



THE CONFERENCE ON THE FUTURE OF EUROPE

BUILDING A MORE SOLIDARITY-BASED AND RESILIENT EUROPE FOR WORKERS

THE CONFERENCE

Making the Conference an Opportunity. Without prejudice to the guidelines and priorities of the European Trade Union Confederation (ETUC) concerning the content of the Conference, CGIL, CISL and UIL believe that it should be a great opportunity for "dialogue" with citizens and workers in view of strengthening European democracy and identifying a shared path to enable the European Union (EU) to face the challenges of the new millennium. The Italian trade unions believe that the Conference should be used at its best to define proposals for change and strengthen EU policies with the aim of achieving a complete Federal Union through direct participation in the debate. The ambitious aim of the Conference is to succeed in drawing up proposals with implementation methods and timescales, putting people, work and democracy at the centre of the debate. CGIL, CISL and UIL hope that these proposals will actually be applied at the end of the pathway set by the Conference and will thus guide the federal transition of the European Union.

THE MAIN OUTSTANDING ISSUES

1. The **political and economic governance** is the European Union's weak point, repeatedly identified by the Italian and European trade unions, to address the existing challenges and critical issues in a timely and effective manner. The problem of the democratisation process of the European political and economic governance framework, the definition and sharing of decision-making processes within the European Union and the necessary balancing and redefinition of powers among the European institutions are the main EU problems, to which the Conference shall provide a comprehensive and effective response. This requires a convinced political will, as well as competences and instruments (the current obstacles are the right of veto; a Parliament with limited powers, etc.). This situation requires a fundamental change in the Union's decision-making process to solve the problem of internal democracy and governance. The constraints incurred offer the Conference the opportunity for a more in-depth analysis of the economic, social and political dimension of the EU in a global context and of the repercussions on the needs and living and working conditions of citizens (the lack of *common goods*, inequalities, unemployment, safety and security, access to public health services, migration, the *fragility of democracy*, but also the impact of globalisation and economic and productive dependence, company relocations, the constraints of international finance, tax havens and money laundering, the new IT monopolies).

2. **The Euro area.** The EMU has been considered a constituent objective of the European project, as a logical consequence of the common market, as early as the Hague Summit in 1969, and was conceived with a federal institutional set-up by the Maastricht Treaty in 1992. This objective, however, has never been achieved due to some countries' resistance, emerged as early

as Maastricht, so that economic, budgetary and fiscal policies have remained the responsibility of Member States. The coordination at European level provided for in the Treaty has proved totally inadequate and incapable of ensuring harmonious economic and social development throughout the Union, let alone in the Euro area. That was amply demonstrated by the 2008 financial crisis and this situation is now reappearing with the current pandemic, although in July 2020 a step forward was finally taken, in particular through the introduction of the Next Generation EU package (in addition to SURE, flexibility of budgetary rules, ECB intervention, etc.). A significant step in the right direction that, however, needs continuity and to move away from the emergency logic and become structural. The activation of the safeguard clause of the Stability and Growth Pact (SGP) in March 2020 was an implicit recognition of how inadequate and limiting the SGP is for the European Union. It is more appropriate than ever to proceed with a reform of European economic governance that introduces elements capable of ensuring not only the necessary monetary stability, but also employment growth and the welfare of European citizens. It is in this context that we need to solve the problems of common economic and industrial policies, both at macro and micro level, which are the only ones capable of having a positive impact on the problems of growth, employment and debt.

3. **Competences.** Subsidiarity, Simplification and Transparency. For these reasons, the Conference shall choose and define the new areas of competence of the European Union, some of which are exclusive, as is already the case for the *internal market, trade policy, competition and monetary policy*. They should be policies and matters aimed at development and the protection of people, values and rights. This requires a clarification between matters of exclusive competence of the Union, shared competence and matters of exclusive competence of the Member States. Some of these policies are already provided for in the Treaty, but have not been implemented due to a lack of political will on the part of some countries' governments. In short, the European Union needs to equip itself with powers that express and strengthen its strategic autonomy in both internal and external policy.

4. **The Welfare State and employment.** The Conference must again place employment and workers at the centre of the European project that will result from it. For too long the EU has underestimated the strategic role of employment and the Welfare State: on the one hand through a progressive deterioration of wages and working conditions and a complete underestimation of the phenomena of delocalisation and digital work that impact on contractual dynamics and collective representation; on the other hand through the constant contraction of social spending on strategic investment in social infrastructure and public services such as health, education, etc. All this has triggered growing social deterioration within the European Union. The already existing conditions of imbalance between European countries have increased since the 1990s, and they have been made even more severe by the limits of the Euro area and of the Enlargement. The most severe effects have widened the social, wage and inequality gap, particularly for women and young people. A gap that widened sharply with the 2008-2015 crisis and is bound to repeat itself with the pandemic, whose effects - which have already emerged - are bound to worsen the workers' economic, social and employment conditions.

