

Sustainable Equality



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Report of the Independent Commission
for Sustainable Equality | 2019-2024



Group of the Progressive Alliance of
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Executive summary

The Independent Commission for Sustainable Equality has been entrusted with a mission to develop a new progressive vision rooted in sustainable development. This mission, aimed at combating growing inequalities in Europe, is inspired by the 2030 Sustainable Development Goals adopted by all European Member States and other countries in the United Nations in 2015. This visionary agenda has still not been fully and clearly incorporated into European policy, or translated into specific European policy objectives.

This is the Independent Commission's first policy report. It issues a call to action for a radically different Europe, through over 100 policy proposals which can be pursued by progressive parties and other actors during the next term from 2019 to 2024, and embedded with a radically different approach to European governance built on a new Sustainable Development Pact.

The Independent Commission insists on the urgency of this radical policy action, in the face of several crises that are mutually and increasingly reinforcing each other, and by the need to revive social democracy at a highly critical juncture of its political history. These crises - economic, social, environmental and political - are a result of the prevailing economic system. In the absence of profound change these crises will lead to democratic collapse, either because authoritarian populist and extremist forces will gain decisive power across Europe, or because these economic, social or environmental crises will have reached a destabilising stage for society. For example, the new report by the Intergovernmental Panel on Climate Change (IPCC) made the environmental challenge very clear. A new financial crisis, which some experts are already predicting, could have devastating effects on our economies building on the persistent negative effects of the 2008 crisis. Insufficient progress has been

made to make the eurozone more resilient to shocks. A continuing deterioration of social conditions, fuelled by rising inequalities and growing insecurity, not least in left behind regions across Europe, in rural areas, and in and around our urban centres, could present serious systemic risks, channeling more electoral support to authoritarian populist and extremist parties.

This bleak outlook stands in contrast to what could be achieved if radically progressive policies were successfully pursued. This is what the Independent Commission has sought to contribute by laying out a detailed and concrete policy strategy - as well as a message of hope and of determination that a different Europe can be achieved; a message also to progressive parties that they must take the political lead, join up forces with trade unions and with progressive organisations in civil society, to mobilise from bottom up and claim a different political path.

There is an inconvenient truth about Europe. Nearly one third of our children and our young people are at risk of poverty or in poverty, millions of young people cannot find a job to start shaping their adult life, and more than half of adult Europeans believe that younger generations will have a life worse than their own. Through the policies in this report, we can also engage younger generations and tell them that there is no pre-determined bleak future. If we take action to modify Europe's course, a very different society can emerge - a society of sustainable equality, of well-being for everyone, of economic, social and ecological balance and peace, leaving no person and no place behind.







Re-empowering people

The Independent Commission insists first on re-empowering people, as citizens in democracy, not only as consumers, from the local to the European level, and as members of trade unions and of civil society organisations. This report shows that democracies have become fragile over time as economic power and wealth has increasingly become concentrated, and as economic democracy - in particular trade union representation - has been weakened. This situation must be reversed. People must be empowered to stand up for their rights and claim a fair society, particularly in the workplace. People must be able to hold elected representatives properly to account, in particular by ensuring strong levels of transparency over political decision-making. The report makes proposals to re-invigorate the role of social partners, and trade unions, in particular, by strengthening different forms of employee involvement in companies through new legal provisions, by strengthening collective bargaining, by giving social partners a stronger voice in European policy, and by ensuring that bogus self-employment will not hollow out trade union representation through the growing platform economy. Several recommendations of the Commission focus on creating a vivid and broad civic space, further strengthening democracy. One of the recommendations calls for strong national alliances across civil society for sustainable development, such as the Italian alliance ASviS. The EU also needs to build legal instruments to protect and strengthen civic space to allow it to function without government interference in any of its Member States.

Re-shaping capitalism

Re-empowering people will provide them with a capacity to contribute to re-shaping capitalism. The private sector, and in particular larger firms, could also play a major role in placing economic, social and environmental sustainability at the core of their business strategies. Today, on the contrary, we continue to see the opposite as corporate wealth continues to concentrate, short term profit overrides every other consideration, and social and environmental costs are still too easily transferred as a burden to society as a whole.

Tax evasion and tax avoidance are thriving, allowing some of the largest firms in the world to pay insignificant amounts of tax, while improper and destabilising practices continue to plague the finance and banking sector. Our economies are also facing revolutionary change induced by accelerating advances in digitalisation, artificial intelligence and robotics, which need to be channelled to support human well-being instead of letting them potentially disrupt our labour markets and induce further wealth and income concentration.

