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Move up a gear for sustainable development!

Comments and proposals from

The European Trade Union Confederation (ETUC),
The Platform of European Social NGOs (Social Platform) and
The European Environmental Bureau (EEB)

For the 2006 Spring Council on the Lisbon Strategy

■ **Time to show real European leadership!**

Large sections of the population are worried. They worry about high unemployment and the lack of decent jobs. They are concerned about companies moving jobs to low wage regions. They fear for their social welfare and social protection systems. They are concerned about their health, their quality of life and about the risk that we are rapidly depleting our natural resources.

They have good reason to worry. Europe is indeed confronted with major social and ecological challenges. Poverty is on the rise. Precarious jobs – that pay headline wages, provide little security, give no access to training nor prospects to move to a better position – are spreading throughout Europe. More and more workers are being forced into accepting pay cuts and working longer hours while profits are soaring and an elite ‘happy few’ is enjoying unimaginable perks. Similarly, environmental issues are pressing. Climate change can dramatically deteriorate the conditions for prosperity on our continent. Biodiversity is essential for our natural capital. People urgently need protection against pollution that affects their health.

The European Union cannot afford to ignore these issues which are of such major concern to people in Europe. To respond to people’s priorities the answer is not less Europe, but rather a different and better Europe. A Europe that protects rather than attacks working conditions and social rights in the name of a narrow concept of competitiveness. A Europe that respects and conserves natural capital rather than depleting it by going for short-term, unsustainable growth. A Europe that gives top priority to fighting unemployment as well as the fight against poverty and social exclusion. A Europe that protects its citizens against pollution and maintains its natural capital.

We believe the European Union is currently falling short in addressing these challenges. We believe that its renewed Lisbon Strategy, which is seen to dominate other policies, is incomplete and imbalanced. It is putting the main emphasis on the economic pillar of competitiveness. It is mainly focusing on building an internal market that has no barriers for business. And meanwhile, it is forgetting that the forces of competition need a social and ecological framework to keep them away from cut-throat competition, social dumping, environmental disasters and the depletion of natural

capital. It is neglecting the fact that, to promote sustainable development, economic policies are simply not sufficient and need to be supplemented by explicit social and ecological policies.

European leadership must be driven by wider concerns than a business-friendly agenda of internal market and simplified regulation. What matters for the welfare of present and future generations within and outside of Europe must be at the heart of any real leadership – this is the basis of good governance for sustainable development.

■ **‘Competitiveness’ as a basis for action should not replace the fundamental objectives of the European Treaty**

We are not against the internal market. But we do believe that the European project is about more than just that. The EU has many objectives and tasks, as laid down in the European Treaty. This includes promoting social objectives such as social cohesion. It also includes the requirement to protect and improve the quality of the environment throughout all of its policies. The Commission is the ‘guardian’ of the Treaty and is supposed to initiate new EU initiatives and legislation to achieve all Treaty objectives.

We are worried that the ‘competitiveness’ agenda of the internal market is becoming dominant and that this jeopardises fundamental objectives of the Treaty. We disagree fundamentally with those claiming that competitiveness is necessary – and sufficient for social cohesion and ecological sustainability. Jobs are not the best guarantee for social cohesion if the jobs that are created are second-tier positions – without decent wages and decent working conditions. Competitiveness is not served by creating an underclass of workers that is lacking skills, suffers from health-related problems and is unable to raise productivity or engage in innovation. Neither is it served by downgrading the environment to obtain limited but short-term gains that trigger devastating long-term costs. Proposing, as the Commission does, that at least 60% of cohesion expenditure should be devoted directly to competitiveness, risks neglecting environmental concerns and leaving the weak behind without much support – while supporting those that are already in a strong position on the labour market.

We call upon the European Parliament, the European Commission and the European Council to develop initiatives that aim to achieve all the major objectives of the European Union. Competitiveness and the internal market should not be prioritised at the cost of other objectives and policies. On the Services Directive, we urge the Commission and the Council to take seriously the European Parliament’s signal that an internal market for services should not weaken protection for workers, consumers and services users, nor the right for Member States to regulate activities on their own territory in the public interest.

■ **Put social Europe and environmental protection at the heart of the Lisbon Strategy and national reform programmes**

Europe is moving. National governments are implementing reforms. But our analysis of the national reform programmes shows that national actions that lack a clear and unambiguous European

framework risk making matters worse. In too many cases, Member States are trying to outbid each other for the lowest wage, the most flexible labour regime, the least labour rights, the lowest social protection and the lowest taxation on profits. And governments are under strong pressure not to move ahead with necessary environmental protection unless it is agreed in “Brussels”. At the same time, leadership from “Brussels” is lacking.

Most of the time, Member States fail to adopt an integrated approach in spite of all the evidence that positive synergies exist between environmental, social and economic objectives. In many cases it is not clear how the national Lisbon plans fit into the existing national strategies for sustainable development, nor how they help tackle the major long-term challenges such as climate change, poverty reduction and unemployment.

Responsibility for this lies not only with Member States themselves. Responsibility also lies in the fact that the European framework is not up to the job, and that it is too weak to prevent Member States from taking each other hostage in the ongoing fight for jobs and investment. Basically, this reveals the fundamental weakness of the Lisbon Strategy as regards its capacity to trigger long-term, balanced sustainable development.

We therefore call for strong leadership from the European Parliament, the European Council and the European Commission to provide a real framework for reforms that make things better. Europe needs a level social playing field to rule out unfair competition and the race to the bottom. Europe needs to use its strength of working together to trigger a ‘race to the top’ in the areas of environment, research, eco-innovation, social protection and social cohesion, education, childcare and lifelong learning.

