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Onderwerp: The European Central Bank is making things worse

Brussels, 03/07/2008

The European Trade Union Confederation (ETUC) finds today's decision of the European Central Bank (ECB) to increase interest rates by 25 base points not comprehensible.



**European Trade Union Confederation [ETUC]
Confédération européenne des syndicats [CES]**

Tightening monetary policy when the economy is already facing a serious slowdown in coming quarters as well as financial turmoil, is inviting recessionary forces to take hold.

Choking the Euro area economy will do little to address the real causes of inflation since high headline inflation is essentially imported from the rest of the world through high oil prices.

High Euro area interest rates will drive the dollar further down, thereby actually giving oil prices an additional push.

Inflationary second round effects coming from wages are and will remain absent.

In short, the ECB's decision is dangerous, counterproductive and not necessary. It's the European economy and European workers that risk paying the price for this.

Says Reiner Hoffmann, Deputy General Secretary of the ETUC: "*The ECB should realise we are no longer living in the seventies. Inflationary wage price spirals are a thing of the past.*"

['Time to act together' \(Resolution, approved by the ETUC executive committee \(24-25 June 2008\), on the required policy response to the slowdown in growth](#)

The ETUC exists to speak with a single voice, on behalf of the common interests of workers, at European level. Founded in 1973, it now represents 82 trade union organisations in 36 European countries, plus 12 industry-based federations.

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