In order to ensure that private economic activity takes far better account of social and environmental considerations beyond profit-making, and contributes to a fair distribution of wealth and incomes, alternative forms of business should be fostered where possible, making the economy more diverse, more collaborative, less focused on short-term concerns and profit-maximisation, and more responsible towards the external costs a company's activity generates for society as a whole. Expanding the social and solidarity economy is an obvious and crucial way to do so, as well as providing legal forms that integrate social and environmental concerns, such as through a European statute for benefit corporations. However, all business forms should be made much more accountable for their social and environmental responsibility. Minimum business obligations towards society as a whole should be enshrined in European legislation and sustainable public procurement should become the norm. Corporate tax collection has to be far more effective, and current initiatives at European level must be taken much further and completed. The Commission also urges that regulation and supervision of the financial sector needs to be further strengthened, to ensure that they play their full role in financing the transition to sustainability, provide adequate finance to smaller firms and consumers, and recognise and manage new risks, including shadow banking.

The largest firms, which often have the worst track record in terms of wider responsibility, could be subject to stricter rules embodied in a binding Corporate Responsibility Passport necessary to operate inside the single market. The Independent Commission will further develop this approach.

Achieving social justice

Policies and actions targeted at re-empowering people and re-shaping our economies must be combined with a range of policies that specifically target poverty and excessive inequalities linked to gender, income, wealth, origin and place of residence - and poverty. The Independent Commission therefore sees achieving social justice as fundamental to our societies, where no one is left behind, and in which it is understood that we are all less well off if not everyone has a decent life, and enjoys sustainable well-being. Actions must be deployed in the fight against poverty, in ensuring good work and good pay for everyone, full gender equality, real social mobility, and a radically ambitious and renewed approach to territorial inequalities. A new and far-reaching plan to combat poverty across Europe is the first recommendation in this area, backed by concrete measures including a European Child Guarantee, a wide-reaching European strategy for affordable, social and public housing for all, a decent income guarantee for all those with insufficient means of financial support, a social protection floor following ILO recommendations, and a social integration strategy for immigrants. By acting decisively, Europe could reduce by more than half the number of people living at risk-of-poverty or in poverty over the next three decades, and could lastingly end poverty during the course of this century. Without firm action, the risk is the opposite, as disruptive technologies, untamed income and wealth concentration, and increasing environmental inequalities make poverty and social exclusion much worse than today.

Beyond people exposed to poverty, policies also need to ensure that the increasing social fragility and precariousness of everyone, including large parts of our middle classes, are reversed. The European Pillar of Social Rights adopted in 2017 should be fully integrated into legislation, and labour rights must be upheld with new forms of work and precarious labour contracts. The long term unemployed, many of whom have not found a new job since the financial crisis, need to be helped through a European Activity Right modelled on the European Youth Guarantee, low wages have to be revalued to ensure both decent living conditions for working families and a fair distribution

of wealth created in our economies. To achieve this, the Commission suggests a European fair wage plan and making our income tax systems more progressive again. Gender equality deserves particular attention, by ending the gender pay gap through targeted legislation and transparency measures, establish real work-life balance through sufficiently ambitious maternity, paternity, parental, and carer's paid leave rights, and by taking a range of measures to improve the conditions of women in society as a whole, and foster their full participation at all levels. Social mobility needs to be increased through measures at the heart of which sits quality childcare and quality education for all.

Inequality is, to a large extent, anchored in territories, where people live and work. In order to achieve social justice and well-being for everyone, it is therefore crucial to focus on all places, and to address territories and regions that are structurally lagging behind, and whose potential is wasted. Existing policies must be used more effectively and more coherently, while ensuring that regional economic development is framed within sustainability. Cohesion policy must pursue sustainable development at territorial levels and each region must therefore be empowered to define and develop specific approaches to its development, including through community-led local development initiatives as well as industrial strategies, and by pro-actively implementing the European code of conduct on partnership. This approach needs to be supported by using horizontal European programmes such as Horizon Europe or InvestEU in a way that is 'space-aware', which is highly relevant to local development strategies.

The Independent Commission has also explored other ways to embed social justice into our societies. The Commission has therefore advanced as a possible further step, the idea of a Common Wealth Charter, ensuring broad, and mostly free, access to everyone to a set of sustainable well-being rights. The Independent Commission will further develop this approach.



JUSTICE



Generating social-ecological progress

Re-empowering people, reshaping the economy and achieving social justice for people and across territories cannot be realised while ignoring the increasing linkages between social and ecological challenges. This dimension of sustainable development, where people and planet interact, has been neglected, relative to inclusive development (where people and the economy interact) and the green economy (where the planet interacts with the economy). Hence, generating social-ecological progress is the fourth area in which the Independent Commission recommends ambitious policy action. Environmental challenges are partly social problems that arise from income and power inequalities. Thus, inequality is also an environmental issue just as environmental degradation is also a social issue. Policies must address them jointly through principles and institutions rooted in justice. The report recommends two fundamental policy routes to escape the downward spiral between social inequality and environmental damage, and to enter a virtuous circle of social and ecological progress. It advances several concrete recommendations to realise the powerful concept of a 'just transition', which should become more central in European and national policy-making. Secondly, it outlines far-reaching transition from today's welfare states - defined in the pre-ecological age of the Post-War years - into 21st century social-ecological states, built to be the powerful public engine of tomorrow's sustainable societies. The Independent Commission will also further develop this approach.

