

# ETUC for sustainable economy and social progress

# A strategy against austerity and for sustainable investment



# Core elements of the Commission's proposal for EU economic governance reform

- The proposals of the European Commission aim at striking a balance between reductions of debt levels and supporting sustainable growth, while promoting national ownership, improving enforcement and simplifying the rules. The proposals pivot around a number of key elements:
- **Country-specific fiscal adjustment (partially achieved)**
- **Medium-term focus (from annual CSRs to Mid Term Fiscal Structural Plans)**
- **Shift towards more observable indicators (??? Not really....)**
- **More automatic deployment of debt-based excessive deficit procedures (EDPs)**
- **Safeguards (see next slide)**



# Safeguards (how much do we trust each other...)

*No-back-loading safeguard (don't promise, do it)*

*Debt safeguard (show me you are doing it)*

*Excessive deficit safeguard (show me you are ready to change to do it, but I am ready to consider many alleviating or aggravating factors)*

*Expenditure growth safeguard (check it out)*



# In numbers

DEBT > 60%	$90 < x < 60\%$ -0.5% or	>90% - 1%
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*minimum debt reduction per year*

3%      Max headline deficit (for all MS)

1.5% max structural deficit, safety margin (structural) from 3%

0.4% or 0.25% deficit reduction of structural primary balance per year up to 1.5%

Investment levels: ... without leading to a reduction in the level of nationally-financed public investment over the period of the plan, compared to the medium-term level before the start of the plan, taking into account the scope and scale of the country-specific challenges



# CHAPTER 1: A BUILDING BLOCK STRATEGY



## ANTI AUSTERITY ACTION

Providing inputs, idea and actions that promote reforms and policy priorities in national plans that aim at social progress and upward convergence of working and living conditions, in opposition to austerity-driven reforms.



## INVESTMENTS FOR SUSTAINABILITY AND QUALITY JOBS

Providing inputs for investments using as criteria sustainability, employment creation and quality jobs, in opposition to criteria that gives priority to fiscal sustainability.



## TRADE UNION INVOLVEMENT AND CAPACITY BUILDING

Establishing plans and solidarity measures to ensure that trade union involvement is ensured at European level and with equal opportunities for all ETUC member in all member states.

# ETUC KEY MESSAGES FOR THE SEMESTER 2025

- The reformed Stability and Growth Pact will result in an EU economy short of resources for investment and social expenditure. Investments and current expenditure in social policies will be affected negatively.
- The EU Semester will likely perpetuate a social gap if the labour-related challenges identified in the Social Convergence Framework are not addressed in the Mid-Term Fiscal Structural Plans (MTFSPs). If the MTFSP will not have solid social components, the Semester 2025 will underestimate social risks.
- It's becomes evident that the DSA methodology, including its Cost of Ageing methodology, is unable to take into account the actual sustainability challenges that the EU has to urgently address.
- The investment strategy should better reflect social and environmental requirements, today is excessively focuses on Open Strategic Autonomy and security. Green transition and social infrastructures and essential services will be either underfinanced or in the remit of private economic players. Social investments and tax reforms that should be at the core of next EU semester cycles.
- Mere coordination of national budgets cannot guarantee investment levels for the common objectives, It is time to introduce an EU-financed instrument for investments and stabilisation of social expenditure.
- Social dialogue presents some challenges, we should not repeat the mistake of the RRF where the poor involvement of social partners created a bottleneck in the spending flows.

# INVESTMENT – TU TOP PRIORITY

- **social investments**, skills, inclusive labour market, and inclusion and poverty treated as an investment for the purpose of the SGP
- industry policy, **Green Deal**.
- Investing in emerging **technologies** such as artificial intelligence, quantum computing, and advanced robotics

With different priorities and country-based specificities

*When European trade unions make frequent reference to governance and regulatory tools such as social dialogue and collective bargaining, they identify a policy area in which they can make a difference.*

# REFORMS AGAINST AUSTERITY

- promoting **active inclusion** measures that support the integration of disadvantaged groups, including migrants, refugees, and people with disabilities, into society and the labour market.
- **wage formation and collective bargaining** are at the forefront of the trade union demands times as top priority). National plans should introduce measures that guarantee fair and decent wages and provide a decent living standard for workers and their families.
- **Gender-sensitive policies** are confirmed as a priority with specific emphasis on worklife balance, often coming along with correlated policies such as access to child care, school and education, long-term care services and access to essential services at large.
- **Active ageing** is very important topic for trade unions
- austerity can materialise through the weakening of the **labour related legislation, compliance and enforcement**. Tolerating non-compliance with labour law or delaying any form of modernisation or updating of workers' rights.



# FLAGSHIP: TAXATION

The European trade movement showed a common interest in advocating fairer wealth distribution and more progressive taxation schemes as tools to fight inequality and bring about social justice.

- Tax systems are progressive and more redistributive, and the tax pressure on wage earners or families depending on wage earners is mitigated, and tax policies support and incentivise collective bargaining;
- The whole tax mix increases government revenues to finance social expenditure for just transition and social protection for an ageing population.
- Tax frauds and avoidance are banned, especially fighting undeclared economy, corruption and tax evasion; that tax bases are preserved and cooperation at the EU level is established to avoid the volatility of non-labour related tax basis
- Bias on investment is removed while ensuring that polluting assets and activities are taxed more than those contributing to green objectives

# CHAPTER 2: EXAMPLES FROM MTFSP

SPAIN: acceptable practice

FINLAND: materialisation of risks  
of austerity

GREECE: example of national plans designed to  
please the Commission but not to be implemented

# SPAIN: Compare TU inputs (left side) Vs. MTFSP on investment (right side)

- Employment and Social Inclusion Programs: Investment in initiatives aimed at reducing **unemployment**, **promoting inclusive growth**, and enhancing social cohesion. This could include funding for job creation schemes, vocational training programs, and support for marginalized groups such as youth, long-term unemployed, and persons with disabilities.
- Housing and Homelessness Prevention: **Investment in affordable housing initiatives**, homelessness prevention strategies, and social housing programs to ensure access to adequate and affordable housing for all individuals and families.
- Poverty Reduction and Social Protection: Investing in poverty reduction and social protection measures is crucial for supporting those at risk of poverty and exclusion. This includes funding for income support programs, social assistance schemes, and targeted interventions to address the needs of vulnerable groups.
- Clean Water and Sanitation: Investment in clean water and sanitation infrastructure to ensure universal access to safe and affordable drinking water and adequate sanitation facilities.
- Education and Lifelong Learning: **Investing in education and lifelong learning opportunities is essential for enhancing people's skills, employability, and social inclusion**. This includes funding for early childhood education, vocational training, adult education, and skills development programs tailored to the needs of different population groups.
- Research and Development (R&D): Investment in research and development activities is essential for driving innovation and competitiveness across various sectors of the economy. This includes funding for R&D projects in areas such as healthcare, energy, digital technologies, and environmental sustainability.
- Climate Action: **Investment in renewable energy**, energy efficiency, and sustainable transportation to reduce greenhouse gas emissions and mitigate climate change impacts.
- Environmental Sustainability: **Integrating environmental sustainability into social investment priorities is important for addressing climate change and protecting natural resources for future generations**. This includes funding for green infrastructure, energy efficiency projects, and sustainable urban development initiatives.
- Sustainable Agriculture and Food Security: Funding for sustainable agriculture practices, land conservation, and food security programs to promote resilient food systems, reduce hunger, and support rural livelihoods.
- Long-Term Care Services: Investment in long-term care services is essential for supporting elderly and disabled individuals who require assistance with daily activities. This includes funding for home care services, residential care facilities, caregiver support programs, and initiatives to promote independent living and dignity for older adults and people with disabilities.

1, Ecological transition: reforms and investments aimed at reducing dependence on the use of imported fossil fuels, thereby improving the competitiveness of the Spanish economy. ...final version of the PNIEC stand out, with measures related to energy storage, deployment of renewables, promotion of self-consumption and energy efficiency. ... speeding up electrification and the deployment of networks and electricity supply points, the approval of a Strategy for the planning of the transport network 2025-2030 is included as a new measure.

2. Digital transformation: measures aimed at promoting the digitalisation of the Spanish economy and increasing the penetration of new technologies, increasing productivity and encouraging the transition towards an economy with greater added value. The measures contained in the National Plan for Digital Skills and the reform of the science and R&D system, as well as the Artificial Intelligence Strategy, stand out.

3. Human capital: this axis includes all economic policy measures that aim to expand both the quantity and quality of the labour supply in Spain. Notable measures related to the labour market (labour reform of 2021, reform of subsidies and measures to promote vocational training), the reform of the immigration system and the simplification of the qualification recognition system are worth mentioning.

4. Physical capital and productivity: this axis includes measures aimed at expanding the stock of capital installed in Spain, as well as total factor productivity. Measures aimed at improving the business climate, reducing bureaucratic barriers for companies, as well as those aimed at expanding the housing stock stand out.

5. Budgetary measures: this last group of measures complements all the previous axes, including actions that have a fiscal impact through ways beyond the increase in taxable bases due to the increase in potential GDP.

...

