

Report argues for transformative action to tackle crises



(28 March 2023) Europe needs a “transformative and ambitious social transition to break the current cycle of crisis after crisis”, according to researchers at the European Trade Union Institute (ETUI).

Writing in the 2023 edition of [Benchmarking Working Europe](#), the ETUI's team of experts explore the unresolved tensions created by what they see as four transitions. Alongside the green and digital transformations, the report also looks at economic policy (particularly the EU's economic governance debate) and geopolitical challenges (the ‘open strategic autonomy’ debate and, the Russian war in Ukraine).

The report's six main sections cover economic, labour market and social developments, wages and collective bargaining, the energy crisis, occupational safety and health and workplace democracy.

Economic developments – the impact of higher interest rates

The ETUI's economic analysis underlines how the recent surge in inflation has shifted the macroeconomic context, with central banks around the world changing course and raising interest rates to fight inflation. The report makes clear that: “Higher interest rates make the tasks of fiscal policies, whether national or EU, more challenging as the cost of borrowing increases.”

A key argument is that the common challenges facing the EU require a further pooling of financial resources among the Member States. However, the report says that as well as a greater fiscal capacity at the EU level and pushing the economic governance reform as far as possible, there is a need for an open debate on how the policies of the European Central Bank and the fiscal policies of the EU should interact.

The report underlines the links between key policy areas and particularly the crucial need to reduce inequality not only to make the fight against climate change more effective but also to create the political consensus for implementing policies that mitigate it

Labour market and social trends – protecting the most vulnerable

While acknowledging the negative impact of the pandemic on many aspects of the labour market, the report suggests that: "...the Covid-19 crisis may have a silver lining if it improves conditions for some more deprived workers and leads to a greater push for job quality and wages." At the same time, ETUI researchers challenge the idea that current inflation is primarily wage-driven and highlight the role played by companies in pushing up prices to maintain profits.

The report notes the persistence of problems arising from the inadequate support for working conditions and very low level protection afforded by minimum income schemes and puts the spotlight on the action that is needed to reduce inequality at work and protect the most vulnerable, not least migrant workers and the many others in precarious employment .

Wages and collective bargaining – boosting pay

The analysis of wages and collective bargaining developments reveals that nominal wage growth has been stronger in the majority of EU Member States than in 2021, but it has still lagged behind inflation. This has had a major impact on the low-paid because of the particular surge in prices for food and energy.

Noting that statutory minimum wages have not kept up with prices, the report argues that the Adequate Minimum Wage Directive will be important in shoring up real value of minimum wages and strengthening and extending collective bargaining. Indeed, it contends that the two thresholds that feature in the Directive – 50% of average earnings/60% of median earnings for minimum wages and 80% coverage for collective bargaining– are already influencing policy even though the deadline for transposition of the legislation is not until November 2024.

The energy crisis – changing the economic model

The report warns that things have been moving in the wrong direction on energy policy, with higher carbon footprints and greater energy poverty. The evidence points not just to global greenhouse gas emissions rising at a record level, but also "the strongest coupling of economic growth and emissions seen in the past decade." As an illustration of the challenge, the research finds no real evidence of a move towards increased electrified public transport but only towards more electric cars which "are not only unaffordable for ordinary people, but they are also increasingly unaffordable as cars become bigger, heavier and more expensive."

The report argues that a profound paradigm shift in production and consumption patterns is needed in order to move towards an economic model that could bring less resource and material use and more well-being. This issue and how it has so far been addressed by trade unions is explored in more detail in another recent ETUI publication, [Beyond Economic Growth](#).

Health and safety – prevention remains key

In its focus on health and safety, *Benchmarking Working Europe* argues for the need for vigilance in the changing world of work due to the impacts of the digital and green transitions. It highlights four key areas that need to be addressed:

- continuous collection of safety data and monitoring of the impacts of the transitions as essential to prevent inequalities in worker protection;
- consistent application of a gender perspective in health and safety in response to the vertical and horizontal segregation in the labour market;
- adopting a life course approach to work and health in recognition that some occupational diseases take time to develop; and
- reinforcing the general principle of prevention as enshrined in the EU's occupational safety and health legal framework.

Workplace democracy – under strain

The final section of the report looks at workplace democracy and finds that while it provides clear social, economic and political benefits, it is under strain and underdeveloped. The report argues that steps are required to address deficiencies in the exercise of democratic rights in the workplace and to plug the information gaps that hinder trade unions in taking the action needed to anticipate and tackle the impacts of the green and digital transitions.

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