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Work in a sustainable economy

The socio-ecological transformation from a labour policy perspective

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Content

I. Introduction	4
II. The epochal challenges of the present	6
II.1 Transferring costs to the detriment of people and nature	6
II.2 Responsible citizens' supposed compulsion to consume	7
II.3 Governments' political responsibility	8
II.4 The ongoing exploitation of working people	9
II.5 Power asymmetries as an obstacle to the transformation	10
II.6 A new understanding of prosperity	11
II.7 Networking the stakeholders of change	11
III. The foundations and goals of the transformation	13
III.1 Changing awareness among church and trade unions	13
III.2 International, European and German transformation initiatives	15
III.3 Goal conflicts of sustainable economic activity	16
IV. Urgently-needed interventions	18
IV.1 Measures at international level	18
IV.1.1 Social protection for all workers	18
IV.1.2 Socially-equitable, ecologically-sustainable world trade	19
IV.1.3 Binding ecological guidelines	20
IV.2 European measures	21
IV.2.1 A European supply chain law	21
IV.2.2 A climate-neutral, social Europe	22
IV.3 Interventions in Germany	25
IV.3.1 Creating a framework for transformation	25
IV.3.2 Spreading the burdens equitably	27
IV.3.3 Entrenching human rights and environmental care obligations in the law	28
V. Further reading	30
Internet addresses	31



Introduction

Our future is at risk. We have come dangerously close to overstepping the boundaries of our planet's endurance. Our ecological footprint, the ecological rucksack, Earth Overshoot Day, the global budget, the passing of "tipping points" of the global climate system, and many other methods of analysis, show that the resources of our planet are already overstretched.

At the same time, we are becoming increasingly aware of the social disparities in income and wealth, in Germany, in Europe as well as internationally, the causes of which are frequently rooted in an outright disregard for fundamental human rights. Globalisation has led to a "new simultaneity": Ecological and social challenges are becoming a daily reality within our awareness that can no longer be denied.

More and more people are talking about a "great transformation" that is needed in order to avoid ecological and social catastrophes in the face of the epochal change that our current economic system

is facing. Policy interventions can no longer be thought of and implemented side by side, but must be coherently aligned to whether or not they are beneficial to life.

Without alarmism or resignation in the face of the multitude of interventions that need to be made, the German Trade Union Confederation and the German Commission for Justice and Peace of the Catholic Church in Germany are attempting in this paper to present joint analyses and urgent political measures with regard to work. In view of the enormous challenges, there is a need for such an affirmation of shared insights, given that both the Church and the trade unions, even though they come from different normative traditions, have gone through similar learning processes in recent decades. The demands for decent, just, good work for all have only been gradually reconsidered against the backdrop of the planetary boundaries, and placed in the context of a fully-sustainable economy.



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The trade unions and the Church play a central role in shaping the transformation. That said, they are in a constant learning process and have to reflect on their own political and institutional actions in the light of their own aspirations. This is not always a resounding success. Goal conflicts come to light at many points, and have to be renegotiated several times against the background of diverse interests and voices, the size of the institutions, and the coordination processes that this necessitates. This becomes clear, for example, in their own procurement processes, or when addressing CO₂-intensive sectors where the spotlight is particularly on the conflict between sustainable development, decent work and locational security.

In a highly complex, extremely differentiated economy in which political responsibilities ranging from the local to the international level are not always clear, this text constitutes an attempt to formulate concrete, urgent political and social interventions based on a common analysis. It is based on the central insight that social and ecological reforms need to be combined. The need for these reforms is so fundamental, if one wishes to ensure the survival of people on all the continents of the world, that the big word “transformation” can rightly be used for the upcoming, necessary processes of reform and reversal. The common guiding principle for this process is a shared understanding of justice which grants to all people inalienable rights which must not be disregarded, either in work or via the deprivation of the ecological basis of life.

Chapter 2 begins by describing the epochal challenges in concrete terms. In essence, it discusses cost transfers in value added, as well as the dominant consumer mentality. A central obstacle to transformation appears to be the global asymmetries of power between those who own capital and those who can only sell their labour. The foundations and goals of the transformation are formulated in Chapter 3, against the background of programmatic developments that have taken place in recent decades in the trade unions and in the Church. Chapter 4 goes on to discuss the concrete requirements for

political intervention at international, European and German levels. We assume here that Germany plays an important role, both internationally and in the European Union, when it comes to the pace of the transformation process. The largest economy in Europe, and one of the strongest in the world, has an outstanding responsibility in tackling the socio-ecological crises. The present joint Aid to Orientation addresses this responsibility.



The epochal challenges of the present

For decades, we have had vast social knowledge about the growing ecological and social disasters taking place in the world. Poverty and hunger, inadequate healthcare and housing conditions, species extinction and plastic waste in the oceans, shortages of drinking water as well as soil erosion, are very often direct consequences of the dominant method of global economic activity. This is directly linked to an extremely unequal distribution of wealth, and to correspondingly unequal opportunities in life, also worldwide. Exploitation and overuse of natural resources are not the exception, but indeed the rule. Disregard for human rights and for international social and environmental standards are part and parcel of the established business model in many parts of the global value chains.

Since the spring of 2020, the coronavirus pandemic has forced us to look as if through a magnifying glass at the inequalities between societies in our globalised world, as well as between labour and capital. The effects of the virus are diverse. This situation however highlights once again how important it is for a global, local shift to take place towards sustainable forms of labour and life. Marginalised, vulnerable groups are already particularly badly affected by the crisis and by the measures to contain it. The downward spiral is exacerbated by poorer healthcare, a lack of social protection, unemployment, and inadequate childcare and guidance for young people. The inequality between men's and women's incomes has been highlighted once more in the COVID-19 crisis.

The consumption of our planet's resources is driven primarily by those in our society who have considerable purchasing power and who exert a decisive influence on how companies use resources. The extreme differences between the ecological balances of nomads in the Global South – but equally of ordinary working-class families – on the one hand, and those of the high-income strata among the population in industrialised countries, on the other, are well known. But the dominant way of doing business has so far been focused on selective economic indicators, on the return expectations of investors

or of the State, as well as on growth rates of the gross domestic product, and not in most cases on the maintenance of peace and the preservation of ecosystem functions. Of course, there are companies which take sustainability criteria into account, acting as “first movers”, but this is not the case across the board.

We need to protect the global ecosystem, use the opportunities known to us to reduce greenhouse gases, and transform the manner in which we deal with natural resources in socio-ecological terms, so that humanity can live better and can survive. After all, the capacity of forests to act as a reservoir, or the pollination capacity of bees and other insects, is of fundamental importance for human beings' future and quality of life.

