

Speech notes for resolution:

**Economic policy: from austerity towards a more balanced system of economic and social governance**

**Resolution 4, Congress Agenda Item 4, Morning Session,  
Wednesday 21 May**

By the time of our Congress in 2009 we had already witnessed the first phase of the economic and financial crisis and the first attacks on public finances and public sector workers' pay, jobs and conditions.

Then EPSU, along with the ETUC and other international trade union organisations, were already calling for a coordinated response to the crisis involving increased investment, greater regulation of the finance sector and no return to business as usual.

Unfortunately, our demands fell on the deaf ears of the International Monetary Fund, the European Commission and the European Central Bank. It is not just that austerity has been imposed on working people but, even worse, austerity

coordinated across Europe has had an even more disastrous impact.

And in its latest manifestation austerity has become something that the European Commission calls growth-friendly fiscal consolidation!

A million jobs have been cut from public administration. Most governments have cut spending on education and training in absolute or relative terms and public investment has continued to decline as a share of GDP. What's growth-friendly about that?

We welcome the fact that growth has returned to many countries across Europe, even it still fragile and even if some countries have yet to regain the levels of economic output registered in 2008.

However, the arguments about austerity are not over. We now have the advocates of austerity claiming that their policies have worked! They look at the data showing increasing GDP and

declining unemployment and take these as justifications for their policies.

They ignore the cuts in welfare and other public spending that have hit the poor and the vulnerable and they ignore the long-term, but as yet incalculable, damage that has been inflicted by slashing health spending.

The challenge for us is not just to win the argument against austerity as a matter of principle but win it to make sure that it doesn't become a permanent part of the economic environment.

The International Monetary Fund has embraced austerity for many years, with restrictions on public spending a regular feature of the conditions it sets for its lending. Meanwhile the European Commission has established a system of economic governance that also has austerity as its starting point.

We have to challenge this and argue for the alternative. For the positive role that public spending and investment can play in economic growth and social progress. Key economic policies

cannot be implemented without taking account of the social impact and social policies should not be seen simply as costs but as positive contributions to maintaining a balanced and cohesive economy.

And these are not technical issues that can be left to economists and experts. These are key political questions that have to be debated openly and transparently.

EPSU will continue to work on key economic policy objectives, supporting the lobbying and campaigning efforts of the ETUC and ITUC towards the European and global institutions.

A particular focus of our work will be to make sure the European Union's system of economic governance is reformed to give a greater voice to the trade unions and to get a more balanced approach to economic policy.

We want to see a move away from the narrow focus on budgetary discipline and the control of inflation.

Economic policy has to address fundamental social and environmental issues – its about creating sustainable and quality employment and reducing poverty and inequality.

European needs major, long-term investment in health and education and research and development.

There is an urgent need for action on taxation at national, European and global level. This is about fair and progressive taxation that can help fund public services with a clamp down on tax evasion. It is also about the continuing fight to get a financial transactions tax that not only secures resources at an international level but contributes to better regulation of the financial system.

The international institutions continue to place their faith in free markets and deregulation, in cuts in public spending and a small state. They want business as usual but we want a serious alternative that will deliver balanced and sustainable economies that safeguard and promote equality and fairness.

On behalf of the Executive Committee I would like to thank the affiliates who sent in amendments to the resolution, all of which the Executive Committee supports and so we ask you to vote in favour of all the amendments and for the main resolution.