



**Workers' Group**  
**EESC**

# POSITION PAPER SUMMARY

**Workers' Group  
recommendations for a Strong,  
Social, Sustainable and Inclusive  
Recovery and Reconstruction  
Plan**

# THE BIGGEST CRISIS IN THE LAST 90 YEARS

**The world is experiencing its biggest crisis in the last 90 years; if the European Central Bank's estimates are correct, the depression will mean a loss of 15% of Europe's GDP, three times the magnitude of the 2008 crisis. According to some projections, up to 55 million jobs are at risk in the EU, some of them to be lost forever. In particular, the ones without any safety net: precarious, platform workers, self-employed, etc.**

THE IMPACT OF THE VIRUS IS PUTTING HEALTH SYSTEMS ACROSS EUROPE UNDER ENORMOUS STRAIN, A BLOW EXACERBATED BY THE INEQUALITIES AMONG COUNTRIES AND HEALTH SYSTEMS IN TERMS OF STAFF, HOSPITAL CAPACITY, BUT ALSO OF CITIZENS AND THEIR CAPACITY TO LEAD A HEALTHY LIFE AND HAVE ACCESS TO QUALITY SERVICES. This crisis is of a different nature than previous ones, and it requires a different mix and timing of policy responses; the spread of the virus is not a national problem, affecting the whole of Europe and beyond. However, during the crisis, member states have failed to coordinate, and the EU response arrived late and was insufficient,

only exacerbating the problems derived by its lack of competences on the field of public health. The single market, meanwhile, has been exposed as vulnerable, with the European Commission having to intervene to ensure the transport of goods.

TO OVERCOME THE CURRENT CRISIS, AND BE PREPARED FOR ANY OTHER THAT MIGHT COME, EUROPE MUST FOCUS ITS EFFORT TO REBUILD ITS SOCIAL, POLITICAL AND ECONOMIC STRUCTURE on two criteria: independence and sustainability. Independence in terms of crisis protection, health otherwise, relocating and protecting priority jobs and key industries whose production chains are scattered throughout the globe now. Sustainability means taking economic, social and environmental considerations on investment and policy, in order not to return to the pre-crisis state, but to develop profound and lasting reforms in the economic system. The Social Agenda must complement and complete the Single Market. Business as usual can no longer be a political option to address the effects of the crisis. Europe needs a reset.



**WITH A VIEW TO REDUCING THE PRESENCE OF WORKERS IN WORKPLACES, INNOVATIVE WORK ORGANISATION INSTRUMENTS HAVE BEEN AGREED IN SOME COUNTRIES AND SHOULD BE FURTHER EXPLORED,** as recourse to unemployment benefits and social safety nets, making use of collective bargaining practices and social dialogue. Once the crisis is over, it is unlikely that labour relations will remain unchanged. Many industries may undergo a process a rapid automation, implementation of robots and artificial intelligence. Switching to production systems, which are immune to infection

may mean on one hand an accelerated progress of innovative technologies, and a need to efficiently and smoothly manage the productive employment of human resources on the other hand. Support measures or innovative technologies should by no means interfere with industrial relations or undermine workers' rights. Trade Unions must be involved in developing and enhancing all the following measures, and the EU must actively support Occupational Safety and Health (OSH) and public health policies.

**TO DEVISE AN EFFECTIVE RECOVERY AND RECONSTRUCTION PLAN TO HELP THE MEMBER STATES IN GREAT DIFFICULTY, THE EU MUST BE GUIDED BY THE PRINCIPLES OF SOLIDARITY, SUSTAINABILITY, WORKER PROTECTION AND PARTICIPATION, DIVIDED IN SHORT-TERM RECOVERY AND MEDIUM-TERM RECONSTRUCTION**

**TO DEVISE AN EFFECTIVE RECOVERY AND RECONSTRUCTION PLAN TO HELP THE MEMBER STATES IN GREAT DIFFICULTY,** the EU must be guided by the principles of solidarity, sustainability, worker protection and participation, divided in short-term recovery and medium-term reconstruction. Trade Unions, where possible, are concluding agreements with employers and governments to keep

workers safe and protect their jobs and income during the crisis. Irrespective of their occupation or employment relationship, resources and measures need to be put in place; this rebuild effort will only succeed if social partners are included in the process, and if workers' voice is heard and collective bargaining protected and encouraged.



