

Sustainable Development and the Market Economy

Integrating environment in
EU economic and employment policies

*Report of the Working Group on Economic Environmental & Social Issues
of the European Ecumenical Commission for Church and Society (EECCS)*

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SUSTAINABLE DEVELOPMENT AND THE MARKET ECONOMY

FOREWORD

I warmly welcome the work which has been done over the past three years by the Working Group on Economic, Environmental and Social Issues of the former European Ecumenical Commission for Church and Society (EECCS). This report is the outcome of their labour. It will form a sound basis for dialogue with the European Union institutions, for the future work of the similarly titled working group of the Church and Society Commission of the Conference of European Churches (CEC) and for reflection in the member churches of CEC and more widely.

I find that this text is a highly professional product which does much credit to those who have worked on it. I want, therefore, to express here the thanks of the Church and Society Commission of CEC to the members of the working group (listed in the annex to the report) and especially to the group members who were the authors of the various chapters. A very special word of thanks is due to Marc Lenders, the former Study Secretary of EECCS, who served as secretary of the working group. The production of this report was the last of many major contributions to the work of EECCS.

Inevitably a report is produced at a specific moment. This report was finalised in June 1999 and although there has been a certain delay in it becoming more widely available there remains a very substantial part of its content which remains highly relevant and worthy of further discussion, dialogue and reflection. For this reason the Executive Committee of the Church and Society Commission of CEC is happy to commend it to the European Union institutions inviting their comment and response and to a wider audience both inside and outside the churches.

Keith Jenkins,
Associate General Secretary of CEC and
Director of its Church and Society Commission.
January 2000

The European Ecumenical Commission for Church and Society was established in the 1970s by churches and councils/federations of churches in member states of what is now the European Union in order to follow the work of the EU institutions (and later those of the Council of Europe), to encourage and enable the churches to reflect on the issues raised by the activities and policies of the institutions from a theological and social ethical perspective and to represent the churches to the institutions. On 1 January 1999, EECCS merged with the Conference of European Churches (CEC) and became, with other parts of CEC, the Church and Society Commission of CEC. CEC is a pan-European body with 125 member churches - Anglican, Orthodox, Old Catholic and Protestant - throughout the whole of Europe.

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Executive Summary

With this paper and after publishing its first dossier in 1995, the working group on economy and ecology of the European Ecumenical Commission for Church and Society is presenting its second report. The report carefully tries to show problems and possibilities of EU policies in regard to the general aim of sustainable development.

The first chapter of the dossier is an attempt to make explicit the theological thread that legitimises its publication. Each member of the church has to protest wherever the relationship between people is endangered by injustice and whenever the very future of God's given creation is at stake: The fight against injustice and the care for the planet earth is intrinsic to the correct understanding of the promises of the Gospel. To recapture a vision of man and women in his or her integrity and to regain a fair balance between people and nature, serious questions have to be addressed both to the politicians and to the citizens on the way they make use of their liberty and exercise their responsibility. Also the churches face the need for a critical self-evaluation.

Economic policy and the EU treaties are analysed on the background of two guidelines for sustainable development that are based on the above mentioned theological principles:

- The year of „Jubilee“ as a key to a biblical understanding of time and as antidote to the ideology of steady growth which characterises post-industrial societies and
- people's responsibility towards future generations.

Sustainable development is the attempt to ensure a better quality of live for everyone, now and for generations to come. Ecological, economic and social aspects have to be considered in their mutual relationships. The market has to be looked at in a wider social perspective and then in the specific context of globalisation. Different local and regional back-up systems should be established to create positive synergies to promote sustainability. In this context, the further development of EU policies should be measured against important criteria for a just and sustainable market economy: Transparency, sharing of resources and benefits, the polluter-must-pay-principle, internalisation of external cost, abolishment of destructive activities, an orientation toward future generations, participation and fairness.

In the light of these principles laid out above, the dossier reviews the changes and additions to the Treaty of the Union, particularly at matters related to the environment and to social and employment policies, as well as other documents like „Economic Growth and Environment“, the Agenda 2000, The guidelines for Member States' Employment Policies et al. The report comes to the conclusion that since the first dossier from 1995 important steps forward can be registered. In particular, the decision to integrate environment in the different EU policies and the first steps made to arrive at an employment policy in the EU are certainly significant moves. One should, however, not underestimate the difficulties which lay ahead of the politicians if they want to achieve in practice what they have pledged themselves to do.

