

*Services: Cushioning the social impacts of  
the crisis by defending universal,  
affordable, accessible and quality services*

EAPN Conference

Getting out of the crisis together

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**European Federation of Public Service Unions**



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## About EPSU

- ✓ EPSU represents 8 million workers in 270 TUs in 47 countries across Europe, 60% of whom are women
- ✓ 4 key sectors:



local and regional government (municipalities);



central government and EU administration



health and social services



utilities (electricity, gas, water, waste)

# EPSU Horizontal Issues

4 Horizontal issues:



Public Services and the EU



Collective Bargaining



Gender Equality



Global Issues

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Global unemployment rose sharply from **178 million** persons in 2007 to **205 million** in 2009 leading to increase in vulnerability, especially in developing countries without comprehensive social protection. Estimates suggest that between **47 million and 84 million** more people fell into, or remained trapped in, extreme poverty because of the global crisis.

In EU 1 in 6 or 60 million threatened by poverty

The economic crisis was preceded by the food and fuel price hikes in 2007 and 2008. According to the FAO, the number of people living in hunger in the world rose to **over a billion in 2009**, the highest on record.

These multiple crises have **set back** the progress many countries have made towards achieving the internationally agreed development goals, including the Millennium Development Goals

## Economic Crisis – Background for our demands

- ✓ Banking crisis - governments poured in billions in saving measures (banks)
- ✓ Economic crisis/ recession – use social security measures
- ✓ Fiscal – increases deficits and debts.
- ✓ **Causes** Lax regulation (Ideology); Privatisation of Public services (public banks e.g.) removes stability from the economy; Corporate greed and Corporate Power; Inequalities
- ✓ Impact
  - ❑ Public services used to balance the books, with many years of austerity to be expected;
  - ❑ **Low and middle income earners**, nurses, teachers, firefighters, refuse collectors, child care workers, prison officers, police, tax inspectors, customs officers, administrators, etc.
  - ❑ **Women** in public services – likely increase of gender pay gap as a further result of outsourcing, undoing recent progress
  - ❑ **Youth Unemployment**; Inequalities; Precariousness (400 euro jobs in DE)
  - ❑ **Rise in rightwing extremism/ nationalism/ populism**



## Impact on Public Services

Not anonymous markets but politicians

- ✓ Cuts in health budgets – first signs of worsening
- ✓ Cuts in culture, museums, libraries, festivals and related – impact on cities - UK ?
- ✓ Impact on social services – public housing budgets e.g
- ✓ The impact on pay and increase in re-payment – home foreclosures (300.000 expected in Spain) – homelessness (Greece already 20.000 people) – cuts in budgets for homelessness services – spiral ?
- ✓ More people difficulties paying the bill – energy poverty – disconnections
  - ✓ Other utilities (water)
  - ✓ Budget restraint, also for measures that could assist in improving housing (insulation...) (which has further impact to address climate change)

## Combined impact

- ✓ Austerity effects public budgets
- ✓ Public services (health, social...) - less funding (for workers more work, more stress) at moment when more needed (more people in poverty...)
- ✓ Affects public service workers directly (pay, conditions)
- ✓ Likely to increase inequalities – and inequalities impact on health, education, etc..
- ✓ The cumulative effect of all measures has a significant impact on low income households.

“It is essential that Governments take into account the likely social implications of their economic policies. It has been shown, time and again, that economic policies considered in isolation from their social outcomes can have dire consequences for poverty, employment, nutrition, health and education, which, in turn, adversely affect long-term sustainable development. The disconnect between economic policies and their social consequences can create a vicious circle of slow growth and poor social progress”

*UN Report on World Social Situation 2011*

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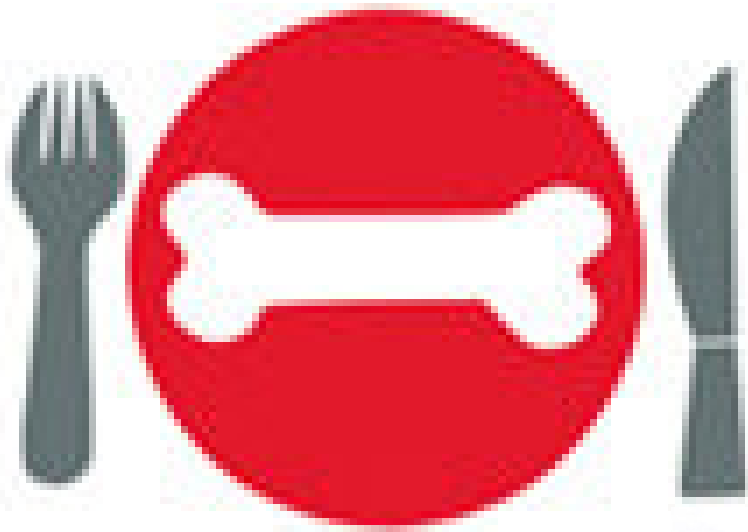
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## ***The wrong target – how governments are making public sector workers pay for the crisis.***