II.1 Transferring costs to the detriment of people and nature

The cost calculation of a product does not take into account the actual social and ecological costs of manufacturing and transporting it, or of the need to recycle its components. The price does not reflect the consequences of the emission of climate-damaging gases as well as all the production costs, and is not sufficiently high to ensure a living wage for workers at all stages of processing. The socio-ecological steering instruments that are available to the countries, for example through an eco tax and environmental regulations, often fall victim to competition between locations for direct investment. Overcapacity, disregard for social standards, and overproduction engaged in with no regard for what the ecosystems can cope with, furthermore exacerbate the overexploitation of ecosystems. For example, rainforests are destroyed in order to produce soy feed in monocultures for cheap meat from factory farms, which is then processed in abattoirs under inhumane conditions; or the extraction of rare earths in Central Africa, of ores from Brazil or of coal from Colombia, is carried out with no regard for environmental protection regulations. This entails the destruction of the peaceful livelihoods of



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indigenous peoples, and is carried out with disregard for the care obligations ensuing from respect for human rights. The ensuing costs are ultimately inflicted on the people affected and on nature. These costs are not included in the price of the raw materials and of the intermediate and final products.

II.2 Responsible citizens' supposed compulsion to consume

"Too many people spend money they don't have to buy things they don't need to impress people they don't like." There is much truth in this bon mot when it comes to the cultural contradictions of the consumer society and of the nature of the externalisation society, which lives and operates at the expense of others.

It is true that people in rural areas are often dependent on private transport, but cars stand motionless

and occupy mostly public space in towns and cities for 95 per cent of the time. Especially in rural areas due to the lack of suitable public transport, but also in the cities, private transport is considered to a large degree to be a necessity for living a free life. A transformation in consumption and mobility behaviour is a sine qua non when it comes to sustainable development, and needs to receive support in many ways through the creation of climate-friendly alternatives, through information and education, as well as through regulation that reconciles both ecological and social goals.

In order to be able to bring about this kind of change in consumer behaviour, both companies and policy-makers must enable people to change their consumption behaviour. It is only where real alternatives and information on traditional products and services are offered that customers are able to make consumption choices which are based on sustainability criteria and indicators. This applies to the provision of a good public transport network,



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to establishing battery and hydrogen-powered vehicles on the market, as well as to the expansion of trade in sustainable, fair products. Policy-makers must set the framework as part of production methods which force companies to shoulder responsibility for the entire value chains and for the provision of services. It will not be possible to achieve this transformation process towards responsible consumption overnight. Besides responsible consumers, it requires above all a willingness on the part of citizens to also change their consumption patterns in a manner which, in the interest of a common good that is understood in global terms, and in democratic processes, will lead to limitations on and even reductions in current consumption levels. For this very reason, education for sustainable development should be enhanced for all generations in all areas, i.e. in day-care centres, in schools and training centres, and in adult education. Churches and trade unions too need to guide their members in bringing about this change of mentality and provide the appropriate stimulus. They can act as multipliers

in their congregations, but also in the workplace through the work of staff and works councils. The awareness-raising processes so far set in motion in this area are not adequate.

II.3 Governments' political responsibility

The empowerment of responsible citizens does not absolve policy-makers of their responsibility. Especially in times of multiple and at the same time global crises, in particular also the crisis of multilateralism, governments need to act multilaterally and in a coordinated manner, with common goals, strong institutions and good regulations. But until now, policy-makers at global, European, national, regional and local levels have largely left it up to investors and other stakeholders to apply knowledge about metabolic processes and the conservation of ecosystems for the common good. Environmental

audits are often voluntary and incomplete in their conception and implementation. Interest groups with considerable capital are operating in the political arena, and by exerting a direct influence on ministries and elected officials, thereby preventing the necessary transformation to a climate-neutral economy: This applies to all sectors. Precautions and avoidance of environmental pollution must be regulated more effectively. In policy terms, environmental and social standards are not sufficiently combined. This also applies to the promotion of foreign trade, which still makes it possible for companies to set up their production facilities in countries where environmental regulations are lax.

The implementation of scientific and technical knowledge must be completed. The time taken between acquiring scientific knowledge and enacting political regulation is much too long at present.

II.4 The ongoing exploitation of working people

The extent of precarious employment worldwide is alarming. More than 60 per cent of all workers work in the informal economy. People who are not in formal employment do not enjoy guarantees under labour and social law. The International Labour Organization (ILO) currently estimates their number at around 2 billion, a large proportion of whom work in agriculture, particularly in the countries of Latin America, Africa and Asia. Exploitation and modern slave labour, particularly manifesting themselves as forced and bonded labour, are not marginal phenomena of the global economy, but are inherent to the system. The international division of tasks in its extreme excesses has for decades produced income millionaires on the one hand, whilst keeping working people in poverty on the other. An example: Some benefit from the production of aluminium coffee capsules, thus achieving extreme profit margins. It takes a kilogram of bauxite and fourteen kilowatt hours of electricity to produce them, releasing eight kilograms of carbon dioxide. The operators of the

bauxite mine have been proven to deprive people in Brazil of their living environments, destroy their drinking water supply and poison their environment with residues of lead, mercury, arsenic and other substances. Such forms of so-called “undocumented” work also exist in Germany.

But the growing extent of atypical and precarious employment on the formal labour market in Germany is also concerning. Almost 40 per cent of all new recruitment is temporary. There are almost one million jobs in temporary work, and 2.5 million people of core working age work exclusively in mini-jobs. 44 per cent of women and 56 per cent of men who work exclusively in mini-jobs would like to work longer hours. In addition, according to the Federal Statistical Office, almost 2.1 million employed persons aged 15 to 74 would like to work longer hours in 2019. Of course, not every form of part-time work can be described as precarious. But there is also a trend for employers to reduce working hours in order to limit leave entitlements, continued pay and sick pay entitlements. These forms of employment can be characterised by uncertainty regarding the duration and conditions of employment, lack of access to social protection and benefits, or practical obstacles to joining a trade union and to collective bargaining. Women, migrants, young people at the beginning of their working lives, and older people, are particularly affected. What is more, almost 20 per cent of full-time workers are earning a wage that is below the low-wage threshold. The introduction of the statutory minimum wage has curbed extreme downward wage exploitation, but according to evaluations by the German Institute for Economic Research, 2.4 million workers do not even receive the statutory minimum wage, even though they are entitled to it. It is the workers who suffer from this first and foremost, but the solidarity-based social security system is also weakened. They have no alternative sources of income, and are often denied a strong political voice. The intransparent organisation of employment relationships through temporary work, contracts for work and services, and chains of subcontractors, bogus self-employment and secondment frequently obscures responsibilities, and

often plays workforces off against one another. For this reason, and also because of the precarious income and life situations in which many workers find themselves, they are difficult for trade unions, associations and initiatives to reach and organise.

II.5 Power asymmetries as an obstacle to the transformation

The causes of social and ecological catastrophes are manifold. They do however have one thing in common: They are the result of an imbalance between the high level of protection of private property and capital exploitation interests, on the one hand, and the inferior protection of human, social and labour rights as well as shared natural resources, on the other. Closely linked to this are economic and political power structures, as well as the extremely well established, highly unjust differences that are observed when it comes to the distribution of income and wealth. The imbalance is also reflected in structures that protect the rights of investors and exempt companies from their care obligations emanating from human rights, as well as in tax systems which spare the wealthy and fail to prioritise social justice, thus increasing inequality. Under these conditions, the profit interests of investors, and the consumption wishes of consumers, are increasingly difficult to reconcile with the social interests of the general public and with the protection of shared natural resources.

