



GMB TRADE UNION RESPONSE

European Commission Consultation on the Future “EU 2020” Strategy

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1. Introduction

- 1.1 GMB is Britain's third largest trade union with over 610 000 members. GMB is a general union and our members work in all parts of the UK economy, doing every type of job imaginable. GMB is affiliated to the British Trade Union Congress (TUC), and through them the European Trade Union Confederation (ETUC) and International Trade Union Confederation (ITUC), as well as 8 Global Union Federations and European Industry Federations.
- 1.2 It is extremely disappointing that the European Commission has seen fit to rush the public consultation on such an important issue, conducting it at the end of the year and during the holiday season. Such a flawed consultation process offers little hope that the Commission is truly seeking to engage in and foster a debate that it will influence the final outcome. Additionally, as the EU and global economy tries to deal with the worst economic crisis since the 1930s, the immediate focus of the trade union movement is how to assist and protect our members who are paying the price for a crisis they did not cause.
- 1.3 European citizens share a common vision of the type of society they want to live in, based on key values such as respect for fundamental rights, democracy, social justice, solidarity, equality and non-discrimination, universal access to quality public services, and decent work. They share the basic principle that sustainable economic growth and social progress should go hand in hand. They want to see this reflected more visibly in the EU's policy direction. The Commission needs to spell out how it is going to mainstream the *social* element of the social market economy in EU policy and decision making.
- 1.4 Most Europeans feel that the European Social Model and the concept of social Europe has been under attack as the EU pursues neo-liberal economic policies, wrongly arguing that protection of workers' rights, regulatory "burdens" on business, and spending on social protection and welfare must be reduced if Europe is to compete in a globalised economy.
- 1.5 A narrow group of people have profited from this approach, whilst ordinary workers and citizens are losing out with a reduction in employment standards and working conditions, increasing inequality, poverty and social exclusion. The EU is moving further and further away from the reality of people's daily lives. Citizens' are increasingly mistrustful of, and disconnected from its institutions and politics. The abysmally low overall turn out in this year's European Parliament elections is further testament to EU's failure to connect with Europeans and to convince them that the "EU project" is (or can be) relevant to them, and that they have a stake in its success. Sadly, being the only directly elected EU institution, many hard working MEPs who have campaigned for workers' and citizens' rights and protections paid the price for the failings of EU officials in other institutions, who never have to face a vote. The poor turn out in the European Parliament elections was a vote of no confidence in **all** the EU institutions which is something they should all reflect upon.
- 1.6 The EU has placed too much emphasis on narrow concepts of defining and achieving competitiveness at the expense of pro-active policies and targets to

secure development and progress in the social and environmental framework needed to accompany this. In the employment field, this has been characterised by the growth in precarious, low-paid jobs rather than decent, quality jobs and sustainable employment, which is where the focus must be for Europe. The EU 2020 Strategy must achieve a better balance in this area.

- 1.7 An overall evaluation of the Lisbon Strategy over the past ten years shows a significant lack of progress on key issues such as tackling youth unemployment, education and lifelong learning, investment in research and development, social cohesion, eradicating poverty and reducing inequalities, access to child and elderly care and closing the gender pay gap. This clearly demonstrates that, the current mantra that increasing economic growth and competitiveness will automatically lead to social and environmental improvements, has been unsuccessful.

2 Europe needs a new economic and social direction

- 2.1 The EU stands at a crossroads during the worst economic and financial crisis that the world has seen since before the European Community was established. This has resulted in a social and jobs crisis, the worst of which could well be yet to come and the consequences of which will continue to be felt during much of the coming decade.
- 2.2 The EU needs to decide which road to take – more of the same or a bold new path that will truly deliver benefits for all its citizens and restore their confidence in the European project.
- 2.3 GMB believes that a change of direction is imperative if the EU is to regain the trust of its citizens. We need a Europe that puts people and the planet, not business and the internal market, first. The EU needs a strategy that will equip its workers and citizens to deal with 21st century realities – globalisation, demographic and climate change – and set Europe on a new path to sustainable long-term growth, increased employment and a more equal and inclusive society.
- 2.4 The European Commission’s consultation paper fails to give any vision or inspiration for meeting these challenges and is silent on many of the fundamental policy questions that are essential to the debate in formulating the EU’s policy direction for the next decade.

