**Rethinking the EU sustainability model to achieve autonomy, resilience, and full employment.**

Edition 2022

INTRODUCTION

The new European Semester will take place during a time of high uncertainty. Taking into account the new global dynamics, the energy shock or the diverse internal factors, we need a tight-knitted cross-border cooperation among workers. With the EU response to the pandemic crisis we have witnessed a shift in the narrative of austerity, but unfortunately, the possible return of SGP rules, will reduce the contribution to the achievement of EU objectives for sustainability and social resilience instead of building paths for societal well-being and the upward convergence of living and working conditions.

In this way, a stronger advocacy for more public investment and a revision of economic and fiscal governance rules are crucial. We must build a new sustainable growth model for Europe, not only based on GDP – see the Ireland example as the best performer, not according to social indexes like quality of employment lagging behind, but on well-being and sustainability indicators supported by CSRs and strategic national plans. The European Semester has to coordinate such measures and frame them into a wider strategic development model that includes resilient economies and societies, with the Green Deal and the Digital Agenda at its core, so to boost an open strategic autonomy, along with a Social Agenda that implements the European Pillar of Social Rights (EPSR).

We should combine short-term emergency measures like the SURE mechanism, which helped to prevent a huge drop in the employment rate during the pandemic, with long-term goals, notably to face the digital and green transitions. The consequences of the Russian war of aggression in Ukraine have obliged the EU to quickly target energy processes and supply (phasing-out fossil fuels dependency), aiming at the strategic autonomy. On the other hand, the EU is experiencing high levels of inflation, endangering the purchasing power of workers and family across EU Member States. In this context, the role of social policies become crucial, not only as response to different crisis but also as compass to face the current and future challenges in EU. The solidarity approach that favoured the creation of Next Generation EU should be replicated for a permanent fiscal capacity.

CONTENTS

1. Democratic vs. non-democratic economies. Financial and fiscal responses to a global crisis
2. New frontiers for EU investments, industrial policy and employment
3. Rule of law, corruption and quality of work across Europe
4. Territorial disparities and their political implications
5. The future of social protection
6. Conclusions
7. Democratic vs. non-democratic economies. Financial and fiscal responses to a global crisis

*Four reforms will make the International Financial and Fiscal System (IFFS) better suited to serve sustainable development: (a) an equitable international tax coordination mechanism; (b) a multilaterally backed sovereign debt workout mechanism; (c) overhauling policy conditionality associated with development finance; and (d) increasing Special Drawing Rights to be leveraged for development finance*

*Keynote speaker: Rolph Van der Hoeven Discussant: Daniel Kostzer*

The global economic crisis had a disproportionate impact on low-income workers in developing countries, leading to increased poverty, food insecurity, and income inequality. Wealthier nations were able to mitigate the effects through extensive fiscal and financial support programs. However, developing countries lacked the capacity to implement such measures and instead received limited multilateral contingency financing, revealing the inherent flaws in the international financial and fiscal system.

Recognizing the interdependence between the cost-of-living crisis and the finance system, this dissertation emphasized the need for comprehensive reforms. It highlights the urgency of addressing the shortcomings of a dysfunctional system by examining its impact on developing and impoverished nations. Furthermore, the different experts put forward several proposals to make the system better equipped to achieve the Sustainable Development Goals (SDGs) and mitigate the consequences of the COVID-19 pandemic.

On this way, to ensure sustainable development, four key reforms are proposed for the International Financial and Fiscal System (IFFS): Firstly, an equitable international tax coordination mechanism is recommended to address tax avoidance and promote fairness in global taxation.

Another crucial reform is the creation of a multilaterally backed sovereign debt workout mechanism. This mechanism would assist countries in managing and resolving their debt burdens, providing them with a pathway towards sustainable economic recovery. By addressing the challenges of sovereign debt, this reform would alleviate the burden on developing countries and support their long-term development efforts.

Thirdly, policy conditionality associated with development finance needs to be overhauled, ensuring that it aligns with the principles of inclusivity and sustainability.

Lastly, increasing the leverage of Special Drawing Rights (SDRs) for development finance would provide developing countries with additional resources. SDRs are international reserve assets created by the International Monetary Fund (IMF) and can be used to supplement existing resources, allowing countries greater access to funding to address their immediate needs and support long-term development goals. By implementing these reforms, the IFFS can better serve sustainable development goals, address the fallout from the global crisis, and foster more equitable economic outcomes.

