How can the EU do better to trigger key national structural reforms?

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Structural reforms 2.0

Are you kidding me?
The role(s) of the EU

1. Help countries to develop a common vision for the future
Art. 3 of the EU Treaty

1. The Union’s aim is to promote peace, its values and the well-being of its peoples.
2. The Union shall offer its citizens an area of freedom, security and justice without internal frontiers, in which the free movement of persons is ensured in conjunction with appropriate measures with respect to external border controls, asylum, immigration and the prevention and combating of crime.
3. The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance. It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child. It shall promote economic, social and territorial cohesion, and solidarity among Member States. It shall respect its rich cultural and linguistic diversity, and shall ensure that Europe’s cultural heritage is safeguarded and enhanced“.
The ESPAS 2016 Conference: key messages

“Non-linearities and asymmetric shocks are becoming the new normal”

“Imagine the unimaginable”

“Thinking the Unthinkable”
Globalisation

Automation

Climate change

Globalisation
Agenda 2030 and Sustainable Development Goals (SDGs) signed by all EU countries and by the EC

- 17 goals
- 169 targets
- 240+ indicators
Finally a fully integrated vision of sustainable development, based on four pillars:

- Economy
- Society
- Environment
- Institutions

Three principles:

- Integration
- Universality
- Participation
A complete development paradigm
Achieving the SDGs could unlock

$12 trillion a year
in business value across four economic systems alone by 2030

- Food and agriculture: US$2.3 trillion
- Cities and urban mobility: US$3.7 trillion
- Energy and materials: US$4.3 trillion
- Health and well-being: US$1.8 trillion

Creating more than 380 million jobs

Source: Better Business, Better World, Business & Sustainable Development Commission
Dear Pro subscriber,
We have more exciting news to share as we continue to expand ... policy coverage offerings. On Monday, January 15th, ... will launch a new service: Sustainability Pro. Thanks to Pro feedback, we know that sustainability is a top priority, across public and private sectors. 'Going Green' isn't just a catchphrase: It's a regulatory reality. Sustainability Pro will dive deeper into sustainability issues across all sectors, including: circular economy, waste and the plastics strategy, air and water pollution issues and chemicals. Subscribers will have access to our weekly 'Sustainability Insights' newsletter in addition to Pro alerts and articles on sustainability issues across all 7 Pro policy areas, from Energy to Trade to Transport. If your organization is interested in a complimentary trial of Sustainability Pro or to learn more, please contact us at ... Sincerely,
The role(s) of the EU

1. Help countries to develop a common vision for the future
2. Develop “policy packages” to cope with a world full of shocks
It would be illusionary to believe that we can eliminate crises, shocks or persistent structural changes (*slow burn processes*) in the future. Since we will not be able to avoid them, we have to learn from distressful experiences and set up policies that prepare citizens, companies, societies and institutions to overcome them with the minimum damage possible.

The **transformative resilience** is the means of learning from past events and engineering changes ideally to a better condition given the current constraints.
The EPSC-JRC project on resilience

Figure 2: Shocks and capacities

- Disturbance Intensity
  - High: unbearable disturbance
  - Medium: greater disturbance
  - Low: small disturbance

- Change: Transformative capacity
- Flexibility: Adaptive capacity
- Stability: Absorptive capacity
A resilient society aims to sustain its level of individual and societal wellbeing in an intergenerationally fair distribution, i.e. ensuring current wellbeing without seriously compromising that of future generations.
From a conceptual system view to a policy framework

**Figure 4: Link between capacities and interventions**
• **Prevention measures** aim at reducing the incidence and size of shocks and, in the best case, to avert them.

• **Preparation measures** aim at putting in place arrangements that would reinforce the necessary resilience capacities in case a disturbance materializes.

• **Protection measures** are required to mitigate their impact, and to provide relief from potential deprivation or a loss of the standard of living.

• **Promotion measures** serve to invoke the adaptive capacity (flexibility) necessary to cope with longer and/or more severe disturbances.

• **Transformation measures** facilitate this process, to avoid unnecessarily abrupt changes.
Resilience according to a system view

Figure 3: Ingredients of resilience in the materially closed Earth system

Diagram showing the relationships between resilience of assets, resilience of the engine, resilience of outcomes, eco-system services, socio-system services, institutions, production process, wellbeing, waste, consumption, and investment.
Resilience to face future shocks and achieve sustainable development

• We are interested in a resilience that takes the system onto a new «steady state»: from «bouncing back» to «bouncing forward»

• Consequences:
  • Invest in «resilient and sustainable assets»;
  • Invest in «resilient and sustainable businesses»;
  • Invest in «resilient and sustainable people and societies»;
  • Invest in a «resilient and sustainable system» (build the «right» buffers and incentives).
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3. Design policies to achieve a higher equitable and sustainable wellbeing
The social pillar and the SDGs

- Education, training and long-life learning
- Gender balance and equal opportunities
- Active labour policies, decent work, working conditions, Social dialogue and engagement of workers
- Work-life balance, safe working environment and data protection
- Childcare and support to youth
- Social protection and unemployment benefits
- Minimum income
- Income and pensions
- Health, inclusion of disabled people, long-term care
- Housing for homelessees
- Access to basic services
A set of indicators was developed by the Italian statistical institute for «Equitable and Sustainable Development» (BES). Now, they are part of the annual budget cycle:

- When developing the DEF (April) the Government has to:
  - evaluate past trends of BES indicators;
  - make forecasts for the following three years for 12 indicators under:
    - Business as usual scenario
    - Proposed policy scenario
- After the vote on the Budget Law (February) the Government has to report to the Parliament on the expected impact of the Law on 12 indicators
From “structural reforms” to “systemic transformative policies”

• New narrative for the European Semester, now that economic growth is gaining momentum

• New narrative for EFSI II

• New narrative for MFF

• New narrative for cohesion policy

• New narrative for «Social Europe»

• ...
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4. Improve policy coherence
Go back to the origin of the “European semester(s)”

• A tool for the implementation of the «2020 Strategy»

• Why are we using only one semester?

• Too much focus on macroeconomic policies

• Lack of involvement of national public opinions

• New communication strategy
Look at territories

Lack of an information system to identify where EU policies have an impact
  – Innovation policies
  – Cohesion policy
  – Etc.

Use big data and assign geographical codes to all projects funded by the EU

Engage local communities in assessing results and identifying priorities

...
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5. Develop common analytical tools to be used by countries in planning their own integrated economic, social and environmental policies