# REFORMS (IN GREEN, TU INPUTS VISIBLE IN MTFSP)

- Fair Wages: Guaranteeing fair and decent wages that provide a decent standard of living for workers and their families.
- Social Dialogue and Cooperation: Strengthening social dialogue between employers, workers, and governments to ensure effective policymaking and implementation of social rights.
- Assess and, where necessary, adapt taxation systems in view of the challenges arising from the transition towards climate neutrality, notably by shifting the tax burden away from labour and reducing the tax wedge for low and middle income groups towards other sources contributing to climate and environmental objectives, preventing and mitigating regressive impacts, preserving the progressive character of direct taxation and safeguarding the financing of adequate social protection and investment measures, especially those targeted towards the green transition:
- Access to Social Protection: Ensuring access to adequate social protection systems, including unemployment benefits, healthcare, and pensions, for all citizens. (PARTIALLY IN THE TU DIRECTION)
- Adapting labor laws to address new forms of employment, such as platform work and gig economy jobs.
- Regional Development and Just Transition Funds: Establishing dedicated funding mechanisms, such as the Just Transition Fund, to support regions most affected by the transition away from fossil fuels. These funds could be used to finance economic diversification, job creation, and infrastructure development in affected areas.
- Addressing Root Causes of Migration: The pact recognizes the importance of addressing the root causes of migration, such as conflict, persecution, poverty, and lack of opportunities in migrants' countries of origin. To this end, the EU aims to strengthen its cooperation with third countries, provide development assistance, and support initiatives aimed at addressing the underlying factors that drive people to migrate. (MIGRATION IS A PILLAR OF THE MTFSP BUT NOT NECESSARELY IN THE TU DIRECTION)

# FINLAND

EXTENTION OF TERMS TO 7 YEARS FOUNDED COMPLETELY ON: Reforms labour market, social security and health which will bring relevant benefits to public finances

Key reforms:

- Keeping people at work for longer periods, Increasing labour market participation of elderly workers.
- For young workers, eliminating incentives to stay unemployed for long-term unemployed.
- Incentives to work coming from less generous social security performance
- Health system made cheaper, including using technologies to have access to e-health services.
- No formal consultation with social partners (the plan declares that civil society was heard in a multistakeholder seminar)
- Huge resources to be conveyed toward the private sector for investments. Will private investment will really increase? How much of the high-standard Finnish social model will be privatised?

# GREECE

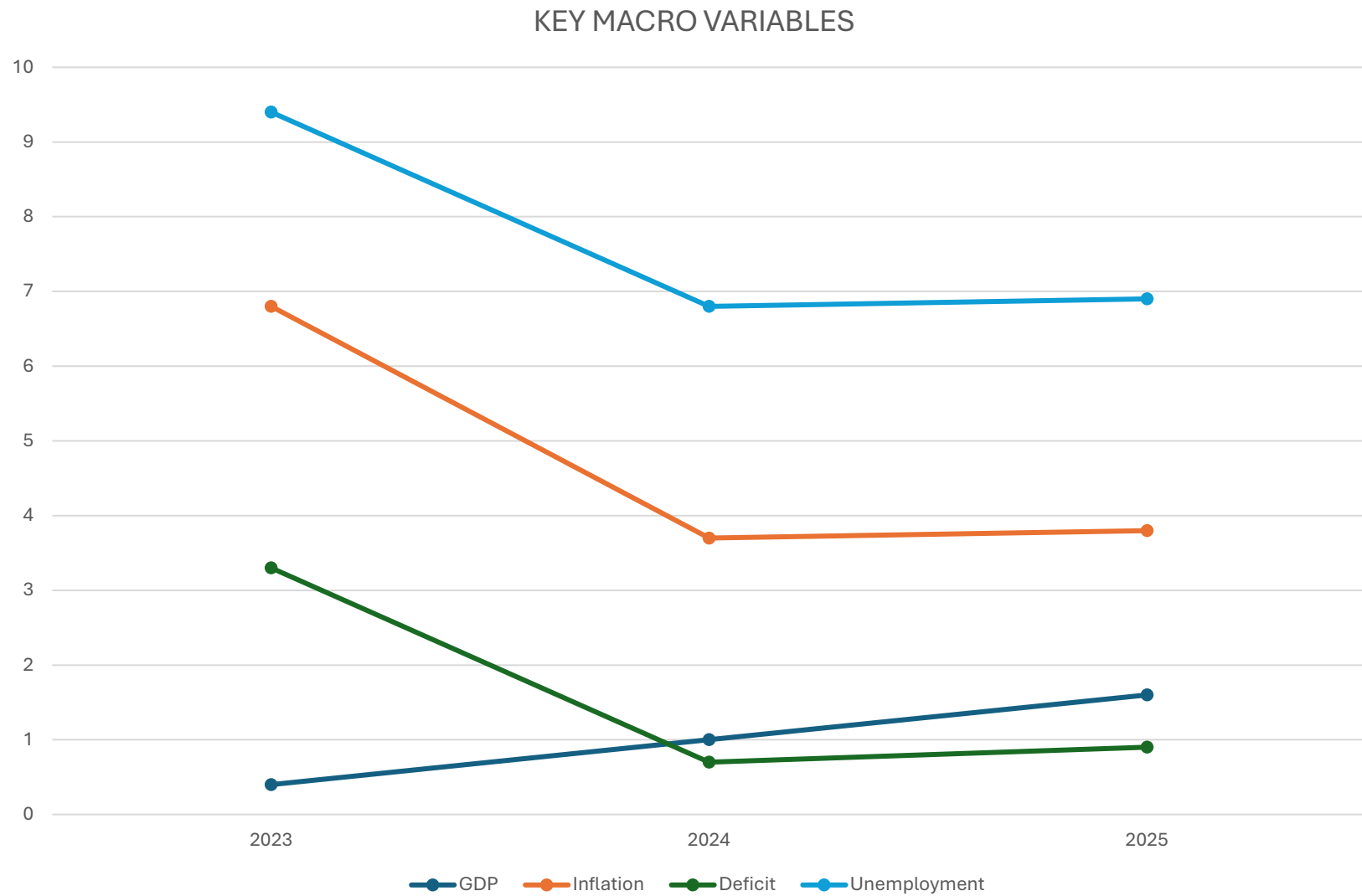
- Cuts to social protection should come from higher employment, achieved reducing disincentives to work, that is to say less generous unemployment benefits.
- But on more positive note,
- increase of minimum wage could also address issues of labour supply shortages in certain sectors as retail, agriculture, construction and tourism and lead to further strengthening participation rates in the labour market.
- Demography is addressed trying to incentivise new births
- Housing is also a policy, together with severe natural phenomenon.
- Tax evasion seems to be a good plan.
- Also plan for competitiveness and investment is expansive and rich.
- **Not clear in Greece how all these policies can be financed while drastically reducing public debt of 12pp in 3 years!!**

# CHAPTER 3: USEFUL DATA

- Main macroeconomic variables
- Fiscal stance and investments
- Wages
- Labour market
- Labour transitions (green and digital jobs)

# KEY MACRO VARIABLES EU

- Par 3.2



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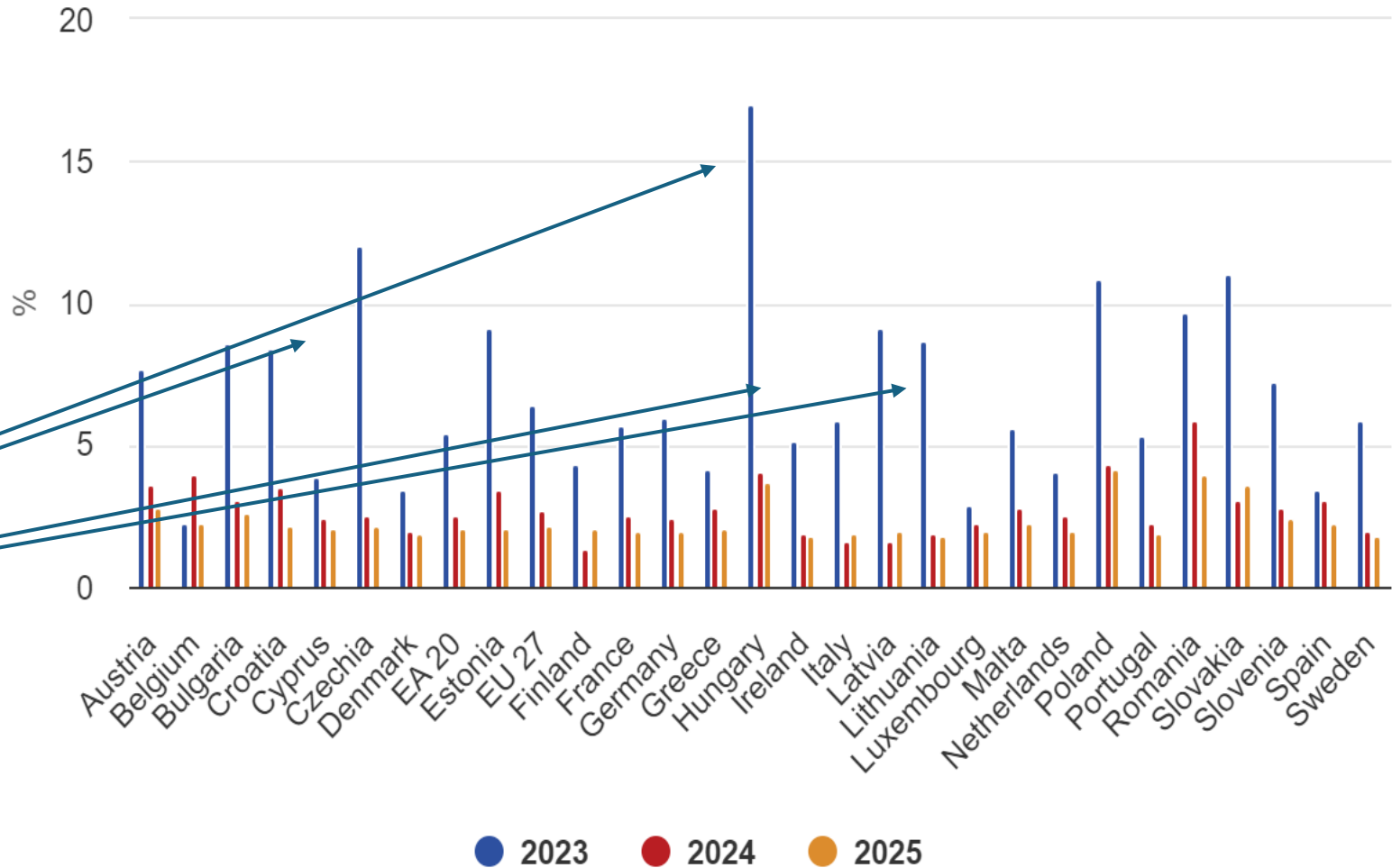


