



Resolution 1884 (2012)¹

Final version

Austerity measures – a danger for democracy and social rights

Parliamentary Assembly

1. Since 2009, strict austerity programmes have been applied across Europe with the intention of consolidating public budgets. More recently, both the economic effectiveness of austerity measures and the root causes of the crisis are increasingly being questioned by international experts and organisations. The short- and long-term negative effects of the measures on democratic processes and social rights standards have also come in for criticism.
2. The Parliamentary Assembly is worried about the impact of current austerity programmes on democratic and social rights standards. It is concerned that the restrictive approaches currently pursued, predominantly based on budgetary cuts in social expenditure, may not reach their objective of consolidating public budgets, but risk further deepening the crisis and undermining social rights as they mainly affect lower income classes and the most vulnerable categories of the population.
3. In this context, the Assembly calls for a new evaluation of the current crisis, which recognises the role of the large rescue packages provided to European banks among its root causes. The Assembly believes that it is necessary to disconnect the long-term question of balancing public finances from the financial markets and their specific dynamics and short-term interests. In the context of the European Union, the prohibition of monetary financing of States by the European Central Bank should be discussed.
4. Facing the consequences of “unbridled” economic liberalism, the European social model and its various national expressions should be protected as a common European vision, characterised by the general principles of a “social market economy”, and the welfare State should be further strengthened, including through new social partnerships placing the human being at the centre of concerns.
5. The implementation of austerity measures is often linked to bodies whose character raises questions of democratic control and legitimisation, such as the so-called “troika” of the International Monetary Fund, the European Commission and the European Central Bank, or the newly composed, technocratic governments that have recently been set up in several member States. The latest decision to establish the interlinked European Stability Mechanism and European Fiscal Compact is expected to further intensify the pressure on member States to pursue new rounds of austerity measures.
6. The Assembly recommends a profound reorientation of current austerity programmes, ending their quasi-exclusive focus on expenditure cuts in social areas such as pensions, health services or family benefits. It recommends taking measures aimed at increasing public revenues by raising taxes on higher income categories and property wealth, by shoring up the tax base and by enhancing tax collection, the efficiency of the tax administration and the fight against tax fraud and evasion.
7. With a view to overcoming the current crisis and ensuring sustainable economic development, instead of the austerity approach, energetic measures in favour of economic recovery should be taken, based on the creation of new quality employment opportunities, equal access to employment and support for young people in transition from education to professional careers.

1. Assembly debate on 26 June 2012 (21st and 22nd Sittings) (see [Doc. 12948](#), report of the Committee on Social Affairs, Health and Sustainable Development, rapporteur: Mr Hunko). Text adopted by the Assembly on 26 June 2012 (22nd Sitting).



8. Although many of the decisions related to the so-called “sovereign debt crisis” are taken in the realm of European Union institutions and the eurozone, many countries of greater Europe feel the need to further consolidate public budgets for various reasons, as they continue to feel the impact of the persisting economic crisis. All the member States of the Council of Europe should therefore be actively involved when it comes to finding joint solutions to overcome the current crisis situation in the most democratic manner, while ensuring full respect for social rights.

9. With regard to the protection of human rights (including social rights), the revised European Social Charter (ETS No. 163) remains the main reference, while the Strategy for Innovation and Good Governance at Local Level containing 12 principles of good democratic governance, drafted by the Council of Europe in 2007, should be further promoted as an important reference for modern democracies.

10. In the light of this evaluation, the Parliamentary Assembly calls on the member States of the Council of Europe to:

10.1. prevent the undermining of existing democratic standards when it comes to decisions linked to the “sovereign debt crisis” and possible joint European action to be taken, by preserving maximum possible discretion for national governments and other national democratically legitimated institutions, in particular parliaments;

10.2. reflect on how such processes could be made more democratic in the future, also with regard to future economic policy making at the European level, and, in the meantime, act with utmost transparency when taking any far-reaching decisions which profoundly affect national economies and people’s lives;

10.3. sign and ratify the revised European Social Charter and the European Convention on Social Security (ETS No. 78), if this has not yet been done, and consider supporting an update of the latter in accordance with the needs of today’s work situations and lifestyles, so as to improve the rights of member States’ citizens to a level at least equal to the rights guaranteed by bilateral agreements on social security;

10.4. where applicable, initiate a public debate on the social consequences and the impact on democratic sovereignty if the European Stability Mechanism and the European Fiscal Compact should come into force;

10.5. consider measures aimed at modernising democratic structures and processes by means of new forms of participation and consultation of citizens, such as referenda, wherever the constitution or legislation provide for such possibilities;

10.6. closely assess current austerity programmes from the point of view of their short- and long-term impact on democratic decision-making processes and social rights standards, social security systems and social services, such as pension and health systems, family-oriented services or assistance services to the most vulnerable groups (people with disabilities, migrants, the unemployed, etc.);

10.7. design budget consolidation programmes not only based on savings to be applied to government budgets at various levels and social expenditure in particular, but also on higher income to be generated, in particular through increased taxes on wealthier income groups and large corporate profits, and a more resolute fight against tax evasion, tax fraud, tax havens, corruption and the underground economy;

10.8. wherever possible, supplement budget consolidation programmes with measures fostering sustainable economic growth, including measures aimed at creating new quality employment and the conditions and economic environment for successful individual initiatives and entrepreneurship, given that employment is a pre-condition for future tax revenues;

10.9. launch comprehensive economic recovery programmes aimed at overcoming high rates of unemployment and their negative economic and social consequences, including specific measures aimed at supporting the young generation in the transitional period between education and employment;

10.10. pursue and support efforts undertaken to increase the regulation of the financial sector and of financial structures whose size, systemic integration, complexity or interconnectedness may jeopardise financial stability and the capacity of regulators to resist their demands, including measures concerning the shadow banking system, as requested by the European Parliament and as currently initiated by the European Commission;

10.11. improve mutual information exchange, co-operation and tax harmonisation, introduce joint measures geared to gradually eliminating tax havens and fiscal grey areas and examine the possibilities for introducing new taxes on certain types of financial transactions across Europe.