

It takes two to tango. A policy debate for a just, green transition for the EU

Seminar

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REPORT

This seminar – co-organised by the Belgian Federal Public Service (FPS) Social Security and the OSE – brought together researchers, social stakeholders and decisionmakers to discuss difficult issues, such as climate-proofing our economies and societies and the need to make European welfare states fit for the future. How conducive are the initiatives adopted by the EU to greater integration of the social and the green pillars? Should the European Semester be overhauled to explicitly take social-ecological indicators on board? What should be the role of social and civil dialogue during the green transition?

Moderated by **Bart Vanhercke**, Director, European Social Observatory (OSE)

Welcome and introduction

Manuel Paolillo, Director General Policy Coordination and International Relations, Belgian Federal Public Service for Social Security

The tango metaphor symbolizes the present challenge we face in achieving a harmonious integration between the social and green aspects of sustainable development. It is crucial that every step we take aligns with the overarching objectives of transitioning to a greener future. The European Union has already taken steps in this intricate dance, implementing measures such as the Just Transition Fund and the Social Climate Fund that aim to merge these two priorities. Nevertheless, it is essential to carefully examine the rhythm of this dance and consider initiatives such as, for instance, revising the European Semester to explicitly incorporate socio-ecological indicators.

M. Paolillo underlined how our actions have significant and far-reaching consequences that shape the future. This highlights the importance of foresight in decision-making. Foresight involves making thoughtful and proactive choices to achieve the most desirable outcome.

A just transition towards climate neutrality for the EU: debates, key issues and ways forward

Josefine Vanhille, Centre for Social Policy Herman Deleeck (CSB) – University of Antwerp

The initial focus of the presentation is the need for a fair transition which establishes a connection between social and ecological issues. The recently published paper '[A just transition towards climate neutrality for the EU](#)' (Sabato S., Büchs M. and Vanhille J.) takes a social policy perspective and explores the role of the welfare state in achieving the green transition.

The socio-ecological nexus recognizes social inequalities as a key barrier to a successful ecological transition, while ecological destabilization compromises social welfare. Therefore, there is a need to redefine social policies in the context of the green transition.

The EU Green Deal already acknowledges the interlinkages in its strategy, encompassing various macro-areas of action to pursue socio-ecological objectives. However, achieving this requires effective coordination at the governance level. While the notion of a just transition recalled by the European Commission in the EGD Communication is a contested concept -

whose conceptual boundaries are rather blurred and not easily measurable for analysis - this notion of a just transition has nevertheless the potential to recognize the role of robust welfare states in a successful green transition. The question arises: what should, concretely, be the functions that the welfare state should be able to perform in order to ensure a just, green transition? The authors of the OSE Research paper differentiate between the following four functions:

1. Benchmarking function, i.e. setting social standards for green transition policies, by, for example, ensuring the quality of green jobs or access for vulnerable groups to initiatives such as those to increase the energy efficiency of buildings.
2. Enabling function, i.e. social investment policies (such as providing the skills needed for a greener economy) and making social services carbon neutral.
3. Buffer function, including traditional social protection policies offering protection and compensation vis-a-vis traditional social risks (e.g. unemployment or minimum income benefits).
4. Consensus building or conflict management: Social dialogue institutions and procedures can facilitate the reaching of a consensus on the green transition. The same applies to civil dialogue. It is indeed crucial to incorporate the dimension of procedural justice in the green transition, ensuring participation and fair distribution of costs and benefits.

Regarding the European Green Deal, there are ambiguities and critiques to be made. Firstly, the EGD Communication reflects a narrow understanding of just transition. Secondly, while the European Pillar of Social Rights (EPSR) is expected to serve as a reference to ensure just transition, it is unclear which specific policies should be implemented for this purpose, and no details are provided, in the EGD Communication, on how the welfare state should adapt to the challenges of the green transition. Thirdly, the role of the EU in adapting national welfare states to the green transition remains unclear.

An examination of specific EU policy programmes enacted recently to implement the EGD (what the authors call 'an emerging EU framework for a just transition') reveals that the functions of welfare states are present in these initiatives:

- Just Transition Mechanism (JTM): addresses territorial compensation and provides assistance to sectors most affected by the transition.
- Recovery and Resilience Facility (RRF): while not explicitly a just transition tool, it encompasses six pillars that capture the essence of the green transition, sometimes in relation with social objectives and concerns.
- Social Climate Fund: targets (energy and transport) vulnerable groups in particular.
- 2022 Council Recommendation on ensuring a fair transition. The Recommendation is quite comprehensive, but it is a non-binding instrument and lacks associated funds.

The conclusion is that the benchmarking and enabling functions are prominent in the EU framework for a just transition, while the buffer function seems to be completely lacking from the first two instruments (JTM and RRF).