In the midst of the current global crisis, both workers from developed economies and those from emerging economies are being adversely affected. This situation indicates that continuing with "business as usual" will cause significant harm to workers and their families. Implementing large-scale austerity policies will further burden them. With the current situation characterized by reduced growth forecasts, accelerating inflation, and mounting sovereign, corporate, and household debt, we ask for policy interventions, particularly through mechanisms employed by central banks. These interventions are necessary after years of inadequate productive investment. We have demonstrated in this matter that although the spectre of "stagflation" is already looming, austerity measures only exacerbate the problem.

1. New frontiers for EU investments, industrial policy and employment

*This topic set in a single framework the development of EU strategies for energy, industry, defense and strategic opportunities and their role in the future of the EU, with specific focus on its social objectives of job creation and social convergence.*

*Keynote speaker: Aurore Lalucq Discussant: Federica Saliola*

The fossil-fuel-driven inflation crisis has prompted Europe to embark on a new era, particularly in terms of taxation. Raising taxes, which was once a taboo topic, is now being recognized as both an economic and social issue. This shift in fiscal policy represents a compromise between the European left and right and marks a new ideological frontier for investments, industrial policy, and employment. This also includes pursuing autonomy and full employment through new mechanisms and adopting a comprehensive approach to industrial policies that prioritize the creation of quality jobs and innovation.

In line with this, the International Monetary Fund and the European Union have introduced new instruments. However, creating jobs is a challenging task that requires a comprehensive approach involving new policies and an economic transformation at various levels (sectoral, organizational, and occupational).

Taking into account the impact of global economy, trade, and technology on the geopolitical scene, here we propose a new approach to industrial policies. This approach emphasizes the importance of targeting the creation of high-quality jobs and implementing incentives while linking it with innovation policies, active labor market measures, and the development of a skilled workforce.

The successful implementation of these strategies, supported by social protection, social dialogue, and robust growth and social policies, can lead to fruitful outcomes. By ensuring that workers are accompanied throughout various transitions, these policies can have a positive impact on employment and foster a more inclusive and resilient economy in the EU.

1. Rule of law, corruption and quality of work across Europe

*This topic addresses the internal factors that threaten our social model. It refers to a wider engagement for legality, respect of fundamental rights and fight against undeclared economy, tax evasion, and work exploitation as an urgent matter that is penalize workers, social protection systems and the overall economy.*

*Keynote speaker: Petros Fassoulas Discussant: Jeroen Jutte*

Serious and organized crime present profound challenges to society at all levels. In addition to its direct impact on the daily lives of European Union (EU) citizens, it undermines the economy, state institutions, and the fundamental principles of the rule of law. Both internal and external risks have become increasingly interconnected within the EU context. Threats such as terrorism, organized crime, corruption, and environmental crimes have emerged as major concerns.

In light of these challenges, we examine various European policies being implemented by certain countries through their National Recovery and Resilience Plans (NRRPs). These plans are instrumental in addressing the issue of serious and organized crime, and they underscore the significance of trade union action in promoting the rule of law.

It is crucial for the EU Semester and National Plans to prioritize the fight against criminal activities, raising awareness about their detrimental effects and fostering a culture of legality through collaborative efforts that transcend borders.

To effectively tackle the multifaceted problem of the rule of law, corruption, and the quality of work in Europe, comprehensive measures are necessary. These measures should encompass legal and institutional reforms, enforcement actions, and proactive engagement with trade unions. By actively involving trade unions in mainstreaming legality and the rule of law, EU institutions and member states can strengthen their collective response to organized crime, corruption, and related challenges.

The issue of the rule of law, corruption, and the quality of work across Europe demands concerted efforts. Serious and organized crime pose significant threats that require comprehensive policies and collaborative actions at both the national and EU levels. By integrating legality and the rule of law into recovery plans and fostering cross-border cooperation, Europe can make progress in combating criminal activities and promoting a culture of legality that upholds the principles of justice, fairness, and social cohesion.

1. Territorial disparities and their political implications

*In this panel, we address the divide between rural and urban area and we evaluate impact that geographical inequalities have on the viability and consensus on of European policies for development. This debate refers to the SDGs narrative for a social, economic and environment-friendly development model.*

*Keynote Speaker: Rocio Martinez-Sampere Discussant: Silvia Rainone*

In this analysis, we dove into the concept of territorial divisions within European countries like Spain, Germany, France, and Poland. By examining values such as identity and power, the aim is to understand the underlying factors contributing to these divisions. The notion of "shared prosperity" has been overshadowed by a growing sense of inevitability, as territorial, ethnic, and cultural differences increasingly define our identities and contribute to division.

