

By Luca Visentini, ETUC General Secretary
Laurent Berger, ETUC President

Dear (head of government/state taking part in EU Council)

The European Union is facing the deepest recession in its history, and the decision European leaders will take at the virtual European Council meeting on Friday will have very real consequences for the lives of millions of people and the future of Europe itself, which are deeply intertwined.

European leaders have a historic choice on Friday when they dial-in to discuss how to stop a health crisis turning into an economic and social one: will they learn the lessons of 2008 and choose a recovery based on solidarity and sustainability, or opt again for austerity and short-term self-preservation that risks long-term division?

Public trust in the EU fell in every member state following the financial crisis, with dramatic declines in the countries hardest hit by the austerity regime that cost jobs, cut wages and crippled healthcare and public services. We have still not fully recovered from that crisis and the effects of this new shock are starting to show.

In the first quarter of this year, the GDP of the EU saw its sharpest decline in 30 years, while the number of people in work went into reverse for the first time since 2013. Almost 60 million workers have been laid off or placed in temporary unemployment and millions of businesses, notably SMEs, are at risk of bankruptcy. How many of these jobs and companies are lost permanently depends on the political response to the crisis.

That's why leaders must support the European Commission's proposal for a €750bn recovery fund, two thirds of which will rightly come in the form of grants rather than loans in order not to generate additional unsustainable public debt, and a new EU budget big enough to meet the challenge ahead.

If they do, and then follow it up with intelligent national action backed by this EU funding, millions of jobs could be saved and new quality jobs created, and public investment should increase by a third – a significant step in the right direction. This will have to go together with massive support for internal economic demand and productivity, which can be achieved only through a wage increases negotiated by unions and employers in collective bargaining.

Like 2008, there are strings attached to the money. But this time the proposed conditions cannot be linked to fiscal consolidation, they must be investment in the transition to a green and digital economy rather than privatisations or the destruction of collective bargaining. These conditions are a start, but investment is also needed to tackle youth employment and support public services, healthcare and education and training.

No EU money should go to businesses that refuse to negotiate wages and working conditions with trade unions or that starve public services of funding through tax avoidance and evasion. Likewise, businesses that get public money should provide decent jobs, and work towards climate goals in a socially fair way. Having said that, employers and unions should be involved in designing and implementing national recovery plans.

The recovery plan has the potential to finally restore the trust in Europe that citizens lost during the last crisis by making a real difference to the lives of working people when they need it most. But not if it exists only on paper and does not reach workers and companies in time to make a difference. Workers will not thank their national leaders for holding-up in endless discussions a plan that could save their jobs.

The plan has the support of the majority of member states and powerful leaders in French President Emmanuel Macron and German Chancellor Angela Merkel.

We appeal to the opponents of the plan to take their responsibility and not to push for harsh conditions which would see the countries hit hardest by the coronavirus suffer further austerity.

No one country caused this pandemic, and none should be left to pay on their own for its consequences. Just as the virus has not respected borders, neither will the recession. In a European single market, a crisis in one part of Europe will weaken the economy in the whole continent.

And inevitably another prolonged economic and social crisis will become a political crisis for the EU, putting at risk European cohesion, democracy, and the future of the European project. The recovery plan is the only way to ensure Europe emerges fairer, greener and united from these difficult times.

Leaders must do the right thing to build a European Union that protects its citizens, workers and businesses.