3 Regulate global finance

- 3.1 Trade unions have long warned of the dangers of the excesses of “casino capitalism” and unregulated markets. However, our warnings went unheeded, resulting in a financial crisis which left the global banking system facing virtual collapse and the risk of the world economy going into a severe depression. The neo-liberal economic policy which has dominated over the past 30 years has spectacularly failed and resulted in the global economic catastrophe. Despite what the bankers and other financial elites may want - it cannot be business as usual. It is time the EU and its Member States to completely revise their economic model and move towards a true social market economy.

- 3.2 GMB members and other ordinary workers and people across the world are paying the price for the greed and reckless arrogance of the bankers and financiers who were allowed to bring the world economy to its knees.
- 3.3 Just over a year from the beginning of the crisis we see these same bankers and financiers preparing to pay themselves outrageously high bonuses to be financed by the tax payers' money that bailed the banks out in 2008. The EU institutions and governments need to wake up to the overwhelming sense of public outrage about this and take a stand or, by their inaction, accept being complicit in this scandal. GMB believes that banks should pay back all the tax payers money before any banker sees a penny of a bonus again.
- 3.4 Attempts to justify this obscene behaviour on the basis that the financial market needs to attract the "brightest and the best" just won't wash. Do we hear the same arguments being used to stop public sector job cuts and give decent pay and security to teachers, nurses, fire-fighters etc doing a fantastic and vital job in education, healthcare and other essential services which would be a far more justifiable and popular argument with European citizens? Sadly we don't, but the European Union will have to start raising this forcibly. GMB will not accept that public finance deficits caused by bailing out the banks, should be paid for by cuts in public services or cuts in public sector workers' jobs providing vital services to ordinary and needy people across Europe. This will only risk further downturn in the still fragile economies of Europe. The cuts should be taken from those who got us into this mess.
- 3.5 The EU must not shy away from fundamental reform and regulation of the finance and banking system to ensure that it serves the real economy and jobs, rather than creating obscene wealth for a tiny global elite. Transparency and accountability must be ensured, with proper regulatory supervision and oversight at national, European and international level.
- 3.6 Discussions regarding the establishment of some form of financial transaction tax are welcome and GMB would like to see the EU leading the way on co-ordinating solutions that will ensure that the banks and financial sector assume their collective responsibility.

4 Just transition to a sustainable and green economy

- 4.1 The development of a low-carbon and green economy presents both opportunities for new quality jobs and challenges for those sectors and regions that will be adversely affected by these new requirements. The EU and its Member States must commit to a "just transition" - the full participation of workers and trade unions is a pre-requisite to ensuring this. Europe needs to formulate common sustainable industrial policies and ensure proper investment to fund R&D, boost innovation, secure training and skills development etc. Sufficient financial means must be ensured and, to this end, more effective financial tools are required.

Social Europe and a New Social Deal

- 4.2 The defence and promotion of social Europe must be at the heart of the EU 2020 Strategy. GMB supports the ETUC call for a New Social Deal in Europe that

delivers on social justice and more and better jobs. The EU 2020 Strategy should be the driver for a new social policy program which will deliver an EU characterised by sustainable quality jobs and decent work, high levels of social protection, high quality and universally accessible public services and a fair and inclusive society. The EU has an important role to play in ensuring that whilst caught in the glare of the economic and financial crisis, Member States do not lose sight of these objectives.

Decent work and quality jobs

4.3 With unemployment in the eurozone at 10% and predicted to rise until at least 2011, employment, in the short, medium and long term, must be a top priority on the EU agenda. Whilst urgent action is required to stem the rise in unemployment and secure the recovery, this must be taken in the context of a longer term strategy that looks to the future. The references to “full employment”, a “social market economy” and the inclusion of a social clause in the newly in force Lisbon Treaty are welcome however, a shift in political will is needed to transform this from mere window dressing into a genuine strategy for long-term sustainable growth, increased quality employment and a more equal Europe. The EU’s current fixation with “flexible” labour markets needs to end. It is time that EU policy makers recognised that rather than hindering productivity and labour market efficiency, quality jobs that respect workers’ rights can be a strong driver for a dynamic economy.

