



Brussels, 9 June 2009
JM/lw

To the EU Heads of State and Government

Copy to

- *Mr Herman Van Rompuy, President of the European Council*
- *Mr José Manuel Barroso, President of the European Commission*
- *Mr László Andor, Commissioner For Employment, Social Affairs and Inclusion*
- *Mr Olli Rehn, Commissioner for Economic and Monetary Affairs*

[Sent by e-mail]

The Economic Crisis: Next week's Summit

Dear Heads of State and Government,

I write on behalf of the ETUC to warn strongly against the austerity programmes now being applied, more or less simultaneously across most EU countries, mainly as a result of recent market pressures.

In our view, this panic under market pressure will damage the fragile recovery and risks a European-wide dive into recession. After all, synchronised cuts was the policy followed by President Hoover and his European counterparts in 1931 with the disastrous consequences that we all know.

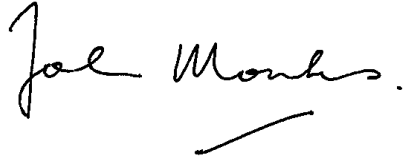
Our question is – where will the future growth in Europe come from? By definition, not all countries can rely on exports. Instead, we need in the EU targeted growth through an EU recovery plan investing one percent of GDP in industrial policies and research to green our economy.

We need new sources of finance, especially a financial transaction tax (the so-called Robin Hood Tax) to deliver substantial new resources and we need to spread the reduction of national deficits over a longer and more realistic period. This should include real financial assistance to distressed member states, not assistance at unrealistic levels of interest and over-harsh standards of discipline.

At the moment, the crisis is being tackled by member states cutting demand through reducing wages, jobs and pensions. To expect Europe to grow and to avoid social dislocation against this background is foolhardy, and I hope that you will approve at the forthcoming summit EU strategies for growth, for entry strategies to development and not just exit strategies from debts.

For your information, I enclose a copy of the resolution adopted by our Executive Committee recently.

Yours sincerely

A handwritten signature in cursive script that reads "John Monks." The signature is written in black ink and includes a horizontal flourish underneath the name.

John Monks
General Secretary