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**Onderwerp:** ETUC disappointed by the 'Merkel-Sarkozy' proposals and demands social partner consultation in Eurozone summits

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***The European Trade Union Confederation (ETUC) is disappointed by the proposals on economic governance launched yesterday by the French and German heads of government, as sending the wrong signals. What markets are concerned about is the absence in the Euro Area of a strong and credible lender of last resort for national sovereign debt.***

Refusing to increase the funding of the European Financial Stability Fund (EFSF) and rejecting the idea of common Euro bonds will open the door for financial speculation to continue in coming days and weeks. Nor are markets likely to welcome constitutional rules forcing member states into zero deficits. Markets certainly do not like public debt but they are even more fearful of the economic collapse that will follow when governments, in a vain attempt to adhere to the zero deficit rule, start cutting expenditure in the midst of a downturn.

Economic governance can only work if it is also about demand and investment policies helping countries to grow out of debt. Economic governance should make sure the burdens are shared in an equitable way. The ETUC therefore welcomes the French-German initiative to introduce a financial transaction tax although the size and modalities have yet to be developed.

Finally, to rebalance the discussion, European Social partners should be invited to participate in the proposed meetings of Eurozone leaders on economic governance.

***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 83 trade union organisations in 36 European countries, plus 12 industry-based federations.***

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