



## **14<sup>th</sup> ETUC Statutory Congress**

**Vienna, 21 May 2019**

**António Costa, Prime Minister of Portugal**

Dear Luca,

Dear Delegates,

Thank you for the invitation to address, as Prime Minister of Portugal, the European Trade Union Confederation's Congress on such a challenging year for Europe.

This year we hold European elections which will lead to new European institutions. We are working on a new strategic agenda for the next five years and we are negotiating a budget for the next seven years.

Moreover, this year's European elections are very special because they are the first in which the citizens born in the 21st century will participate.

For all these reasons, more than ever, these elections are about the future.

Ahead of this week's European elections, let us not forget that the historic fight of Trade Unions against inequality is a never-ending fight.

We are gathered here today to boost this fight. A fight against the gender gap, against homophobia, against xenophobia, against regional asymmetries, against social and economic inequalities.

To win this fight, we need to renew our citizens' hope and confidence in the future and in the European Union.

These elections are a battle of hope against fear. It is fear that is fuelling populism that undermines democracy, nationalism that threatens peace, protectionism that limits growth and job creation, and xenophobia that offends human dignity.

More than a currency, a market or a customs union, Europe is a community of shared values. It is our duty to remember and to defend the European values. To protect Europe so that Europe can go on protecting us.

To defeat fear, we need to strengthen confidence in Europe as a decent society; we need to respond to the anxieties, the concerns and the fears of our citizens.

Our confidence in the European Union results from the evidence that none of the great challenges that we face will be better tackled outside or without the Union, by each Member State acting alone. To face climate change, the digital transition, globalization, the threat of terrorism, we need to stick together. United we are stronger.

Confidence in institutions is directly linked to the respect for the sovereign and democratic will of the people. Being part of the EU doesn't take away from the people the power to choose. In the last three years in Portugal, we proved that it was possible to change policies and at the same time to respect the common rules. We turned the page on austerity and people regained trust in the democratic institutions and in the European Union.

As we turned the page on austerity, we boosted growth. Since 2017 we are growing above the EU average, giving us the first years of real convergence with the EU since we joined the Euro.

Unemployment fell from more than 12% to 6.4% last March. It is the lowest rate since 2002. Long term unemployment and youth unemployment decreased more than total unemployment.

During this period, we created three hundred and sixty thousand jobs and two hundred and eighty thousand people left unemployment.

At the same time, job security increased: permanent job contracts account for 89% of net job creation.

Against strong criticism from neo-liberal sectors, we increased the minimum wage by almost 20% and lowered income taxes. Each year, wages grow at a faster pace, having grown an impressive 3.6% last year.

Over half a million people were lifted from poverty or severe material deprivation.



We did all this while bringing public deficit down to 0,5% last year and shrinking public debt from 130% to 121,5% of GDP.

We did all this not *in spite of* turning the page on austerity. We did it *because* we turned the page on austerity. The results are clear to see.

Respecting the democratic will of the people increases confidence in institutions and brings results for economy. That means Democracy is the best antidote against populism.

We can also increase confidence in the European Union, through a new social contract. A new social contract to ensure high quality education for all. An innovative and dynamic economy with better jobs, fair wages and a sustainable balance between professional, personal and family life. A European Housing Plan ensuring the new generation the freedom to live their own life.

Our first priority is therefore to address our citizens' fears and expectations by giving them hope, confidence and security.

Hope - by investing in sustainable economic growth and decent work, taking advantage of the changes in the energy paradigm and of the digital transition. Addressing them both not as a threat, but as an opportunity.

Confidence - by investing in education, training and lifelong learning. Developing solid and versatile skills in our education systems, promoting upskilling and reskilling, thus enabling workers to be prepared to take up different jobs throughout their lives.

We have to prepare young people for life, not for the market. We have to make sure that robots and artificial intelligence give all of us more free time to enjoy our lives and avoid that anyone becomes a slave of a robot or has its life ruled by an algorithm.

Hope, confidence and, last but not least, security.

We must promote inclusive labour markets and protect our jobs, our social model, our high environmental and food safety standards. For this, we need a strong trade policy.