The comparatively low level of taxation on capital and on high incomes is tied into insufficient public investment in public goods on the part of the Federation, the Länder and the municipalities. The provision of childcare facilities, schools, colleges, universities, hospitals, long-term care facilities, cultural institutions, public transport networks, and other areas of public infrastructure, are inadequate in many parts of Germany. The public infrastructure, as well as several areas of public services, have been eroded, and have been suffering from underfunding for decades, this not only being the case in

Germany. The undisputed efficiency of the German healthcare system, for example, is based on pay-as-you-go contributions from work income, whilst capital gains and high incomes do not contribute, and the system thus falls far short of its potential. This is the consequence of political action that is heavily influenced by producers, consumers and other profiteers of the traditional economic order, primarily from the Global North. Investments in public goods are frequently made with a view to enhancing the macroeconomic framework data in order to improve the investment climate. Budgetary resources for enhancing individual well-being, social peace and equitable living conditions lag behind these, especially in economically weak countries. At the same time, there is a lack of a private-sector framework as part of the climate-friendly modernisation and transformation of existing business models. Technological solutions appear to be within reach in many places, such as the production of “green” steel, but appropriate competition rules are lacking for their widespread use which would help to establish an appropriate business model. This is all the more true the more a sector competes internationally in terms of its products and has to hold its own against competitors who have lower environmental standards. Players who only focus on maximising short-term returns will not invest here, or will not invest in good time, so that technological skills, production capacities and jobs would disappear.

The long-term goal should be to create a circular economy in which, if possible, products are designed in such a way that the individual parts can be separated from one another and recycled in a practical manner. Plastic products should also be recycled cost-effectively. Policy-makers must provide the appropriate incentives here, albeit further research is also needed in this field.

We are very much dependent on European and international cooperation in order to manage the socio-ecological transformation. The current crisis of multilateralism however poses an obstacle to the necessary developments. Moreover, it leads to growing security problems and tensions in

international relations, which express themselves in significant increases in arms expenditure, and thus in a further considerable burden on budgets. This leads to fewer resources being available to tackle the socio-ecological transformation. These interrelationships exacerbate social tensions.

II.6 A new understanding of prosperity

People in dependent employment have come together to form trade unions in order to fight together for good working and living conditions. Trade unions have been able to improve workers' living conditions through collective agreements in many sectors with good wages. Growth has been a significant factor in the advancement of social security systems. Trade unions and Churches must also take part in the debate on what constitutes prosperity for people today, and how the human needs for a good life in peace with affordable access to food, drinking water, housing, health, education and culture, as well as social security, can be met, along with exercising political participation. This is particularly true because not all restrictions in consumption and production that will be unavoidable in the course of a transformation to comply with global ecological guard rails can be fully compensated for in each individual case. Dealing with such transformation losses is an enormous socio-political and cultural challenge which cannot be overcome without a change in the traditional GDP-orientated understanding of prosperity.

From an international perspective, the Stiglitz-Sen-Fitoussi Commission called back in 2009 for income and consumption to be recorded at household level instead of at the level of production, i.e. in terms of gross domestic product, and thus for greater attention to be paid to inequality and to the ecological restructuring of the economy. In Germany, the Bundestag's Committee of Inquiry on "Growth, Prosperity, Quality of Life – How to achieve economic sustainability and social progress in a social

market economy" presented recommendations in 2013 on the "development of a holistic indicator of prosperity or progress". These recommendations aim to include the experiences of people, and thus of workers, more closely in the definition of prosperity. Volunteer work and long-term care work should also be taken into account.

Unlike capital interests, co-determination structures in companies, as well as in trade unions and Churches, advocate for sustainable long-term development which focuses on sustainable locational development, a good life and fair sharing, instead of on maximising returns in the short term. This is the key to successfully shaping the transformation. In particular involving workers at company level is essential when it comes to shaping the transformation. They know their companies best, and they are the experts when it comes to driving the transformation in the company. In addition, more is done to avoid greenhouse gas emissions in co-determined companies, as is shown in the Hans Böckler Foundation's study entitled "Co-determination protects the climate". Co-determination promotes the participation of employees with regard to an innovative corporate culture, which is needed in order to keep pace with the transformation being pursued. Last but not least, co-determination and collective agreements ensure greater justice in the workplace, and secure economic and social participation – especially in times of profound upheaval and change.

II.7 Networking the stakeholders of change

Without strong political pressure from society, many people will not be able to enjoy good living conditions and sustainable development. We have a broad, diverse, committed civil society, ranging amongst others from trade unions, through Catholic institutions and organisations, other church and non-profit institutions, to citizens' initiatives and youth associations. They work for a large number of good causes: for a sustainable life and a liveable



environment, for human rights and global justice, against racism and for solidarity with refugees, as well as for peace and global disarmament. All these stakeholders must always be able to justify how their actions seek to bring about the common good in a sustainable manner.

There is however a lack of bridges and cooperation for the great transformation, which is why suitable dialogue formats are needed for stakeholders from Academia, industry, the Church, trade unions and civil society. A transformed life and economy can only become a reality in a strong, solidarity-based community.

The Church and the trade unions have international structures which are capable of joint articulation and action. That having been said, a globally-networked civil society is still in the making, and has received greater stimulus through the Fridays for Future movement. In an internationally-interconnected world, with cross-border production and trade relations, political action to contain ecological and social disasters can only succeed through international cooperation. This requires us to have common goals, strong institutions, and reliable rules. The difficulty of transnational cooperation is already evident in the efforts within the European Union to develop a common strategy to tackle the climate crisis.



The foundations and goals of the transformation

III.1 Changing awareness among church and trade unions

Both the Church and the trade unions can look back on a long tradition of formulating principles of justice for the way of doing business. However, it is only in recent years that they have formulated concrete sustainability demands with regard to justice towards future generations.

In terms of the Church, the social principles of personality, solidarity, subsidiarity and the common good have been joined by sustainability. Thus, 2021 marks the anniversary of core encyclicals of the Church's social proclamation. "Rerum Novarum" from 1891 describes the right to enter into a "society" of all workers as a natural right. "Quadragesimo Anno" from 1931 stresses that wage employment is only equitable if the wage is sufficient to support a worker and his family. In 1961, "Mater et Magistra"

recalls that work is not a commodity the price of which depends solely on the state of the market, but that because of the dignity of each individual person, wages should also be determined by criteria stemming from justice. "Laborem Exercens", in 1981, postulates the primacy of labour over capital as a fundamental principle of the economy, and hence of all and any added value. Following on from the collapse of "Real Socialism" in Eastern Europe, "Centesimus annus" stressed in 1991 the affirmation of a socially- and ecologically-acceptable democratic market economy. The appreciation of human dignity in work is increasingly seen in the structural context of an economy which ruthlessly exploits not only people but also nature, for example in "Evangelii Gaudium 2013". "Such an economy kills"! With "Laudato Si'" in 2015, the need to preserve creation was fundamentally linked with necessary changes in the economic and consumption style of the present. Pope Francis called in universal terms for a "profound change". In his most

The 17 Goals for Sustainability of the United Nations





recent encyclical “Fratelli tutti” from 2020, the Pope recalls once again that the problems and crises at hand cannot be resolved by the marketplace alone (cf. para. 168), but rather that there should be a “primacy” of a policy that is based on solidarity, justice, social equilibrium and the common good. He calls it unacceptable for economics to “take over the real power of the state” (para. 177), and advocates for politics “from below” which place job-seekers, workers, outcasts and the marginalised at the centre. This is the only way in which “profound change” can be made a reality.