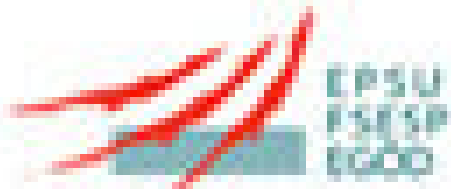
- ✓ Repeated cuts – often the first round of cuts insufficient and pay is reduced again and again; (Greece e.g.)
- ✓ Elimination or reduction of bonuses and additional payments
- ✓ Attempts to protect the lower paid – cuts more for the higher paid, although the lower paid also lose pay;
- ✓ Job cuts – UK, Romania – not absorbed by private sector; multiplier effect
- ✓ The cuts are normally imposed rather than agreed with the unions;
- ✓ Attacks on TU union rights – Roumania, Czech Republic, Hungary, Slovakia, UK

## 2011 Feb 20th - Trichet : "une bêtise" d'augmenter les salaires





**NO TO  
austerity**



Overall, the commission's conclusion is that the economic programmes submitted by the member states "broadly reflect" the priorities it outlined in January, but that some countries, according to Barroso: "show an insufficient level of ambition, and others are lacking in specificity."

"Many member states need to show more ambition when it comes to fiscal consolidation," he said. The commission also described many of the proposed measures as "vague, lacking sufficient focus."



“Meanwhile, austerity measures in response to high government debt in some advanced economies, such as Greece and Spain, are **not only threatening public sector employment and social expenditure**, but are also making the **recovery more uncertain and fragile**. Increased pressure for □ fiscal consolidation and new pressures in response to such debt have severely limited □ fiscal and policy space in developed economies, restricting their options as the crisis continues. Many developing countries, especially those under IMF programmes, are also coming under pressure to cut public expenditure and undertake austerity measures.”

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## Economic Crisis – Demands

- ✓ Address inequalities, macro-economic imbalances, greed and strengthen the public services
- ✓ Financial Transaction Tax at EU level; Wealthy; Tax Justice; Financial Regulations
- ✓ System of Eurobonds, European Public Bank
- ✓ Solidarity mechanisms to assist countries hit; to manage part of public debt
- ✓ EU investment programme (1% of GDP) in infrastructure, low carbon economy, public services
- ✓ Respect autonomy of the social partners and increase coverage by collective agreements
- ✓ Address precarious work and low pay

## **In Short**

- ❑ More and better jobs: Investment in an expanded European recovery plan**
- ❑ Stronger welfare systems to provide more security and avoid social exclusion**
- ❑ Stronger workers' rights and an end to the dominance of the short-termist market principles. Priority to social rights and collective action**
- ❑ Better pay: stronger collective bargaining.**
- ❑ European solidarity as a protection against the excesses of financial capitalism**

### Tatsächlicher und hypothetischer Haushaltssaldo 2011 von ausgewählten OECD-Ländern (in Prozent der Wirtschaftsleistung)

Rang	Land	Tatsächlicher Haushaltssaldo	Haushaltssaldo bei Einnahmen wie in Deutschland	Haushaltssaldo bei Einnahmen wie im Durchschnitt der Euro-Zone
1	Irland	-10,1	-2,3	-0,7
2	Vereinigte Staaten	-10,1	1,9	3,5
3	Japan	-8,9	3,1	4,7
4	Großbritannien	-8,7	-6,9	-5,3
5	Neuseeland	-8,5	-3,0	-1,4
6	Griechenland	-7,5	-6,2	-4,6
7	Spanien	-6,3	0,8	2,4
8	Portugal	-5,9	-4,3	-2,7
9	Polen	-5,8	-2,6	-1,0
10	Slowenien	-5,6	-6,1	-4,5

Quelle: OECD

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## How to counter the market bias? Public Services in the EU (1)

