



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

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To Mr Nicolas Sarkozy
President of the European Council
Palais de l'Elysée
Rue du Faubourg St. Honoré 55
F-75008 PARIS
France

To Mr José Manuel Barroso
President
European Commission
Berlaymont
1049 Brussels

To the EU Heads of State and Government

OPEN LETTER TO THE EUROPEAN COUNCIL

THE END OF CASINO CAPITALISM: FOR A NEW GREEN DEAL AND DECENT WAGES AND PENSIONS TO GET US OUT OF THE DEPRESSION

Dear President Sarkozy, Dear Heads of State and Government, Dear President Barroso,

The economy is already in the grip of recession and we are facing the prospect of a prolonged economic depression, as the process of reducing excessive debt leverage of banks and households continues over the next few years.

However, a time of crisis is also a time of choice. The meltdown of 'casino capitalism' offers us the opportunity

- to stop basing growth and jobs on speculation and asset price bubbles;
- to create a financial sector that is at the service of jobs and productive investment and not the other way around;
- to support decent wages and pensions levels that sustain demand;
- to rebuild distributive justice through fair tax systems – including concerted action to end tax avoidance - strong collective bargaining systems and strong public services;

- to create real and tangible competitive advantage by investing in the ‘greening of the European economy’;
- to strengthen and extend unemployment benefit systems to give security to workers in a labour market now undergoing intense turmoil.

We call on you to make this choice. ‘Business as usual’ is out of the question. Abusing ‘Europe’ as a way of having workers undercut each other will trigger economic and social disaster. Instead, the European summit meeting this week in Brussels should send workers the clear message that coordinated European action will get us out of this credit crunch. That only European cooperation can ensure that such a crisis never happens again.


The ETUC urges the European Council to back the Commission’s proposal that member states should draw up a coordinated stimulus plan of 1,2% of European GDP. This should be done in convincing way. We will not accept any lip service that would present existing measures as additional demand stimulus. We will condemn any ‘free rider’ behaviour of countries trying to export themselves out of the crisis on the back of others.

At the same time, the Commission’s recovery plan has a major flaw. Member states can only develop the requested stimulus if a European framework to support and promote such action exists. But such a European framework is now lacking. So we call on the European Council to transform the Commission’s Recovery Plan into a truly European one through:

- *Increased demand side action at the European level.* Investment in Trans European Networks should be increased. The existing European Globalisation Fund should be reformed with the aim of providing all workers with assistance in the process of change. European economic governance should ensure that those member states having accumulated high current account surpluses now take up their responsibility by providing more than average demand stimulus.
- *European action to secure finance for national stimulus.* With governments now forced to pay for the damage inflicted by ‘casino capitalism’, the undermining of public finances by tax competition can no longer be tolerated. Europe needs to build a level playing field for tax regimes on mobile income sources. Tax havens, zero tax regimes, flat taxes and absences of capital gain taxes need to be addressed. To provide Member States with access to worldwide savings at relatively lower finance cost, a European Growth Bond is to be issued by the European Investment Bank. The full flexibility of the Stability and Growth Pact should be used, making it clear that deficits exceeding the 3% limit over the next few years are to be allowed.

- A New Wage Deal: To avoid a new round of ‘beggar-thy-neighbour’ policies in the European internal market triggering a deflationary wage spiral, downwards floors in wage formation systems need to be strengthened in close collaboration with social partners.

Yours Sincerely



John Monks

Copy to Mr Vladimír Špidla, Commissioner for Employment, Social Affairs and Equal Opportunities, and Mr Joaquín Almunia, Commissioner for Economic and Monetary Affairs

Attachment: [ETUC Executive Resolution on the European Recovery Programme](#).