Frequently influenced by strong church associations, the Catholic Church in Germany has increasingly taken sustainability-related issues into consideration, albeit not in the context of comprehensive socio-ecological change. The “Ten theses on climate protection” published in 2019 by the German Bishops’ Conference describe the task of counteracting climate change as a commandment of justice. Specifically in terms of action by the Church, it was already observed in 2018 in the Recommendations for Action entitled “Responsibility for Creation as a Mission for the Church” that the normative objectives from “Laudato Si’”, amongst others, must also be reflected in the Church’s own economic activities. In the same year, the Group of Experts on World Economy and Social Ethics of the German Bishops’ Conference presented a study entitled “Out of the Growth Society”, in which different variants of criticism of growth were examined, and a “social embedding of ecological modernisation” was outlined. In 2019, the Central Committee of German Catholics expressed the need for a reformed economy in a declaration with a view to “sustainable, just agriculture”. More than 230 Catholic bishops from 43 countries issued a joint statement calling for effective legislation on supply chains.

The history of positions taken up by the trade unions in Germany also reveals a growing awareness of the prerequisites for sustainable economic activity. In its Fundamental Programme from 1981, the DGB took up the debate on environmental concerns that had been going on since the early 1970s, demanding:

“The restoration and preservation of the ecological balance and the economical use of natural raw materials are to be included in a catalogue of economic objectives.” Important cornerstones such as minimum standards, the polluter-pays principle, and the precautionary principle, “which helps prevent the occurrence of environmental damage by imposing conditions, requirements and controls”, are still mentioned even today. The need for international cooperation is particularly emphasised, given that environmental pollution “does not stop at national borders”.

With its resolution entitled “Environmental protection and qualitative growth”, the DGB’s National Executive Board presented a concept in 1985 on the interrelationship between environmental protection and employment. This was included in the DGB’s Fundamental Programme of 1996, which is still valid today. “If we wish to secure people’s lives for the future, we have to change the way we live in ecological terms.” The goals of such a transformation are named as “full employment, distributive justice and better quality of life”. These three goals “are inextricably linked with globally-sustainable development that includes qualitative growth and a more socially just world economic order”. A “socio-ecological reform strategy” aims to overcome unemployment and reconcile economic growth with environmental protection. In doing so, the ability to reform is to be meaningfully combined with international competitiveness. One important component of this transformation is the “socio-ecological restructuring of the tax system”. This means reducing the burden on the labour factor, whilst increasing the cost of energy and raw material consumption through taxes and contributions.

The DGB and its member unions have made an unambiguous commitment to the international, European and national climate goals, and have formulated demands for equitable structural change under the slogan “Just Transition”.



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III.2 International, European and German transformation initiatives

This change which the Churches and trade unions have brought about in programmatic terms can also be found in the wording of political agreements at international, European and German levels.

From a global perspective, the 2030 Agenda of the United Nations, with its 17 Sustainable Development Goals (SDGs), has been the reference framework since 2015 for policy-makers who wish to bring economic progress into line with social justice, and within the framework of the Earth's ecological limits. Goal 8 in particular declares decent working conditions to be a prerequisite for sustainable economic activity. The "Global Commission on the Future of Work", which works on behalf of the International Labour Organization (ILO), takes a much more differentiated view of the challenges. Building on its Decent Work Agenda from 1999, with

its pillars of employment creation, rights at work, social protection and social dialogue, it calls for a realignment of national investment incentives. People's well-being, environmental sustainability, and gender equality, are to be the goal of all economic activities, and thus of public funding. The "Just Transition" concept of the International Trade Union Confederation (ITUC) has also found its way into various high-level inter-governmental agreements since 2015.

Also in 2015, 197 countries agreed on a new global climate agreement at the 21st UN Climate Change Conference, held in Paris. Almost 190 countries have now ratified the agreement, among them the European Union and Germany. The countries agreed above all on the long-term goal of limiting the increase in the average global temperature to well below 2°C compared to pre-industrial levels. The countries have submitted national action plans for reducing their emissions as concrete measures to achieve these goals. Recent studies show that



the sum of the national reduction targets that have been submitted is not sufficient, and would lead to global warming of about 3°C in the long term.

“A strategy for smart, sustainable and inclusive growth” had already been formulated by the Commission of the European Union five years prior to that, namely in the 2020 Strategy. At that time, too, it was not only about a new beginning after a crisis, but the aim was also to “achieve a sustainable future”, something which would only be possible under the condition that all “look beyond the short term”. This strategy was followed up at the end of 2019 with the “European Green Deal”. In addition to the environmental policy tools, the Deal also explicitly aims to keep an eye on the social realities of life. In its report, the European Parliament’s Committee on Employment and Social Affairs calls for the European Green Deal “to contribute to the creation of quality sustainable jobs and the strengthening of competitiveness, innovation and productivity and maximise benefits for health, quality of life and resilience while moving towards a circular and carbon-neutral economy”. Furthermore, the EP calls on the Commission to “identify EU-specific targets and headline indicators in relation to the SDGs to reflect the realities and challenges facing the EU in the area of employment and social affairs, to measure the effectiveness of policy decisions, and to ensure better targeting of funding and a proper and coherent follow-up to the Europe 2020 strategy”.

In Germany, the Federal Government has been presenting a National Sustainability Strategy, which is updated every four years, since 2002. The reports on the strategy are commented on by the German Council for Sustainable Development as part of a peer review process, and are partly incorporated into the updates of the strategies. The Federal Government makes it clear with its sustainability strategy that all policy areas, the economy and society, must be thoroughly embedded in the idea of sustainability. However, it also makes it clear that, in its understanding, this is a process that needs to be shaped in order to gradually achieve a more considerate approach to nature, good social conditions

for all people, more equitable educational opportunities, and greater participation in political decision-making. An important new direction was embarked upon in 2018 with the update of the Sustainability Strategy. Since that time, the Federal Government no longer speaks of rules when managing the sustainability process, but of six “principles of sustainable development”. These are: sustainable development as a guiding principle; assuming global responsibility; preserving natural resources; strengthening sustainable management; maintaining and improving social cohesion in an open society, as well as using education, science and innovation as drivers of sustainable development.

In addition, all the Federal Länder have adopted their own approaches towards advancing sustainability. Added to this are the long-standing activities of the municipalities in Germany, which are advancing at local level along their paths of becoming sustainable urban societies and engaging in sustainable urban development. These range from public procurement and the management of municipal facilities, through to area planning and transport policy.