The existing polarization is not only based on political issues but also rooted in affective differences between our collective expectations and the potential solutions available. In order to address the upcoming crisis and its political implications, it is crucial to refocus our attention on what is truly at stake.

To achieve this, a combined strategy is necessary. On one hand, there needs to be an "abrasive compensation" through public policies that provide support and security for citizens who feel insecure amidst the ongoing changes, such as digitalization. This includes ensuring that everyone feels included in the system and embracing a shift in the political narrative when engaging with the people.

By implementing these measures, governments can strive to bridge the territorial disparities and foster a sense of inclusivity and belonging for all citizens. This requires acknowledging and addressing the specific concerns and challenges faced by different regions within a country. It also necessitates a comprehensive approach that goes beyond political rhetoric and focuses on concrete actions and policy changes that promote equal opportunities and shared prosperity. Public policies should focus on providing adequate support and resources to regions that have been disproportionately affected by economic transformations, technological advancements, and other disruptive changes. This can be achieved through targeted investments, infrastructure development, and job creation initiatives that promote economic growth.

This requires engaging in meaningful dialogue, actively listening to the voices of marginalized communities, and developing inclusive policies that address their specific needs while working towards a common vision of shared prosperity. By doing so, governments can rebuild trust, foster social cohesion, and mitigate the political implications of territorial disparities.

1. The future of social protection

*This topic addresses demographic trends, labour market policy and impact on population, fighting poverty and reforming of social protection systems. This session also addresses the issue of social expenditure to protect people during the transitions. In the new scenario people demand for security covers not only shelter against enemies but also access to health and protection of income. The ETUC proposal for a SURE 2.0 will fit in this panel.*

*Keynote Speaker: Jozef Pacolet Discussant: Paolo Reobani*

The future of social protection is a topic of critical importance, particularly in light of the lessons learned from the recent COVID-19 pandemic. The resilience of the welfare state has been reaffirmed during this crisis, providing a safety net for individuals and communities in times of economic hardship. However, it is evident that there are areas in need of improvement, as economic governance and social convergence have experienced a slowdown.

Despite increased spending on social protection by affluent economies, it has become clear that further development is required, particularly in healthcare and long-term care systems. This gap, as highlighted, must be addressed through strengthened social security measures to prevent privatization and its potentially detrimental consequences. Moreover, it is crucial to acknowledge and confront other contemporary challenges, including war, inflation, energy shortages, and climate change, all of which expose our vulnerabilities.

To ensure the future effectiveness of social protection, comprehensive action is necessary. Firstly, it is essential to invest in healthcare and long-term care systems, ensuring their robustness and capacity to meet evolving needs. Additionally, efforts should be made to enhance social security mechanisms to provide adequate support and prevent the privatization of essential services.

Furthermore, addressing the broader challenges of war, inflation, energy shortages, and climate change requires proactive measures. This includes developing strategies to mitigate conflicts, implementing policies that mitigate inflationary pressures, investing in renewable energy sources and promoting energy efficiency, and adopting sustainable practices to mitigate the impacts of climate change.

Social protection must also be inclusive and equitable, addressing the needs of vulnerable populations and promoting social cohesion. It is crucial to foster social convergence, narrowing the gaps between different segments of society and ensuring that everyone has access to essential services and support.

In conclusion, the future of social protection lies in recognizing and addressing the gaps and challenges that exist within our current systems. By investing in healthcare and long-term care, strengthening social security measures, and proactively addressing contemporary challenges, we can build a more resilient and inclusive social protection framework. This will safeguard individuals and communities in times of crisis, promote social cohesion, and ensure a more secure and sustainable future for all.

1. Conclusions

The analysis and proposals described above for some of the issues beating our society could be an useful input for the upcoming consultation for the European Semester Package. In fact, there will take place an European Social Partner Consultation the next 28th September 2022, where our affiliates and experts could gather new ideas about old problems, the main objective of Rethinking, always considering and binding that trade union demands are there. We need to push for change.

We monitor how measuring of different aspects of social life correspond among each other – continuing work on “ETUC SDG8 index”, keep a critical eye on Social Scoreboard, following the implementation of NRRPs and making sure that social aspect doesn’t disappear.