# INFLATION

Par 3.2

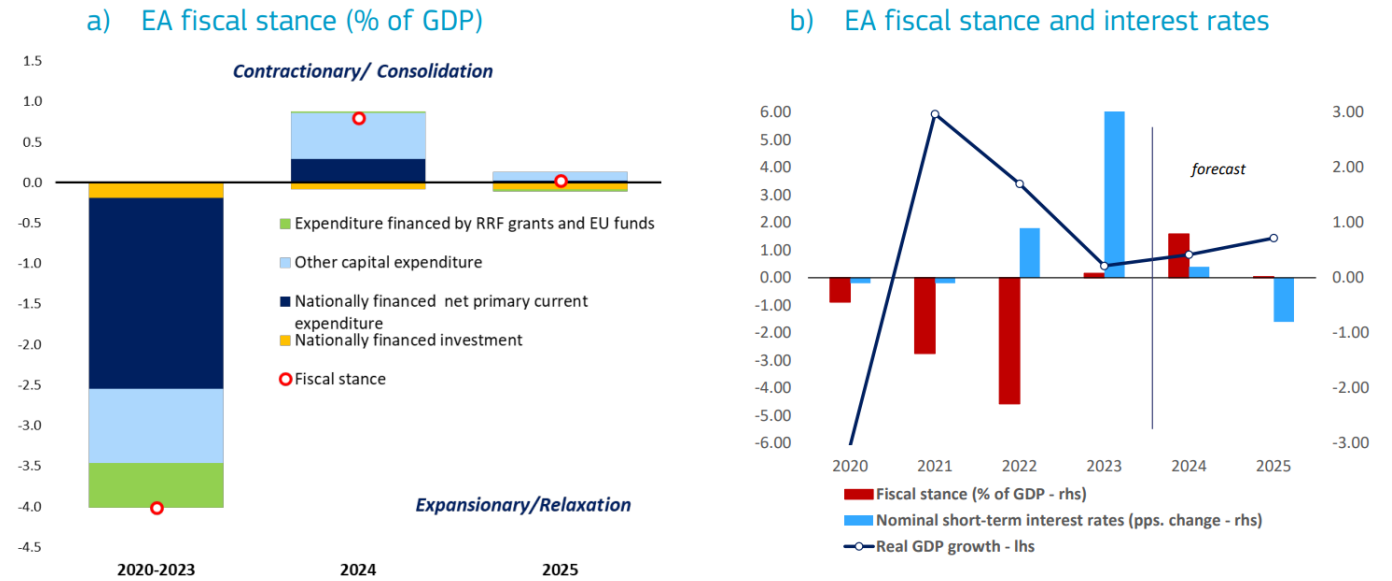
Inflation peaks  
that should be  
reflected in  
people's income  
2024 and 2025  
(wages, pensions,  
benefits, etc.)

## Economic Forecast - Spring 2024



# FISCAL STANCE 2020 >> 25

Graph 3: Euro area fiscal stance and short-term interest rates



Note: in panel a) the fiscal stance for 2020-2023 is cumulative; in panel b) the fiscal stance profile in 2020-2023 does not include the temporary impact of COVID-19 emergency measures.

Source: European Commission 2024 spring forecast.



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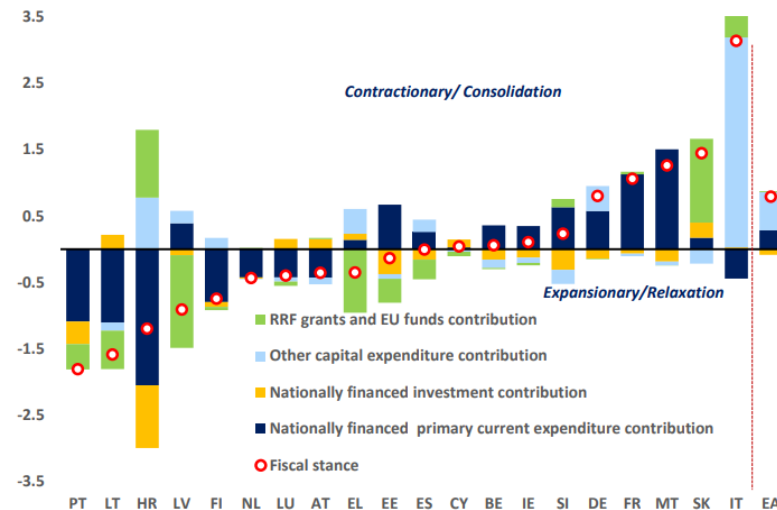
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# NET EXPENDITURE AND DRIVERS

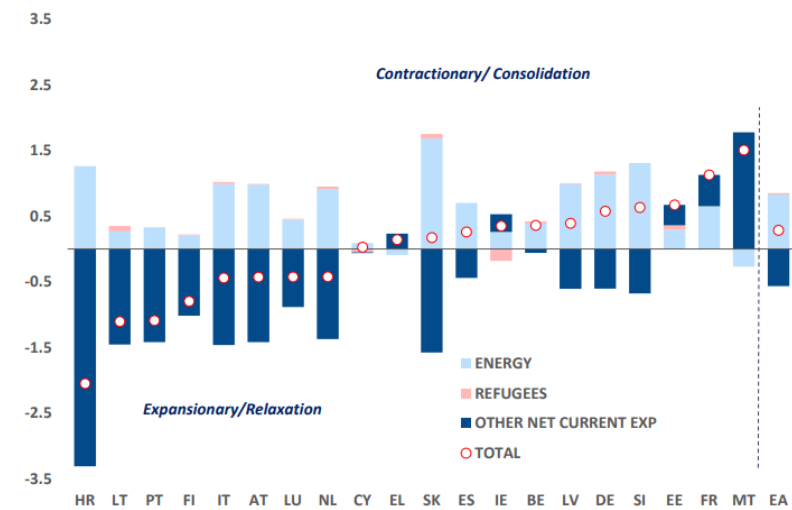
- Public finances are not supporting investment

Graph 5: **Fiscal stance in euro area Member States in 2024 (% of GDP)**

a) Fiscal stance and components



b) Drivers of net current expenditure



Source: European Commission 2024 spring forecast.



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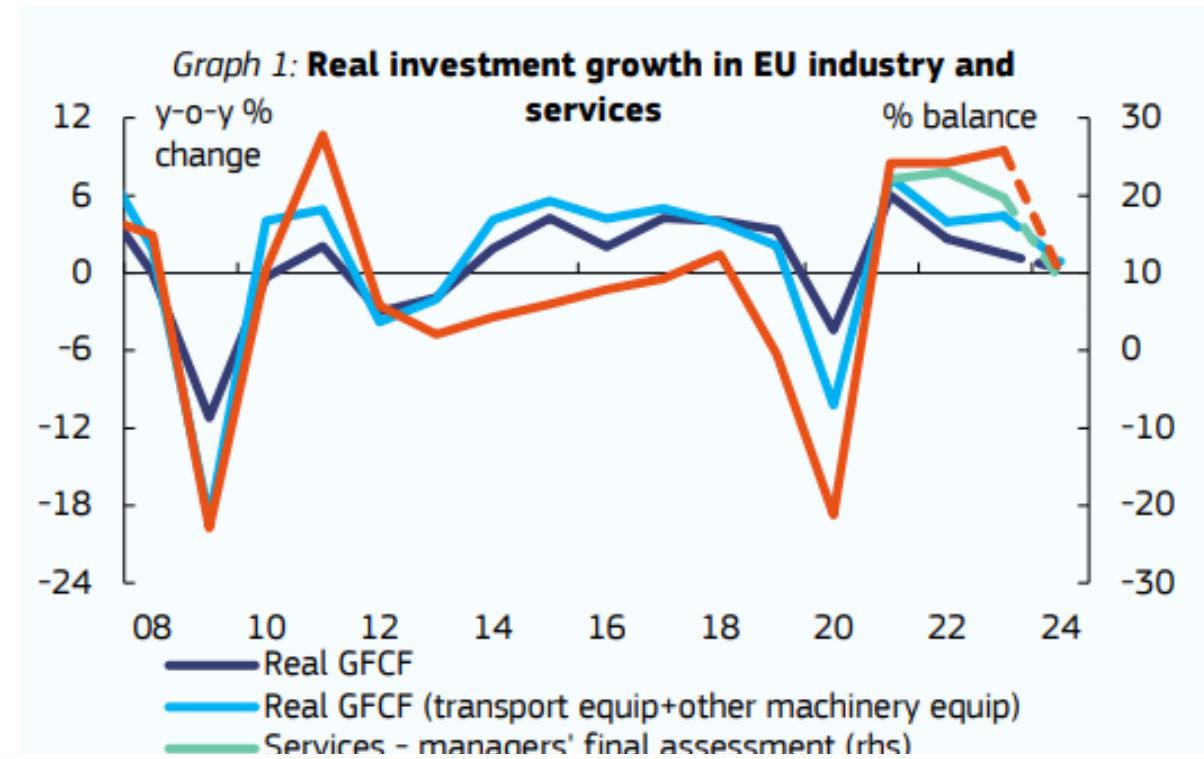
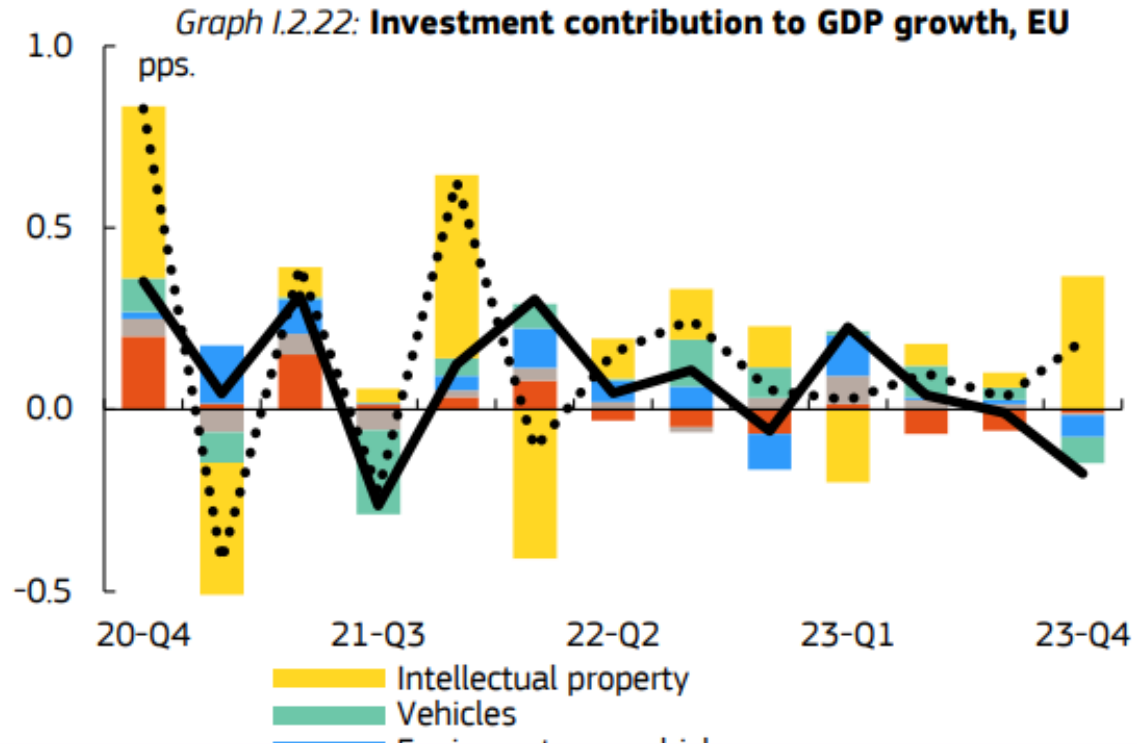


