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**Lessons learned from austerity make a change of policy mandatory**

**The EESC presents measures to avoid the severity of austerity in the future and to mitigate the negative effects of previous crisis management**

Future crisis management should strive for a better balance between fiscal and social objectives to avoid adverse effects on the economic capacities, labour markets and social protection systems of the countries concerned. Instead of restrictive austerity, the EU institutions should in future crisis situations implement policies in pursuit of economic cooperation, growth and solidarity.

These objectives should be anchored in the treaties of the European Union, urges the European Economic and Social Committee (EESC) in its own-initiative opinion on [Lessons learned for avoiding the severity of austerity policies in the EU](http://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/lessons-learned-avoiding-severity-austerity-policies-eu), which was presented and adopted at the EESC plenary session on Wednesday.

**Future crisis management must be more sustainable and in line with EU objectives**

"In future, the EU institutions should be solely responsible for developing and implementing the necessary adjustment programmes in the EU, even if partnerships with external institutions are established", said rapporteur **José Leirião** (Various Interests). "This is of utmost importance as they have to be in line with our common values and objectives and avoid the inconsistencies and shortcomings that have arisen in the past."

## By taking over the leadership of future adjustment programmes, the EU institutions should ensure that the social partners and representatives of civil society are involved on an equal footing with the EU institutions, the European Central Bank and other bodies in the setting-up, periodic monitoring and assessment of these programmes.

## The EESC opinion makes further proposals to improve EU crisis management. It suggests to the European Commission that the following be created:

## a European Credit Rating Agency;

## an independent international body to evaluate the credibility and impartiality of the adequacy evaluations conducted.

Based on the experience of the most recent crisis, the Committee welcomes the aims of the Commission to reform the euro in key aspects by abandoning austerity policies and deepening the Economic and Monetary Union (EMU). The EESC considers that a reformed and completed EMU will make the EU more resistant to asymmetric shocks and help prevent future crises.

**Negative effects of austerity must be offset to prevent future crises**

The EESC urges the Commission to design **supplementary programmes for the economic and social recovery** of countries which were/are subject to austerity. These programmes should be applied at the same time as, or at the end of, an adjustment programme. The European Commission should also develop a European strategy to eradicate poverty.

Although the impact of austerity measures differs between countries, dramatic consequences for cohesion and inclusion policies have arisen all too often, causing amongst other things negative GDP growth, increasing unemployment and public deficits, and decreasing public investment and social protection.

The rapporteur, **José Leirião,** suggested the setting up of: "specific funds for job creation in sectors such as science, engineering and health which have been hit hard by the brain drain. We believe that these funds could help encourage migrants to return and build up their country's competitiveness".

In view of current and upcoming labour market challenges, the EESC believes that the Commission should propose measures to tackle, on an EU level and in line with the European Pillar of Social Rights, the increase in poverty and to preserve social protection. Member States should consider introducing a common *universal, basic unemployment insurance scheme* and a *minimum living income*.

Finally, the Committee calls on the Commission to follow up on the conclusions of the High Level Group on the mutualisation of debt and euro debt securities.

**Background:**

The opinion is based on fact-finding missions to Portugal, Greece and Ireland, which gathered in-depth, first-hand information about local experience of crisis management and adjustment programmes and their impact, while it also builds on the conclusions of a public hearing involving the European Commission, the European Central Bank, the International Monetary Fund and representatives of civil society organisations. The programmes have led to severe socio-economic problems in these countries and have affected the poorest people the most, reducing their access to the basic necessities. The statistical data and reports of the missions can be found in the [Committee's opinion](http://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/lessons-learned-avoiding-severity-austerity-policies-eu).

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*The European Economic and Social Committee is an institutional consultative body established by the 1957 Treaty of Rome. The Committee has 350 members from across Europe, who are appointed by the Council of the European Union. It represents the various economic and social components of organised civil society. Its consultative role enables its members, and hence the organisations they represent, to participate in the EU decision-making process.*

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