

Trade Unions and Austerity Measures

The implementation of austerity measures by governments across the world has become a phenomenon of modern times, as countries undertake programmes to counteract the fallout from the global economic crisis. The major problem which concerns politicians and economist is generally that of the growing fiscal deficit. Trade unions and private sector employers, both have a vested interest in the implementation of any set of austerity measures which are introduced by government. Given that the austerity measures are directed at reducing the budget deficit, governments are generally forced to reorganize and rationalize within the public sector.

In seeking the address the imbalance, government is charged with the responsibility of balancing the budget, by working to ensure that expenditure does not exceed revenue. It is required to build a platform where it can maintain at a minimum, twelve weeks of import cover. This means that it is critical for government to ensure that it maintains a healthy foreign reserves position.

With the introduction of an austerity programme, where the emphasis is placed on the rationalization of spending, the impact of the measures is usually felt in the loss of jobs, and the possible reduction of social services. Governments are sometimes swift to institute measures such as a freeze on new hiring and recruitment, layoff or the retrenchment of public sector workers, the abolishing of some social security benefits, and the ordering the reduction of budget spending across the Ministries, Departments and state agencies. The large cuts in public sector employment and spending, and the imposition of increases in direct and indirect taxes, often result in a public outcry. These severity of measures generally cause trade unions to mount a challenge. Trade unions are concerned with protecting jobs, the negative impact that increases tend to have on the cost of living, and the impact expenditure cuts could have on social services can lead to the most vulnerable, lower and middle income wage earners being placed under further pressure.

It is not unusual for trade unions to launch protests and nationwide strikes as a means of demonstrating their discontent with the measures which have been introduced. There is every good reason for trade unions to adopt this approach, particularly where a government has failed to engage them in dialogue and consultation. Protest action may not be desired, but is clearly a consequence for being ignored and /or brushed aside, or where actions taken are highly insensitive and unreasonable. However, where the process of engagement by way of dialogue and consultation has been completed, it would hardly be expected that unions would be forced to resort to taking some form of protest action; unless their input was not taken seriously. It is reasonable to assume that in addressing a national economic and fiscal crisis the social partners would work collaboratively to develop a rescue plan. It becomes apparent that a divide would arise if the parties didn't take each other into their confidence, and if the severity of the measures were beyond the expectations of the trade unions, based on any understandings that were reached.

The conclusion can therefore be drawn that in developing what is known as a home grown programme, the intention would be that of taking on board the suggestions of stakeholders, and to find common understandings, so as to eliminate the possibility of discontentment by any of the partners in the roll out of the measures. The fact cannot be removed that the government has responsibility for policy making, but the expectation remains that its final decision making should always seek to be as accommodating as possible, so as to provide a platform for support for the intended measures.

Indications are that austerity programmes are in essence a necessary evil. However, in some cases they work and in others they don't. A case in point can be cited in Greece in 2012, where it is reported that workers were hit particularly hard. In such circumstances, clearly a problem has been created for trade unions. The hit which workers may take, can lead to an undermining of trade unions and a threat to their mobilization efforts in providing collective representation.

There are many lessons to be learnt by trade unions of how best to respond in times of austerity. For example, trade unions could follow the experience of Malta (2012), and make good use of the opportunity to focus on the performance of the national economy, education as a key success factor for good quality jobs, precarious employment and the working poor, and the benefits of closer trade unions' cooperation. Trade unions as a partner in the national governance must also recognize their responsibility in addressing the high public debt that is putting immense pressure, through debt servicing, on the country's ability to finance social services, free health and education.

It is evident that in responding to an economic and fiscal crisis, there are neither easy solutions nor quick fixes. If this is accepted on face value, then there is a need for reasonableness, a sense of good judgment and commonality in the understandings and approaches to be adopted by the government, labour and the private sector. This is vital to ensuring the successful implementation of the austerity measures, and to minimize the fall out and hardship that will inevitably follow the introduction of a set of austerity measures.