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Onderwerp: The European Council should put inequality and Social imbalances at the heart of the

**THE EUROPEAN COUNCIL SHOULD
PUT INEQUALITY AND SOCIAL
IMBALANCES AT THE HEART OF
EUROPEAN ECONOMIC GOVERNANCE**



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

Brussels, 15 September 2010

On 16th of September, the European Council will discuss proposals on economic governance. These proposals as they currently stand basically boil down to semi automatic sanctions, to be decided by finance ministers, against countries who fail to cut wages, social benefits and public services

The European Trade Union Confederation (ETUC) rejects such a European 'sanctions team' cracking down on wages.

Says John Monks, General Secretary of the ETUC : " The policy of repressing wages, making labour markets more flexible and weakening trade unions has gotten us into this mess, returning to a similar policy will make matters even worse".

Instead, the ETUC calls upon the European Council to identify high and growing inequalities along with precarious work practices as the fundamental cause of macro economic imbalances. Growing inequalities cause demand to leak out of the economy. If countries react to this by resorting to a policy of trying to 'beggar-thy-neighbour' to boost their own exports at the expense of others member states, current account imbalances come to exist.

Economic governance, for the ETUC, is therefore about common European policies to stop the social race to the bottom that is ongoing in the internal market.

Economic governance is also too important to be left to finance ministers only.

For the ETUC, the process of economic governance should be led by the European Council, with social and employment ministers and social partners providing their input on.

Says John Monks, General Secretary of the ETUC: "Macro economic imbalances are simply the tip of the iceberg. High and growing inequalities, as well as the spreading incidence of precarious work, are the real problems Europe should be addressing".

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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