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# WHERE INVESTMENTS ARE?

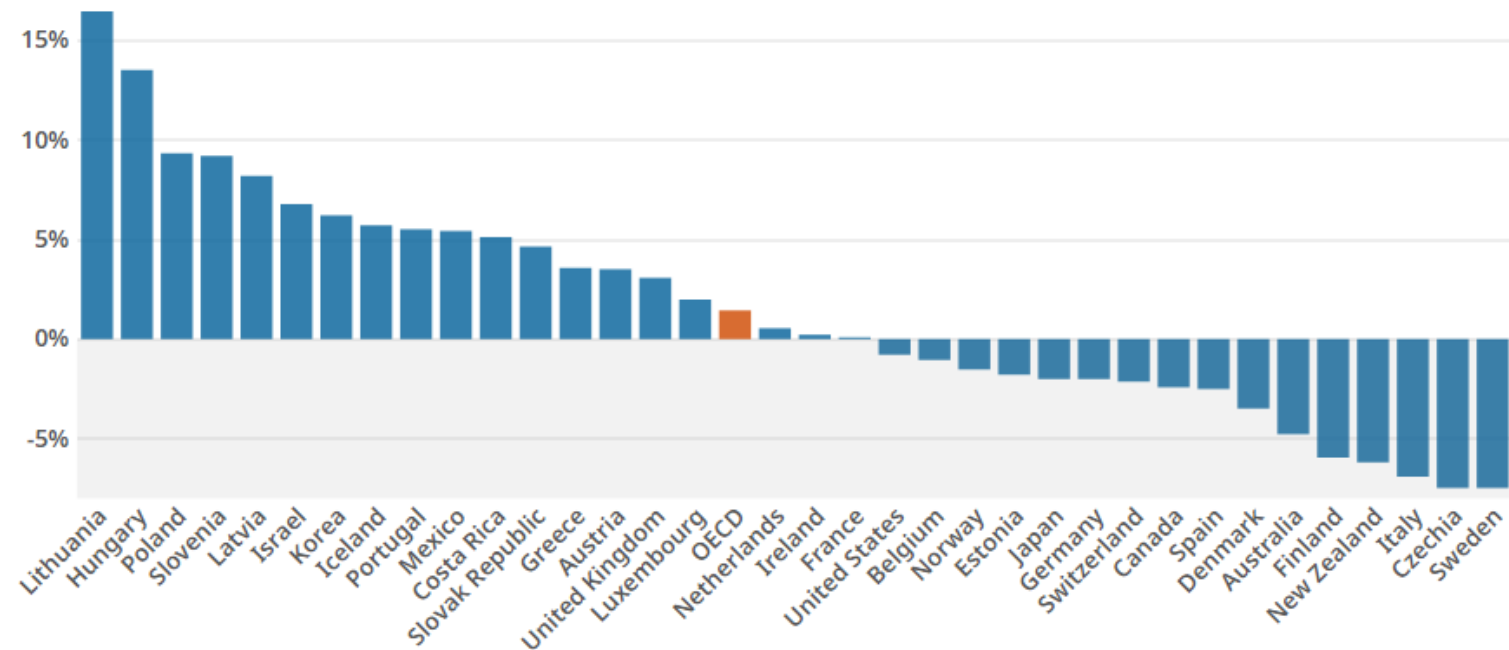


# OECD: Real wages often remain below 2019 levels

## Real hourly wages

% change, Q1 2024 or latest

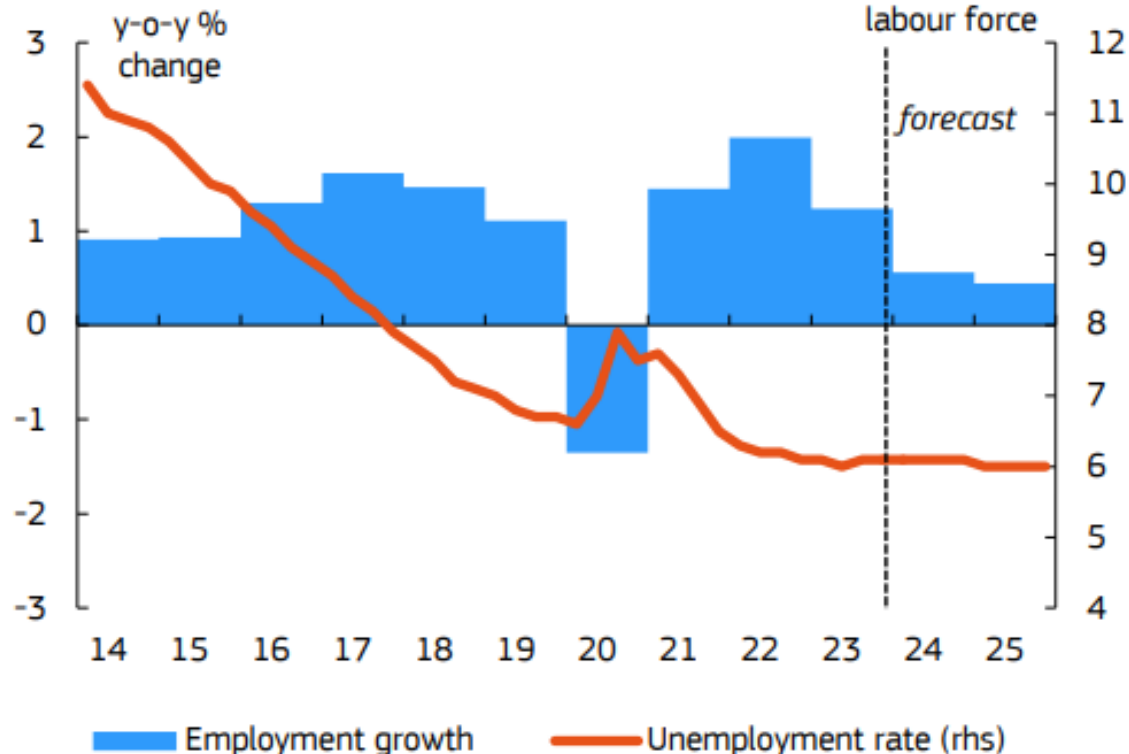
Select: **Cumulative since Q4 2019** Year on year



Note: OECD is the unweighted average of 35 OECD countries (not including Chile, Colombia, and Türkiye). The year-on-year percentage change in real wages refers to Q3 2023 for Israel, and Q4 2023 for Canada, Costa Rica, Japan, Korea, Mexico and New Zealand. The cumulative percentage change in real wages since Q4 2019 refers to Q3 2019-Q3 2023 for Israel, and Q4 2019-Q4 2023 for Canada, Costa Rica, Japan, Korea, Mexico and New Zealand. • Source: OECD (2024), [OECD Employment Outlook 2024 \(Figure 1.9\)](#).

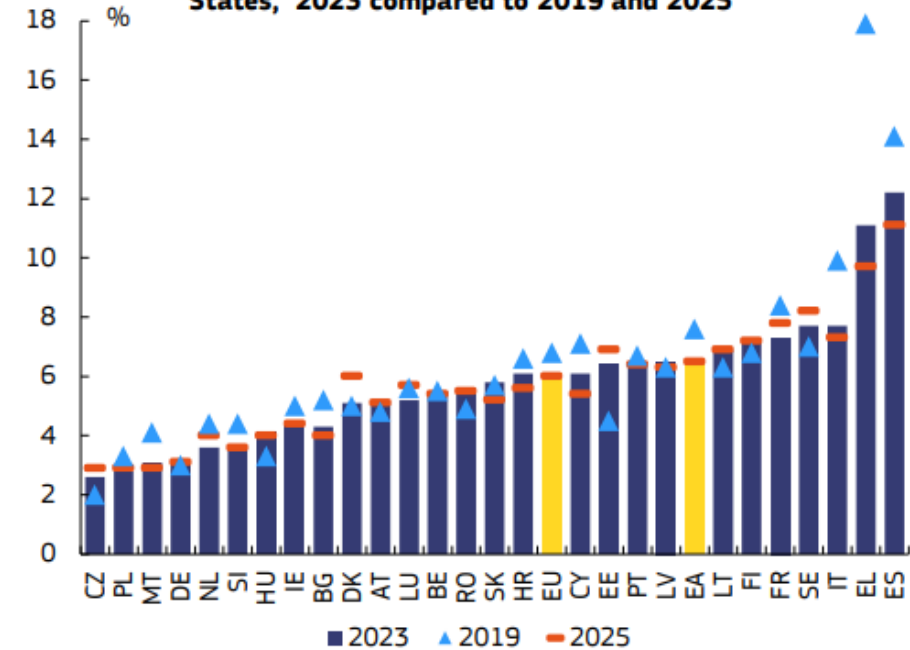
# Employment vs. unemployment – national gaps