4.4 Europe should set the benchmark for fair and secure labour markets, characterised by adherence to decent work principles, with a workforce equipped to respond to both the opportunities and challenges of globalisation. On 19 June 2009, the International Labour Organisation unanimously adopted *Recovering from the crisis: A Global Jobs Pact* (GJP) addressing the social and employment impact of the global financial and economic crisis. This global policy instrument, based on the ILO’s Decent Work Agenda, presents a balanced and realistic policy framework for national, regional and global action to stimulate economic recovery, generate jobs and provide protection to working people and their families. The EU’s 2020 Strategy should reflect the policy framework set out in the GJP, encouraging and supporting Member States to implement relevant measures, specific to their national situation and priorities, formulated through proper and effective social dialogue.

4.5 The EU 2020 Strategy should promote the creation of quality and sustainable jobs. Although overall EU employment rates had significantly increased prior to the economic crisis, this success pales considerably when the quality of the jobs created is taken into account. Many of the jobs created were precarious and insecure, with poor working conditions and providing little opportunities for progression, with workers being caught in a cycle of poor quality, low-paid jobs and the resulting impact on their quality of life. Such insecure jobs have made already vulnerable workers even bigger victims in the crisis.

4.6 The increasing and disproportionate use of temporary agency work, fixed-term and part-time contracts and other forms of atypical or non standard working contracts must be curbed and true equal treatment guaranteed where they exist. GMB welcomed the long overdue adoption of the Temporary Agency Workers Directive

in 2009. However, further action is needed to protect a growing number of vulnerable workers excluded from employment protection and to stem the trend of precarious work. All workers, irrespective of their contractual status, should be able to benefit from decent pay, proper health and safety protection, the right to training and opportunities to move into standard contracts, which should be re-enforced as being the norm rather than the exception.

Protect core labour standards and fundamental rights

- 4.7 Free movement should lead to the raising of standards across Europe, not their erosion down to the lowest common denominator. The EU's free movement and internal market principles should not be allowed to usurp social policy, labour law and fundamental rights for workers adopted at either EU or national level. Community legislation setting minimum standards should not be seen as a ceiling or used as an excuse for Member States not to provide living and working conditions which provide better terms and conditions when mobile workers are in that country.
- 4.8 Equal treatment and non-discrimination are fundamental principles upon which the EU is founded. The negative effects of the European Court of Justice (ECJ) decisions in the Viking, Laval, Ruffert and Luxembourg cases, which have raised serious concerns regarding the imbalance between the EU's economic freedoms and fundamental social rights, must be addressed and challenges to trade union rights and freedoms stopped.
- 4.9 GMB members have direct experience of the divisive and harmful effects of unequal and discriminatory treatment caused by employers exploiting workers to maximise their profit margins. The disputes at the Lindsey Oil Refinery and other sites in the UK in 2009, illustrate the potential for social unrest and damage to social cohesion that could result from social dumping and "the race to the bottom". The legitimate social demands of the workers involved were neither protectionist nor xenophobic but rather about ensuring true equal treatment for all workers. Our members and other workers demonstrated their resolve to secure equal treatment and pay for workers doing the same job, irrespective of nationality. The political responsibility for such disputes lies firmly with the European Commission and exploitative employers.
- 4.10 GMB supports the ETUC demand for a Social Progress Protocol and the revision of the Posting of Workers. As it currently stands, the ECJ jurisprudence is inconsistent with the European Court of Human Rights' rulings in *Demir and Baykara v. Turkey* and *Enerji Yapi-Yol Sen v. Turkey*, which state that the exercise of the right to form and join trade unions includes the right to collective bargaining and the right to strike. The EU Commission should take action to uphold these principles.

Promote trade union role and social dialogue

- 4.11 GMB believes that the recognition of, and respect for the role of trade unions, the social dialogue process and collective bargaining in meeting the challenges of globalization is crucial and cannot be overstated. Trade unions also have a vital

role to play at all levels in developing strategies to both deal with the financial and job crisis and its aftermath.

