

Visentini (European Unions): “Recovery Plan, we must act now or we risk a social disaster”

“Should this situation continue we risk a social disaster.” European Trade Union Confederation ETUC-CES General Secretary **Luca Visentini** discussed with SIR the economic situation in the Old Continent, currently facing a severe economic crisis connected with the coronavirus pandemic. He envisages a recession with no clear prospects of recovery and points to the need for EU interventions, which “must be speeded up”; he urges national governments to extend welfare safety nets at least until mid 2021. Trieste native Luca Visentini is at the helm of the European Trade Union Confederation (Confédération européenne des syndicats in the French equivalent), representing 45 million workers from 90 trade unions in 38 European countries, and 10 European trade union federations. **A gloomy picture, confirmed by the "Economic Forecasts" recently released by the European Commission. How do you see Europe's future?** It's obviously difficult to make accurate forecasts, however we are extremely worried. The obstacles faced by the EU Multiannual Financial Framework- which the Recovery Plan is attached to- cannot be overlooked. Moreover, it is now certain that the funds allocated to Member States are not expected to be available before June or July, not least because of a set of required policy procedures (ratification by national parliaments, bond issuance...).

This means that we are facing some seven or eight months of disaster.

Thousands of businesses are affected by the crisis, tens of millions of people stopped working and don't know when their activities will be resumed. Even if the pandemic were to ease, there is no real prospect of economic recovery before the second half of 2021. Clearly, when economic recession lasts for so long, recovery is bound to be critical. Furthermore, due to partial or total lockdowns in Europe, SMEs and workers with no access to emergency measures - i.e. social shock absorbers or financial compensation to businesses - could disappear from the financial and job market.



We are sending out a heartfelt appeal to EU institutions, and above all to national governments, urging them to extend all emergency measures taken so far at least until June next year. For example, Italy has extended the redundancy fund only until next March, while Germany renewed a similar measure for the whole of 2021. But this is not enough. In fact, all self-employed, atypical, precarious, temporary, seasonal and unfortunately also undeclared workers, received very small sums (an average of €600 per month, from April to June) during the past lockdown, and it now seems likely that they will receive nothing. Just think of the media, cultural sectors, artists, tourism... The Ristori Decrees provides for income support only to some of those sectors, due to receive a one-time subsidy. This happens not only in Italy but also in several EU countries. It is therefore necessary to extend the coverage period including those groups of workers concerned. If not, we run the risk of a social disaster in the coming months, from which it would be extremely difficult to recover.

Unemployment: what is the actual situation? Our relatively accurate and updated figures on unemployment or suspension from work show that *almost 20 million employees are definitely out of work, without counting the self-employed who faced a precipitous drop in income. Moreover, more than 40 million people were affected by work suspension, laid off or similar measures.* Unless the emergency measures are extended, at least half of these people will become unemployed, leaving more than 40 million out of work, twice the total number of unemployed resulting from the 2008-2011 economic and financial crisis. **So what should be done?** The Recovery Plan and other measures put in place by the EU are all to be welcomed, but these funds will only be available in the coming months, while today we must respond to the ongoing emergency, help businesses and protect families. We are also aware that all these measures (including the ESM or SURE) create debt. But it

is also true that the debt is at no cost, since bonds are issued at zero interest rates, and the Commission suspended the Stability and Growth Pact obligations. This debt is in fact fully sustainable in the long term. Indeed, if we fail to take immediate action, we will be facing a tragedy. Our only concern at the moment is that all available resources be mobilized to protect the economy and the labour market. **Yet, in spite of all this, the governments of two countries, Poland and Hungary, are blocking the approval of the EU's long-term budget connected to the Recovery Plan. What is your opinion?** The position taken by these governments based on ideological arguments that fail to acknowledge reality is utterly incomprehensible. *Besides, Poland and Hungary behave like hypocrites: they block the Recovery Plan, harming all other EU countries, without taking appropriate measures for their workers and distressed firms.* These two countries are fighting a groundless battle on the respect of the rule of law (a condition for the allocation of EU funding – Ed.'s note), but then request funds from Brussels, of which they are among the greatest beneficiaries. **Last spring's lockdowns, as well as the current ones, have somewhat transformed the workplace: just think of remote work. Do you expect these innovations to continue in the future?** As I understand it, traditional economic activities, especially industry, and, from a different angle, personal care and services, including tourist activities, bars and restaurants, will have to return to normal, as they could never carry out their activities online. Thus, the greatest segment of the economy will return to the workplace. This does not apply to office jobs that take place behind a desk, using a computer. In this context, many companies are already preparing to continue the work from home. This could also be the case for a part of Public Administration, especially those offices with no direct interaction with citizens. A serious reflection still needs to be made on working from home, requiring appropriate tools supplied by employers. Furthermore, there needs to be a clear boundary separating family life from work, or else people will end up working more, with a considerable psychological burden, and perhaps receiving lower pay on the false pretext that they are not forced to go out of the house... All of these new factors will need to be closely monitored. **Europe and the United States: what do you expect will change with Biden's election in economic and political terms?** Hopefully, things will change for the better. Perhaps some aspects of protectionism - occasionally referred to as "positive" - will remain, given the fact that Europe and the U.S. face the problem of bringing back production that had been offshored with consequent job losses. But we also expect Europe to reflect on unbridled international trade after the liberalist inebriation.

From Biden we can also expect greater Euro-Atlantic financial cooperation

From the political angle, it is fair to assume that the new American administration will relaunch multilateralism, thereby improving the performance of the major international political and financial organizations - the United Nations, the IMF, the World Bank, the World Trade Organization, and the International Labour Organization - in terms of sustainability and progressiveness. With respect to Trump's sovereignist policy, we can expect a new phase in foreign policy and in the international positioning of the USA, to the benefit of its European partner. Many challenges lie ahead which need to be addressed together, suffice it to mention climate and digital technologies, with considerable repercussions on industry, employment and everyday life. Green and digital transformations are necessary, in addition to post-Covid rebuilding processes. We will need a "fair transition" leadership that focuses on development, quality of work, rights... in short, a global planning of the future dictated by this new era. In Europe, this guidance should be the responsibility of the European Commission and its Member States, albeit with key support from local authorities and social partners since ultimately, procedures are frequently administered at the territorial level. It would suffice to recall the case of the ILVA steel plant in Taranto, Italy.