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EU: an irresponsible reform of fiscal rules of the Stability and Growth Pact.

Now that the European Union's economic governance reform has been given the green light by both the Council of the EU and the ECON Committee of the European Parliament, there is only a plenary vote of the European Parliament in early April to finally adopt the reform. This legislative package is gathering deep criticism from the trade union movement and others.

The most important measures in the economic governance reform are:

- Fiscal rules: member states whose debt ratio is above 90% are required to reduce the debt ratio by 1pp every year (or 0.5% pp per year for countries whose debt ratio is between 60% and 90%) on average and stably declining by the end of the adjustment period.
- Fiscal rules: Government deficit should stay at a safety margin from the 3% deficit/GDP ratio, that is, 1.5% structural deficit/GDP, though the optimal position is a balanced or structural surplus.
- Deficit trajectory: The annual minimum adjustment path toward the safety margin is 0.4% or 0.25% pp per year.
- Investment: some measures should mitigate the negative impact on investments; however, the benchmark for nationally financed investment is very low and fixed at pre-RRF levels.
- Countercyclical aspects: national and general escape clauses are now possible, and flexibility in the control account may help in case of economic downturns or exceptional circumstances.

- Social aspects: the "cost of ageing" is driving fiscal constraints and appears among the aggravating relevant factors. The reform is designed to make restructuring urgent during the first four years, consequently putting significant pressure on the pension and health systems.
- Social aspects: two technical processes with very high political impact compete - the Debt Sustainability Assessment, an austerity-designed methodology, is the policy driver, while the Social Convergence Framework, a social progress methodology, is meant to be a simple assessment and monitoring tool of the Commission.
- Social aspects: EPSR and Porto's targets are now part of national plans.
- Democratic shortages: technocratic governance results in harm to the elderly and no social dialogue.

The **overall assessment of the ETUC is negative**. This reform reverses a trend initiated in 2015: legislative intervention in the SGP sets stricter rules than the reformed ones for the first time in a decade. It overlooks key proposals from trade unions advocating for an EU investment tool, enhanced cross-border solidarity, and social expenditure stabilisers, which many other stakeholders widely share.

This reform introduces marginal changes to the economic governance framework established before the pandemic. Action is now needed to prevent unfortunate decisions concerning fiscal objectives and reform priorities, which will be set forth by September 20 (submission of national multiannual plans).

The trade union movement will take action to avoid austerity and promote a job-rich investment agenda. Workers' voices must be heard from the onset of the reformed EU Semester. Although the involvement of social partners remains confirmed, there is a lack of reference to the specificity of social dialogue, which overlooks the recent Recommendation on Strengthening Social Dialogue. This must be remedied via a common European trade union movement strategy. The ETUC Executive Committee will agree on a prompt reaction against austerity and in favour of a job-rich investment strategy during its next meeting in March.

CZECH REPUBLIC, fiscal measures are harming workers' wellbeing.

In the area of budgetary or fiscal measures, the Czech Government’s change to the tax system means that the amount of the membership contribution paid will no longer be a deductible item in the tax base.

A reduction in the statutory allocation to the social fund may affect the well-being of employees and their social and working conditions.

Social dialogue was conducted only formally.

In the social area, the Czech Government reduced the statutory allocation to the social fund, which may affect the wellbeing of employees and their social and working conditions. It also raised the retirement age.

FRANCE: The CFDT and UNSA denounce 10 billion Euro in arbitrary, dangerous and non-solidaristic savings.

Sunday, February 18, Bruno Le Maire, Minister of the Economy, Finance and Industrial and Digital Sovereignty, announced a ten billion savings plan, justified by initially overly optimistic growth forecasts.

Four days later, the Official Journal confirmed and detailed the budget cuts. Barely two months after the vote on the finance law for 2024, this decision was taken by decree, without a debate on the method or the substance!

The CFDT denounces the absence of a democratic debate, the brutality of the amounts demanded, and the lack of social justice. What an insolent contradiction between the incantations displayed and the crippling of specific public policies, particularly employment and training!

According to CFDT, such a decision would harm full employment, education, higher education and research, ecological transition or housing priorities, and massively force the shutdown of all support and transformation policies.

The efforts requested, for example, from the Ministry of Labor (1.1 billion out of 15 billion budget) are untenable at the time of the launch of the programme France Travail unless all investments in skills and employment are cut down for a long time.

The CFDT has always been concerned about public spending, budget deficits, and debt and their consequences for future generations. However, the expected impact on the most affected public policies is so serious that it will compromise the future and essential changes.

Decision after decision, the motives are always the same: by stubbornly persisting in its dogmatic choice of cutting expenses without being interested in revenues, by refusing to open the tax project, the Government always concentrates the effort on the most modest. It persists in not touching the significant funding allocated to businesses even though their effectiveness is more than contested. It refuses to change the taxation of higher incomes. It rejects any sharing of efforts.

