

UGT reaffirms its rejection of any sanctions for excessive deficit

In the recent years, Portugal has been submitted to an economic and financial adjustment and austerity program, which led to the general impoverishment of the country and its citizens and has aimed, always and primarily, the income of workers and pensioners and has put into question the welfare state.

At a time when the current government seeks to make a change of policy by introducing a social component into the governmental strategy and confirming that it is possible to join the commitments made in reducing the budget deficit, with policies that promote growth and employment, once again, outside pressure arises, demanding more austerity in the economy and on the labor market – asking for more deregulation, flexibility, and attacking the collective bargaining and social dialogue.

At a time when the new political framework launched in Portugal a wave of hope among workers, by reversing the loss of a set of rights, reducing unemployment, improving the living conditions after years of imposed sacrifices, the external institutions, through a constant pressure and declarations from leaders of the European Union and some governments, put at risk, one of the most important factors for growth and development of the country: **TRUST** – of people and businesses.

For UGT it's totally unacceptable that, even when the problems of Portugal are well-known, many of which actually resulted from the policies that have been imposed by international creditors, and when those in charge of these financial agencies admitted the errors of their policies themselves (e.g. the IMF and the President of the Eurogroup), to continue to defend, in a incongruously way, the same type of adjustment and the same type of solutions.

We are forced to express our deep rejection of the insistence of several playmakers and European politicians, that intent to impose sanctions to Portugal for not completely fulfilling the budgetary Treaty, in a time when the Portuguese Government remains committed to exit the excessive deficit procedure, and knowing the counterproductive effects of the sanctions, that will not only deepen the social problems and injustices, as endanger the very own process of economic recovery.

UGT expresses its deep disagreement with the position recently taken by the IMF, conveyed by his representative and head of mission for Portugal, Mr. Subir Lall, to criticize the policy change undertaken by the Portuguese government and to continue to defend uncompromisingly the path of austerity, the primacy of competitiveness at the expense of the labor costs, low wages and the well-being of people, through an inflexible position that continues to ignore the reality and the specific problems of our country.

In this context, UGT is forced to express its dissatisfaction regarding the absence of the Head of Mission for Portugal at the meeting between the IMF and the social partners, a meeting requested by that institution, which was held on June 28th, which objectives were to assess the economic policies and especially the labor market policies. We are forced to consider this

absence, as a depreciation of the role of social partners and the Portuguese social dialogue, which additionally leads into a disregard and an institutional disrespect.

We cannot accept these constant external pressures, defending a model that has proven not to succeed and the questioning of the deep policy change that is necessary for the people and for the country.

UGT will continue to advocate and support policies that reconcile budget rigor with growth, employment and social cohesion, in a governance based on the balance between the economic and the social dimension.

We will continue to fight for a gradual improvement of the incomes of citizens and their families, through raising the minimum wage and through relieving the imposed sacrifices, important factors to achieve an improvement in domestic demand, the economic growth engine that has been undermined in the recent years.

The referendum results in the UK are, in our opinion, an additional sign of the dissatisfaction of the people regarding the E.U policies and their inability to respond to the problems and expectations of the citizens. This result must raise the attention of the European Union and be a sign of a need of policy and governance change, which priority should be investment and job creation and not the path of reforms and fiscal consolidation at any cost.

In this context, UGT reiterates that the European Union must assume the consequences of past mistakes, already recognized, regarding the policies imposed in the framework of the financial adjustment program.

We therefore consider that the application of any sanctions to Portugal would not only be profoundly unfair and punitive for the country and for its people, as well as the recognition by the EU of the failure of their own policies.

The Executive Committee of UGT-P

June 30th, 2016