# ACTION IN THE SHORT TERM: THE RECOVERY PLAN



**KICK-START THE ECONOMY WHILE AND BRING ABOUT THE NECESSARY AND FAIR ECOLOGICAL TRANSITION AND DIGITAL TRANSFORMATION OF OUR SOCIETIES**

The EU needs, as a first and immediate stage, a European Economic Recovery Plan in order to kick-start the economy while at the same time bring about the necessary and fair ecological transition and digital transformation of our societies in order to ensure social cohesion, notably through massive investment in the development of public infrastructure, shaping the European way of life for the 21st century

and channelling the necessary funds to public services, education, research and development to be better prepared for future health crises. This recovery plan should provide not only loans, but also grants, ensuring that Member States do not increase their indebtedness to exit the crisis, and allowing for them to eventually reduce their national debts.

FOR THESE PURPOSES, THE FIRST STAGE RECOVERY PLAN SHOULD COVER THE FOLLOWING POINTS:

- Ø The first task is to adapt the Stability and Growth Pact, before the COVID19 crisis ends. This shall allow all Member States to make necessary public investments (golden rule) to guarantee a modern health, ecological, education and technological infrastructure and avoid an unprecedented recession and austerity policy. This means to give much more weight to key objectives such as sustainable and inclusive growth, full employment and decent work, fair distribution of material wealth, environmental sustainability, public health and quality of life. After the activation of the fiscal framework's general escape clause we must not return to the „old“ governance framework as this could trigger a new recession.
- Ø Public support to corporations to help them to overcome the crises should be subject to the non-distribution of dividends and to the buy-back of shares and to the condition not to dismiss workers.
- Ø The ECB plays a key role to keep bond market spreads under control, and should be ready to extend quantitative easing, ensure price stability combatting also deflation, and support in its monetary policy not only said stability but also inclusive and sustainable growth.
- Ø In addition, common fiscal action and debt instruments are needed for the recovery, in terms of an extension of the MFF, but also of the emission of joint bonds.
- Ø The EU needs an exit strategy with guidelines among Member States with social partners consulted, with the continuation of production activities and the gradual reopening of working places making sure adequate level of protection for workers.
- Ø EU institutions must have the competence to coordinate supply, distribution and prices of essential medical and protective equipment in the single market. It should guarantee that each member state has the necessary medical equipment to continue its production, distribution, food consumption, etc.
- Ø The new European financial instrument (SURE) is important to assist member states. However, a permanent scheme is still necessary to absorb shocks and act as macroeconomic stabiliser: the adoption of a European Reinsurance Scheme should remain on the agenda. Alongside this, legally binding minimum standards for national unemployment insurance schemes should be included in both recovery and reconstruction strategies.



# ACTION IN THE MEDIUM TERM: THE RECONSTRUCTION PLAN

Once the pandemic is over, it is essential that the EU urgently also adopts a very powerful Reconstruction Plan that will allow to avoid a negative social impact in terms of unemployment, poverty and inequality. In some EU countries, this impact would add to the social consequences, not yet overcome, of the 2008 crisis. The governance of the implementation of the Plan must be based on a strengthened European Semester, with a stronger involvement of the social partners and other representatives of civil society, at national and European level, and should be in line with UN SDGs.

## **The financial support of the Reconstruction Plan should:**

- ∅ Have a large financial power: between 1.5 and 2.0 trillion euros. A part of it will have to be implemented from the second half of 2020, through a special budget. The rest will be anchored in the MFF 2021-2027. This requires raising its expenditure ceiling by the necessary amount, at least to 1.5% of European GNI. In order to increase the own resources of the MFF, apply the conclusions of the Monti High Level Group.
- ∅ Be financed by issuing Eurobonds, or by other common debt formulae such as financing on the markets on the basis of guarantees established in the budgets (InvestEU / EIB model). The debt should be perpetual or very long term. A majority of the resources will be direct transfers to States to cover their investment needs. A priority criterion for distribution will be the needs of States measured in terms of levels of economic growth, unemployment, poverty and debt capacity.
- ∅ Have as priority investments: health and social infrastructures; support for measures to maintain employment and for SMEs; achieving the objectives of the Green Pact and its Just Transition (without overlapping with the financing of the latter) and of digital Europe; the fight against poverty; cooperation with the least developed countries, in particular those in Africa, to overcome the crisis; and, improvement of the health and living conditions of refugees and asylum seekers.
- ∅ Allow for the urgent unblocking of the directives on the common consolidated corporate tax base (CCCTB) and on qualified majority voting in tax matters and the enhanced implementation of the OECD's BEPS programme against tax avoidance by multinational companies.
- ∅ Establish a European Authority for Combating Aggressive Fiscal Planning
- ∅ Provide the EU with its own fiscal resources, via a carbon tax, financial transaction tax, and digital corporation tax.

