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Over-indebtedness of states: a danger for democracy and human rights

Opinion¹

Committee on the Environment, Agriculture and Local and Regional Affairs

Rapporteur: Sir Alan MEALE, United Kingdom, Socialist Group (SOC)

A. Conclusions of the committee

The Committee on the Environment, Agriculture and Local and Regional Affairs congratulates the Committee on Economic Affairs and Development, especially its rapporteur, Mr Pieter Omtzigt, on having brought to the Assembly's attention the issue of over-indebtedness of states as a danger for democracy and human rights.

The committee points out that local and regional authorities are directly affected by the problem of over-indebtedness and should find a long-term solution to the socio-economic consequences of public debt.

Therefore, the committee proposes the following amendments in order to emphasise the responsibility of local and regional authorities in tackling the consequences of the economic crisis:

B. Proposed amendments to the draft recommendation

Amendment A (to the draft recommendation)

In the draft recommendation, paragraph 10, after the words "Forum for the Future of Democracy," add the following words:

"the European Committee on Local and Regional Democracy".

Amendment B (to the draft recommendation)

In the draft recommendation, after paragraph 11.3, add the following sub-paragraph:

"to promote fiscal stimulus programmes supporting local economic development and to improve the targeting of social benefits to ensure that vulnerable populations receive adequate assistance;"

C. Explanatory memorandum by Mr Meale, rapporteur for opinion

1. The problem of over-indebtedness of states, which was one of the major causal effects of the present world economic downturn, is of great concern for all European states. As is rightly stated in the report of Mr Omtzigt, the consequences of this problem are now threatening the quality of life of European citizens.

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2. The rapporteur agrees with Mr Omtzigt that the Council of Europe can be a good forum to discuss the consequences of the world economic crisis on most of the greater European democracies.
3. On the initiative of the 26th Conference of European Ministers of Justice held in Helsinki in 2005, the European Committee on Legal Co-operation (CDCJ) was entrusted by the Committee of Ministers with the task of preparing an instrument defining legislative and administrative measures to prevent over-indebtedness. As a result of this work, the Committee of Ministers adopted Recommendation CM/Rec(2007)8 on legal solutions to debt problems, in which it calls on governments to alleviate the effects of the recovery of debts and respect the human dignity of over-indebted persons and families.
4. The follow-up to this recommendation was given by the Congress of Local and Regional Authorities of the Council of Europe in its Recommendation 279 (2009) on over-indebtedness of households: the responsibilities of regions. In this recommendation, the Congress invited the member states “to disseminate the approach developed by the European Committee on Social Cohesion (CDCS) in the Multipartite Social Contract, encouraging local and regional authorities and civil society organisations to coordinate their efforts to assist and provide services to over-indebted people, setting up a dialogue with them and allowing them in particular to exercise their solidarity and civic responsibility”.²
5. The European Committee on Local and Regional Democracy is also looking into the problem of the impact of the world economic crisis on local and regional authorities. This problem was a focal point for the discussions at the Utrecht Conference of European Ministers responsible for local and regional government in November 2009, and subsequently at the Strasbourg Conference in October 2010, which reviewed the evolution of local government finance in Council of Europe member states since the Utrecht session of the Ministerial Conference. The Ministerial Conference in Kyiv in November of this year will also address the impact of the crisis and whether or not responses to it have reduced or enhanced the freedom of local governments to conduct local affairs and manage public services in conformity with the needs and preferences of citizens.
6. During this crisis period, local and regional authorities bear a major responsibility for ensuring the social rights of their citizens; they must find immediate solutions to the reduction of social programmes and public services, family support, investments in education and health sectors at local level.
7. The committee believes that the respect of human rights standards should be a guiding principle in developing recovery strategies at local and regional levels. The right to social security, an adequate standard of living, food, education, housing, health and work, which are protected by the European Social Charter, should be taken into account when adopting national financial strategies for the redistribution of resources.
8. European governments should reform their financial and administrative management at national and local levels to ensure the allocation of social benefits to the most vulnerable populations.
9. In the light of the above comments, the Committee on the Environment, Agriculture and Local and Regional Affairs considers that the role of local and regional authorities in the financial management and in discovering solutions to the socio-economic consequences of the economic crisis should be highlighted in the draft recommendation.

2. Congress Recommendation 279 (2009), 15 October 2009.