Graph I.2.35: Employment growth and unemployment rate, EU

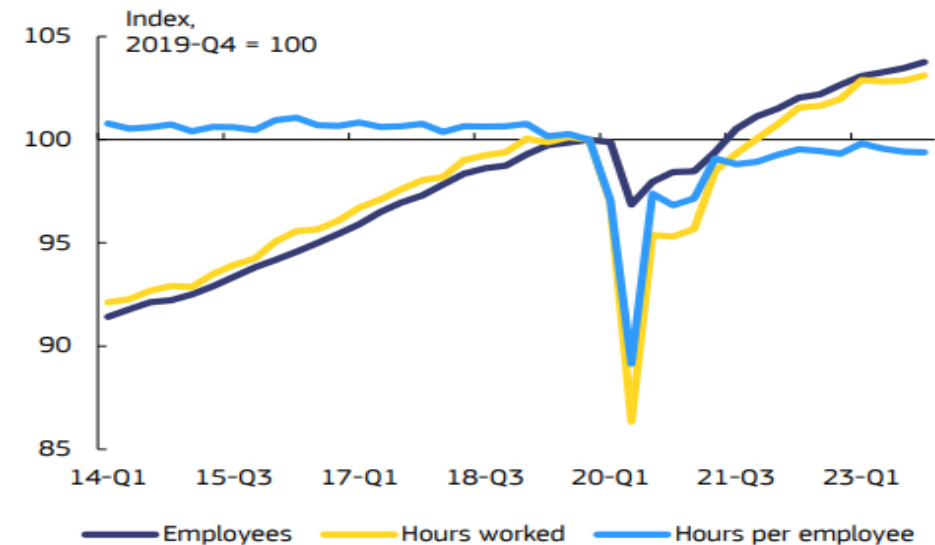


Par 3.17

Graph I.2.36: Unemployment rates across Member States, 2023 compared to 2019 and 2025



Graph I.2.33: Employment, EU



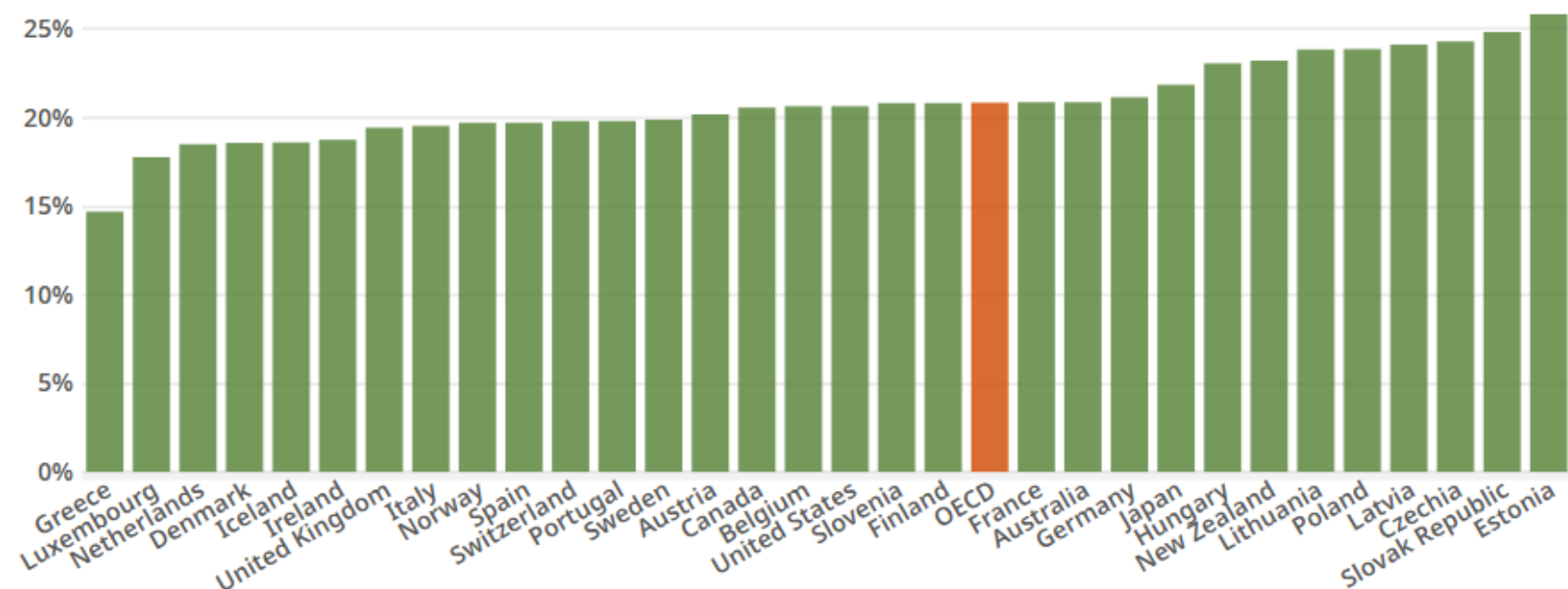
## "Green-driven" and greenhouse gas intensive occupations

% of workers, average 2015-19

Select occupations:

**Green-driven**

GHG-intensive

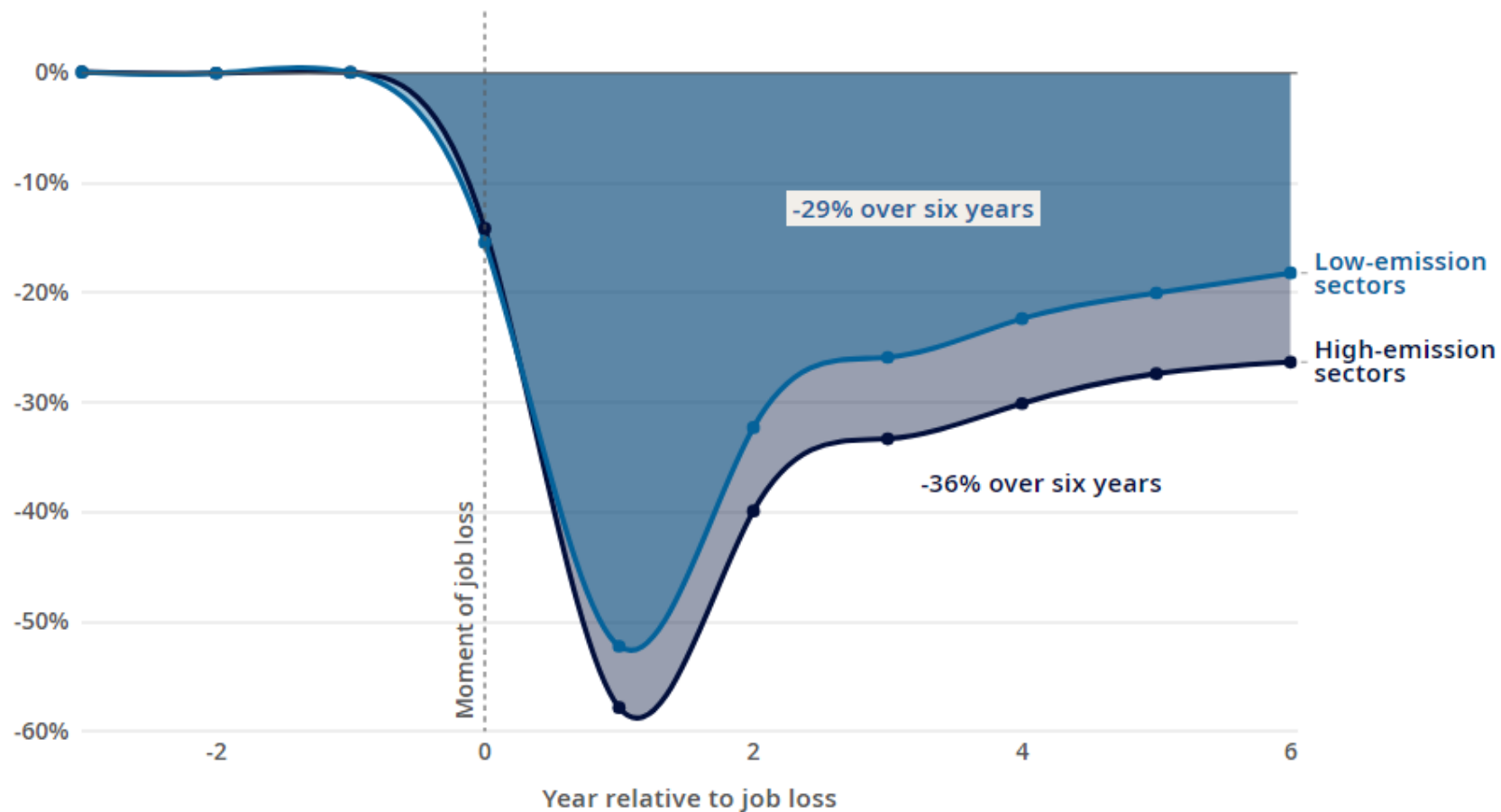


"Green-driven occupations include: 1. occupations that emerge due to the green transition and that didn't exist before (for example, Carbon Trading Analysts, or Wind Turbine Service Technicians). 2. green-enhanced skills occupation. These are occupations that are not new, but whose skills and tasks are changing due to the green transition (for example, plumbers who now specialize on installing heat pumps). 3. green-increased demand occupations. These are jobs that are not new or changing but will see higher demand in the green transition (for example, electricians, or occupational health and safety specialists). Green-driven and GHG-intensive occupations are not mutually exclusive categories." "Greenhouse Gas (GHG) intensive occupations include: 1. occupations that are particularly concentrated in industries in the upper two deciles of the average GHG-intensity distribution. Green-driven and GHG-intensive occupations are not mutually exclusive categories." • Source: OECD (2024), [OECD Employment Outlook 2024](#) (Figure 2.3).



