

EPSU Executive Committee, 16-17 April 2013

Statement on Cyprus and the Economic and Social Situation in Europe

The Depression is now 5 years old with no clear signs of recovery as yet another Euro-zone country – this time Cyprus – has been forced to implement austerity measures, while Slovenia is also under threat. These will have a massive impact on Cypriot society with the now familiar pattern of cuts in public spending, in public service workers' wages and jobs as well as attacks on its system of industrial relations, indexation and minimum wage system.

These are the kinds of measures that are already taking their toll on the other countries facing the Troika and reflect the sort of policies that the European institutions are promoting through the system of economic governance and their country-specific recommendations. These are undermining any prospect of recovery.

As last week's report from the International Labour Organisation on the European labour market made clear: "While fiscal and competitiveness goals are important, it is crucial not to tackle them through austerity measures and structural reforms that do not address the root causes of the crisis. Instead, moving to a job-centred strategy could serve both macroeconomic and employment goals." The International Monetary Fund has recognised how co-ordinated austerity is undermining any prospect of recovery but the message is being ignored by the European institutions.

The people of Ireland, Portugal, Spain, Italy, Greece – the other Troika targets – are facing increasing poverty and inequalities, with particular concern in Portugal and Greece about the deterioration of public health provision. Unemployment is continuing to rise, with youth unemployment now at 50% in Spain and 60% in Greece. There is no sign of economic recovery and Portugal and Ireland are forced to make further cuts in public spending.

In Cyprus, public sector workers are once again seen as a primary target. Wages have been cut by 20% and existing pension rights have been negatively affected.. Allowances and benefits, the outcome of years of negotiations and struggle are simply abolished. Some unions negotiated reductions in pay in exchange for job security but still several thousand jobs will be cut. Unemployment has risen from 4% (2011) to 14% (February, 2013) and is forecast to reach 25% in the next two years.

Many EPSU members, not only those in the Euro-zone but in other parts of the EU and outside the EU have experienced these austerity policies. They are an attack on the welfare state, on trade unions, and on social Europe. They undermine quality public services and public infrastructure. This is confirmed by EPSU research into the effects on tax administrations, culture workers, labour inspectorates and environmental protection agencies.

EPSU supports the proposals of the ETUC for a social compact that calls for investment in the European economy, ensuring fair and sustainable growth and a strengthening of public revenues based on just and progressive taxation, and support and encouragement of proper processes of social dialogue and collective bargaining.. It will only be investment in the European economy, in workers and society that ensures sustainable growth and restore prosperity and well being. Austerity is a dead end street full of human suffering. It is unacceptable that EU governments fight unemployment with more cuts in spending leading to more unemployment.

The EPSU Executive Committee expresses its solidarity with the workers and the trade unions in Cyprus, Portugal and in other countries that are suffering from the utterly wrong policy direction. It calls on affiliated unions to support the actions of unions that stand up for public service workers and defend their interests.