ETUC AUSTERITY WATCH 2025 – TAKEAWAYS

Austria – ÖGB

Full country contribution **here**

Budgetary/Fiscal

Austria faces an excessive deficit procedure (deficit 4,7%, debt 81,8%) and will implement a large consolidation package (2025-2029) – on average over the years, 70% of the restructuring is based on spending cuts, amounting to 2.5% of GDP by 2029.

Savings in federal ministries, especially in administration. All ministries must save 15% in material expenses (excluding rent), expected to save €1,1 billion in 2025 and €1,3 billion in 2026. Savings will come from reductions in advertising, printing and business travel, but also from postponed recruitment and reduced project implementation. Some subsidies will also be cut or discontinued. Further savings in human resources will be developed in consultation with the public service union.

Social

Cuts in family benefits. Child tax credit, family allowance and childcare allowance will not be adjusted for inflation in 2026 and 2027, confirming fears that reductions in employer contributions to the welfare state will lead to cuts in family benefits.

Abolition of educational leave: expected to generate €650 million annually. A much less comprehensive successor model is being developed.

The statutory retirement age remains unchanged, but the government will raise the number of insurance years required for early retirement (with deductions) and has increased pensioners' health insurance contributions, leading to an increase in the actual retirement age. A socially graded pension increase is planned: pensions up to €2,500 will receive the full 2.7% adjustment, while higher pensions get a fixed €67,5 increase.

Elimination of the possibility for unemployed people to earn additional income (an exception is being considered for the long-term unemployed)

Gradual price increase for the Klimaticket (public transport annual pass) by around €200 between autumn 2025 and January 2026.

Environmental

Abolition of the annual climate bonus. This means that households will now feel the full burden of the CO_2 tax, amounting to a regressive tax increase. While commuters are partially compensated through a higher allowance, households using fossil heating, especially tenants, will be hit hardest.

There will be also reductions in the Climate and Energy Fund, e-mobility subsidies and in the renovation offensive.

Czech Republic – Trade union - Health care and social service

Full country contribution **here**

Budgetary/fiscal

The government is cutting public spending for the running of central government bodies, social services and healthcare. Trade unions are demanding an increase in funding to raise the salaries of public service and administration employees, but TU's demands are not being met.

Economic

The government has announced that investment will be done to improve transports and infrastructure, increase places in schools, improve labour market flexibility, digitalise public services. Tus demanding sufficient apartments (currently problem with housing: shortage and price rise), schools, quality health and social care but Tus proposals are not being implemented.

Social

The Social and Legal Protection of Children Authority (OSPOD) intervenes in cases where children are at risk, such as neglect, abuse, maltreatment, or domestic violence. TUs demanding to increase social benefits.

Denmark – HK Stat

Full country contribution **here**

Budgetary/Fiscal

The 2025 Finance Act cuts 1,000 state administration jobs, while the 2026 draft Act requires DKK 5.5 billion in administrative savings by 2030, beginning with DKK 800 million in 2026. Around half of state workplaces face a 2% annual budget reduction through the *reallocation contribution*. The municipal sector must also make major administrative and job-centre cuts, though extra funds are allocated for defence, safety, and security.

Environmental

Government bodies responsible for climate, energy, green transition, and nature restoration are also subject to spending cuts.

Finland – SAK

Full country contribution **here**

Budgetary/Fiscal

In spring 2025, the government cut corporate and income taxes, mainly benefitting the wealthy while reducing annual tax revenue by €2 billion (0.8% of GDP) and having minimal growth effects. To offset the deficit, it cut funding for public services, NGOs, education, and plans to tap pension funds to finance rising deficits. By autumn 2025, it announced further consolidation of €1 billion, targeting social housing, migration, public governance, and R&D, while again drawing from pension fund assets.

Trade unions and experts condemn these inequitable and ideological policies, warning they undermine public finances and widen inequality and poverty. The government has refused meaningful dialogue with unions or researchers despite widespread criticism.