## Earnings losses of displaced workers in differing emission sectors

% difference in annual earnings compared to non-displaced workers



Source: OECD (2024), *OECD Employment Outlook 2024* (Figure 3.6).



Figure 2: Potential exposure to automation by global sub-region

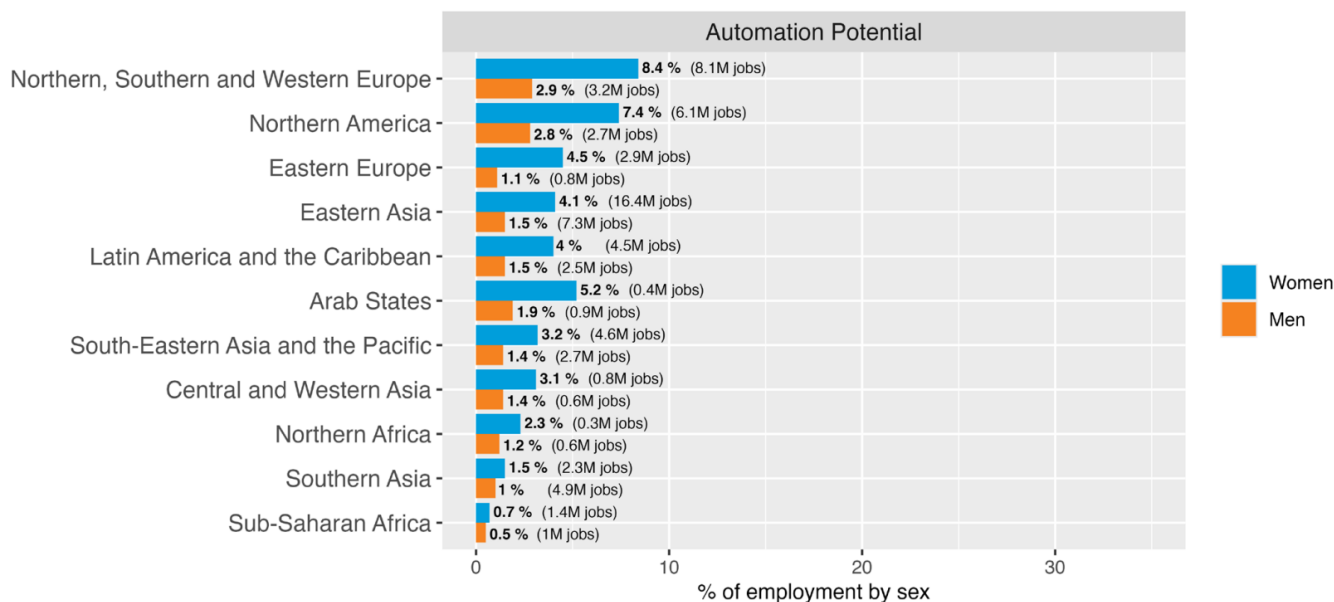


Figure 3: Potential exposure to augmentation by global sub-region

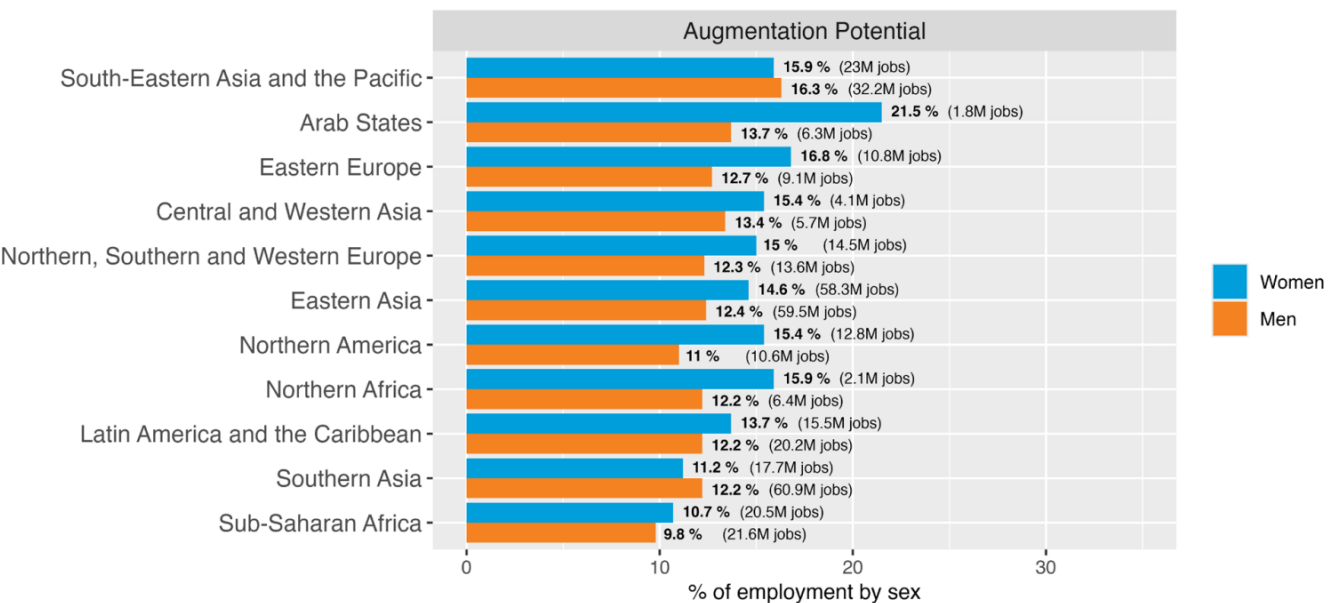


Figure 1: Tasks with medium and high-level exposure to generative AI technology by major occupational group (ISCO 1-digit)



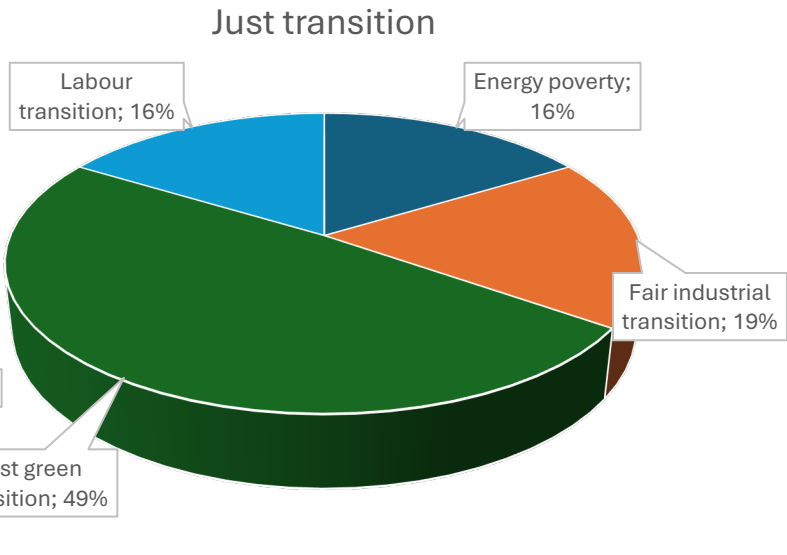
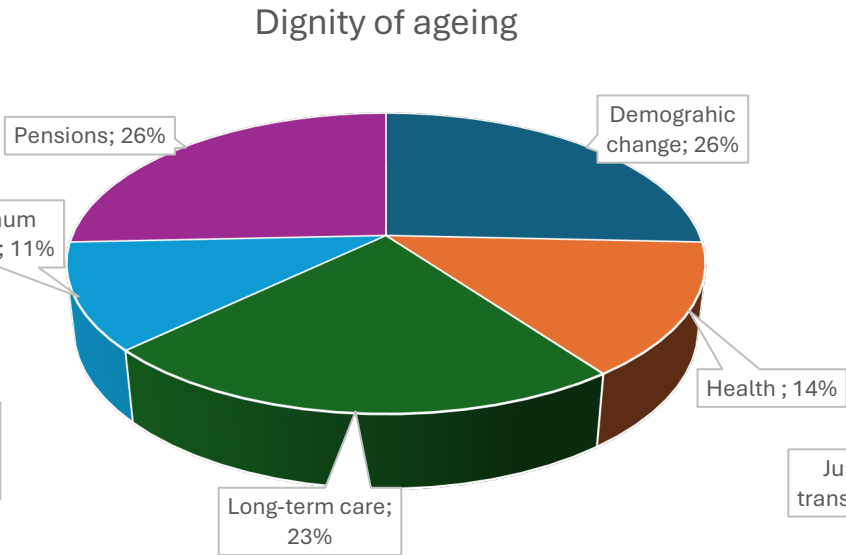
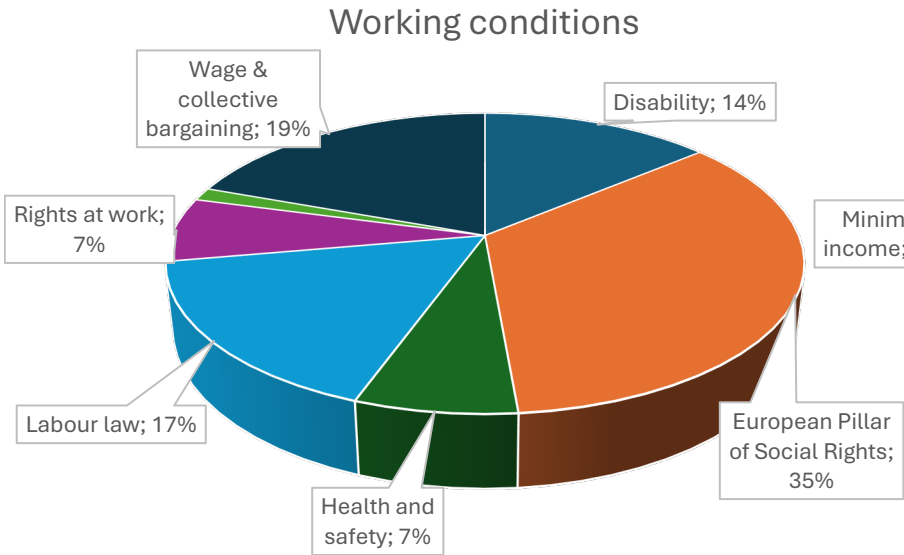
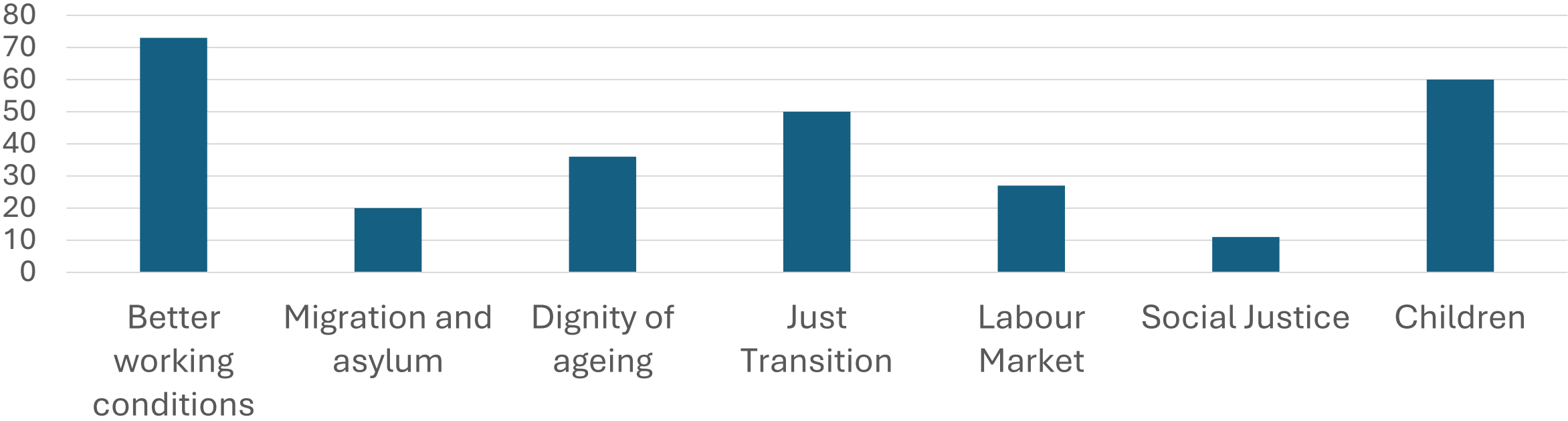
Source: Gmyrek et al., 2023.