Enabling change

But to make all these individual policies happen effectively, requires more fundamental changes to the workings and governance of the EU. The Commission therefore suggests deep reform of the existing governance framework embedded in the European Semester process and in the prevailing legislation on budgetary policies for enabling change. Radically new rules and processes should anchor sustainable development objectives into European policy-making. This must also be closely

combined with a profound and democratic strengthening of economic and monetary union, and with a solid financial strategy capable of ensuring adequate financing of the sustainable transition across an ambitious new Multi-Annual Financial Framework, sustainable and fair national tax systems, and strong public investments at national and European levels. The Independent Commission provides detailed recommendations for a new Sustainable Development governance framework, within which a Sustainable Development Pact would lay down a set of binding policy objectives going beyond pure fiscal goals. This new approach would provide the backbone for a different approach to the current GDP-led policy frame - one in which the economy's performance is measured against a much broader set of targets and indicators capable of assessing and directing policies comprehensively towards the goal of sustainable well-being for all.

A short guide to the Independent Commission's policy proposals

Across the five policy chapters (3 to 7), the Independent Commission brings forward a large number of policy recommendations, which each consist of one or more concrete policy actions in view of the next European parliamentary term 2019-2024. In each of the five policy chapters, the Independent Commission also points to a range of additional policy routes that could be taken in future, which the report presents as 'further steps'. The policy actions in the recommendations and the additional proposals in 'further steps' add up to 110 concrete policy actions. They are brought together in an annex to the report, by chapter.

The Independent Commission highlights, at the end of chapter 2, a selection of proposals which it regards as having particularly high potential in bringing about sweeping change. The report also includes several infographics to visualise its recommendations and concrete policy actions.

SUSTAINABLE WELL-BEING FOR ALL

THE TEN MOST SWEEPING POLICY CHANGES

1. Let's reshape capitalism for people and planet

A European Directive on the economic, social, environmental, and societal responsibility of companies will make sure the business sector respects legitimate minimum responsibilities towards society. Stronger financial sector regulation and surveillance, including a European enforcement agency against financial and tax fraud crime, public representatives on bank boards, will ensure that financial markets work for people, and effective taxation of corporate profits, including a digital tax, will re-establish fairness and a proper financing of public polities for collective well-being

2. Let's take democracy back for everyone

Boosting democracy through a Citizens' Contract of "Sustainable Democracy for All" to promote an eight-point plan including a strengthening of trade unions, of civil society, participatory democracy, transparency, full participation of women in economic and political life, bottom-up regional policies, independent media and judiciary, and public policy goals beyond GDP

3. We need a new and effective European anti-poverty plan

Making it possible to end poverty in Europe during this century through a new ambitious plan to reduce the number of people at-risk-of-poverty or social exclusion by 25 million people for 2030, and by an additional 50 million for 2050, eradicate extreme forms of poverty, building on a European Child Guarantee, a Framework Directive for adequate minimum income, a European Activity Right for long-term unemployed, and a transition from minimum wages to living wages

4. A new Social Europe of strong rights and protection for all

Strengthen Europe's social dimension through a comprehensive and ambitious implementation of all of the European Pillar of Social Rights' principles and rights by 2024

- 5. New fairness in incomes and wages**
 Launch a vast European Fair Wages Action Plan that will integrate the UNSDG goal 10 target on ensuring that the lower 40% wage group grows faster than the national average up to 2030, pay transparency and an income inequality reduction strategy embedded in the European Semester and in a future Sustainable Development Cycle to bring income inequality to decent levels
- 6. No European territories should be left behind**
 New "space-aware" and "bottom-up" approaches to territorial cohesion are needed, including a far-reaching reform of European cohesion policy and strategic interaction with European financial programmes, framed in the European Semester and future Sustainable Development Cycle, backed up by the Anti-poverty plan and Fair wages action plan
- 7. The sustainable and technological transitions must take everyone along**
 Environmental and social change must produce joint new progress for all through a new broad-based approach towards a Just Transition systematically applied across policy areas, in particular in European climate and energy policy, sustainable industrial policies, and agriculture. Technological changes need to be framed to avoid further inequalities and social or territorial disruptions. Transitions from old to new jobs will be fostered through strong social investment, and high quality education and training, both affordable and accessible to all
- 8. Our states must protect people against old and new risks**
 Building social-ecological welfare states and mitigating environmental inequality is necessary in order to ensure new forms of social protection against increasing climate change consequences and increasing health damages generated by pollution
- 9. New solidarity through fair taxation**
 Reversing growing wealth inequality and financing social policy initiatives geared towards ending poverty can be achieved through a European Net Wealth Tax, and through a Financial Transactions Tax
- 10. Enable change through new governance for sustainable development**
 Driving the transformation towards sustainable development requires a new governance approach and new rules and instruments. We need a Sustainable Development Pact embedded in a new Sustainable Development Cycle, and based on complementary social and environmental indicators and targets - instead of the outdated European Semester