- 4.12 The EU institutions and Member States need to do more to promote and reinforce social dialogue at European and national level and involve trade unions as part of the general policy making structure of the future EU Strategy

Socially responsible public procurement

- 4.13 The huge potential to use public procurement as a tool for achieving sustainable development - promoting the creation of quality jobs, fostering equality, opportunities for vulnerable groups such as disabled workers, young and long-term unemployed - should not be underestimated particularly in the economic recession.
- 4.14 Public procurement should be an obvious driver in the EU's objectives of developing a social market economy and full employment. GMB wants to see a clear commitment to this in the EU 2020 Strategy. GMB would like to see the public procurement directives revised to greatly extend the social and green procurement dimensions as well as the development, in consultation with trade unions and others, of targets for social procurement.
- 4.15 The ECJ judgements in the Laval, Rüffert and Luxembourg have created a degree of legal uncertainty regarding the relationship between international and EU law regarding social clauses in procurement, and also the relationship between the Posting of Workers Directive and the procurement directives which need to be addressed urgently. Ten EU Member States have already ratified the ILO Labour Clauses (Public Contracts) Convention 1949 (No94) and the Commission and Council of Ministers included it in their call for ratification of all up-to-date Conventions in 2006. GMB believes that the EU should continue to promote its ratification and implementation by all the Member States and take measures to ensure that any ambiguities in EU law which could hamper their ability to adhere to the Convention are resolved.

Equality and non-discrimination

- 4.16 The EU is home to a wide variety of people with diverse cultural backgrounds and ethnic origins which should be celebrated and valued. Despite much progress in encouraging this diversity and tackling discrimination and promoting equality, many people still suffer from discrimination and inequality. The EU 2020 Strategy must continue to build on the progress made and reinforce efforts to tackle persistent inequalities such as the gender pay gap.
- 4.17 The economic crisis will impact negatively on already vulnerable groups such as women, ethnic minorities, migrant workers, disabled people, and young and older workers who are likely to face even further discrimination and inequality on the employment market as unemployment and pressure on available jobs rises. Fighting discrimination and promoting equality must remain a priority and this commitment must be reinforced at EU level.
- 4.18 GMB welcomed the European Commission's June 2008 proposal for an Equal Treatment Directive as an important step towards levelling up the existing

European legal framework prohibiting discrimination and redressing some of the disparities in the protections afforded and supports the improvements suggested by the European Parliament. It is extremely disappointing that this important proposal remains blocked in negotiations between the Member States.

Tackling income inequality, reducing inequality and eradicating poverty

- 4.19 In 2000, the European Heads of State and Government gave a commitment “to make a decisive impact on the eradication of poverty” but the Lisbon Strategy has clearly failed in this goal. Ten years on, despite living in one of the wealthiest economic areas in the world, almost 80 million people in the EU live at risk of poverty, with poverty levels and income inequality rising instead of decreasing. The instance of child poverty is unacceptable and will have major implications for the future of national and EU economies.
- 4.20 Though employment participation rates have increased, so has the income gap and long-term unemployment, particularly among the low-skilled and the poorly educated, remains persistent. Changes in the labour market are a major factor in the increase in inequality and the proliferation in non-standard contracts, precarious work, atypical and low-paid employment has significantly contributed to this state of affairs.
- 4.21 The growing number of working poor illustrates that for many people employment is no guarantee against poverty and, that level of earnings is a decisive factor in lifting people out of poverty. In 2007, 8% of employees in the EU-27 had an income below the EU poverty line. Workers (and their families) in this situation are subject to lower living standards and poorer quality of life during their working lives and face continuing poverty in old age.
- 4.22 There is a real risk that the current crisis will result in an even greater increase in poverty and inequality levels across the EU, as new groups are driven into poverty whilst the situation of those already in poverty gets worse. Threatened cuts in public spending to tackle the huge deficit in public finances would only exacerbate the situation.
- 4.23 The EU 2020 Strategy must include the eradication of poverty and inequality as a priority along with specific policy proposals to achieve this. Clear and ambitious EU and national targets to reduce poverty, social exclusion and inequality should be agreed. Poverty and discrimination are clearly linked and greater co-ordination of anti discrimination policies and those to combat poverty and social exclusion is required. Additionally, concrete measures should be adopted to tackle income and earnings inequality and ensure that the benefits of economic growth are wealth distribution, such as guaranteeing adequate minimum incomes and living wages, curbing the excessive earnings of CEO’s and company directors, progressive taxation and reinforcing social protection.

Protecting pensions

- 4.24 Measures to tackle the pensions time-bomb must also be formulated as both public and private employers seek to cut and restrict access to pension funds. Pensioner

poverty is already a major issue, and will become more acute with falling childbirth rates. Who will be paying for tomorrow's pensioners?