- ✓ Macro-economic policy, e.g. – small government, low taxation levels; e.g. Estonian employers manifesto
- ✓ Economic governance package
- ✓ Privatisation (ECB, EU, IMF)
  - ✓ Secret letters ECB
    - ✓ Challenges the result of Italian referendum on municipal services
- ✓ Liberalisation of ‘network’ industries
- ✓ ‘Divide and rule’ between Services of General Interest (SGI), Services of General Economic Interest (SGEI), Social Services of General Interest (SSGI), non-economic Services of General Interest...;
- ✓ Public services and cooperation as the ‘exception’ to the rule of competition and profit-seeking;



## How to counter the market bias? Public Services in the EU (2)

- ✓ Regulation in business interest, e.g. Services Directive, Better Regulation Agenda, EU trade policy;
  - ✓ Negative list approach (EU – Canada)
- ✓ Public procurement seen as the way to provide ‘essential public services and
- ✓ Bias against ‘in-house’ provision of public services and inter-municipal cooperation;
  - ✓ New state-aid package (public service test ??)
- ✓ Consumerism vs. solidarity? EU patient mobility rather than improve national health systems.

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## EPSU Strategy: Quality Public Services – Quality of Life (1)

- ✓ Make full use of the Lisbon Treaty provisions (“social” Article, SGI protocol, Charter fundamental rights, local choice...) **e.g, Protocol calls for a “high level of quality, safety and affordability, equal treatment and the promotion of universal access and of user rights.”**
- ✓ Why we need Public Spending ! For economic growth; crisis; infrastructure; employment; equality; efficiency; mitigation and adaptation to climate change
- ✓ Press for sufficient public spending on public services, progressive taxation and tax efficiency, financial transaction tax, Eurobonds, e.g. **EPSU Tax justice Charter**

## EPSU strategy: Quality public services – Quality of life (2)

- Influence EU policy (EU2020, economic governance, Single Market Act)
- Collect / disseminate evidence that defends and promotes QPS; e.g.,
  - privatization models gone wrong, e.g., work on PPPs
  - public provision e.g. “*Turning the Tide*” project
- Build links

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## **Social Services – steps for a European Approach 1**

- ✓ Design policies that give **precedence to the realisation of objectives of social, health, employment and housing policies, to public service obligations and principles over market rules and the compliance with Community Law** that initially has not been defined for SSGI
- ✓ Develop a **general interest statute** in Community law
- ✓ **Extension of in-house concept** to service providers meeting certain general interest criteria/non-for-profit criteria - **Strengthening existing in-house concept => public enterprises; => inter-municipal cooperation**

## Social Services – steps for a European Approach 2

- ✓ Pursue a **sectoral approach on SSGI** in considering the broader framework SGI/SGEI
  - Hierarchy – realise horizontal policy objectives in case of conflict;
  - Anchorage of principles (e.g. accessibility; affordability; continuity);
  - Relevance of general principles such as gender equality, non-discrimination, equal treatment;
  - Choice of local and regional government on provider, contractual arrangement, financing
    - Local and regional government is
      - democratically elected
      - using public money (taxes; social insurance contributions)
      - pursuing politically defined objectives and modalities of service provision, regulation and financing

## Social Services – steps for a European Approach

- ✓ Strong link between financing of SSGI on the one hand and access to and quality of SSGI on the other hand:
- ✓ Elaborate an **European action plan/programme on Long term care/elderly care**, underpinned by targets, a monitoring system, money from structural fund for infrastructures and professional training – to illustrate the potential and added value of joint action at EU-level and European quality frameworks
- ✓ Need to mainstream objective of social, health, employment and housing policy into EU-policies on SSG

