talking of internal revaluation rather than internal devaluation, which can be qualified as convergence in progress.

Imbalances between European countries must be corrected, and convergence in progress is needed to that end.

The single market with the single currency, without regulatory instruments, is impoverishing the periphery, so pooling mechanisms that make it possible to counter the negative effects for the countries experiencing the most difficulties are needed, and for that it is necessary to boost considerably the budget and to introduce a generalised

minimum wage in Europe, starting with the eurozone. To make progress on these issues, it is necessary to proceed among the 17 first, and then to go further.

❖ **Georges Dassis**, President of Group 2, of EESC, Belgium.

One question dominates all the discussions on Europe: Do we break everything or change approach? A change of approach is obviously needed.

We want Europe, but which Europe? And how do we go about it?

We have been constantly on the defensive, we said no to casino capitalism (John Monks), but it was simply no! We must go from no to proposing something.

In Group 2 of the EESC, we have gone on the offensive: We proposed taxing financial transactions in 2009. Today, Barroso is proposing the same thing.

The problem is that the socialist governments in Europe have not been able to agree on common proposals.

The loans to countries in difficulty were provided at usurious rates (Greece, Portugal). This leads those countries to despair.

If we want to maintain peace in Europe, we have to change policy. We must take concrete measures: Group 2 of the EESC proposed a European minimum wage, which must be a percentage of the average wage in each country. That can be negotiated by and between the social partners and be enshrined in a contractual agreement, not necessarily a law (the Italians do not want a law).

The most serious danger would be a national withdrawal in the face of the crisis. It is best to seek protection at European level in globalisation. Real European policies in the different major areas (industry, defence, etc.) must be adopted without fail.

I wish that Lasaire would promote our EESC Group 2 proposals the way we draw inspiration from Lasaire studies and proposals at the EESC.

It has been a pleasure and a privilege to have met you!