- ∅ Include combatting tax fraud and avoidance, and implementing a minimum corporate tax, effectively ending the current race to the bottom and existence of tax havens within the EU. Foresee the adoption of new legislative initiatives against tax fraud, tax evasion and money laundering. These include the exclusion of companies with an unjustified presence in tax havens from COVID-19 pandemic-related assistance schemes and government procurements. The establishment of a credible list of tax havens is an essential tool for combating tax crime.
- ∅ Deploy measures to strengthen cooperation between States, including those relating to automatic access to information, at administrative, police and judicial level
- ∅ Focus on the Green Transition, earmarking resources from the EIB, increasing the share of the European Fund for Strategic Investment in fighting climate change, and support SMEs and R&D focused on social and sustainable innovation.
- ∅ Complement the single market with the social agenda, with upward convergence measures to ensure fair and better working conditions. It is related to several legislative and non-legislative initiatives, which cannot be delayed or postponed because they are part of the European Commission Work Programme, and are the pillars of the Social agenda. These include: the transposition of adopted directives according to the timing already agreed (Work-life balance Directive, Posting of Workers Directive, Gender Pay Transparency Directive, Transparent and Predictable Working Conditions Directive) and the implementation of the new Skills Agenda), setting an EU minimum wage and minimum income, recasting the European Workers' Council directive to ensure worker participation in management, strengthening collective bargaining, and rights of migrants and asylum seekers. We must also ensure that the principle of 'equal pay for equal work at the same workplace' is properly enforced.

**€1.5/2 trill.**

**Plan financial support**

**1.5% GNI**

**MFF ceiling**



# BEYOND THE CRISIS: TOWARDS A NEW MODEL

**The COVID-19 crisis also exposed all the institutional limits and shortcomings of the current European Union.**

A new European Union set-up is needed that goes beyond the EU single market to lead to a more integrated Europe with real fiscal capacity and that its main objective is to improve the living and working conditions of its citizens. For these reasons, we ask that the next Conference on the future of Europe should include the possibility of treaty changes, including a Social Progress Protocol to be added to the EU Treaties to underline this point.

The complexity of reshaping the European Union during and after the COVID19 crisis is needs a broad, comprehensive approach to key issues such as trade, migration, workers' rights, democracy, fundamental rights, values, solidarity, industrial policy, and the very socioeconomic model itself. The following chapters outline these needed changes.

## MIGRATION

**Migrants have been gone from the news since the crisis started. However, their vulnerability only adds to the general problems presented by COVID19. In particular, it is urgent to tackle the health and safety conditions of migrants in reception centres. Policies during and after the crisis should:**

- Ø Tackle the job insecurity, regularising the situation of migrants working in the care or agricultural sector in particular.
- Ø Develop realistic, legal, safe, useful paths for migration to the EU. Establish a permanent and effective dialogue with origin countries.
- Ø Develop a Common European Asylum Policy (CEAS).
- Ø Strengthen the role of the European Labour Authority, ensuring that rights of posted workers are protected and those in irregular situations regularised.



## TRADE

This crisis has unveiled the flaws of our globalised trade world like no other. We are witnessing the worrying fragility and risks that come with highly fragmented supply chains that have been competing in the race for the cheapest supplier while often leaving decent working conditions behind. Moreover, beyond traceability and transparency problems, the crisis has shown that the market cannot function in times of crisis and therefore security of supply for essential goods must be guaranteed within the EU.

## INDUSTRY

The crisis has highlighted the inability of the current economic and industrial structure to respond to crises and cover the demand, as many parts of the production chains are delocalised around the world. The lack of industrial capacity has meant scarcity of key medical equipment during an unpredictable state of the world market. To change this situation, key industries and sectors must be identified and supported, from human resources to research, resulting in a European Industrial Policy that protects these strategic sectors from the market and ensures security of supply of key elements, such as respirators, masks and others.

## RESEARCH

Europe is a global leader of research and development, counting with the most effective public health systems in the world. Despite this, lack of funding and deficit of production capabilities has confronted us with the most critical health crisis in decades, and highlighted the massive dependence on imports of medical products from non-EU countries.

To reshape trade, sustainability must be included as an overarching topic, ensuring as well that public services are excluded from any trade agreement; and taking urgent measures in legislation for due diligence.