III.3 Goal conflicts of sustainable economic activity

Various debates have been conducted in recent years surrounding the notion of a sustainable, just economy. Criticism of growth manifests itself in different forms and accentuations, as the Group of Experts on World Economy and Social Ethics has shown in its 2018 text entitled “Out of the Growth Society – A socio-ethical analysis and evaluation of post-growth strategies”.

The transformation to decent full employment whilst achieving sustainability leads to conflicting goals that cannot be easily resolved. Employment losses which cannot be fully compensated for by modernising environmentally-harmful industries to make them climate friendly can however be offset

by new, high-quality jobs in innovative sustainable industries. The question of growth from a sustainability perspective has so far only addressed the social question in the sense of having to examine how to deal with the loss of social welfare. This is not sufficient, however. To use a metaphor: It is necessary not to separate the question of how the cake is shared from that of how and with what it is baked. Positive net effects for employment can be attained globally – but only aggregated, and not in relation to each employment biography. Tools for training and social security must be offered here. In global terms, those who currently suffer from poverty and involuntarily find themselves outside global value chains should benefit most from gains in prosperity.

Post-growth concepts also require changes in human behaviour. That said, the transformation will only be successful if intended behavioural changes are negotiated in participatory and democratic processes, and awareness is raised.

Technical innovations which help to correct the ecological imbalance must also be regarded in social terms. The equitable participation of all workers, both in gainful employment and in long-term care work, in the added value and prosperity generated, forms the basis for a social transformation that is also supported by large sections of society.

This will also require awareness-raising across all segments of society, since there are trade-offs between sustainable economic activity and resource consumption. These cannot be resolved altogether, even through technological progress. Energy use, mobility and consumption must be considered in a new and public welfare-orientated light in both the corporate and the private consciousness. This requires a broad societal consensus. Majority support for the goals of a future socio-ecological market economy will depend on fiscal controls which are carried out in a manner that is not only polluter-related, but also socially acceptable. Churches and trade unions must guide people, on the basis of their respective normative traditions, on this path towards a change in awareness and the (hopefully)

ensuing changes in action, and themselves must act as role models in their actions as institutions. In addition, however, the appropriate political framework conditions are needed first and foremost, and this will be explained in the next chapter.

Urgently-needed interventions



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IV.1 Measures at international level

IV.1.1 Social protection for all workers

As was explained at the beginning, there are insufficient control and sanctioning mechanisms in the international value chains against the violation of ecological sustainability guard rails, and against disregard for human rights. A policy committed to democracy and human rights is faced with the task of changing this situation of structural injustice.

This becomes clear in two ways with regard to social protection. On the one hand, there are many places in which employment provides neither sufficient protection of safety and health at work and employee rights, nor does it enable workers to enjoy sufficient protection against fundamental risks which threaten their economic survival (illness, malnutrition, loss

of income through unemployment, poverty in old age, etc.) for themselves and their families. Secondly, the majority of people who have to earn their living in informal employment or are engaged in the many forms of unpaid long-term care work are denied even the often inadequate social protection that is directly linked to taking up formal employment. The ongoing automation and digitalisation of production and service processes (though they may admittedly bring a few opportunities) threaten to exacerbate these systemic shortcomings in social protection under today's conditions.

The increasingly pressing measures to preserve natural resources entail a risk of playing ecological and social concerns off against one another so as not to interfere with the existent economic system. This poses additional challenges in terms of protecting and implementing the fundamental right of all people to adequate social security. The following policy objectives have therefore become highly significant:

- » **Enhance the capacity of the International Labour Organization (ILO):** All ILO conventions and regulations must be made binding through corresponding national legislation, and thus become individually and collectively actionable by those affected. This applies in particular to the recommendations on national minimum living wages (living wage or family wage).
- » **Establish an International Workers' Rights Tribunal:** An International Workers' Rights Tribunal, modelled on the European Court of Human Rights, should be established at the ILO which can impose fines and sanctions on member states and responsible companies in cases of violations of international conventions on labour protection and other core labour standards, and can order compensation payments to be made to those concerned or their surviving dependants.
- » **Enforce the UN Treaty on Business and Human Rights:** The treaty obliges all states to enshrine human rights and environmental care obligations for companies in law, to impose regulatory sanctions for violations, and to facilitate access to civil and criminal proceedings, including at the headquarters of transnational corporations.
- » **Decouple basic social security from individual gainful employment:** This must aim to establish fundamental protection against life's risks for all people all over the world through social security systems. However, in order to achieve social protection for all workers, including those in the informal sector and in unpaid long-term care work, irrespective of their income, access to basic social security that safeguards their economic survival must not depend solely on the individual's gainful employment. Conversely, the financing of basic social security should not primarily be a burden on the production factor constituted by labour. In addition, major incentives for an ecologically-sustainable economy can be created by reducing the tax burden on the labour factor and increasing taxes on capital income and resource consumption. The ILO's Model of the Social Protection Floor shows internationally feasible paths that economies can take at different performance levels.
- » **Protect informal workers from exploitation:** Workers without a formal employment relationship are in particular need of protection. The work that they do must be recognised, and their rights under the employment relationship must be enforceable in formal terms. Their social protection must be promoted through appropriate legislation, via access to basic social services, and support from the political arena, for example in the area of skill-building and collective organisation. The comprehensive transformation of informal employment into formal employment remains the uppermost goal in this regard. Nevertheless, it will not be possible to integrate all people into formal employment relationships. Initiatives which support informal workers, such as the "Self-Employed Women's Association (SEWA)" in India, are therefore important and necessary.

IV.1.2 Socially-equitable, ecologically-sustainable world trade

As a result of the weakness of the WTO, the prevailing world trade order is characterised less by multilateral agreements, and more by de facto imbalances of power between trading partners. This order not only protects national interests, but primarily secures the capital interests of companies and investors. Even human rights and the protection of natural resources are subordinated to this. Investor protection clauses restrict the freedom of action of democratically-elected governments when it comes to improving social living conditions and ecological sustainability. The relationship between the common good and individual interests is turned on its head: Individual interests are no longer fundamentally questioned in terms of their usefulness for the common good, but the outcome of negotiations engaged in by democratically-legitimised politicians is judged in most cases solely against the background

of their usefulness for the interests of companies and investors.

Trade through the exchange of goods, services and ideas can increase welfare and enhance peace among nations if it is done for the mutual benefit of all and within a framework that is defined by human rights and ecological guidelines. In order to achieve this, it is however vital to understand global trade as a means and not as an end, and to subordinate its stakeholders, institutions and structures to the goal of improving the welfare of all people within the constraints of ecological sustainability. The following political objectives appear imperative in terms of this orientation:

» **subject trade agreements to the primacy of human rights and to the protection of natural resources:** Trade agreements, both bilateral and multilateral, must be designed in such a way that they do not under any circumstances 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 and parcel of the agreements. Corporate and investor interests, on the other hand, are to be regarded as subordinate, and must not hinder the national development of higher standards.

» **safeguard the reserve of the common good through binding corporate liability:** 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. This liability must also apply extraterritorially and throughout the entire supply chain of corporate activity.

