



## **Troika: MEPs call for a jobs and social recovery plan**

**Growing unemployment - especially among the young, leading to their emigration – the loss of small firms and rising poverty rates, even among the middle class, are the key impacts of the economic crisis and adjustment measures designed by the ECB/EU Commission/IMF “Troika” for Greece, Cyprus, Portugal, Ireland, say Employment Committee MEPs in a resolution voted on Thursday. It calls for a jobs and social recovery plan for these countries.**

"The moment has come to recover the employment and social situation that was destroyed and to repair the damage. The European social dimension was completely forgotten by those who acted as if Europe was only a creditors' club", said rapporteur Alejandro Cercas (S&D, ES), whose text was adopted by 27 votes to 7, with 2 abstentions.

### **Rising unemployment and poverty rates, loss of small firms**

The economic and financial crisis and the adjustment policies in the four countries have led to rising unemployment, especially long-term unemployment and youth unemployment which in 2012 reached over 50% in Greece, over 30% in Portugal and Ireland and 26.4% in Cyprus, leading to emigration. The loss of small and medium-sized enterprises (SMEs) is a key cause of unemployment and the biggest threat to future recovery, say MEPs, underlining that adjustment policies recommended by the Troika did not spare strategic sectors which should have been protected to sustain growth and social cohesion.

Job precarity has grown along with deteriorations in basic labour standards such as reductions in minimum wages, for example by 22% in Greece. New forms of poverty affecting the middle and working classes have arisen, as inability to pay mortgages and high energy prices have led to exclusion from housing and energy poverty.

### **Proper impact assessment and more flexibility needed**

The conditions imposed in return for the financial assistance have jeopardised the EU's social objectives, notably because little time was allowed to implement the measures and there was no proper assessment of their likely impact assessment on various social groups, says the text.

MEPs voice concern that the recovery programmes recommended specific cuts in real social spending in fundamental areas such as pensions and basic services, rather than allowing national governments more flexibility to decide where savings could be made.

They also regret that employers' and workers' representatives and the International Labour Organisation were not consulted about the initial design of the programmes, which in Portugal's case led the Constitutional Court to overrule some legislative measures.

## **Recovery plan for jobs and social protection**

Member states and the EU should put in place a job recovery plan once the hardest part of the financial crisis has passed, taking particular account of the need to create favourable conditions for SMEs, for instance by repairing the credit system. The Commission, the ECB and the Eurogroup (Eurozone finance ministers) should review and revise the measures put in place as soon as possible and the EU should support, with sufficient financial resources, the restoration of social protection standards and the fight against poverty, MEPs add.

### **Next steps**

The committee's recommendations will be put to a vote by Parliament as a whole in March.

### **Background**

Troika-designed adjustment programmes were implemented in Greece (May 2010 and March 2012), Ireland (December 2010), Portugal (May 2011) and Cyprus (June 2013).

*Procedure: own-initiative*

*In the chair: Pervenche Berès (S&D, FR)*

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