We will not achieve this by promoting protectionism, but only by promoting fair trade in a fairer world.

Our goal is not a social race to the bottom, but to globalize our social model.

We must ensure security to every family and at all ages. Ensuring access to universal social protection from cradle to grave, healthcare, housing, decent work, childcare and care for the elderly. Our economies must become more inclusive to ensure integration in the labour market of those with more difficulties.

Social rights are our distinctive mark. Europe's way is not to sacrifice social rights and high social standards. Europe's way is to assert our social model and develop our Pillar of Social Rights to maintain our internal cohesion and at the same time to be more competitive in the global market.

Europe's way is not to become a fortress closed to the world. Europe's way is to promote dialogue and partnerships with other global players and to engage with the United Nations 2030 Agenda.

Dear Friends

We must complete the most ambitious project that we have launched so far: the Euro.

Without completing the Economic and Monetary Union, there will always be risks of new crises and we will not have the solid foundations for building the future of Europe.

Today, we are better prepared than in 2008 to respond to economic and financial crises. But let us have no illusions: the structural fragilities of the Euro Zone still remain to be solved. The asymmetries and imbalances between its members reduce potential growth and threaten the stability of the single currency.

If we want a solid and stable Euro Zone, we have to strengthen economic and social convergence. There is no better guarantee for its sustainability.

That is why Portugal is pushing forward the creation of a fiscal capacity for the Euro Zone to support investments to promote convergence and increase the growth potential. This should be the primary function of the Budgetary Instrument for Convergence and Competitiveness that will be adopted by the European Council in June. This is our priority because convergence is the best long term economic and social stabiliser. But we do not forget that the Euro Zone also needs tools to stabilise our economies in times of crisis. And the most effective tool is an European Unemployment Insurance Scheme.

We also need to give the European Union a budget that matches its ambition. We cannot continue to overpromise and underdeliver.



The Union has to be capable of responding to the new concerns of our citizens: climate change; migration; globalisation; automation; terrorism. Yes, these challenges do exist and we have to face them. But if we are to provide an effective response to these new challenges, we cannot weaken the foundations of our Union, such as Structural Funds, that have done so much to bring the Union to the everyday life of our citizens in each region, city or country village from the heart of the continent to the most ultra peripheral region.

If European citizens are demanding more of the Union, then the Member States have to give more to the Union. And so, let us be clear: we cannot wish to do more if we insist that the Union's budget should not exceed 1% of Gross National Income. We cannot want more from Europe without giving more to Europe and we cannot want more from Europe without a better use of what Europe gives us.

With a fair tax system, which protects our SME's from unfair competition of the digital giants, fights tax evasion and financial speculation, we can reduce inequalities and, at the same time, increase the EU own resources, to respond to our citizens expectations.

Dear friends,

We need a new social contract to renew the trust in security of our citizens' and their hope and confidence in the European Union.

The new citizens of the 21st Century deserve a Europe that continues to ensure peace, freedom, democracy and shared prosperity in the same way they have been ensured to our generations over the last decades.

The achievement of these goals requires strong social dialogue. Social dialogue is crucial to promote competitiveness and fairness at national, European and international level.

It is a key instrument for better governance and for the promotion of social and economic reforms. Social dialogue improves the design of policy measures, contributes to their effective implementation and improves the quality of the outcomes of social policies.

In the context of economic and job crises, of accelerated change and reforms, as the one we faced in recent years, social dialogue ensures comprehensive governance of the labour market. It is an effective



instrument to promote crisis recovery, to facilitate adaptation to change in a fair and equitable manner, and to promote open and inclusive societies. Trade Unions have proved that they play a crucial role in these major economic and social processes.

Allow me therefore to seize this opportunity to make a call on Trade Unions to join the conception and the implementation of a European Social Action Plan for the development of the European Pillar of Social Rights.

Only together and by gathering efforts at different levels of governance can we take the necessary concrete measures to build a fair and sustainable future for the new generation.

They deserve it and we can deliver it! Together!

Thank you.