Eurobond and ESM. Visentini (ETUC): “Let's not play with words. Workers and businesses need financial support"

Europe affected by Covid-19 is hit by a crisis, which follows the financial crisis of 2008 and the migration crisis of 2015, as evidenced in the latest data. Today we are facing a health emergency, but we need to look ahead. The situation of large numbers of workers hit by job losses or redundancy payments, coupled by projected economic downturn, requires courageous steps to avoid a European collapse. SIR asked **Luca Visentini**, Secretary General of the European Trade Union Confederation (ETUC, representing 89 trade union confederations from 39 countries), for an analysis of the situation and an assessment of the responses that are being painstakingly put in place. **Is it already possible to estimate the impact of this crisis on the labour market?** Although we still lack a complete picture, data collected so far suggest that after one and a half months of suspended business units at least 20 million workers in a large number of countries were suspended from work or lost their jobs. Approximately 60% of these people are on a lay-off or income support scheme, while around 40% have lost their income as well as their jobs. *This is a very serious situation because the same number of people lost their jobs as a result of the financial crisis of the previous decade, but now it only took a month and a half.* Furthermore, millions of companies have been forced to suspend their activities partially or completely, and there is great uncertainty as to whether those companies, especially medium-sized and small ones, will manage to recover when the emergency is over. **Are you satisfied with the steps taken at EU level?** There are many positive measures taken at national level as well as those finally outlined at European level. But the problem is respecting the deadlines, especially at European level, considering that measures designed to deliver concrete resources will be available in two weeks, pending the approval of the European Council of April 23rd. Yet there is a willingness to put in place extraordinary measures that in the previous crisis were adopted by EU institutions and national governments only after many years. **The pledged funds are substantial…** As yet, the mid-March package of the European Central Bank and the European Commission has had limited effect at national level, and regrettably so. This is due to the fact that when money passes through the banks (and this is the case with € 750 billion of the ECB quantitative easing programme), it does not go directly to the States but to the banks, which, at the moment, have no plans to pay it out at zero interest. So the first package is virtually untouched, despite great proclamations. The measures adopted last week could have a better and faster impact because they envisage direct grants to States with very smooth modalities of disbursement and conditionality. But the Council should approve them as soon as possible. *In our view, SURE , the reinsurance system for income protection systems at national level, is the most important instrument.* It will be used, with € 100 billion, to finance support of redundancy funds in Italy, "gutsarbeiter" in Germany, bonuses for the self-employed and so on. It will enable them to be extended over time, increase the amounts, reach a wider audience. There are a few things still to be developed, in our opinion, such as the fact that six countries have not taken such measures, while it is important that they follow suit. There is also another problem, namely the fact that the Commission should recommend such measures to be truly universal, in other words, they should equally benefit businesses of all sizes, including commercial, tourism and agricultural workers, as well as workers who are normally excluded, such as the self-employed, atypical and precarious workers. However, the modalities for the utilization of these funds have yet to be finalized. The EIB fund, intended to guarantee € 200 billion in loans to small and medium-sized enterprises, is also very important: we hope it will be activated very quickly, before companies disappear from the markets. **What is your assessment of the European Stability Mechanism (ESM), also known as the euro area's rescue fund?** We welcome the activation of the ESM. We understand that this instrument is the subject of a bizarre debate in Italy, very ideological and somewhat misleading: we disliked the 2012 ESM, a very dangerous instrument because it imposed austerity measures, cuts and macroeconomic constraints on the Countries that wished to avail themselves of it. But the credit line that was agreed to be activated now is completely different, since it aims solely to support health systems without imposing conditions, recommendations for cuts or austerity policies. In fact it is a loan to be repaid in thirty years at zero interest. Thus it is fresh money that does not increase the public debt of the Countries that request it and effectively helps health systems to adequately respond to the crisis. **Do you see vulnerabilities in this complex aid system?** We see two open problems, namely whether the Council will be able to be successful where the Eurogroup failed - that is, whether it will agree to create an instrument for economic recovery. The figures released by the International Monetary Fund on the impact of this crisis are appalling. *It is worth noting that the impact of the 2008 crisis on global GDP amounted to -0.36%, now it is estimated to be -7.5% for the euro area*: an economic disaster that will only be reversed if emergency measures are activated immediately and if a comprehensive economic recovery plan is already being planned. We endorse the European Commission's proposal for a plan that will at least match the size of the European budget, i.e. EUR one thousand billion spread over seven years, i.e. 1% of European GDP, but the problem is how the money will be collected and spent. Polarising the debate on “pro” or “against” the Eurobonds is a mistake. The important thing is to say is that we want a plan for economic recovery with that size and then evaluate the most appropriate instrument. The other problem is that this money, even with Member State co-financing, should consist of investments channelled directly into social protection systems, into public health, into businesses, workers, into job creation and growth prospects, especially in the most sustainable sectors, such as the green or digital economy. We hope the Council will start discussing these issues. Alongside European entrepreneurs, we are asking that the European Commission's roadmap to phase-out the containment measures published a few days ago, critical to ensuring a coherent and coordinated return to normality, carefully assess occupational health and safety protection measures when workers re-enter the workplace. The Commission's current proposal does not yet adequately address the above-mentioned aspects. **This crisis has paved the way for new forms of remote work: how does it change and what could permanently change in the near future?** We are not expecting digital work to increase dramatically when the lockdown and the crisis are finally over. Of course during the transition period some activities could continue from home for up to several months. But the challenge we are confronted by is how to ensure that people who work online are adequately protected not in the workplace but at home, who will have to pay for the necessary equipment, how to stem the risk of precariousness. This period finally provides an opportunity to address and solve the long-standing problems of employees who were already working remotely and will return to working online after the crisis, but who were not protected until now.

Sarah Numico