Economic

In 2025, the government implemented major cuts to public governance and services, reduced social housing funding to one-quarter of previous levels, and used over €1 billion from pension reserves. These austerity measures, combined with earlier social security and unemployment cuts, are expected to cause layoffs and worsen access and quality of public services.

The government further weakened trade unions by removing the tax deductibility of union membership fees, likely reducing collective bargaining coverage. Unions have strongly opposed these policies and proposed alternative measures, but the government has refused meaningful dialogue.

Loosening of labour law compliance standards under the revision of public procurement legislation: employers will no longer need to present a criminal record extract to prove compliance – a written declaration will suffice, justified as reducing administrative burden. Additional planned changes include tightening in-house rules, making it harder for municipalities to maintain their own public services. The legislative package has been commented on by stakeholders and is expected to reach parliament by the end of the year.

Environmental

Disengagement from several just transition measures: Adult education support completely removed; €120 million cut from higher education targeting adult learners; earnings-related unemployment benefits reduced by up to 25%; Just Transition Fund limited to regions with active peat energy production; minimal social criteria required for EU or nationally funded green transition investments.

Finland's updated climate and energy strategies lack the ambition needed to meet EU 2035 targets, emission reduction measures are minor and logging has not been restricted. Policies such as fuel and vehicle tax cuts, reduced biofuel obligations, and higher VAT on public transport further increase emissions in the transport sector. The 2026 budget also cuts €50 million from clean transition aid schemes. Overall, these choices delay climate reforms and weaken Finland's environmental commitments.

France – Fédération Interco CFDT

Full country contribution **here**

Budgetary/Fiscal

The government is cutting expenditure for local authorities (départements) leading to reduction of public services.

Social

Pension reform with a two-year increase in the retirement age. Reform of unemployment benefits, reducing job seekers' rights. Introduction of a second waiting day for sick leave for civil servants.

Environmental

Loi Duplomb supports intensive farming at the expense of sustainable agriculture, CFDT has launched a national petition against this law. Energy policy continues favouring investment in nuclear over renewable energies.

Germany – DGB

Full country contribution **here**

Budgetary/Fiscal (but includes cuts affecting social and environmental)

The government has launched a €500 billion off-budget investment plan for infrastructure over 12 years, alongside defence-spending exemptions from national fiscal rules. However, the 2026 federal budget includes major cuts across:

- Social welfare: reductions in basic income support and federal pension contributions
- Education: cuts to student aid and digitalisation in schools
- Energy/Industry: cuts to building sector energy transition, industrial decarbonisation, and hydrogen economy programmes
- International development: reduced funding for cooperation and political foundations
- Administration: 8% staff reduction in four years

These cuts accompany a cumulative budget gap of €172 billion by 2029, with consolidation efforts postponed to later years through a flexible interpretation of EU fiscal rules.

Trade unions welcome the investment plan but oppose social and climate cuts, urging wealth-based taxation and a reform of the debt brake in favour public investment. Unions were excluded from the fiscal-structural plan discussions and have only limited input in the 2026 budget process.

Economic

Extension of the option to hire employees beyond retirement age under fixed-term contracts | DGB rejects it as it undermines dismissal protection by allowing unjustified fixed-term employment

Short-term employment for seasonal workers exempt from social security contributions has been extended from 70 to 90 days | DGB rejects it as worsens precarious conditions for seasonal agricultural workers who already face low pay, high strain, and poor insurance coverage

Greece – GSEE

Full country contribution **here**

Budgetary/Fiscal

The 2025 State Budget aims for permanent primary surpluses of around 2.5% of GDP, with a strict expenditure path and constraints. GSEE flagged that this results in “private austerity” as stagnant real wages and weak private finances reduce consumption and investment, pushing households toward debt and shrinking domestic demand. No tripartite dialogue has taken place on these measures.

The government ended horizontal electricity subsidies from December 2023, keeping only targeted support for vulnerable groups. This has increased energy costs for households and SMEs, reducing disposable income. GSEE opposes the early withdrawal of subsidies without stronger targeted measures or regulation, warning of heightened poverty and energy poverty, and notes the absence of tripartite dialogue.