» **enable democratic participation via transparency in the negotiation processes:** International and bilateral trade agreements have a significant long-term impact on people in the countries

involved (and often also on those who are not involved), especially also with regard to the conditions and opportunities of work. It is therefore indispensable in the interest of democratic control and ownership to design the entire negotiation process in a transparent manner. This transparency requirement includes the composition of the negotiating delegations, the demands of the parties involved, and the ongoing status of the negotiations.

» **secure and spread decent work through resilient value chains:** The quest for a constant increase in efficiency through an ever greater global division of labour is reaching its limits, as the worldwide disaster of the coronavirus pandemic has shown us. The international value chains have consolidated interdependence between the nations, and have at the same time limited their ability to respond to crises. Robust supply chains (e.g. by maintaining storage capacity for stocks), and the provision of national capacities for vital products (e.g. medical articles, local food production), help boost resilience. This must be taken into account in foreign trade promotion, when granting subsidies, and when drafting trade agreements.

IV.1.3 Binding ecological guidelines

Work is linked in many ways with the use and consumption of natural resources and ecosystem functions. Work is involved in the production of goods and in the provision of services, for which natural resources are also required. The sustainable use of these resources forms an indispensable foundation for the long-term survival of related jobs, for example in agriculture, forestry, fishery, tourism and numerous industrial sectors. Furthermore, the income that is generated by work facilitates the consumption of goods and services. Such consumption serves, on the one hand, to secure livelihoods, and it enables people to partake in social prosperity, but on the other hand it also contributes towards the overexploitation of natural resources and ecological cycles. This overexploitation has long since reached

global proportions, for example in the case of climate change, the decline in biodiversity, the loss of soil fertility, and the deterioration of clean drinking water resources.

Where per capita consumption permanently exceeds these limits, political leaders at all levels should pursue a policy of sufficiency that seeks out new paths and aspires to establish new standards for social prosperity and decent work. The following measures suggest themselves in light of this fundamental orientation:

- » **end subsidies for ecologically-incompatible business models in a socially-responsible manner:** Economic sectors and companies the business activities of which involve for instance a high CO₂ intensity, severe environmental damage and breaching ecological guard rails should not be subsidised with public funds and through tax rebates – no matter in which country this takes place. A gradual, socially-acceptable reduction of non-sustainable subsidies is therefore needed. Explicit support should be given to measures which bring about an accelerated transition to a more sustainable economy.
- » **preserve and create new employment opportunities through social and ecological processes and products:** Existing employment opportunities can be preserved and new ones created through the targeted promotion of economic sectors and companies that operate in an ecologically-sustainable manner, as well as by converting industries that do not operate sustainably. This may also help to offset potential job losses.
- » **prevent production that damages the environment and is detrimental to the climate being relocated to countries with lower standards:** The international competition regime must not favour the externalisation of social or ecological costs. Countries with high standards must therefore have the opportunity to protect them against competitors, and thus to compensate for the competitive advantage allegedly resulting out of

disregard for human rights and the overexploitation of natural resources. That said, putative disregard for social standards must not be used as an excuse for pursuing protectionist goals.

IV.2 European measures

IV.2.1 A European supply chain law

A supply chain law would give the European Union the opportunity to strengthen its normative foundations for a socio-ecological transformation along value chains on other continents as well. According to announcements made by European Commissioner for Justice Didier Reynders, a draft of a European supply chain law is to be drawn up in 2021 as part of the European Green Deal. This is based on a study by the Commission, according to which 70 per cent of the company representatives who responded to a survey consider a statutory regulation of human rights and ecological care obligations to be advantageous.

The following need to be taken into account in this regard:

- » **The protection of human rights and respect for responsibility for a liveable environment must be non-negotiable standards for economic activity:** 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, given that environmental damage resulting from economic activities often also places fundamental human rights at risk.
- » **Sanctioning and supervisory authorities are to be set up in all EU Member States which protect human rights and the environment:** In order for the supply chain law to be effective, it must furthermore entitle and empower a public authority

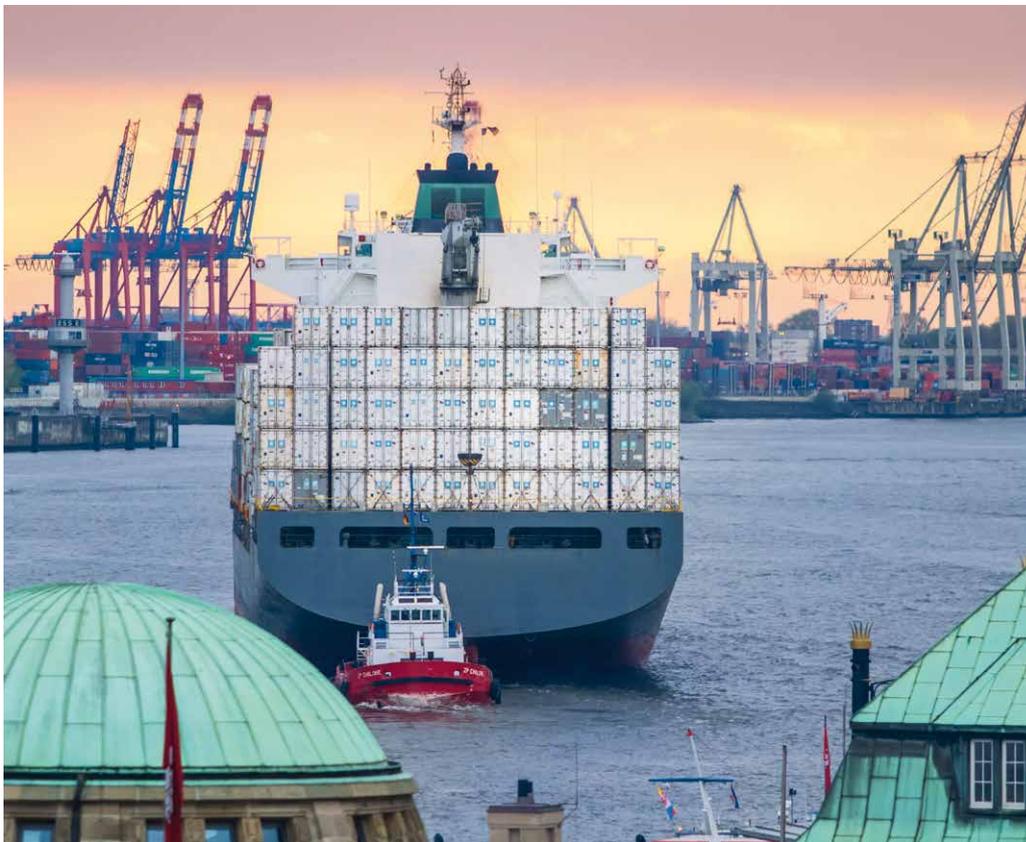


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(national labour inspectorates or others) to comprehensively monitor compliance with human rights and environmental protection stipulations, and vest it with the power to sanction companies, for example by imposing fines or excluding companies from 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. To this end, the law must give victims of human rights violations abroad the possibility to sue companies for damages in European Courts if they have not carried out adequate care measures. But the scope of the law is also crucial to its effectiveness. It must not apply to large companies alone, but indeed to all companies. Since some European countries have already adopted comparable supply chain laws in a broad variety of manifestations, the European initiative must set a new, higher common standard.

