

# The EU and the crisis: from austerity to solidarity

## *- the verdict of the other voices and a call for another Europe*

On the 15-16<sup>th</sup> of May, a Tribunal Hearing took place in Brussels. Representatives from organisations across Europe gave testimony to an era of financial, economic and social crisis which began in 2008. Especially since 2010, a variety of measures have been taken to force particular policies, including via the Troika (the European Commission, The European Central Bank and the International Monetary Fund), and via a series of measures designed to make Governments adhere to strict fiscal policies and to restructure labour markets and social policies so as to favour the business community.

The picture given by witnesses and “rapporteurs” of the developments within the European Union is alarming. Since the beginning of the crisis, a transformation has occurred that takes Europe on a track to social regression, violations of social rights and a roll-back of democratic achievements.

The following are the main conclusions of the Tribunal Hearing (the judges/the organisers) based on the reports and analysis from all speakers:

They can be summed up in four points:

- \* The legacy and ongoing impact of the crisis is one of impoverishment of millions of people, social deprivation, and deteriorating quality of life of the majority, including the middle classes— aggravated significantly by the policies of the European Union.
- \* These policies were not necessary, but were driven by neoliberal prescriptions and particular economic interests in society
- \* The implementation of these policies lacks democratic legitimacy
- \* They violate international and European human rights obligations

### **1. Social and political regression in Europe**

The crisis, and the measures taken has led to serious social regression:

- There is more widespread uncertainty and anxiety among all groups of the working population, employed as well as unemployed.
- Poverty has increased severely in the European Union, with women facing a higher risk than men. Homelessness has increased in at least 15 countries.
- Unemployment has gone up steeply, and reached over 12 percent in the European Union, with unemployment much higher in some countries. Youth unemployment and long term unemployment has reached a highly alarming level in many countries. Migration out of EU countries is rising due to intolerable social conditions in the migrants’ home countries.

- Access to basic rights, including the right to water, education, social benefits, housing and the right to health services, have suffered setbacks.
- Pensions have been targeted by governments and the EU, leaving prospects for a comfortable and secure third age much slimmer.
- Some groups are hit particularly hard by the crisis and by austerity policies, including disabled people and ethnic minorities.
- The crisis and the response to the crisis by key political actors is threatening the progress made towards gender equality in recent decades.
- Real wages have gone down, in some cases significantly, in all but two countries. Collective bargaining is under severe attack, and labour conditions have generally worsened, including through precarisation.
- The extreme right is on the rise as a direct consequence of the crisis and the crisis response, and retrograde measures, such as attacks on the right to abortion are taken by the right. In many parts of Europe, rightwing nationalist, if not fascist movements are on the rise, as in Hungary and Greece.
- Migrants are increasingly becoming scapegoats and criminalised, and their living conditions have become worse. These are problems not yet recognised by the EU as a European problem.

This development is not only taking place in a few highly indebted countries, but across Europe. In fact, the attacks on social expenditure and wages in Germany ten years ago, under the brand name “Agenda 2010”, can be seen as a first phase in the eurocrisis as it depressed wages and led to a surge in precarious work conditions in Germany, creating pressure on other member states to follow suit.

## **2. Not the needed policies but the wrong policies**

Since the very beginning of the crisis, the EU institutions and EU member state governments, have pushed austerity policies and have enacted attacks on social rights, including labour rights, claiming such policies were the only valid response to the crisis. According to the neoliberal dogma favoured by the big business community, the European Commission and political leaders in Government, the crisis was sparked by public debt, lavish public spending and onerous wages.

We reject these claims:

- In the years preceding the crisis, public debt in the eurozone did not surge significantly, but private debt did. It was not until the financial crisis struck, and financial institutions were bailed out by governments, that public debt exploded.
- Before the crisis, generally, real wages did not go up either, but the attacks on German wages and social expenditure a decade ago created a dangerous wage disparity.

Nor were these policies the necessary response to the crisis they are portrayed to be by the European economic and political elite. In reality, austerity deepened the crisis. What we have seen is the effect of a financialised, credit-led model which failed miserably, and which became particularly dangerous in Europe, due to the design of the Economic and Monetary Union.

It is a policy implemented to serve the interests of financial markets, big banks and big businesses, compounded by incompetence. The decision makers in the European Union have failed to adequately assess the roots of the crisis – or indeed refuse to do so. Instead they have built on past efforts to create a European Union that first and foremost serves the interests of big business. Building on past efforts to impose mandatory neoliberal prescriptions from Brussels, including within the so-called Lisbon Agenda, the crisis provided an opportunity to take new steps in that direction.

### **3. Lack of democratic legitimacy**

During the crisis, the European Union has changed considerably. What we have seen is a kind of “bureaucratisation” of economic policies in the European Union, with a series of measures adopted to make member states adhere to austerity policies, and to curtail social rights.

With the Troika, the European institutions have used and are using the debt to impose harsh austerity programmes with no concern for democratic legitimacy. The Troika has attacked labour rights, public services, and social expenditure in ways that lie well beyond the legal competences of the European Union. It has played a role in attacks on the right to collective bargaining in areas where such measures have been explicitly rejected by the EU institutions, as in the case of the Portuguese dockers.

Only recently, the Troika was integrated in European law. But the only “democratic control” adopted is regular debates with the European Parliament. This does not make the Troika a democratic or legitimate body. There is nothing in place that will prevent the Troika from pursuing the same lack of regard for democratic principles, the same bias towards cuts to welfare provision and attacks on wages, and use of the same means of coercion it used in Ireland, Portugal, Greece, Spain.