- 4.25 Following years of fluctuating stock markets which had already made many pension funds vulnerable, the EU 2020 Strategy must seriously consider and address the further devastating impact of the financial and economic crisis on an already worrying situation. It is a crime that people across Europe who have worked hard all their lives now face huge financial worries, insecurity and possible pensioner poverty through no fault of their own. Once again, the self-satisfied grins of greedy bankers and their bonuses is an adding fuel to the anger of ageing workers.

5 Promoting and protecting quality public services

- 5.1 Access to public services is fundamental right and the public sector is an essential component of the European social model. Quality public services are of paramount importance for all members of society and make an essential contribution to social cohesion.
- 5.2 GMB actively promotes the development and protection of universal access to high quality public services. GMB believes that the provision and accessibility of quality public services is best guaranteed by keeping public services public and is opposed to their marketisation and privatisation.
- 5.3 In the context of the current economic crisis, GMB rejects the European Commission's short-termist approach in encouraging Member States to move towards "exit strategies" in the form of public spending cuts, including public sector wage cuts as has been the case in Ireland. Rather, we believe along with ETUC and EPSU (European Federation of Public Service Unions) that public spending is central to the recovery with a continuing need for investment in public services and public infrastructure.
- 5.4 Continued public investment is necessary not only to secure the recovery, but also to deal with its fall-out. Unemployment will continue to rise for some time to come, even after the recovery is underway, putting additional demands on public services and social protection systems. Additionally, investment in public services such as healthcare, social services and education is essential if the EU is going to rise to its many challenges such as an ageing society, tackling social exclusion and raising educational attainment.
- 5.5 The Lisbon Treaty establishes a clear basis for EU legislation on public services ensuring that they are delivered based on "a high level of quality, safety and affordability, equal treatment and the promotion of universal access and of user rights" and there is therefore no longer any excuse for the European Commission to duck this issue. The EU 2020 Strategy should put forward concrete proposals for legislative action, as well as an EU Action Programme on 'quality public services', setting out concrete objectives and targets for improving public services at different levels, based on the public services values and principles of solidarity-based funding, quality standards and criteria, participation of workers and citizens, and evaluation.

6 Better regulation agenda

- 6.1 The European institutions are wrongly following the business mindset that regulation is a burden and bad for business and competitiveness of the economy. As a result, better regulation has become synonymous with **deregulation** or no regulation, rather than the need to have a well functioning and balanced regulatory environment.
- 6.2 Following this mantra, unacceptable attacks are being proposed on vital health and safety protections and other employment and social protections which must be stopped. Healthy and safe workplaces are more competitive, productive, efficient and viable and save businesses millions of euros every year. It is also important to recognise that the safest and healthiest workplaces are those where there is a recognised trade union.
- 6.3 The EU needs to move away from this position and GMB has previously called on the European Commission to carry out social and employment impact assessments in the formulation of new proposals, and the evaluation of existing policies. We therefore welcome President Barroso's statement to MEPs that he supports this approach and that the Working Time Directive will be used as a test case.
- 6.4 GMB has considerable concerns about the European Commission's Action Programme for Reducing Administrative Burdens in the EU, adopted on 22 October 2009 and about its author. GMB opposes the extension of the mandate of Edmund Stoiber, President of the high level group advising the Commission, whose recent appointment as chair of the Deloitte advisor board calls into question his impartiality and raise issues of conflict of interest. The Commission continues to push the business agenda of "reducing red tape with the focus on cost-benefit – i.e. if it saves money it is necessarily a good thing. This whole Action Programme need to be seriously re-thought.

7 Conclusion

- 7.1 GMB believes that the European Commission has missed a major opportunity to set an inspirational direction for the EU in this document, at a time when its popularity is at an all time low and people across the EU are facing the effects of a massive economic, financial and social crisis. It is almost breathtaking to see that the Commission has clearly failed to understand how necessary it was for it to produce a dynamic document on the EU 2020 Strategy.
- 7.2 We therefore very much hope that the Commission will reflect seriously on the responses it has received from GMB and other colleagues who have participated in this consultation and that it will step up to the mark in its proposals to be put to the Spring Summit 2010.