■ **Reforms need political and civil society involvement and support**

We believe it is extremely worrying to see that the new Lisbon Strategy, despite intentions to the contrary, has in practice watered down consultation and dialogue on reform. With the focus shifting from national employment and social inclusion plans to national reform programmes, and with leadership of the process shifting from employment and social affairs ministers to finance ministers, consultation of trade unions and social partners has been degraded into a formal ritual. Equally bad, consultation with civil society groups and social partners – as called for by the European Council – has barely taken place. We are also concerned that the reform programmes have not gone through a broader parliamentary process. It has thus remained a bureaucratic exercise kept away from any public debate. How is it possible to call for ownership of reforms and the mobilisation of all stakeholders whilst taking no action to ensure open debate and the involvement of key actors, particularly the European and national parliaments? This needs dramatic change.

We therefore call upon the governments of the Member States and the Commission to better involve the European Parliament and the national parliaments, and to organise meaningful and permanent consultations with trade union and civil society organisations on the national elaboration and implementation of the Lisbon Strategy.

COMMENTS AND PROPOSALS ON THE FOUR PRIORITIES PROPOSED BY THE COMMISSION

■ Action 1: “Investing more in knowledge and innovation”

Spending on research and development should be supplemented with the requirement to include the consequences for environmental and social sustainability. This requires targeting aid on R&D to areas that concretely contribute to sustainable development. One example would be to develop transport systems, logistics, low-transport access to services and spatial planning that reverse the current trend of ever-increasing transport volumes; another would be to combine energy efficiency with greater comfort and lower bills for the vulnerable groups in housing, plus high performing and low energy products, and clean energy production and use. The EU has developed an Environmental Technology Action Plan which gives some direction, but needs stronger support and more effective instruments at EU level for effective implementation. Increased consistency and coordination between the joint technology initiatives and national programmes in the same areas are also needed, in order to prevent national research programmes from competing against each other.

The three organisations reiterate the “Investing for a Sustainable Future” proposals¹ they made regarding transport and housing, and call upon Member States to integrate these into their Lisbon implementation programmes.

We urge the Commission and the Council to give priority to balanced sustainable development objectives in their R&D programmes and to increase coordination between national and European initiatives.

■ Action 2: “Unlocking the business potential, particularly for SMEs”

Europe and its citizens and businesses need better regulation. But better regulation should not become synonymous for simple deregulation and a one-sided cost approach. Any initiative on better regulation should not only look at administrative costs and burdens, but also at the social and environmental benefits that regulation may bring with it. Impact studies of regulation should also look at social and ecological impacts – not just the cost for business in implementing regulations.

We urge the Commission and the Council to take a balanced approach towards better regulation, and in the design of better regulation initiatives – to avoid giving ultimate priority to favouring limited cost savings for business, rather than safeguarding people’s health and environmental or social protection.

¹ <http://www.etuc.org/a/1472>

■ Action 3: “Responding to globalisation and ageing”

The question is not whether workers should adapt or not to globalisation and the ageing of the population. Instead, the question is how to adapt in the right way. How can we make sure there is upward flexibility and upward mobility? How to ensure that the European economy moves up the ladder of technology and innovation? That as many workers as possible are encouraged to take part in the process of upgrading the economy? That no one is left behind?

The policy agenda this implies is an agenda of fair working conditions. To work smarter and not longer. To reconcile family and work life. To have a worker-friendly workplace that is adapted to the real needs of workers. To support reorientation of workers who are hit by restructuring. To promote lifelong learning. To control excessive forms of flexibility and precarious jobs. To guarantee fair and decent wages and protect workers from the burnout caused by a culture of long working hours.

We call upon the European Commission, the Council and the Parliament to present a roadmap for social justice and fair working conditions to make productive and positive change happen. As a first step, practices of excessive labour market flexibility inhibiting innovation and upward mobility need to be identified. As a second step, new European legislation and/or renewed European coordination of labour market policies – to remedy or eliminate this excessive flexibility – need to be considered and implemented.

■ Action 4: “Moving towards an efficient and integrated EU energy policy”

EU energy policy should be geared towards long-term sustainability, which means enhancing the security of energy supply, limiting global warming and reducing pollution, preventing nuclear risks and guaranteeing access to essential energy services. Reducing energy demand and developing clean energy supply are key.

Competition by itself has proved not to be the best way to achieve these goals. The internal energy market has resulted in private oligopolies replacing the former public monopolies – as well as higher and unstable prices, reduced investment and huge job losses. A rigorous evaluation of the internal energy market must therefore be carried out. The regulatory framework should be strengthened accordingly – in order to guarantee security of supply, protection of vulnerable consumers, quality employment and environmental protection.

Renewable energy production should be given a major boost. The CO₂ Emission Trading Scheme should be strengthened and made more transparent. It is urgent to start the negotiations for a political agreement on substantial environmental fiscal reforms, thereby serving the purpose of reducing both labour costs and price signals in order to trigger energy-saving activities. These reforms should include the transfer of subsidies from ecologically damaging energy-related activities to clean production and energy efficiency.

Energy poverty should also be tackled, by facilitating renovation into efficient and comfortable homes for the poorest groups. Decoupling of transport growth and GDP growth should be initiated, in particular by reorienting transport investment towards accessible, affordable, and environmentally viable alternatives to the private car, including better spatial planning.

Public authorities can have a major impact on the development of environmentally sustainable energy supply and use, by greening their public procurement. While this is legally possible, a determined initiative by the Commission and European Council could help mobilise this massive resource.

We urge the Commission and the Council to adopt a consistent approach towards energy issues at EU level, focusing on achieving sustainable development.