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Committee on Social Affairs, Health and Sustainable Development

Austerity measures – a danger for democracy and social rights

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Revised outline report

I. Introduction: Why to examine austerity measures from a democratic and social rights point of view?

1. All member states of the Council of Europe have more or less felt the impact of the financial and economic crises that started in 2008, then seemed to be slowing down in 2010, but instead transformed into what is today perceived as the so-called “sovereign debt crisis”. Strategic political and economic decisions are currently being taken in many countries in connection with the crisis. Out of sheer necessity or, for some of them, obligations resulting from their membership in the European Union and the “Eurozone”, some countries are preparing or already implementing austerity programmes that very often involve far-reaching cuts in public spending and a decrease in the numbers of persons employed by the public sector.

2. On 15 September 2011, Council of Europe Commissioner for Human Rights, Thomas Hammarberg, in a report on a country visit to Ireland in June 2011, stated that “budget cuts planned in Ireland may be detrimental for the protection of human rights. It is crucial to avoid this risk, in particular regarding vulnerable groups of people”. In the light of the first measures taken in member states since 2010, it has indeed rapidly become evident that austerity measures lead to reductions in social assistance benefits (pensions, disability, unemployment benefits, etc.) and to cuts in the quality of social services in general (health, education, child-care, etc.). As these consequences often concern categories of the population which are already economically and socially disadvantaged, austerity measures suddenly become an issue of social cohesion and the protection of vulnerable groups as well.

3. The way in which many governments proceed to submit their national budgets to austerity programmes should also be questioned from the point of view of democratic standards. Very often, the sovereignty of states and governments facing crisis situations seems to diminish; decisions are taken on the basis of very short-term considerations, alleged urgent necessities and by following urgent procedures, whilst the aspects of transparency and democratic processes are neglected. In some cases, austerity programs are imposed by international creditors (International Monetary Fund (IMF), European Union) as a pre-condition for granting further loans. In countries that were previously under authoritarian regimes this may furthermore lead to the criticism that the citizens are forced to repay the debts generated by previous mis-management. In the light of such tendencies, the rapporteur considers that governments should give citizens a say in if, how and when the state debt should be cut and should respect their international commitments and obligations with regard to democratic standards.

4. Facing the impact of national austerity programmes on both social services and democratic decision-making processes, protests have started to emerge world-wide throughout the year 2011. The main “nuclei” of the so-called “occupy movement” which also received the highest media attention, were the Spanish Indignados movement in May 2011 in Madrid, the “Occupy Wall Street” movement in September 2011 and the “Occupy London” encampments in October 2011. In order to take the broadest view possible, the rapporteur also wishes to hear the arguments of some of the representatives of these movements as regards the political responses to be given to the world-wide crisis.

5. When adopting its opinion on “Over-indebtedness of states – a danger for democracy and human rights” in April 2011, the Social, Health and Family Affairs Committee decided to suggest that a separate report be prepared on the austerity measures currently being implemented by a number of Council of Europe member states; a suggestion that has been followed by the Parliamentary Assembly which has recently referred the attendant motion to the Social, Health and Family Affairs Committee for report.

6. On the basis of this mandate, the rapporteur wishes to explore the objectives and consequences of various austerity programmes in Council of Europe member states. The purpose of this work would be to develop a set of recommendations that contribute to public management and economic approaches involving long-term perspectives, transparent and democratic decision-making processes and the highest respect possible for European human rights standards, including social rights standards.

II. Austerity programmes and their objectives across Europe

Recent economic, financial and sovereign debt crises: why are austerity measures considered necessary?

Objectives of first public austerity programmes implemented by Council of Europe member states

Effects of austerity programmes implemented since 2010

III. Impact of austerity measures on European economies and societies

Impact on democratic processes and structures

Impact on the implementation of European human rights standards, including social rights standards

IV. Conclusions

General action required to ensure that austerity programmes do not threaten democracy and social rights

Specific action required to protect vulnerable categories of the population

Need to respect equity considerations in austerity programmes

Interaction and co-operation between Council of Europe member states

Proposed work programme for this report in 2012

In the light of both the urgency of the matter and its complexity, it has been suggested to take advantage of external expertise for the preparation of this report and invite well-selected experts to a

hearing on the subject as soon as possible. A hearing will thus be held in January 2012 with the participation of three experts:

- Mr Heiner Flassbeck, Director of the Division on Globalization and Development Strategies, United Nations Conference on Trade and Development (UNCTAD)
- Ms Rebeca Mayorga Fernández, Audiovisual Journalist and student, Madrid (member of the *Indignado* movement)
- Ms Sonia Mitrailia, Women's Initiatives against Debt and austerity measures, Committee against Debt, CADTM, Greece

It is suggested to adopt the draft report at Committee level May with a view to a plenary debate at the June 2012 part-session of the Assembly. This would allow to consider the issue in the context of a part-session which will be largely devoted to threats to democracy and in a joint debate with the reports on "The young generation sacrificed: political social and other consequences of the financial crisis" and on "The impact of the world economic crisis on local and regional authorities".