This must mean supporting corporations which relocate production capacity to Europe, allowing the EU to regain control over production and ensuring autonomy before the world market, always in line with a just ecological transition. These corporations and companies must be sustainable, having a strong Workers' Voice, and take part in the realisation of the Green Deal as a framework for the recovery and reconstruction plans.

The European Union should create a network of excellence of public research institutes, focusing among other fields on development of vaccines, therapies and medicines. This must bring public general interest against profit logic and patents, which sometimes delay or prevent the development or distribution of treatments.

## DEMOCRACY, EUROPEAN VALUES, THE RULE OF LAW AND FUNDAMENTAL RIGHTS

History has shown that democratic mechanism can be used to destroy democracy, and thus active protection of democracy and rule of law is necessary. Acknowledging the values laid out in Article 2 TFEU, the recovery and reconstruction plans must use them as guide and precondition for its actions, tackling autocrats and ensuring they cannot use EU funds for their own purposes. Threats to democracy, fundamental rights and the rule of law can be seen in the EU today, from promotion of hate and discrimination against LGBTI collectives and xenophobia to interference with the legislature and the judiciary in the so-called illiberal democracies.

- Ø Transparency, accountability and stringent control of the recovery and reconstruction funds are fundamental, creating instruments for the EU to directly manage and finance civil society activities across the EU and provide support for Civil Society Organisation performing watchdog activities, for independent plural media, for trade union and workers' rights, and to protect human rights defenders and investigative journalists.
- Ø Compliance with democracy, rule of law, and fundamental rights must be a condition to MFF allocations.
- Ø In the case of testing and tracking individuals for health reasons, data protection and privacy provisions must be protected. Tracing apps must comply with GDPR and the e-privacy directive, and they must collect data proportionally to the need. The EU should develop an app for this purpose, fully compliant with GDPR and providing comparable data while protecting individual rights.

## SOLIDARITY BEYOND EU MEMBER STATES

Solidarity is at the core of the Recovery and Reconstruction plans, but this solidarity must not stop with our borders. The EU should lead by example, providing aid to countries affected by COVID19, with a priority for the neighbouring and candidate countries, based both on the ideals of justice and of interdependence with the rest of the world. In particular:

- Ø A global system of production and distribution of medical equipment should be established, ensuring a fair distribution of them particularly in countries with less possibilities to buy them on the market.
- Ø Ensuring a global level playing field for industry in the European Industrial Policy to fight exploitation of workers along decentralised value chains.

# WORKS AND WORKERS: TOWARDS A WELL-BEING ECONOMY

The recovery and reconstruction after the crisis should not only depart from business as usual, but also focus on a new conception of our socioeconomic system, based on the idea of the well-being economy, fully adapting the idea of social progress within the limits of planetary resource boundaries and respect for fundamental rights. Sustainable investment must be the norm:

- Ø Fostering and protecting biodiversity.
- Ø Ensuring energy efficiency of housing, transportation and infrastructure, as well as a decentralised, democratic production of electricity.

This need for social progress is particularly highlighted in key workers during this crisis, in health, services, and social sectors. Many of these jobs (cleaning staff, transportation, etc.) are occupied largely by women, underpaid and undervalued by the labour market despite their vital importance.

- Ø The role of gender must be cross-cutting in all actions, as the current crisis has a larger impact on jobs traditionally occupied by women, and closures of schools and care homes have a disproportionate impact on women, who often bear the lion's share of the burden despite efforts and progress towards gender equality.
- Ø The impact of the crisis is also different depending on social class, as it determines access to quality housing, education, working conditions and health. Given the asymmetric impact of the economic lockdown and subsequent crisis, the need for a framework directive on minimum income highlighted above is specially fundamental.

This is part of the over 15% wage gap on average across the EU that must be closed. Key workers in services, labour-intensive sectors need policies to support them, as they offer lower productivity growths than industry and can put a downwards pressure on wages.

A worker is a worker and should be equally protected: it is necessary to eliminate differences between standard and non-standard forms of work. This concerns in particular the health and safety protection during the crisis, as well as workers temporarily suspended from work. OSH regulations must be strengthened, with COVID-19 recognised as an occupational disease; access to unions, collective bargaining, and democracy at the workplace will be fundamental pieces of the recovery and reconstruction. Workers' Voice, consisting of mandatory information, consultation, and board-level participation, is fundamental to ensure that workers' rights are put at the forefront and that companies act in a socially sustainable and politically responsible way.



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