5. **The reaffirmation of the rule of law in the EU and full respect for fundamental human, social and labour rights.** For some EU Member States, the opportunistic principle of a '*Europe à la carte*' seems to have 'dangerously' prevailed, whereby the EU membership could allow only the sharing of (economic) benefits to the exclusion of any sharing of duties. In this context, the reference by some States to the principle of national 'cultural' exceptionalism and the inappropriate use of the subsidiarity principle through the 'screen' of specific national competences are questionable. The Conference must reaffirm the premise of a Europe based on inalienable and non-negotiable common values and rights, reaffirming and guaranteeing them in all the territories of the European Union.

6. **Resources.** Together with competences, resources are the core issue of the European Union. The generous attempt made for the new MFF indicates a correct pathway but, in our opinion, it is insufficient compared to the increasingly onerous objectives and commitments that the Union should take on, as highlighted by the 2008 crisis and even more by the current one. Although some States remain hostile to providing the Union with more own resources, the main road remains that of moving to a real Union budget, or at least for the Euro area. This requires a common tax and fiscal policy with the possibility of financing 'EU policies', starting with the social policy that the trade unions have been demanding for years. The Economic and Monetary Union (EMU) is an instrument that needs to be completed in order to fulfil its task.

7. **Instruments.** With a view of achieving part of the above-mentioned objectives, some legal instruments already exist and are contained in the Treaty, but they are not used. What is lacking today is the spirit of reform that has animated the Union since its inception and the political will to complete the political Union and, in general, to create a genuine federal Union.

ITALY'S ROLE

8. **Italy.** A fundamental role in this historic transition for the Union can be played by Italy. It will be necessary to start with an efficient and effective use of European funds, simplifying and stepping up the procedures for the implementation of the National Recovery and Resilience Plan (NRRP). In this regard, we deem it necessary to increase the involvement and active participation of the labour world and the social partners as a whole in the various phases of the NRRP which, considering the far-sightedness of the project, extend to cohesion and budget policies and is placed within a wide design for a social pact with all productive forces. We need people's broad support and the involvement of workers and citizens. This can only be achieved if the policies implemented by the national governments and the EU are effective in supporting people, the economy and workers, as well as in reducing inequalities, both during the pandemic and afterwards. We believe that a proposal is needed that reaffirms stable and quality jobs for young people, men and women, at the heart of the Union's objectives. Objectives to be achieved through common strategies and projects, by strengthening the European social model as a cornerstone of the EU's competitiveness, including its economic competitiveness. The Conference can and must do so.

PROPOSALS

9. **In short,** the Conference needs to provide a clarification of the fundamentals of European construction to enable it to decide on a number of issues that are now central to workers, citizens and Europe's overall progress, with a vision that aims at greater and more cohesive European integration.

The Conference should identify a core of proposals, a lowest common denominator, shared between citizens and between States, thus providing the EU with the relevant governance instruments, and adapting its decision-making process.

In particular, it should address the crucial points concerning

- a) the rebalancing of competences between States and the Union;
- b) the resources to govern common policies;
- c) governance, with the adaptation of institutions and decision-making mechanisms;
- d) the indication of the various roles and responsibilities and the necessary instruments.

In particular, we believe that solving the four problems mentioned above requires strengthening the key elements of the Union, namely:

I. **The social Union.** Cohesion and the "Social State". It is essential to achieve together more homogeneous forms of protection of rights, with advantages also for mobility within the Union, to promote the integration of the labour market, the signing of a "Social-Growth-Employment Pact" to reduce inequalities and poverty. The implementation of the key points of the European Social Pillar, a 'hard core' of common rights, including, for example: (a) a common unemployment protection and equal opportunities mechanism, to be combined with SURE which should be made structural, (b) the right to lifelong learning for everybody; c) the introduction of social development indices, also with reference to the Italian Equitable and Sustainable Wellbeing (BES) indicators drawn up by ISTAT-CNEL and to the sustainable and decent growth index drawn up by the ETUC itself, together with the GDP index; d) European measures to combat poverty, such as the European minimum income scheme associated with employment, social and training integration pathways; e) equal opportunities; f) actual integration of young people into the labour market. Achieving these objectives requires a change in economic policies and governance, as well as an adequate allocation of common resources.

