



## **RESOLUTION No. 23) AN ALTERNATIVE CRISIS POLICY**

**The 29<sup>th</sup> World Congress of Public Services International (PSI),  
meeting in Durban, South Africa, on 27-30 November 2012**

### **NOTES that:**

In the wake of the economic crisis there is an evident risk that politicians will decide on excessively far-reaching proposals which will affect countries' fiscal policy, wage formation and inhibit growth. In an increasing number of countries politicians are focusing too narrowly on the debt crisis, which is one of the consequences of the economic crisis.

A narrow focus on the debt crisis ensues in a policy of restraint intended to reduce national debt through welfare cutbacks and worsening the wages and conditions of public sector employees.

The debt crisis is not due to a public sector that is too large or to spending too much on social services, elderly care and childcare, education and suchlike. Nor is it due to public sector salaries or pensions or employment conditions being too good. The debt crisis is the result of the financial and economic crisis and a result of enormous state support to banks and finance companies.

### **NOTES further that:**

Focus must be shifted from debt crisis to sustainable growth, to a current and active policy that can take on the challenges that the economic crisis is presenting to societies right now.

The public sector has the world's most important task; offering citizens a high standard of secure quality welfare.

The public sector can offset economic fluctuations through its stabilising function. Maintaining attractive, profitable jobs and scope for investment in the public sector is therefore of the greatest importance.

### **NOTES further that:**

A high standard of welfare through our members' services, for both citizens and companies, is in many ways a precondition for other social development and production. However we see it, basic welfare must function in order to give society and the business community a sound structure for the future. A policy of restraint with drastic cuts in the public sector and welfare services is not the answer to an economic crisis, it only contributes to a downward spiral of increased unemployment, increased social divides and injustice.

An alternative to a policy of restraint is investment in the welfare sector, in infrastructure, in education and research – in workplaces. We see this alternative in other parts of the world, for example in Brazil, South Africa and Australia. The result in these countries is not negative or low growth, but more jobs, fewer differences and injustices, less poverty and better welfare.

### **NOTES further that:**

It is of utmost importance that the sovereign right of countries to control economic development in the form of increased investment, reduced income differentials and more ambitious social insurance is recognised as these function as automatic stabilisers in times of economic downturn and level out cyclical fluctuations.

Societies with democracy, legal security and a high general standard of welfare are better equipped in times of economic crisis. For such societies to continue to develop, it is necessary that the companies, institutions and individuals that supply welfare services can do so with a high level of public confidence. Citizens are entitled to expect a high level of competence and effectiveness and no corruption in services and welfare.

This in turn requires that welfare provision is by competent providers with good wages, secure jobs and conditions of employment.

**NOTES further that:**

Resources are needed to counteract unemployment in recessions. Few politicians today dare to refrain from action when a major crisis becomes apparent. It is common to resort to tax cuts, despite the fact that the most effective weapon against both unemployment and economic downturns is increased public spending and investment.

The trade union movement must stand up for its members in the public sector and procured activities so that wage formation, the right of association and the right to strike are not eaten away in crisis management. As a trade union organisation for public sector employees we must join with various parties in formulating an alternative economic policy for sustainable growth.

This means in the short term an active policy for new and better jobs, special measures to fight youth unemployment, better qualifications as an alternative to lower salaries and high quality welfare services. This must be done through investment in infrastructure, education and research, in green jobs. A green reorientation of production and green energy will not only improve the economy fast but will also create new possibilities for growth in the longer term.

In the longer term we must tackle the structural challenges. Public finances must build on funding based on solidarity and equal distribution. We want fair and progressive taxation to be able to guarantee appropriate (adequate) public finances. This is to ensure a sustainable society with social protection systems and pensions for everyone that are possible to live on. Sustainable measures against poverty and differences are required. We must break the power of the financial markets, for example by splitting large banks and finance companies, introducing taxes on financial transactions and moving capital from speculation to investment in innovation, green jobs and social welfare.

**EXHORTS the PSI to:**

- Strengthen its knowledge and skills on economic policy, contribute to the economic discussion at global level and formulate clear alternatives and develop tools to help national trade unions to participate and contribute to the debate on economic policy.
- To form networks within PSI to augment its efforts.

**EXHORTS the affiliates to:**

- Endeavour to turn the political trend away from solving economic fluctuations through savings/restraint in the public sector, so as to move towards developing growth and increased demand for public sector services.
- Support broad, long-term infrastructure investments in nursery schools/pre-schools, schools, public buildings and roads and railways.
- Support the introduction of a global tax on financial transactions.

See all [Congress resolutions](#) including the Program of Action and the Constitution.