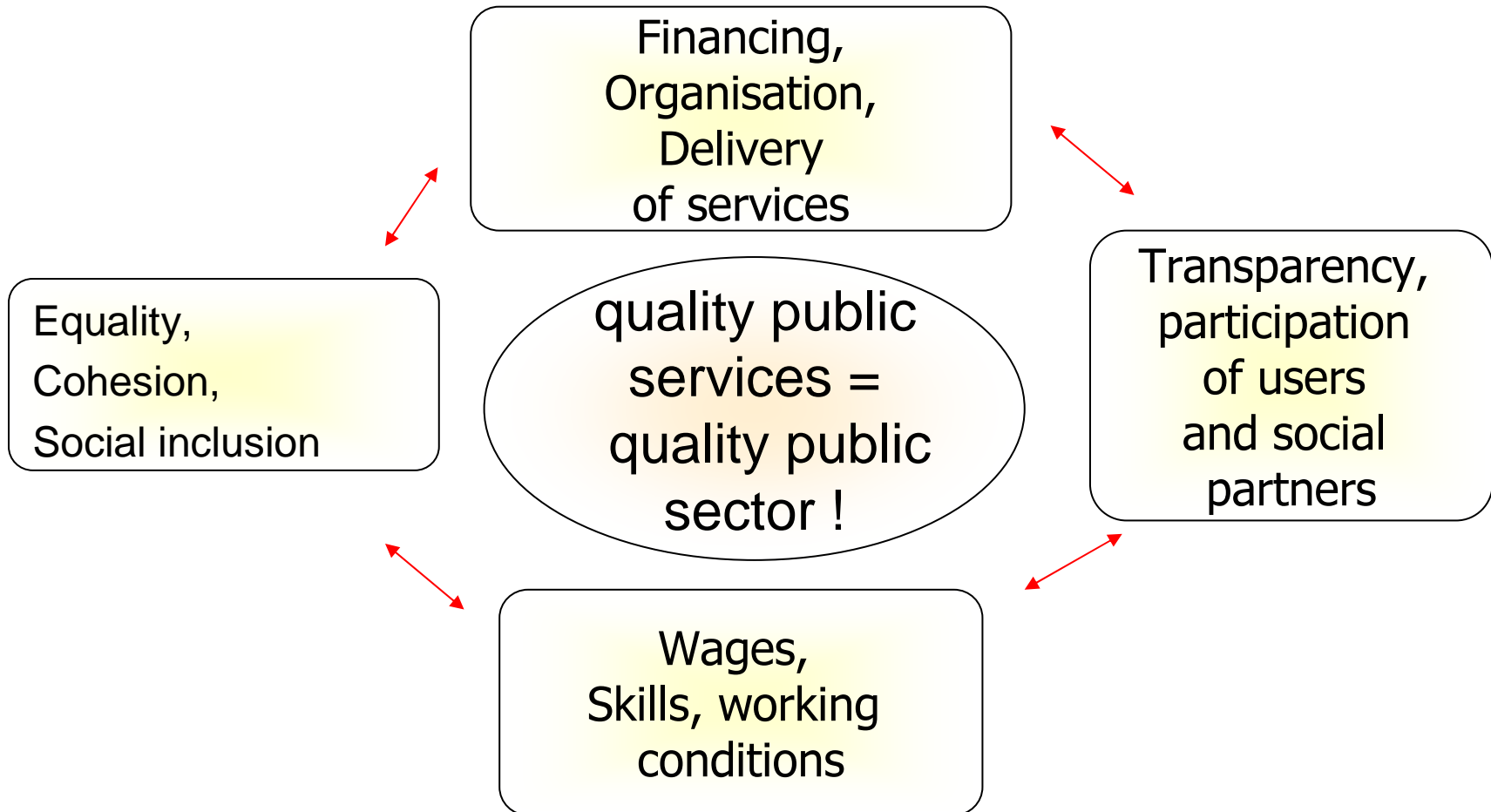


## **Social Services – steps for a European Approach 3**

- ✓ Recall the employment growth potential and the **need to improve the quality of existing and newly created jobs**
  - ✓ Realisation of the equal pay for equal work principle
  - ✓ Need to counter lowering of pay and deterioration of working conditions
  - ✓ Need to prevent from a downgrading and precarisation of jobs and/or their replacement by lower qualified and lower paid jobs
- ✓ Quality Framework with stress on quality of service, skilled jobs, decent pay and conditions

**Users of Public Services deserve high quality based on trained and skilled workers with decent pay and conditions - A joint struggle**

## EPSU Strategy: Quality Public Services – Quality of Life (2)



## **Campaign together for a progressive agenda**

- ✓ **Energy poverty (EAPN, EPSU)**
  - ✓ **Sustainable procurement (Network on sustainable procurement)**
  - ✓ **Address Corporate Power (Alter-EU coalition )**
  - ✓ **Austerity (Similar messages – one ?)**
- .... and many more... Forthcoming:**
- ✓ **European Citizen Initiative on Water (right to water, water a public good)**
  - ✓ **Longterm Care/ Elderly Care Initiative**

# Thank you



For more information see:

[www.epsu.org](http://www.epsu.org)