# CHAPTER 4: DRIVERS OF CHANGE

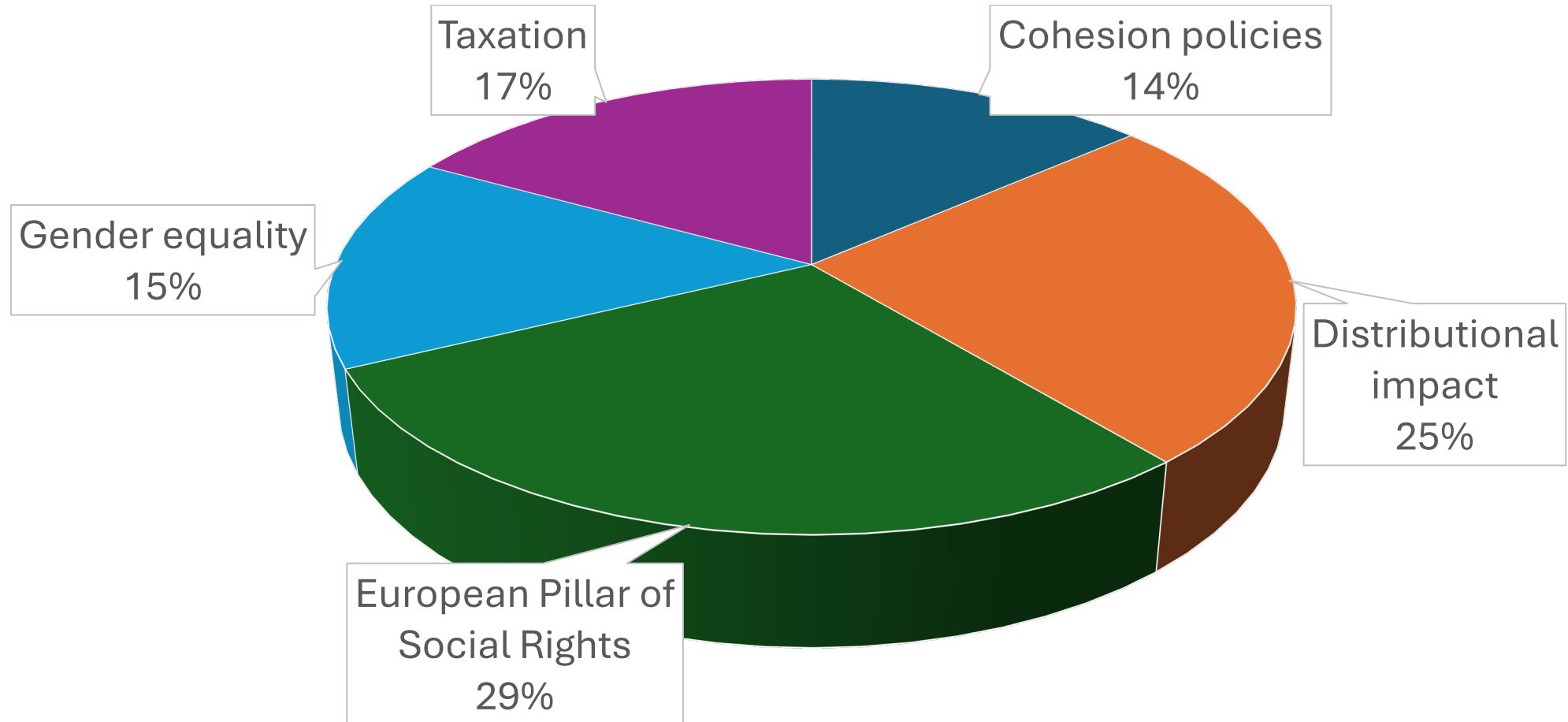
Methodology – ETUC members pick up from about 700 policy options of specific/sector programmes that implement the policy areas relevant to the EU Semester

Green deal, Open strategic Autonomy, Economic Security, Digital Agenda and European Pillar Of Social Rights

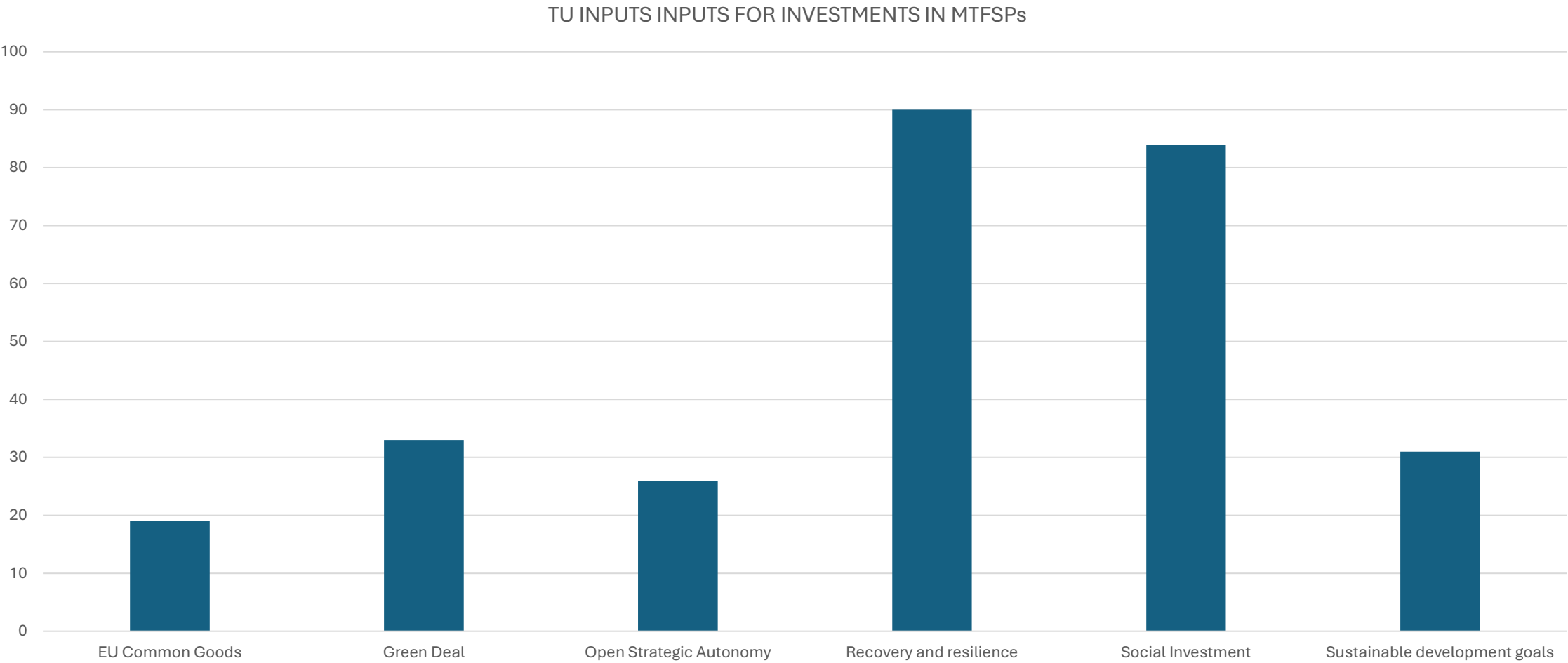
# Anti-Austerity Measures Trade Union inputs for MTFSPs by Policy area