The main criticism with regard to the way by which EU policies are seeking to solve social and environmental problems is that the search for a solution is based on the assumption that the dominant economic paradigm should remain untouched: The linear concept of growth is hardly touched. Case studies on energy, transport and of the field of international trade and environment show the need for integration of environmental issues in the social and the economic policy. In the view of the report, it remains an important and urgent task for policy makers to overcome the contradiction we are increasingly faced with between a competitive market which is bound to be able to react more and more rapidly and the need for a democratic debate on the goals and aims our European society should be looking for.

SUSTAINABLE DEVELOPMENT AND THE MARKET ECONOMY

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Introduction

Following the Earth Summit in Rio in 1992, the member states of the European Union adopted a "Community Programme of Policy and Action in Relation to the Environment and Sustainable Development". In response to this, in 1993 the member churches of EECCS set up a special multi-disciplinary and ecumenical working group to monitor how this programme would be implemented, with the aim of criticising it from an informed Christian perspective, drawing upon the considerable technical as well as theological and ethical expertise which exists within the churches.

Thus for several years now the Working Group on Ecology and Economy has been active in this respect. Its specific aims have been :

- to elaborate the concept of sustainable development from an ecumenical perspective;
- to enter into dialogue with the European Union institutions on the need for sustainable development;
- to contribute to the ecumenical dialogue on sustainable development.

To address these tasks, the working group primarily brought together specialists working within a number of church-related research institutes and representatives from church-related environmental networks as well as ecologists and economists. In 1995, this group published its report, entitled "The Dominant Economic Model and Sustainable Development: are they compatible?" This was specifically written as a critical contribution to the evaluation of the Fifth Environmental Action Programme of the European Union. It set out a view of sustainable development as understood in a Christian framework and from this derived distinctive criteria for the relationship between economy and ecology, which then was used to criticise the emphasis of policies on economic growth as such, in a series of extended case studies on energy, transport and trade.

This report was well received by the European Commission and served as a basis for a number of dialogue meetings of the working group with senior civil servants of the Commission and with the chairman of the Environmental Committee of the European Parliament, and in due course a meeting between a delegation of European church-leaders, the working group and the European Commissioners for Energy and Transport, as well as a senior representative of the Commissioner for Environment. The report also received considerable critical acclaim in wider circles.

In the course of these meetings EECCS was highly complimented on the technical and ethical insights given in its view of a sound relationship between ecology and

economy, as seen from a principled but independent perspective. The EC representatives took this further and asked EECCS to enlarge upon the group's work by including an evaluation of the social dimension, including the consequences for social and labour policies, in the perspective of sustainable development. We know that the topics environment and employment are high on the EU agenda at present and, if we may so observe, there seems to be a creative tension between the two, to say the least!

In order to take up this challenge some new members were invited to join the working group in 1996, drawing on the valuable knowledge and experience of national organisations representing both Christian trade unions and employers. To continue the dialogue process on the policies pursued by the European Union the working group has prepared this report over the period 1996-99. Like our previous work, it has been subject to a process of peer review with a larger circle of people competent and involved in these issues at a consultation at the German churches' Academy of Bad Herrenalb in June 1998.

This report draws upon the principles of sustainable development established in our previous document, and enlarges upon them in the additional dimensions of employment and the social dimension and in the light of recent EU treaties. It also revisits each of the three case study areas of energy, transport and world trade in giving a critical evaluation of the EU's policy developments in the intervening three years in the light of the principles and priorities set out in our first report.

The working group presents the resulting report as a contribution to the dialogue on sustainable development, both within the European Union institutions and also within the member churches participating in the European ecumenical movement. We do so just as the scope of our EECCS group has now become widened into the new Commission for Church and Society of the Conference of European Churches, which has recognised the importance of these issues by setting up a new working group to continue the work embodied in this report. This will also include viewpoints from central and eastern European nations currently aspiring to join the EU in the near future, for it is true of both Eastern and Western Europe that environmental and social conditions leave much to be desired, and that both have been and still are damaged by narrowly defined economic policies.

We invite a response to these views from the directorates of the European Commission and the European Parliament, and we look forward to ongoing dialogue with them on issues which must surely hold more and more a central place on the agenda as we move into a new millennium.