Economic

The government is continuing privatisation and concession plans for Greek ports and regional infrastructures, which could raise fees, affect service quality, and disrupt labour relations in port activities. GSEE calls for preserving the public character of these services, ensuring stable, full employment, and supports workers’ mobilisation against these policies.

Social

Law 5053/2023 (labour): six-day work, “flexibility” : allow six-day work weeks, parallel employment up to 13 hours/day, and simplify dismissals within the first year. GSEE warns these measures weaken protections on working time and rest, promote individual over collective arrangements, and increase precariousness. It demands withdrawal or amendment of key provisions and the restoration of collective bargaining, noting a lack of tripartite dialogue.

“Fair Work for All: Simplification of Legislation – Support for the Worker – Protection in Practice”: A draft law simplifies employment declarations, promotes zero-hour contracts, and allows working up to 13 hours/day with a single employer. It shifts overtime regulation from collective to individual control, raising risks of overwork, weaker bargaining power, and reduced protection of rest time. GSEE rejects these provisions, has called a nationwide 24-hour strike on 1 October 2025, and demands both the withdrawal of the measures and a reduction of weekly hours to 37.5. It stresses that the policy undermines collective regulation and increases precariousness, with no tripartite dialogue.

Environmental

Ongoing reforms to the water supply and sewerage framework risk higher tariffs, lower service quality, and greater job insecurity in water utilities. GSEE firmly defends that "water is a public good" and opposes any measures leading to privatisation or commodification of this essential service.

Italy – CISL

Full country contribution **here**

Budgetary/Fiscal

Measures to reduce tax burden on low and middle incomes have been made structural and adequately financed, but further steps need to be taken to further reduce inequality and increase wages and pensions, also considering that some categories (foreigners, single people and couples with three or more children) are structurally more exposed to the risk of poverty among the employed.

The possibility to increase public spending to address the digital, green and demographic transitions is prevented by the current European Stability and Growth Pact, which needs to be radically reformed.

Economic

Flat-tax planned for self-employed workers. | CISL does not agree with the measure.

Disposal of public infrastructure or state assets of social interest: the sale by TIM of NetCo (telephone network) to KKR (American investment fund) on 1 July 2024 (transfer of the fixed network and wholesale activities to FiberCop and subsequent acquisition of FiberCop by a KKR company) raises concerns.

Public services:

Decline in public healthcare quality, ISTAT reported a drop in hospital beds, ineffective measures to reduce waiting lists, and a rise in people foregoing medical care due to long waits and high costs.

Decline in service supply of public transports, especially in southern regions, where many companies face financial crises and cannot maintain acceptable service levels.

Water losses are high (41.8%), with persistent service problems such as discontinuity and inefficiency, particularly in the South, indicating a need for urgent investment in the water infrastructure.

Social

To date, real wages have not yet returned to the levels of early 2021. The 2025–27 negotiation cycle is expected to be completed, making additional resources available to civil servants and bringing the cycle back to normal. Both inflation on frequently purchased goods (about double the average) and fiscal drainage, which has eroded the benefits of IRPEF reforms and contractual increases, have had a net negative effect on real income, especially for employees and pensioners.

There is a political desire to interfere in the setting of wages both through hard measures (the setting of a legal minimum wage) and through soft measures.

In 2024, the Citizenship Income (RdC) was replaced by the Inclusion Allowance (ADI) and Support for Training and Work (SFL). These new schemes offer more selective and limited coverage, shifting focus toward active labour policies that remain underdeveloped in Italy. Effective implementation requires better coordination between employment, social, and health services, as many long-term unemployed people face social and psychological vulnerability.

Environmental

Concerning disengagement from fair transition measures, revision and reduction of existing standards or impediment to new standards and delay in energy and climate reforms: this is a European issue, not just a national one. The measures envisaged by the EU have been poorly designed and are difficult to implement, with effects on production and employment.