II. **The Economic (and Monetary) Union.** The economic union is needed to complement the monetary union and overcome its limits (coordination method), from which the EMU economic and social problems stem. This can be achieved: a) at the macroeconomic level, besides the unification of policies, expansionary policies - inspired by the principle of solidarity - must be pursued, overcoming the Stability Pact with a fully-fledged Sustainable Growth Pact through the issuance of common debt to tackle recessions and with an economic compensation mechanism, pending a common budget. This is necessary to deal with asymmetric shocks effectively and to foster investment and growth, as well as to rebalance and better integrate the economies of the Euro area countries. A problem that has been exacerbated by the pandemic; b) at the monetary level, it is necessary to give the ECB the role of lender of last resort, and to introduce indicators linked to employment and economic growth, together with parameters linked to monetary stability.

III. **The tax and fiscal Union.** With a view to implementing common policies, resources are essential. Therefore, in the above-mentioned perspective, the creation of a tax and fiscal Union and of a budget for the Union or, at least, for the Euro area, based on own resources, up to 3% of GDP and under the control and responsibility of European institutions and tax harmonisation systems, becomes crucial. At the fiscal level, a) this makes it easier to put an end to aggressive tax planning or competition between national tax systems that leads to severe distortions in the allocation of resources and that is also inconsistent with the objectives pursued by the single market, as well as with competition rules (as defined by art. 101-109 TFEU) and with the principle of solidarity; while, b) at the level of production of public goods, it would be possible to use available resources in a more rational way, thus avoiding duplications, dispersions and waste, and strengthening the ability to obtain the best results (best shot). A case in point is research, which would need a European institute to network with those in the individual Member States, as the pandemic crisis has clearly shown.

IV. **The political Union.** Democracy, domestic and foreign policy. This is the goal to be achieved in order to reach the objectives and manage the above-mentioned policies. An effort is needed, the most important one after the debt issue, to give the EU a role and decision-making power on the above-mentioned issues, to take quick action and meet its internal and international commitments, through democratic instruments of participation and control by citizens. This implies the introduction of important changes that could concern:

- a) at the level of the European Parliament, the need to strengthen it through the power of initiative on matters falling within the Union's competence, to rebalance the decision-making system with the Council and to control the decision-making process concerning the Euro area (e.g. by creating a Great Commission for the Euro area), to play a greater role in certain strategic matters (such as the budget, foreign policy, taxation), to change the electoral rules by introducing European lists, while
- b) at the level of the Treaty, the change of the Council's voting system, with the extension of qualified majority voting in particular on matters where, in the past, we experienced decision-making blockage due to the policy of vetoes, such as those relating to the budget, taxation and social policy;
- c) at the level of governance, the election of a President and two vice-Presidents of the political Union, thus unifying the two current Presidencies, and the appointment of a number of Ministers: a "Foreign Minister", a Minister for economic, tax and fiscal policies, a Minister for labour, development and equal opportunities, a Minister for "internal" security and a Minister for defence, as the prerequisite for a real government of the Union. This is in view of achieving a genuine European government accountable to the European Parliament.

In this specific context CGIL, CISL and UIL deem it appropriate to strengthen new forms of citizens' and workers' participation in the governance of the Union, in particular by promoting economic democracy, to be extended also to digital platforms. The Conference can provide a significant input in this direction.

To this end, CGIL, CISL and UIL deem it essential to act on:

I. Competences: common matters and policies. There is the need to identify new exclusive competences of the Union, and we deem it appropriate that the Conference makes a careful analysis of the following issues: *Fundamental rights and new rights; foreign policy; migration; environmental and energy policy; economic, financial, tax fiscal and budgetary policy* (at least for the Euro area); *industrial and development policy* (at least for the Euro area); *European networks, 5G, artificial intelligence and digital economy; research and innovation; training and culture; health; social and cohesion policy; internal and security policy; the fight against tax evasion, tax havens and organised crime; defence.* The transition to the exclusive competences of the Union will require - in particular for some matters - a gradual process of allocation of roles between European institutions and between them and the Member States.

II. Responsibilities and roles. There are two issues to be addressed: on the one hand, the predominant role assigned by the Treaty and practice to the European Council over the Commission and the European Parliament; on the other hand, the power of the right of veto within the Council, which has led to a blockage of the EU's decision-making and legislative activity, which must be removed with a view to strengthening the Community method. The Conference is an opportunity to achieve together the goals described in this document.

III. Instruments. Several instruments can be used to achieve the objectives outlined. We can take action: a) with the current Treaty, which offers various possibilities (the "*passerelle*" clause, enhanced cooperation, etc.) to achieve some of the objectives indicated, overcoming the lack of political will and moving towards ever closer integration as envisaged in the Treaty; b) by amending the current Treaty; c) by drafting a new Treaty, preferably a Founding Act having a constitutional nature, also starting from a core of States that intend to move together in this direction, thus creating the conditions to inaugurate a new European era.

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