Sebastiano Sabato, Senior researcher, European Social Observatory (OSE)

Continuing with the conclusions of the above-mentioned paper, S. Sabato highlighted the limitations of the EU framework. He emphasized that the European Green Deal strategy is primarily based on a green growth/ecological modernization approach and on a belief in decoupling economic growth from emissions, which many scholars view as unrealistic. Furthermore, there is a need to pay more attention to the global dimension of the just transition. The EU's social dimension exhibits weaknesses, leading to imbalances when integrating green and social approaches. It becomes necessary to reflect on the integration and consistency of various instruments, and to assess whether the approach is comprehensive and if policy measures are adequate. Additionally, it is crucial to ensure that the EU can effectively monitor the actions of its Member States.

Considering these challenges, the authors propose potential ways forward:

1. Explore policy solutions aimed at making the welfare state more 'sustainable'. These solutions explicitly focus on simultaneously addressing social and ecological objectives, without prioritizing economic growth. Examples include redistributive policies or universal basic services. Some Member States already implement these policies, placing well-being at the forefront.
2. Embed a just transition perspective in EU governance. This can be achieved through the European Pillar of Social Rights, by adapting its implementation to the needs of the socio-ecological perspective and making the EU Semester more oriented towards ecological goals.
3. Enhance social and civil dialogue: besides fully exploiting the potential of existing EU structures and procedures for social and civil dialogue, it appears necessary to experiment with more innovative ways to foster consultation and participation of citizens, the social partners and civil society organizations. Openness of decision-making is indeed a key dimension affecting the perceived fairness of decisions taken.

The recommendations and priorities envisioned by the authors are as follows:

1. Ensure the effective implementation of the EPSR.
2. Foster implementation strategies that are both innovative and less reliant on economic growth.
3. Empower the EU Semester to play a significant role in monitoring the national implementation of sustainability measures.
4. Utilize existing EU mutual learning instruments to reflect on more innovative social policies.
5. Expand the knowledge base on the linkages between green and social policies and develop the EPSR social scoreboard further.
6. Enhance the democratic dimension of the green transition.

Most importantly, it seems that we are confronted with a sort of 'green transition fatigue', i.e. the temptation to say that the EU has done enough for the green transition and should now

focus on other priorities. However, it is crucial to keep the priority of achieving a just, green transition high on the EU Agenda.

Bart Vanhercke, Director, European Social Observatory (OSE)

Since the Council recommendation on fair transition is not binding and is thus another instrument of soft governance, does it have an impact? The success of mutual learning and exchanges of good practices depends on who is doing the learning. With this very complex topic the question of 'who is actually doing the learning' is indeed a crucial one. So, how can we make sure that EU processes for the exchange of good practices work?

Q&A

Béla Galgóczi, European Trade Union Institute (ETUI): The green transition creates new inequalities, and the EU social framework is not very responsive. Europe needs better coordination of real life situations.

Namita Kambli (E3G): Other instruments such as the Green Deal Industrial Plan make no mention of social welfare. The fairness of the green transition is often mentioned as a side-issue in every policy.

WWF: The elephants in the room that must be considered are the upcoming EU elections and the urgency of the issue. Essential role of just transition: what is the future of the European Scientific Advisory Board on Climate Change in strengthening the conversation around that?

European Federation of national organizations working with the homeless (FEANTSA): the social impact is not exclusively on the labour market, but it will also impact the housing market. There is a gap between the narrative and the instruments being adopted. Do we believe in the EU's social ambition?

Christof Gran, ZOE Institute: How is it possible to achieve a just transition in a political context that is rooted in in-depth economic thinking not duly considering environmental and social priorities? Where are we transitioning to?

EESC: Have you examined in more depth the external dimension of the EU's policymaking?

Climate Action Network: On the enabling function of the WS, you gave a positive assessment of the RRF and a negative evaluation of the Social Climate Fund. However, in the

latter Regulation, an enabling function is envisaged whereas in the RRF it is weak. Can there be a fair transition without taxation policy and decolonization?

Panel discussion on the ecological transition, the welfare state and the role of the EU

Pascale Vielle, Member of the Belgian academic high-level group on just transition, and Professor, UCL

According to P. Vielle, the entire reflection should revolve around the idea that an institutionalized social order, social protection, the economic model, and the concept of democracy form an interconnected ecosystem that requires reciprocal adaptation. It is not merely a matter of undergoing a transition; rather, all components must move and evolve together while maintaining a balance. To address the challenges posed by the climate transition, we must consider the transformation of production methods, which is related to changes in the labour market, and the need for adaptation to climate-related risks. Social protection should play a crucial role in addressing these risks, and the latter require more attention.

When discussing post-growth needs, it is important to consider not only cash benefits but also in-kind benefits and universal services. When we think of beneficiaries of social protection and social assistance, we must view this issue from a climate perspective, as certain populations, such as migrants, are indirectly affected by climate change.

The scale of social protection needs to be rethought, considering the roles of the EU, the national and local levels, while ensuring proximity to citizens.

The lessons learned from the Covid-19 pandemic should serve as a basis for the above-mentioned considerations.

