

Dear EU leaders,

The soaring cost of food and energy is plunging families across Europe into a cost-of-living crisis triggered by Covid-19-induced supply chain disruptions and worsened by the Russian invasion of Ukraine. The European Commission has proposed solutions, such as caps on profits from energy production. These short-term solutions are needed but must be complemented with a longer-term approach.

As civil society organisations, think tanks and trade unions, supported by academics from across the European Union, **we believe this approach must address the underlying structural problems of our economic system.** The economy is not delivering for most people in Europe, for younger generations and for our planet. Long-term solutions include rapid progress on the EU tax agenda, including a genuine reform of environmental taxes, as well as a deep reform of the EU's fiscal framework - to support redistributive policies and a just green transition.

**To ensure equity and justice, the wealthiest should carry the heaviest burden.** We are urging you to tax polluting activities. The tax system must be strengthened, with socially balanced and progressive taxes. The richest should contribute the most and an ambitious and strict minimum corporate tax rate should be established across the EU to ensure the economy works for all. Without an ambitious progressive and gender-just taxation agenda, inequalities will continue to deepen, and the economy will continue to disproportionately benefit the wealthiest.

**The Stability and Growth Pact - the rules that regulate national budgets - must be amended through a democratic and open process.** Reform of such importance must not happen behind closed doors and instead should follow a democratic and transparent process that includes a formal role for the European Parliament (ordinary legislative procedure).

With the European Commission soon to launch its proposals to reform the EU's economic governance, especially regarding fiscal rules, there is a unique opportunity to start a fresh chapter in European economic policy-making. This new chapter must ensure the EU's fiscal rules are consistent with agreed EU macro-economic, social, and environmental goals, and establish a new approach to member state fiscal policies. Therefore, we are calling upon you to ensure the following principles are at the core of the reform:

- **Build a future-proof economy with jobs for all** - Allow fiscal flexibility to target a fully employed economy with decent and well-paid clean jobs available to all.
- **Fill the green funding gap and make Europe energy independent from fossil fuels** - Targeted and scaled-up green public investment is needed to remain below the 1.5 Celsius goal of the Paris Climate Agreement. A reformed fiscal framework should ensure the alignment of Member States' public spending with the Paris Climate

Agreement, as well as other environmental objectives including reducing resource use and zero pollution.

- **Reinvest in public services and social protection** - Social expenditure must guarantee universal access to quality basic public services, as well as a social safety net, so no one falls through the cracks and the care economy is central.
- **Target human, economic and environmental well-being** - Make durable well-being the primary objective of EU economic policy by establishing adequate indicators within the EU's fiscal policy framework and making sure the rules do not translate again into austerity. Economic growth as a primary objective does not work and governments should rather aim to achieve improved human, economic and environmental outcomes.

Given environmental breakdown is a prolonged and structural crisis, rather than a temporary one, preemptive spending and investment today is a must. It will also mean guaranteeing a good quality of life for all, better public services, and a more sustainable ecosystem for future generations.

The new European economic governance framework and ambitious common taxation rules need to be fit for the decades to come. If designed in the right way, they could reduce social inequalities, reinvigorate trust in the EU and democratic institutions, and help build bridges between the people of Europe.

With this review, we have an opportunity to design a fairer system built around a future-proof economy with jobs for all, solidarity and sustainability. We urge you to seize that opportunity without further delays.

Yours sincerely,

180 signatories: trade unions, civil society organisations, think tanks and academics

## **Trade Unions**

Arbeiterkammer, Austria

Confederation of Christian Trade Unions (ACV-CSC), Belgium

European Trade Union Confederation, European organisation

European Trade Union Federation representing retired, pensioners and elderly people (Ferpa), European organisation

Finnish Confederation of Professionals (STTK), Finland

General Union of Workers (UGT), Spain

IndustriAll Europe, International organisation

Italian General Confederation of Labour (CGIL), Italy

Italian Labour Union (UIL), Italy

La Confédération française démocratique du travail (CFDT), France

The Austrian Trade Union Federation (ÖGB), Austria

The General Confederation of Liberal Trade Unions of Belgium (ACLVB-CGSLB), Belgium

## **Civil Society**

Bond Beter Leefmilieu, Belgium  
Bund für Umwelt und Naturschutz e.v., Germany  
CATAPA, Belgium  
CEEweb for Biodiversity, Hungary  
Clean Air Action Group, Hungary  
Climate Action Network Europe, European organisation  
CNCD-11.11.11, Belgium  
Czw Climaxi, Belgium  
Degrowth Collective Toronto, Canada  
Deutscher Naturschutzring, Germany  
Electra Energy Cooperative, Greece  
Eurodiaconia, European organisation  
European Anti-Poverty Network, European organisation  
European Environmental Bureau, European organisation  
European Youth Forum, European organisation  
Federation of Environmental Organisations in Cyprus (FEOC NGOs), Cyprus  
Finance Watch, European organisation  
FiscalFuture, Germany  
France Nature Environment, France  
Fridays for Future, Sweden  
Friends of the Earth Europe, European organisation  
Green Liberty, Latvia  
Greenpeace, European organisation  
Greentervention, European organisation  
Lifelong Learning Platform, European organisation  
Mange Ram Adhana, India  
Mensa Civica, Spain  
Naturefriends Greece, Greece  
Naturfreunde Internationale, International organisation  
Nyt Europa, Denmark  
OBESSU - Organising Bureau of European School Student Union, Denmark  
Oikos - Cooperação e Desenvolvimento, International organisation  
OXYFIN, Belgium  
Polish Zero Waste Association, Poland  
Positive Money, United Kingdom  
PowerSchift e.V., Germany  
Public Association Republican Center "Gutta-Club", Czech Republic  
Rural Area Development Programme (RADP), Nepal  
SDG Watch Europe, European organisation  
Social Platform, European organisation  
Solidar, European organisation  
SumOfUs, International organisation  
TDM 2000 International, Italy  
Umanotera, Czech Republic

Umweltdachverband, Austria  
Urgenda Foundation, Netherlands  
VšĮ "Žiedinė ekonomika", Lithuania  
WEED - World Economy, Ecology and Development, Germany  
Womens Empowerment Against Poverty of Nepal (WEAPoN), Nepal  
WWF Latvia, Latvia  
Young European Federalists (JEF Europe), European organisation  
Youth Express Network, France  
ZERO - Association for Sustainability of the Earth System, Portugal

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Eco-union, Spain  
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Feasta, Ireland  
Foundation for European Progressive Studies (FEPS), European organisation  
Modern Money Network, United States  
Nevin Economic Research Institute, Ireland  
New Economics Foundation, United Kingdom  
Nicos Poulantzas Institute, International organisation  
Our New Economy, International organisation  
Policy Research in Macroeconomics (PIME), United Kingdom  
Sustainable Finance Lab and Erasmus University Rotterdam, International organisation  
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