Italy – UIL

Full country contribution **here**

Budgetary/Fiscal

The 2025 Budget Law enforces stricter deficit targets with cuts to health, local authority budgets, and a public administration hiring freeze. It also reduces pension spending by limiting inflation adjustments for higher pensions and penalising early retirement schemes (*Quota 103, Opzione donna, Ape sociale*) with allowances cuts of up to 30%. | These measures force workers to stay longer in employment to avoid pension losses and block turnover in the public sector. UIL strongly opposes the reforms, urging flexible retirement options and fair pensions, but notes that the pension dialogue with the government has been frozen for over two years.

Economic

In 2024, the government announced plans to sell about 29.26% of its shares in Poste Italiane between 2025 and 2027, further reducing state ownership while keeping a minority stake. The plan is currently on hold. | UIL strongly opposes the move, arguing that Poste Italiane provides essential public and social services – particularly for rural and elderly populations – that could be compromised by profit-driven management. The union also highlights job security risks and a lack of genuine dialogue with trade unions regarding the privatisation plan.

Social

The replacement of the Citizenship Income (RdC) with the Inclusion Allowance (ADI) has narrowed eligibility and reduced support for many low-income and unemployed households, effectively eliminating a universal minimum income scheme. ISTAT (2025) data show rising inequality (Gini 30.25 → 30.40) and a poverty risk of 23.1%, with southern regions, immigrants, and precarious workers most affected. | UIL strongly criticises the reform, arguing that it excludes vulnerable groups, weakens social protection, and lacks active labour market integration. The union demands the restoration of a universal income guarantee and inclusive welfare policies, noting that the government acted unilaterally, disregarding union proposals.

Norway – AVYO Vocation Union for Work and Welfare employees

Full country contribution **here**

Budgetary/Fiscal

The government has decided to cut the Norwegian Labour and Welfare Service's funding.

Poland – OPZZ

Full country contribution **here**

Budgetary/Fiscal

In 2024 and 2025 the government has set the public sector wage growth rate for the following year at the level of the projected inflation (105% and 103% respectively), meaning no real wage increase. Trade unions and employers jointly opposed this, demanding higher increases (15% and 12%), but the government ignored their position, achieving budget savings at employees' expense.

The government rejected TUs proposal to increase the minimum wage for 2026, leading to no real wage increase for minimum wage earners → deterioration of minimum wage to average wage ratio from 52.7% to 50.5% .

Romania – BNS

Full country contribution **here**

The National Trade Union Bloc (BNS) denounces the Romanian government's systematic obstruction of social dialogue and collective bargaining, in breach of EU and ILO obligations.

1. Legislative obstruction: Collective bargaining in state-owned companies is blocked by making it conditional on delayed budget approvals, violating workers' rights.
2. Delays in the national plan for collective bargaining: The national action plan required by the EU Minimum Wage Directive has been postponed for over a year, showing lack of political will to improve bargaining coverage.
3. Government's refusal to lead by example: In state-owned companies such as Poșta Română, management delays or sabotages negotiations, often invoking restrictive fiscal ordinances, leaving talks formally open but substantively empty.
4. Non-implementation of the Pay Transparency Directive: The government has not started consultations with social partners and is expected to rush transposition unilaterally, undermining genuine participation.
5. Ignoring ILO intervention: Despite a BNS complaint over anti-union practices at Poșta Română, the government has not responded to ILO requests and continues to ignore violations of trade union rights.
6. Failure to inform and consult workers: Employers withhold or delay key data needed for negotiations, making social dialogue superficial and one-sided.

Overall, BNS describes a systematic governmental strategy to weaken social dialogue, replace negotiation with bureaucracy, and exclude trade unions from policymaking, urging EU intervention to enforce compliance with European and international labour standards.

Serbia – CATUS

Full country contribution **here**

Budgetary/Financial

2025–2028 Medium-Term Fiscal Strategy and the temporary suspension of the deficit rule until 2029. Deficit maintained around 3% of GDP, with public debt stabilising but still above pre-pandemic level. While this temporarily allows more spending it also creates uncertainty and risks future abrupt austerity – e.g., wage freezes, social spending, services and pensions cuts – to achieve fiscal consolidation TUs call for protection of real wages, sustained health and social funding, and transparent, socially balanced fiscal planning.