- The normative framework currently lacks strength, as it neglects discussions on social justice.
- Care should be regarded as a fundamental value within the new framework, and the gender dimension must be taken into account.
- Democracy should emphasize participatory mechanisms that amplify the voices of all individuals, with policies that enable and are connected to these voices.
- The European Pillar of Social Rights was designed using an outdated social policy framework that did not account for the ecological transition, making it unsuited to the

new objective. It lacks a clear definition of real rights, is not binding, and has not been fully implemented. While a robust social policy is a prerequisite, it must be intrinsically designed with the green transition in mind, rather than as a separate entity. Therefore, P. Vielle proposes that alternative instruments be explored, such as the International Labour Organization (ILO)'s social protection floors.

Amandine Crespy, Deputy Director at CEVIPOL (Centre d'Etude de la Vie Politique, ULB)

The EU's just transition framework has gained increasing momentum, but currently, it appears to be a bit of patchwork. One crucial observation in the paper mentioned above is the absence of a coherent vision for a just transition agenda at both the policy and expertise levels. The main point she emphasized is that the upcoming budget programming period discussions in 2025 will be an opportunity to redesign policy instruments and funding mechanisms.

A. Crespy argued for a comprehensive revision of the EPSR, encompassing the concepts of mobility and energy poverty, as well as incorporating sufficiency rights and duties for individuals, political institutions, and companies. The notion of sufficiency focuses on people's well-being within planetary limits, which could help reshape policy instruments.

Another key takeaway of the paper is the existence of conflicts and inadequate consensus-building mechanisms, resulting in political backlash that is already evident today. This is an area where the EU institutions have been overly cautious. While relying on decentralized governance through national plans, A. Crespy suggests enforcing binding norms, requiring national parliaments to approve these plans to strengthen their democratic credentials. Furthermore, there is a vital need for more bottom-up discussions, since constraints on decision-makers' ability to consult citizens and organize dialogue are creating a gap between public involvement and policymaking.

The paper adopts an ambivalent stance on the topic of growth, suggesting that the welfare state should rely less on growth policies. It also claims that there is no inherent contradiction between the green growth model and degrowth policies. However, due to limited financial and energy resources, it is unlikely that both models can coexist. Therefore, the speaker argues that resources should be focused on one of the two approaches.

Lastly, regarding fiscal policies such as increased taxation on assets, a comprehensive European fiscal strategy is needed. Currently, there is controversy surrounding the revision of the Stability and Growth Pact, which still focuses on GDP, without considering the financial impact of climate change on debt and public finance. The objectives of the pact reforms are

viewed as unrealistic by the speaker, and these instruments should align more closely with the ecological agenda.

Bart Vanhercke, Director, European social observatory (OSE) (moderator)

Is it surprising that some national ministers hesitate to address the topic of a just transition or include it in their agenda, considering the challenges in facilitating dialogue between communities and the vastness of the subject?

Q&A

Matteo Mandelli, Researcher, University of Milan: should we bring back some conflict as part of the concept of democracy? How do we build bridges between different social groups?

Professor of Social Security Law, ULB: reflect on the fundamental social rights in the Charter of the European Union, on their nature as binding norms and the potential to develop the benchmark function.

Looking forward

Nicoletta Merlo, Member of the European Economic and Social Committee

N. Merlo emphasized the crucial role of the social partners and civil society in driving forward the green transition. It is crucial to convert the principles of a fair transition into practical measures that guarantee the activation of participatory procedures and the active involvement of organized civil society. N. Merlo highlighted the significance of the intergenerational aspect of climate change and sustainable development policies, which institutions should recognize as crucial. In particular, young people, who will experience the most profound consequences of the present crisis, should be placed at the heart of an inclusive engagement process that goes beyond occasional consultations or ad hoc meetings. They should be empowered to become genuine participants in decision-making processes and their suggestions should be transformed into tangible actions.

Anne Van Lancker, President, SOLIDAR

The concept of triple inequality resulting from climate change encompasses three factors: asymmetric impacts, responsibility, and less capacity to adapt. It highlights that those most affected by climate change often are the least responsible for causing it and possess limited resources to effectively adapt. This realisation emphasizes that climate change is a primordial social issue.

A. Van Lancker emphasized that the various crises faced by Europe have revealed that policies centred around economic growth are no longer sustainable foundations for the welfare state. A paradigm shift is necessary to develop sustainable models of development. Key points include: (i) strengthening social protection systems: robust social protection systems have proven to be more resilient and capable of facilitating a faster and stronger recovery. Full implementation of the European Pillar of Social Rights through tangible initiatives such as ensuring an adequate minimum wage, sufficient minimum income, and social protection for all; (ii) introducing a golden rule for public investments which would exclude net public investment from balanced budget rules; (iii) establishing a Social Imbalances Procedure to counterbalance the existing Macroeconomic Imbalances Procedure, which currently focuses solely on fiscal sustainability; and (iv) emphasizing the role of social and civil dialogue.

*The **PowerPoint** slides can be downloaded from the OSE website:*
<https://www.ose.be/event/it-takes-two-tango-policy-debate-just-green-transition-eu>