To this must be added the many examples of Troika operations in Central and Eastern Europe (without the participation of the ECB), such as in Romania. Here too, the IMF and the EU have imposed the same kind of measures as in the Eurozone. In Romania, for instance, sweeping restructuring has been demanded by the Troika and implemented by the Romanian Government.

In parallel to the operations of the Troika, the EU further developed its common economic policies. Under the slogan of “stronger economic governance”, rules have been adopted that will force member states to adhere to strict fiscal policies and to curtail social rights. There is even a danger that they can be used to push wages downwards, despite the fact that the European Union does not have competence in this area.

These rules provide the Commission with more powers and, based on how the Commission has used these powers to this point, it has become clear that “economic governance” can become a major threat to welfare in Europe. The EU's trade agenda, not least the Transatlantic Trade and Investment Partnership, currently negotiated with the US, will exacerbate this threat.

These measures were pushed through with unprecedented speed, impeding any meaningful democratic debate – by the Commission and by member state governments that accept and share the same philosophy for economic and social management. Neoliberal capitalism has become a real threat to democracy.

Another important measure is the adoption of the Fiscal Compact – a major step that will prevent member states from using expansionary fiscal policies in the future, and potentially induce harsh austerity,

particularly in times of crisis. This treaty was only put up for a referendum in one country, Ireland. On that occasion, the Irish people were coerced into a yes vote in that it was threatened that Ireland would not be able to take loans from the European Stability Mechanism.

In sum, the measures taken have been pushed through with little debate, and via procedures which prevented any popular or participative debate. They do not have democratic legitimacy.

#### **4. Violations of human rights obligations**

The policies applied in the European Union in response to the crisis are violations of international obligations, including human rights obligations. There are three different sets of obligations to consider.

##### *a. The Universal Declaration of Human Rights*

The Universal Declaration of Human Rights contains a series of articles which can be said to be breached in the European Union:

Article 22 on the right to social security

Article 23 on the right to work, to equal pay for equal work, and to the right to join trade unions for the protection of interests

Article 24 on the right to reasonable limitation of working hours

Article 25 on the right to an adequate standard of living for "health and well-being"

Article 26 on the right to education

Article 27 on the right to freely "participate in the cultural life of the community"

##### *b. The European Convention on Human Rights*

As stated by the Commissioner for Human Rights under the aegis of the Council of Europe, "economic policy is not exempt from the duty of member states to implement human rights norms and procedural principles. As embodied in international human rights law, civil, political, economic, social and cultural rights are not expendable in times of economic hardship, but are essential to a sustained and inclusive recovery."

In a report, the Commissioner stresses that "while the European Convention on Human Rights (ECHR) is primarily a civil and political rights pact, the European Court of Human Rights has also found violations of the Convention concerning rights related to social welfare, health care and housing, for example".

Also, the Commissioner mentions potential breaches of several ILO Conventions, not least in Greece.

##### *c. The European Social Charter*

Finally, several instruments of European law, seems to have been violated, including the revised European Social Charter. For instance: "In 2012 alone, the European Committee of Social Rights (ECSR) found 13

countries in breach of their duty under Article 1(1) of the revised European Social Charter to pursue full employment policies.”

## **5. What next for the European Union?**

In other words, there could be a legal basis to act on the legal dimension against the policies adopted during the crisis – by the European institutions, as well as member states. However, we believe the most important countermeasure to the developments over the past years, is for social movements across Europe to intensify joint efforts for building another Europe.

At the moment, political leaders are claiming the crisis is almost over. Slight drops in unemployment are cited as evidence that the European Union in general, and the eurozone in particular, is recovering. But the legacy of the crisis goes much deeper. Over the past years, a roll-back of social rights has taken place, and a mere return of growth will not bring them back. It is necessary for social movements to work across borders to establish a higher level of political affinity, and to work systematically towards another, social and democratic Europe. While the struggle at the local and national level will remain the key source for change, this has to be complemented by joint efforts at the European level.

The most urgent challenges include:

- the roll back of austerity laws adopted by the European institutions
- the cancellation of illegitimate and unsustainable debt
- the adoption of economic policies centred on employment
- redistributive measures to reverse the huge increase in inequality and compel the wealthiest individuals and corporations to pay their fair share of tax
- elimination of use of tax havens
- a stop to criminalisation of migrants
- the full recognition and enforcement at national and European level of the right to housing, water, food and health services
- the full recognition of the right to collective bargaining, and better work conditions as a key objective of society

To make these demands a reality, there is a need to strengthen democratic movements for social progress.

There are many encouraging signs. Despite the difficulties experienced in times of crisis, and despite the resolve of the European economic and political elite, social movements have been able to demonstrate their resistance, defend fundamental rights, and have in many places been able to establish new forms of democracy. Trade unions have defended their right to organise, and defeated attempts to promote social dumping, as demonstrated by the dock workers in Portugal. Neighbourhood solidarity groups have given examples of successful defence of the right to a place to live, and solidarity initiatives have made an

admirable effort to provide dispossessed people with basic needs of food and health care, and are making people conscious about the true nature of the current model of capitalism.

These are signs that social movements are beginning to reinvent their ways of doing politics, and new alliances have been created. This is very necessary, but to be able to counter the policies applied across Europe in the wake of the crisis, social movements also need to advance their efforts to set another agenda for Europe.