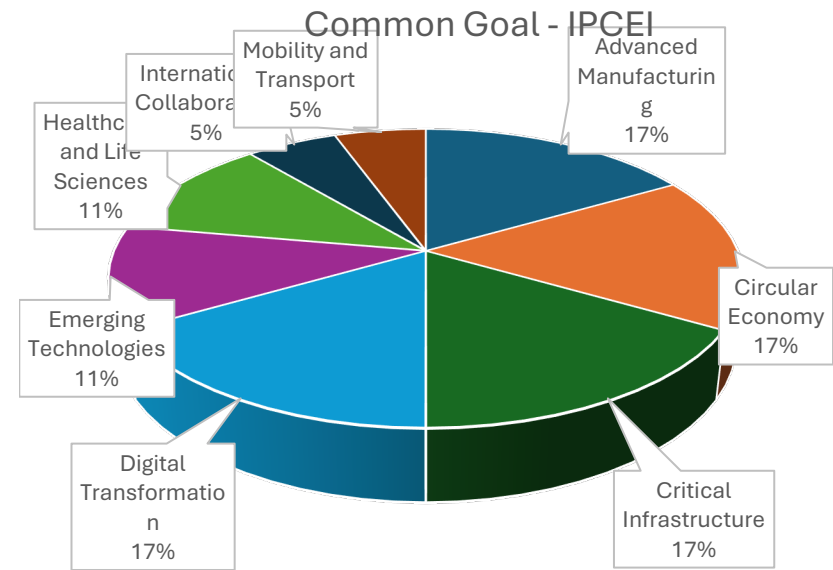
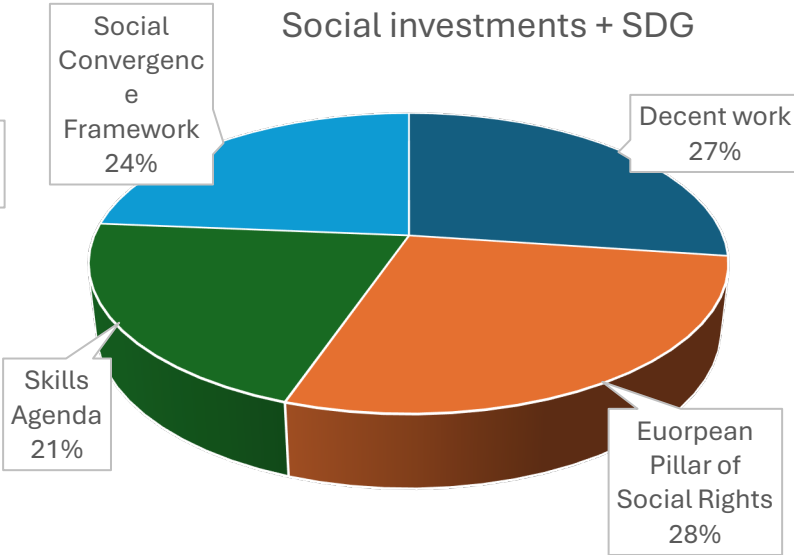
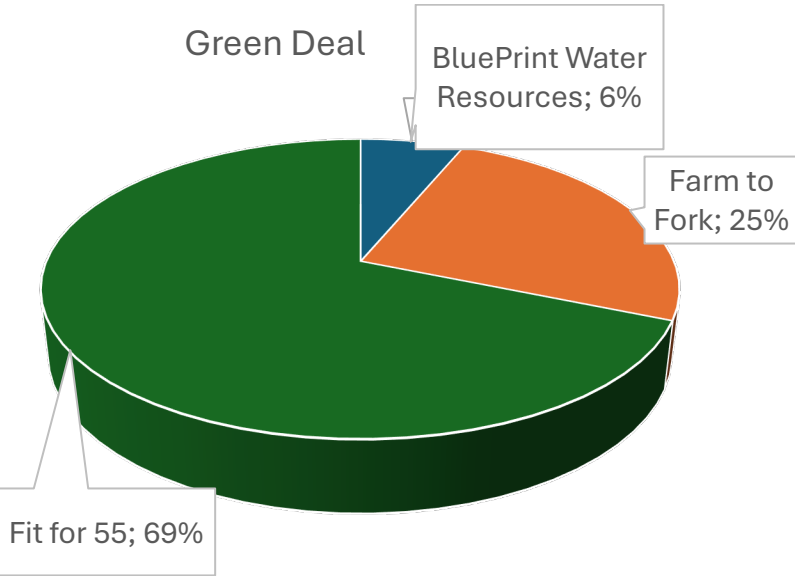
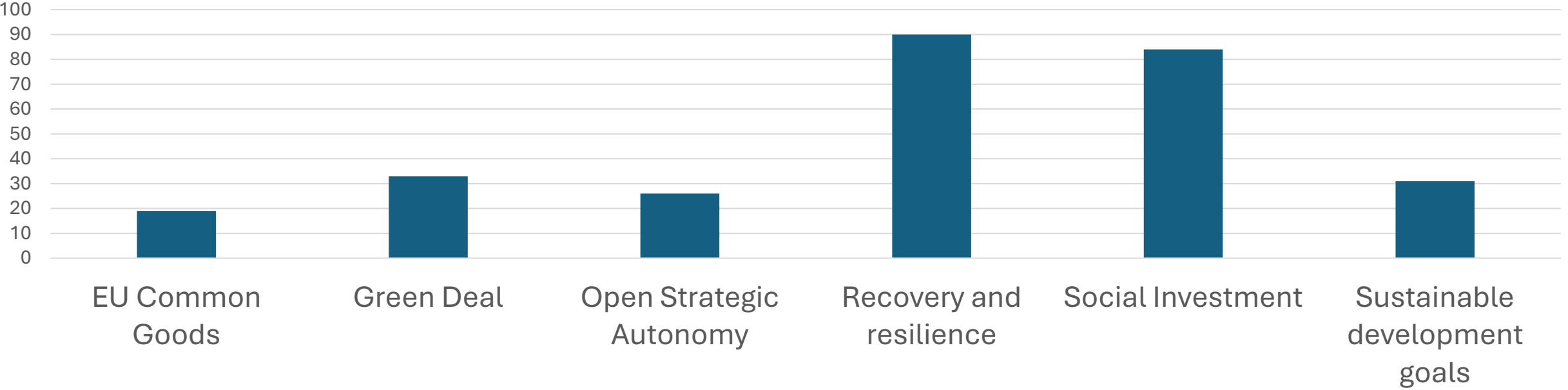
# SOCIAL JUSTICE



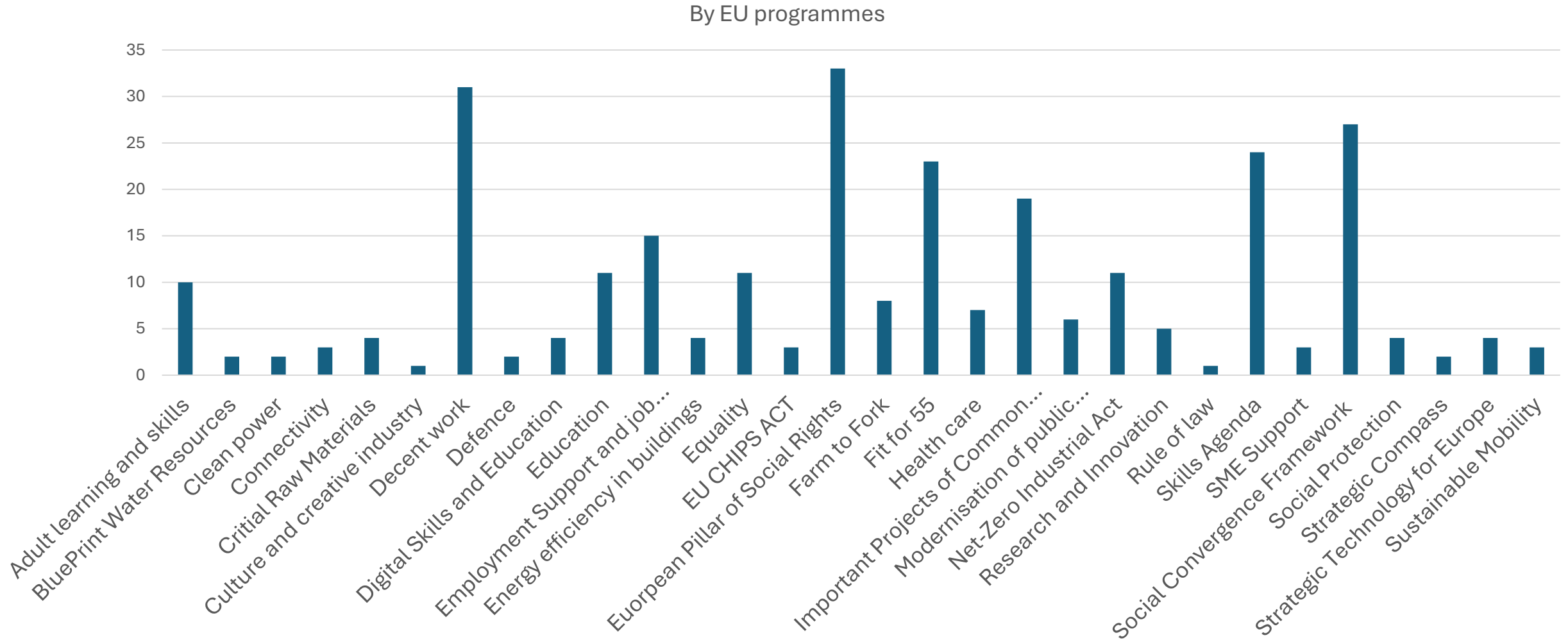
# TU INPUTS INPUTS FOR INVESTMENTS IN MTFSPs



# TRADE UNION INPUTS FOR SUSTAINABLE INVESTMENT IN MTFSP



# TRADE UNION INPUTS FOR SUSTAINABLE INVESTMENT IN MTFSP



# SOCIAL INVESTMETN IN MTFSP / TU INPUTS