For the CFDT, the question of a united effort of these revenues to invest in the long term, particularly in ecological transformation, must finally be asked.

The measures to reduce the payroll for the Civil Service during inflation are a new blow to civil service agents, which we applauded yesterday. Public policies of a sensitive nature, such as those targeted, cannot be the adjustment variables of a dogma of tax reduction, just like the agents of the ministries responsible for implementing them.

The CFDT calls on the Government to urgently reconsider the method used to finance the priority policies of an actual future project for France in line with the needs and to finance them through a socially just and progressive tax policy.

UNSA denounces that the Government chose not to go through Parliament. In particular, the "sustainable ecology, development and mobility" budgetary item has been cut by 2.13 billion euros, the "labour and employment" item by 1.1 billion euros, and the "school education" and research and higher education" item by a total of 1.6 billion euros. These savings will adversely impact ecological ambitions, employment and vocational training policies, and health and education policies. While only some of the savings measures have been outlined, fears are high that the Government will make a series of announcements that run counter to the interests of workers, whether employed or job seekers.

According to UNSA, the Government has announced the introduction of an additional charge for working people wishing to use their personal training account (in French: CPF). This would generate 200 million euros in budget savings. Planned in the 2023 Finance Act, the Government postponed its application, which has now been all but enacted as part of the recent 10 billion euro emergency budget savings plan. Given the increase in the financial cost of training, this measure risks discouraging and/or preventing many employees, particularly the most vulnerable and least qualified, from taking up training. UNSA considers this measure unfair, set against a backdrop of budget savings of the same kind. UNSA will continue to try, through dialogue with the Government - which supposedly puts training at the heart of its policy - to put this project back on the drawing board.

In the Social domain, in January, during his general policy speech, France's new Prime Minister surprisingly announced his intention to abolish the specific solidarity allowance (ASS). The ASS is a conditional "bridging" allowance for people reaching the end of their unemployment insurance entitlement, distinct from the active solidarity income (RSA). For many potential beneficiaries, the disappearance of the ASS would lead to a drop in their disposable income, which is already low. As the ASS also enables pension quarters and supplementary pension points to be validated, its removal would have a definite impact on the pensions (lower) and retirement age (later) of those concerned. Although not quantified, the savings would undoubtedly be for public finances on pension system expenditure, particularly in the long term. For UNSA, the desire to reform the ASS by bringing it in line with, or merging it with, the RSA requires a rigorous impact study on the effects in terms of income and retirement rights for the households concerned. Two priority objectives must be pursued: combating poverty and providing better support towards employment. For UNSA, a minimum social benefit unified within the RSA should also enable 18-24 year-olds to benefit from national solidarity and improve the conditions for validating pension quarters for jobseekers not receiving compensation.

FINLAND: STTK denounces fiscal measures with a bitter austerity taste for Finnish workers.

In the budgetary or fiscal domain, STTK raises attention to the fact that the fiscal stance for this year is projected to be slightly expansionary, as the scale of tax reductions is expected to surpass that of drastic spending cuts. The total tax rate is anticipated to decrease by almost three percentage points relative to GDP by 2027. New austerity measures will be decided in April. The austerity measures are planned to be approximately 1 % of GDP. Considering these new austerity measures, the fiscal stance can become slightly contractionary. Finland's current problem is not the fiscal stance but rather drastic tax reductions accompanied by huge spending cuts, namely in social security.

Another area of concern is the significant deterioration in several labour rights, including the right to strike and employment protection. Bargaining at the local level is expanded, while the shop steward can be bypassed in some instances. The export-led model is forced on workers since it ties the National Conciliator's hands by capping the maximum wage offer to the export and domestic sectors. It is important to note that these changes do not have any budgetary impact but are simply shifting the balance towards employers. In addition, the export-led model would risk gender equality as it would become hard for female-dominated industries to catch up with the wage gap.

In the social domain, the (far)right-wing Government takes a significant step away from the Nordic welfare-state model, particularly considering the substantial reductions in social security measures. For example, earning-related unemployment insurance will be cut by 20% after eight weeks and an additional 5% after 34 weeks. Despite these cuts, individuals on the minimum level of social security are still eligible for social assistance, which should help to mitigate the impact on their income, provided they apply for such assistance.

SAN MARINO, Government fails to shelter workers and pensioners against inflation.

No austerity measures involving tax reductions or increases have been announced. The Government preferred to increase the public debt to a significant and worrying extent, as had never happened in San Marino. The signs of austerity lie in the fact that the renewals of single employment contracts have failed to cover losses coming from inflation, considerably penalising those with the lowest incomes. As for pensions, they have been revalued much less than inflation rates.

In 2023, our confederation organised a general strike to demand the launch of income support measures for the categories more in need, but with a modest result in the laws promulgated.