IV.2.2

A climate-neutral, social Europe

The European Union is supporting the global battle against climate change, and aims to be at the forefront of the struggle against global warming. The EU must therefore live up to its international responsibility for climate protection and raise its climate protection profile. This should also be reflected financially through the multi-annual financial framework (MFF) in the years to come. 30 % for environmental protection is already a step in the right direction for this year's MFF (2021-2027), and this progress should be taken further in the next MFF.

Climate policy considerations should also be taken into account in future free trade agreements, in development policy and in innovation, as well as in structural and investment policy. We fundamentally welcome the European Green Deal, which aims to

make the economy in the EU more sustainable. Climate-related and environmental challenges are to be seen as opportunities in all policy areas, and the transition is to be designed in an equitable and inclusive manner for all. The 50 or so measures of the Green Deal are ambitious. Tackling the climate crisis must also mean an opportunity for social change. It will not be possible to achieve equitable structural change in Europe according to the “one-size-fits-all” principle. The EU States are for example in very different positions in the automotive industry or the energy sector. It is necessary for the process of transformation to an ecological and social Europe to go hand in hand with strong trade union and civil society support, i.e. the voice of working people, throughout Europe. Socio-ecological structural change offers major employment opportunities, but similarly also requires a skilled workforce, better working conditions, and better pay.

The European Commission presented a “European Pillar of Social Rights” in 2017, after lengthy consultations. This is intended to reflect the changing realities in the world of work, especially taking into account sustainable development in Europe. There are three main dimensions: equal opportunities and access to the labour market, fair working conditions, as well as social protection and inclusion. It is to be welcomed as a matter of principle that a social initiative has been launched at European level. Such declarations of intent must however be translated into concrete directives or regulations within the framework of the legal competences in European employment and social policy.

Workers’ rights need to be enhanced, especially in times of transformation. The principle that the same wage is paid for the same work in the same place must apply in Europe. This must not remain an abstract principle, but must indeed be enforced. Changing work locations must not lead to people being employed for low wages. It is also important to effectively counteract secondment chains, unlawful deductions from wages and salaries, and the circumvention of labour and social standards. Furthermore, social security must be comprehensively guaranteed.

This applies above all to accident insurance, and to insurance in case of illness in the host country. People also need secure legal protection in order to enforce their rights, as well as free advice on labour and social law. In order to make it more difficult to abuse the posting of workers, work deployments abroad must be reported in a European register.

We consider the following concrete individual measures to be particularly pressing:

» **an ambitious European climate policy:** We are calling for a more ambitious approach to European climate policy and for the social dimension of the EU’s climate policy to be enhanced. In addition to a heightened ambition, requirements must be included for a just concept such as decent work and sustainable prosperity. It must not be forgotten here that the preconditions for the transformation in the individual Member States have to be created so that the intended goals can indeed be achieved.

» **consolidate and expand investment in climate protection in the EU budget:** 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. The aim is not as a matter of principle to exclude entire sectors from funding in the future, but to make CO₂-intensive sectors 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. Sustainable mobility requires an expansion of the European rail network and of a standardised charging infrastructure for electric cars. With regard to agricultural policy, amongst other things a reduction of chemical pesticides is needed. The main causes of the loss of biodiversity must be addressed, and deforestation-free value chains promoted, in order to protect biodiversity.

» **implement the EU's Equality Strategy by 2025:**

Women in Europe are still disadvantaged in comparison to men – from gender-based violence through to differences in employment, pay, long-term care and pensions. This is compounded by the hierarchical division of labour by gender, which overwhelmingly assigns child-rearing and family work, homemaking and long-term care work to women. In March 2020, the Commission presented concrete steps in its Gender Equality Strategy in order to achieve equal opportunities for all. Concrete measures are to be announced by 2025, including ending gender-based violence and gender stereotypes, ensuring equal participation and equal opportunities on the labour market, including equal pay, and achieving a balanced share of women and men in decision-making positions and in the political arena.

» **implement the European Pillar of Social Rights:**

More can be done to implement the European

Pillar of Social Rights in reality. The aim is to strengthen social cohesion within the EU. This is to be achieved in particular with the aid of an EU framework for minimum wages (an European wage floor), instruments to protect jobs and incomes in times of economic upheaval, access to social protection for all workers and for the self-employed, especially the most vulnerable groups, and better social inclusion. 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. This would give Member States with low basic security benefit rates more time to gradually



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increase their basic security benefits up to the poverty risk threshold. A European framework directive for uniform rules on minimum wages is also needed. This is not to be about setting a uniform European minimum wage. Any measure is to be applied on a country-by-country basis, depending on the minimum wage systems and traditions of the Member States concerned, and with complete respect for the national competences and contractual freedom of the social partners.

» **expand further training programmes for sustainable jobs:** Socio-ecological structural change poses major challenges, but also opens up opportunities that must be taken advantage of. Jobs will be lost in some sectors. This requires accompanying and offsetting measures, including sufficient further training and retraining. At the same time, new fields of employment and jobs will be created, for which decent, fair working conditions must be guaranteed. 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. The resources of the Structural Fund (ESF) for employment should therefore be increased and geared more closely towards the requirements stemming from the transformation. It is important here to continuously coordinate the ESF with the European Regional Development Fund (ERDF), which already promotes measures for a lower-carbon economy.

IV.3 Interventions in Germany

IV.3.1 Creating a framework for transformation

Along with climate change, digitalisation, globalisation and automation are driving structural change at an accelerating pace. Shaping this transformation of the economy and of the world of work for the benefit of society and workers will be a key

challenge in the years to come. These processes will drastically alter the way we live, consume and work, both globally as well as in Germany. In order to successfully master this change, climate protection must be combined with equitably-distributed prosperity and decent work. This necessitates the development of a framework that can offer viable prospects for affected regions, sectors and workers. This in turn creates security in the transition, and helps to bring about broad acceptance in society. The following measures are therefore necessary:

» **create a framework that embeds German climate policy in a strategy for sustainable development:** This means that, over and above the reduction of greenhouse gases pure and simple, potential social, ecological and economic impacts must also be anticipated and proactively monitored. An active social policy, as well as labour market, innovation, education, research, spatial planning, structural, service and industrial policy, therefore needs to operate in parallel.

» **increase the minimum wage:** Although a gradual adjustment of the minimum wage up to € 10.45 by 2022 has been adopted, we are of the opinion that this is not enough. The level of the minimum wage is a socio-political issue and, analogously to the European policy demands described above, must be orientated towards the EU's definition of the risk of poverty of 60 percent of the median income of full-time employees.

