

EU finance ministers urged to resist return to austerity



(14 December 2021) EPSU General Secretary Jan Willem Goudriaan and Irish Congress of Trade Unions (ICTU) president Kevin Callinan have urged Paschal Donohoe and other EU finance ministers to reject a return to austerity fiscal measures. In a joint letter to the Irish finance minister, Callinan and Goudriaan, said it was crucial that EU governments boost public investment to strengthen public services and economies in the wake of the COVID-19 pandemic.

Minister Donohoe chairs the informal but influential Eurogroup of EU finance ministers from countries that use the Euro, and the union leaders' letter followed comments made after last week's (6th December) Eurogroup meeting.

Callinan and Goudriaan acknowledged concerns about controlling the growth of current expenditure in EU states, but said this needed to be “assessed in relation to the measures required to make our public health and care services more resilient and capable of coping with another surge in the pandemic or future crises.”

Some EU member states are keen to roll back on the relaxation of EU fiscal rules put in place during the pandemic. But, in their letter, the union leaders advised against a return to the old approach to fiscal policy.

“A key element of the pandemic response and the creation of resilient public services, particularly health and social care, requires an increase in current spending to tackle understaffing and the undervaluation and low pay of the mainly female health and care workforce. EPSU research indicates that 421,000 workers have left the care sector alone in recent years and urgent action is needed to avert a recruitment and retention crisis,” they wrote.

Minister Donohoe has chaired the Eurogroup since he was elected as its president in 2020. In an interview after this week’s meeting, he distinguished between the EU’s austerity response to the 2008 banking crisis and its fiscal reaction to the economic impact of Covid.

Mr Donohoe told the *Irish Times*: “This crisis is completely different. We have used some of the architecture that’s been built up in the European Union of a decade ago, to deal with this crisis really differently. But we also recognise that we were dealing with a disease, and that disease does not lend itself to being defined in economic terms. So it’s a different crisis, different response.”

Callinan and Goudriaan said: “We would strongly agree with the statement about the need to maintain fiscal support for the recovery and to preserve nationally financed investment throughout 2022. We believe it is crucial that national governments have the scope to boost public investment which is not only essential to make up for the below-trend rate of public investment since the last crisis.”

ETUC and EPSU are encouraging affiliates to respond to the consultation on the rules for European economic governance that is currently taking place. For more information, please contact rpond@epsu.org.

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