Report for *Liberty Online*:

EESC MEETS AMID UNION DAY OF ACTION IN BRUSSELS

- a report from Manus O'Riordan, EESC Workers' Group

The European Economic & Social Committee's plenary meeting in Brussels on 14th and 15th November coincided on its first day with the Belgian unions' day of action against austerity. Accordingly, our EESC Workers' Group meeting was adjourned so that we could join the protest outside the European Commission headquarters. Stirring speeches in both French and Flemish were delivered by leaders of the various Belgian Union Confederations, as well by the ETUC General Secretary. Particularly noteworthy at this demonstration was the strong Spanish union presence from both the Comisiones Obreras and the UGT, many carrying Spanish Republican flags, an indication of the deep divisions opening up in Spanish society as a consequence of relentlessly vicious austerity.

The proceedings of the EESC plenary meeting itself had both positive and negative outcomes. An excellent opinion on job-rich recovery, drafted by the German trade unionist and Head of the DGB's European Policy Department, Gabriele Bischoff, was almost unanimously adopted. It recognised that while "employment policy cannot compensate for mismanagement of macroeconomic policy, it can make a real contribution to boosting competitiveness in knowledge-based societies, by strengthening innovation capacity, and achieving a better balance between demand for, and supply of, skills." It warned: "Persistently high youth unemployment in the EU is especially worrying. It stands at more than 22%. Here, too, there are big differences between the Member States. In Spain and Greece it is over 50%; in some Member States (Portugal, Slovakia, Bulgaria, Italy and Ireland), it is around 30%. Only in three Member States (Germany, Austria and the Netherlands) is it below 10%."

In line with demands also articulated by our own ICTU, the opinion further called for the State to act as an employer of last resort: "The EESC recommends that the Member States pay particular attention to setting up an inclusive intermediate labour market in which public resources create an appropriate number of suitable jobs to ensure that the long-term unemployed remain in touch with the world of work and improve their knowledge. This will prevent poverty caused by loss of contact with the labour market from increasing and enable these people to make a smooth transition into the open labour market once the crisis is over." It went on to emphasise the role of public investment programmes: "Growth and employment policy cannot be viewed in isolation from one another. That is why the Committee has repeatedly called for a European stimulus package with a comprehensive impact on labour market policy, amounting to 2% of GDP… Alongside additional national investments to boost the impact on employment, which should be implemented in a coordinated fashion, European investment projects must also be identified… There should be a special focus on securing labour market transitions, particularly during restructuring processes."

Less satisfactory was an EESC resolution to be presented to the November European summit. While highlighting many laudable objectives, the original draft discussed at the EESC Workers' Group pre-meeting had two fundamental flaws from a trade union point of view. It had initially called for more recourse to public-private partnerships. I also drew attention to the fact that while paragraph after paragraph highlighted in bold print the calls made in various EESC opinions in recent years, an exception was made when it came to the paragraph highlighting a number of opinions driven by the Workers' Group in which the EESC had called for the implementation of a European Central Bank bond-buying programme, the issuing of project bonds by the European Investment Bank and the introduction of a Financial Transaction Tax. While the public-private partnerships reference was dropped from the final version of the resolution presented to the plenary meeting, I announced that I would have to abstain in the vote, since the failure to underline the three other issues I had mentioned had them sticking out like a sore thumb as EESC opinions of merely secondary importance. The resolution was carried with 187 voted for, 28 against and 28 abstentions.

There were mixed outcomes in respect of banking policy. The plenary adopted by 208 votes for, 2 against and 3 abstentions an excellent opinion on shadow banking drafted by the Spanish trade unionist Juan Mendoza Castro, stating that "the EESC wants no distinction between 'shadow' and traditional banking activities: the shadow banking system should be subject to the same regulatory and prudential requirements as the financial system as a whole." However, an excellent original draft opinion on the banking union package, with the Spanish consumers' leader Carlos Trias Pintó as *rapporteur*, ended up detrimentally compromised. The original draft had addressed the voting and decision-making issue in respect of the new

European Banking Authority in such a way as “to avoid processes being paralysed by minority blocking votes”. However, a member of the EESC Employers’ Group, Peter Morgan, formerly of Lloyd’s Bank and a former head of the British Institute of Directors, objected. He argued that “the Banking Union proposals break new ground because they create a potential Eurozone voting caucus which, if not balanced, can reduce the euro out Member States to little better than European Economic Association members (such as Iceland and Norway), having to accept the rules, but unable to effectively exercise their votes.” He therefore proposed a formula which would see two separate votes taking place when the EBA considers a key decision: one amongst euro countries and a separate one amongst non-euro members. If a weighted majority (via so-called Qualified Majority Voting) cannot be achieved in both groups, the proposal should fall.

In the course of the debate Mr Morgan conceded that this would facilitate blocking possibilities by the UK (although he did not further spell out, on behalf of the City of London). But he was prepared to compromise. So, unfortunately, was the *rapporteur*, in a desire to achieve unanimity. Between them, a compromise formula was drafted seeking to “balance out the internal market interests of financial institutions not part of the euro”. This “compromise” was on the point of going through on the nod until I strongly voiced my objections. It had to be decided whether the UK was in or out, I argued. At present its behaviour was no better than any EEA member, in fact it was far worse. Unlike Iceland or Norway, Britain was undermining Europe while wanting to have its cake and eat it in respect of full and free access to the internal market. I was, of course, conscious that EBA regulations applied solely to the Eurozone, including Ireland, but exempting the UK, would give the City of London an unfair competitive advantage against the Irish financial sector. I therefore insisted on a vote. While I succeeded in rallying 50 votes against the “compromise” and 16 abstained, 161 voted in favour. The opinion as a whole, with the unfortunate amendment, was then adopted by 208 votes for, 2 against and 3 abstentions.