» **launch an investment offensive in order to manage the transformation:** 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. This would serve to equip the economy and society for the future, at the same time as creating major economic stimuli during the coronavirus crisis which help the economy to recover. There must be no return to the "status quo ante", but rather the opportunities must be tapped into in order to bring about a resource-efficient, just transformation of the economy. 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. This includes expanding the railways for local, long-distance and freight transport, expanding local public transport, and promoting socially-acceptable building renovation, especially in rented housing, where the focus must be on building- and neighbourhood-specific renovation concepts. The State must also provide an impetus to expand the charging infrastructure and a nationwide network of rapid charging stations for battery-powered e-mobility, promote new mobility concepts, and create the infrastructure for alternatives that will become available in the medium term, such as hydrogen technology. The German infrastructure is however outdated in many respects as a result of the long period of low levels of public investment, is of only limited use in some places, and is not fit to cope with the new challenges that lie ahead. Investments in affordable housing, as well as in municipal infrastructure, childcare and much more besides, create a livable environment, and promote social cohesion.

» **award public investment in particular to companies that are bound by collective agreements:** If fair wages are paid in the transformation process, this can additionally ensure good working conditions throughout Germany. At the same time, investments are needed to modernise the industrial value chains and to help climate-friendly innovations achieve a breakthrough. This will preserve decent jobs in Germany and Europe. Even if alternative technological solutions for classical industrial production appear to be attainable, such as the production of “green” steel, the appropriate framework for their widespread use is lacking. This is all the more true the more a sector has to face international competition with its products and has to hold its own against competitors

who have lower environmental standards. Stakeholders who focus merely on maximising returns will not invest here, or will not invest in time, so that technological skills, production capacities and jobs would disappear. In order to maintain industrial added value and employment in the long term, active investment promotion is needed, including the state-financed development of new production structures. These investments in the future set the stage for private households and companies to adapt their behaviour in a climate-neutral manner.

» **promote worker skill-building:** The transformation will not only bring about profound change in the production methods, but also in workers’ activities and qualification requirements. In order to be armed for the transformation, workers must be prepared for it and receive further training. This is only possible if they have a legal entitlement to education, as well as to basic and further training. Those who voluntarily reduce their working hours in order to maintain their employability in the face of structural change, or who need/wish to change their orientation, should not have to accept a pay cut in return. The part-time training anchored in the National Continuing Education Strategy must be developed and implemented in this direction. In addition, companies are currently being called on to make greater use of periods of work lost due to short-time work in order to build up their skills. This can make the adjustment easier and support companies in the transition phase. It is evident, however, that sufficient financial resources must be made available for new qualifications and re-training in order to open up future employment opportunities and secure continued employment. What is more, further training must also be enhanced during the transfer period. Better financial support for skill-building is also required in case of unemployment.

» **provide better protection in case of unemployment:** The social safety net must be designed in such a way that no one falls through the cracks



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or has to fear being forced into precarious work. New perspectives must emerge from change.

IV.3.2 Spreading the burdens equitably

The transformation must not lead to a further exacerbation of the existing income and wealth disparities. It is therefore important for both the costs and the benefits of the transformation to be distributed equitably.

» **sanction the externalisation of the social and ecological costs as unfair competition:** The competition regime should be amended so that excessive externalisation of social and environmental costs is regarded as unfair competition. This would make it possible for companies which

obtain competitive advantages by such means to be held liable by their competitors and by the supervisory authorities. In the spirit of the common asset of property, as defined by the Basic Law (Grundgesetz), the Federal Government and the Bundestag should advocate for legal initiatives at national and EU level in order to ensure the protection of the natural resources and social livelihoods of all people worldwide as common goods through an appropriate competition regime. This relates, for example, to provisions contained in the German Civil Code (Bürgerliches Gesetzbuch – BGB), in the Act Against Unfair Competition (Gesetz gegen unlauteren Wettbewerb – UWG), in the Companies Act (Aktiengesetz – AktG), and in Directive 2005/29/EU concerning unfair commercial practices in the internal market.

» **spread the transformation costs 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. This is made clear by the renewable energy surcharge and the electricity tax, which impose a more onerous burden on households with low and normal incomes in comparison with wealthy ones. There is a need for proportionate pricing, and thus also for an increase in the cost of CO₂ 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 earners, there is a danger of losing broad acceptance of the transformation and its implementation. In addition, climate-friendly alternatives must be created so that conduct can actually change. As a matter of principle, the transformation should also be refinanced through more onerous taxation imposed on assets, inheritances and capital income. This means that those who can afford more contribute appropriately to the costs of the transformation.

IV.3.3

Entrenching human rights and environmental care obligations in the law

The coronavirus crisis has made it clear that many economic and social models do not have a sustainable orientation. Abuses such as those in the meat processing industry, but also in the service sector, increasingly show how ruthless profit maximisation is being pursued at the expense of the environment and of workers. The prevailing global business model of environmental and social dumping must be brought to an end, not only in Germany, but also across the entire value chains. Human rights violations are part of a system in which companies are subject to high competitive and price pressure, but do not bear any responsibility for the consequences of their business activities abroad. The following

political targets appear to be indispensable in light of this orientation:

» **adopt and implement a national supply chain law containing clear liability rules:** A binding framework is needed in order to ensure that companies genuinely respect human rights in their supply chains. Those affected must be afforded the opportunity to hold a company accountable in the event of violations. Care obligations mean that a company must identify significant risks to human rights and the environment posed by its global business activities in a risk analysis. It must take precautionary, effective, reasonable measures to protect people and the environment. Such care obligations concern a company's entire business activities, i.e. the value chain from raw material extraction through to disposal. Severe impacts must be verified on the ground, complaint mechanisms must be established for the victims, existing violations must be brought to an end, and damage must be rectified. Companies must report in a transparent manner on the measures that have been taken. Companies based in Germany must also respect internationally-recognised human rights when operating abroad. These include the right to life, the right to physical integrity, the prohibition of forced and child labour, freedom of association, prohibition of discrimination in the workplace, and the right to health. These are set out in the Universal Declaration of Human Rights, in the human rights conventions, and in the ILO Declaration on Fundamental Principles and Rights at Work. The environmental standards with which companies must comply include the regulations on environmental protection that are applicable locally, individual environmental standards from international agreements, as well as the Europe-wide standard of the best available technology. Parliament and the public are to be informed about the status of the implementation of such a law in regular monitoring reports issued by the authorities which are entrusted with implementation.

» **steering effect of conditional budget funds:** In addition to care obligations with regard to international supply chains, it is also important to link national measures with requirements for social and ecological goals. Especially in the case of direct state aid and public procurement, the public sector has a social mandate to ensure a sustainable economic model. Especially with regard to economic stabilisation measures, it is therefore important to make greater use than in the past of opportunities for conditioning in the sense of “decent work”, and for the socio-ecological restructuring of the economy.

The significance of the joint position taken up by the trade unions and the Church as a contribution to the necessary broad societal discourse on the socio-ecological transformation

The Catholic Church in Germany and the German Trade Union Confederation are committed in different ways to sustainable living and working conditions. Together they represent millions of people, and to a large extent reflect the plurality of German society. In this text, these two players have presented a common understanding of key issues of the economic, political and social future of Germany, Europe and the world. Our hope is that other organisations, associations, denominations and religions will enter into a fruitful exchange in order to bring together the different perspectives. It is only together that we can shape the socio-ecological transformation.

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