

European Federation of Public Service Unions (EPSU)

Austerity has failed – a look at the evidence

Press communication – 25 October 2013

(Brussels, 25 October 2013) As the European economy shows some signs of sluggish growth, the advocates of austerity such as EU Commissioner Ollie Rehn and Commission President Barroso may be tempted to claim their policies have worked. This briefing from the European Federation of Public Service Unions (EPSU) is a timely reminder not only that austerity has failed and caused social pain to workers and citizens but that an urgent change of policy is needed to create the conditions for a sustainable recovery.

EPSU has asked Ronald Janssen (economic advisor at the European Trade Union Confederation) to examine the impact of austerity and explain how and why it has failed. In this first of five briefings he looks at the scale of the cuts imposed on public spending across Europe and their economic and social impact. He points out that even in its own terms – reducing debt as a percentage of GDP – austerity has failed in several countries.

The briefing also includes a warning about the long-term impact of such measures. Those supporting austerity claim it is needed in the short-term to create the conditions for economic growth but as argued in the briefing there is a real risk of undermining the prospects for long-term recovery as workers are locked into unemployment and public investment is slashed.

EPSU deputy general secretary **Jan Willem Goudriaan** said: *"We have been making these arguments for years now but European policy makers have blindly continued with their failed policies. Unfortunately, our experience in recent consultations with the European Commission and the European Central Bank over the current economic situation and the next Annual Growth Survey indicate that we are in for more of the same as the next European Semester gets under way."*

He added: *"It is crucial that we continue to provide people with the facts and the arguments about why austerity has failed, what its consequences have been and what alternative action is needed. We believe that this series of briefings will be an important contribution to the debate and assist EPSU, its affiliates and others in campaigning for a change of course."*

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Annexe : Briefing 1 - the failure of austerity

EPSU is the European Federation of Public Service Unions. It is the largest federation of the ETUC and comprises 8 million public service workers from over 265 trade unions; EPSU organizes workers in the energy, water and waste sectors, health and social services and local and national administration, in all European countries including in the EU's Eastern Neighborhood. EPSU is the recognized regional organization of Public Services International (PSI).