



### **Abridged version of the Aid to Orientation**

of the German Trade Union Confederation and the German Commission for Justice and Peace

#### **Work in a sustainable economy.**

#### **The socio-ecological transformation from a labour policy perspective**

The Catholic Church in Germany and the German Trade Union Confederation are in different ways committed to sustainable living and working conditions. Together they represent millions of people, and to a large extent reflect the plurality of the German society. In this paper, these two organizations present a common understanding of key issues relating the economic, political and social future of Germany, Europe and the world.

In view of how we do business, fundamental changes are needed to avoid ecological and social catastrophes. In this context more and more people are talking about a “great transformation”. Policy interventions can no longer be implemented side by side. Instead they must be coherently aligned to whether or not they are beneficial to a sustainable and socially future. The German Trade Union Confederation and the German Commission for Justice and Peace of the Catholic Church in Germany present a joint analyses and urgent political measures with regard to work in a sustainable economy. The common direction for this transformation process emerges from a shared understanding of justice which grants inalienable rights to all humans. These rights cannot be disrespected, either at work or via the deprivation of the ecological basis of life.

#### **Epochal challenges of the future and present.**

The prevailing production patterns are discussed which are detrimental to people and nature, as is the dominant consumer mentality, which is no respecter of the planet’s natural limits. A central obstacle to the social ecological transformation appears by the global asymmetries of power between those who own capital and those who can only make use of their own labour. We are aware that there are conflicting goals within the socio-ecological transformation under the premise of decent work and full employment. On the way to a green economy employment loss, which cannot be fully compensated, can however be offset by new, high-quality jobs in innovative sustainable industries. However, the question of growth from a sustainability perspective has so far only addressed the social question in the sense of how to compensate the loss of social prosperity. This is not enough. To use a metaphor: “It is necessary not to separate the question of how the cake is distributed from the question of how and with what it is baked.

## **The political interventions are urgent.**

The various policy measures are distinguished in terms of their international, European and federal dimensions.

### **At international level:**

- There is a need to boost the ability of the International Labour Organization (ILO) to issue sanctions, and to establish an International Workers' Rights Tribunal. This may help to actually enforce the UN Treaty on Business and Human Rights. It is key for informal workers to be better protected against exploitation. The organization of workers and the formalization of different forms of employment must remain the goal.
- Bilateral and multilateral trade agreements must be designed in a way that they do not have a negative impact on the enforcement of human rights and on the implementation of international environmental protection requirements, but rather promote them. Appropriate social and ecological standards must be part of the agreements. The orientation of world trade towards the common good and the welfare of all concerned must be safeguarded by binding rules on corporate liability in the case of violations of human rights and international environmental protection stipulations. To this end, negotiation processes on the trade regime must be transparent.
- The same applies to international competition between locations: The relocation of production sites must not lead to the externalisation of social or ecological costs. Therefore countries with high standards must have the opportunity to protect themselves against competitors, and thus to compensate for the alleged competitive advantage resulting from disregard for human rights and the overexploitation of natural resources.

### **At European level:**

- Over and above the German Supply Chain Act (*Lieferkettengesetz*), there is a need for a European supply chain law as well. In order to effectively link consumption in Europe to social and ecological standards of economic activity, this supply chain law must acknowledge that there is a connection between human rights violations and environmental degradation. It must furthermore entitle and empower public authorities to comprehensively monitor compliance with human rights and environmental protection stipulations, and vest it with the power to sanction companies, for example by imposing fines or excluding companies from public procurement contracts and foreign trade promotion. Civil liability applying when damage has occurred should also be part of a potential framework of sanctions to be applied by the Member States.
- The funds in the EU budget will have to be increased in the long term in order to implement the measures of the European Green Deal in various industries and sectors. CO<sub>2</sub>-intensive sectors are to be made more environmentally friendly. The goal here is a shift towards clean, secure energy (e.g. expansion of renewables, transformation of the building sector, expansion of a trans-European energy and hydrogen infrastructure). A clean, circular economy requires a shift towards sustainable products in sectors such as textiles and plastics.
- More can be done to implement the European Pillar of Social Rights. We are therefore calling for a European Framework Directive on minimum standards for basic social protection. The central goal must be to achieve a level of benefits that adequately protects those affected from poverty. We are arguing for the indicator of the 60 per cent poverty risk threshold (60 per cent of the median income), which however could be implemented gradually (10 years) according to country-specific groups, in line with their existing minimum protection levels and their ability to pay.

- Further training programmes for sustainable jobs must be expanded. Jobs will be lost in some sectors. This requires accompanying and offsetting measures, including sufficient further training and retraining. Further training programmes should be expanded to qualify people for sustainable jobs, and to meet the demand for skilled workers arising from socio-ecological structural change and digitalisation. Therefore, the resources of the Structural Fund (ESF) for employment should be increased and geared more closely towards the requirements stemming from the transformation. It is important to continuously coordinate the ESF with the European Regional Development Fund (ERDF), which already promotes measures for a lower-carbon economy.

**At German level:**

- A new political framework is needed for the transformation. An active social policy, as well as labour market, innovation, education, research, spatial planning, structural, service and industrial policy, needs to be coherently coordinated. A key element is an active state which manages the transformation with the assistance of an investment offensive, promising economic stimulus programmes for existing and new sectors. A massive increase in renewable energies and an expansion of storage technologies and energy grids are needed in the energy sector in order to advance electrification in other sectors and, for example, to meet the demand for electricity in the production of hydrogen. In order to achieve the climate goals, it will be important to also drive forward extensive decarbonisation in transport, agriculture, buildings and industry.
- A just transformation requires decent working conditions and fair wages. Coverage by collective agreements and co-determination must be enhanced in order to achieve this. Where job losses are unavoidable, a strong social security system is needed in order to protect people from poverty and precarious employment. This requires an increase in the minimum wage, based on the EU's definition of the risk of poverty of 60 per cent of the median income of full-time employees.
- The transformation costs must be spread equitably. A climate policy that is based on market instruments alone and financed through taxes on consumption places a disproportionate burden on small and medium incomes. There is a need for proportionate pricing, and thus also for an increase in the cost of CO<sub>2</sub> emissions in line with consumption. Such economic incentives must however always take the social and distributional effects into account. Without compensation to reduce the burden on low and normal income earners, there is a danger of losing broad acceptance of the transformation and its implementation.

The German Commission for Justice and Peace and the DGB wish to make a joint contribution through this orientation paper to the urgently-needed discussion on how to shape a socio-ecological transformation. Cooperation between people of different backgrounds is an important practical step in this regard.