Despite the Fiscal Council's call for stronger consultations, unions remain formally excluded from such decisions.[1]

Economic

Plans to privatise seven SOEs by 2025, with all remaining cases to be resolved by the end of 2027, through privatisation, bankruptcy, or state takeover. The process risks job losses, weaker collective bargaining, and reduced labour protection, as private owners often cut costs and impose more flexible contracts. Unions call for employment protection, social guarantees, transparency, and worker involvement, noting that dialogue remains limited and often bypassed.

Labour Market reform announced under an EU-financed Twinning project (new Labour Law, a Law on Internships, and alignment with EU labour acquis, along with stronger social dialogue mechanisms). However, trade unions are excluded from drafting the Labour Law, but insist on explicit protections: sector-level agreements, fair pay, collective bargaining safeguards, and measures against precarious work. Regarding the Internships Law, this is the third attempt since 2021. Although unions and NGOs are part of the working group, employers seek to limit union consultation rights and promote flexible, low-paid internship schemes with little transparency.

Social

The 2026–2028 fiscal strategy keeps social protection spending low despite high poverty and underfunded public services. Real wages in healthcare, education, and social welfare systems are not adequately adapted to inflation, causing staff shortages, overwork, and poor conditions. Trade unions demand real wage growth, reform of the coefficient system, and higher funding for social sectors and pensions. They reject token increases that conceal austerity. Although formal dialogue exists, decisions remain unilateral, with unions citing ignored or only partially addressed demands and a lack of transparency in fiscal planning.

Pension increases and decree "amount alongside pension": The government granted a pension increase and a monetary supplement for all pension types. While this helps with living costs, it remains below inflation and is not enough, leaving many pensioners in poverty. | Pensioner unions call for stronger indexation, regular raises, and better

[1] Serbia's engagement with the IMF under the Policy Coordination Instrument (PCI) requires fiscal discipline, PFM improvements and structural reforms (SOE governance, tax administration). This IMF-oriented approach prioritises deficit reduction and SOE restructuring, which can translate into wage restraint, headcount reductions in public firms, and pressure on social transfers if adjustment is not socially balanced.

healthcare access, noting that their influence in decision-making is limited and dialogue remains minimal.

Salary increases/coefficients in public sector: the government and Ministry of Education agreed to raise education salaries by 5% in March and 5% in October 2025 | Unions call for a review of the coefficient for the whole public sector.

Environmental

The 2026–2028 Fiscal Strategy neglects the investment needs for environmental protection, clean energy, and just transition, despite EU commitments. Serbia continues to delay coal phase-out and underfund green infrastructure, while maintaining energy subsidies. | These delays endanger jobs in coal and energy sectors and expose communities to pollution, with workers and households bearing the costs. Unions and NGOs demand urgent investment in just transition, retraining, and adequate green financing, opposing cost-shifting to citizens. Consultations exist only formally, with limited transparency and unilateral government decisions.

Switzerland – SGB-USS / Swiss Trade Union Confederation

Full country contribution **here**

Budgetary/Fiscal

Step-wise spending cut in the national yearly budget as well as, on top, an overall large-scale austerity package currently in parliamentary discussion. A budgetary rule –spending brake – has been in place on both federal and cantonal levels for around almost 20 years.

Switzerland – Travail.Suisse

Full country contribution **here**

Budgetary/Fiscal

The Federal Council has presented a financial relief programme cutting spending for public services, education and climate policy, with hardly any new revenue planned.

Economic

The Federal Council plans to cut administrative burdens by reviewing regulations in four areas: public procurement, pharmaceuticals, construction appeals, and industrial enterprise rules. The effects on workers are still unclear, but Travail.Suisse insists that any deregulation must be justified and must not harm employees.

Social

The government plans to reduce survivor pensions. Travail.Suisse strongly opposes the cuts, as they would increase poverty risks, particularly affecting those with low incomes, care duties, or limited earning opportunities due to traditional gender roles.

Environmental

The financial relief programme includes cuts that would reduce funding for climate policies, weakening Switzerland's climate action efforts. Travail.Suisse has rejected the entire austerity package, expressing its opposition in multiple occasions.