Kees Nieuwerth,
Moderator Working Group on Ecology, Economy and Social Issues,
June 1999

Chapter 1 : Our Theological and Ethical Framework

1.1 Why spell out a theological and ethical framework

One of the questions raised by the EU Commission's officials at the workshop in 1995 referred to the ethical criteria underlying the report. The report had responded fully to the requirements of a technical nature, in order to begin a fruitful dialogue, but in their view it would help to have the theological and ethical basis on which it was founded made more explicit. Apparently one of the sources behind this criticism was that although we had at the outset indicated the importance of our theological analysis, because it had been placed at the end of the report, it had tended to be seen merely as an appendix to the rest of the matters discussed. It was also felt that perhaps the theological insights had not been sufficiently instilled into the rest of the report. To address these points, the group therefore took the bold decision to move the chapter devoted to theological and ethical criteria to the front of the report. By so doing the reader would have at his disposal a framework to help in understanding the other chapters, and to see the relationship between the arguments presented in them and the theological and ethical criteria.

The working group is conscious of the risks which are inherent in doing this. Just like other disciplines, theological language can be quite technical to the non-expert and might discourage the reader. This is not a new problem for us, however. In speaking to national and European public authorities on behalf of the churches, we are confronted all the time with the dilemma of how to make clear where we stand and at the same time speak in such a way that what is said can be understood. We have sought to avoid the use of unnecessary technical theological terms. Instead we have made abundant use of some of the metaphors which the authors of the Bible use to express important concepts. These are more easily grasped by the reader and we are confident that, with these metaphors in mind, it will not be difficult to understand the perspective from which the remaining chapters of this report have been written.

The reader should also be aware that the theological stance taken in this chapter is only one approach amongst many. While we are concerned that the views laid out here are faithful to a biblical basis of our Christian tradition, we are in no way pretending to have expressed the last word on these matters. Indeed, as well as being addressed to the European institutions, this contribution is also part of an ongoing debate which we wish to see pursued further within the churches in the coming months.

1.2 Aim of this chapter

The aim of this chapter is, therefore, to make explicit the theological thread which runs through the whole report. The experience we have gained so far in discussing with officials of the European Union is that whatever is presented to them has to respond to two criteria. Firstly it must demonstrate that the arguments presented are reliable, and secondly it has to be clear what legitimises the action on the part of the authors, in this case from the churches. We hope that the more technical parts of the dossier demonstrate that the different authors possess expertise in their respective

fields. In this chapter we want to clarify for our readers why we are speaking on those matters and what is the background from which we speak.

For all Christians, it is clear that there is an obligation on us to speak up in protest wherever we see injustices endangering the relationship between people (for instance between men and women, individuals and nations), where actions happen which denying the God-likeness of each human being, and also whenever the we see future well being of God's creation put in jeopardy. Naturally we are not saying that such concerns for justice and for care of the environment are not also shared with believers of other faiths, agnostics or atheists. We simply want to stress how intrinsic and how central we see the fight against injustice and the care for planet earth, in any right understanding of the teaching of the Gospel. We find ourselves compelled to give priority to the poor and to care for the creation as good stewards.

Having said this we would not be honest if we did not also admit our deep shortcomings both as churches and as individual Christians, both past and present. Sadly, we have at times been accomplices with those who were deaf to the call for justice from lives under threat, and with those who refused to heal the wounds inflicted on the earth. We are actively seeking to put our own house in order, in the same breath that we call upon others, including the EU, to do the same.

1.3 The creation in its fullness and purpose is the place of God's call

When we use the word "God", we imply that God is the foundation of all that exists. This means that, not only human beings, but everything that exists has both a meaning in itself and an inherent value, which is independent of all human judgement and human utility. In the Christian tradition, moreover, we recognise that this "foundation of all that exists" is expressed in a threefold way. It is the transcendent God whose name is so holy that it cannot be pronounced (Exodus 3,14) and who is different from the creation. But this also is the one who revealed himself in love to humankind in Jesus Christ and who, through the work of the Holy Spirit, continues to bear witness that God is love (1 John 1.8).

The whole creation is called to reflect the relationship of love whose origin and foundation comes from God. The authors of the first creation narrative in the book of Genesis testify to this : "And God saw all that he had made, and it was very good" (Genesis 1.31) and St. John's gospel echoes the same idea: "All that came to be was alive with his life" (John 1.4). Human beings are an integral part of God's creation. In metaphorical language we are formed like everything else "out of the dust of the earth", from the same physical and chemical elements, and we share the "breath of life" with everything that lives (Genesis 2.7). God relates to the whole creation and with everything in it. Moreover, within the created order, the temporal relationship between man and woman is seen as providing us with an image of the eternal relationship which exists within the threefold nature of God. Men and women are called to relate to the God as the giver of life, to each other, and also to the whole of the unfolding creation - in two senses. We are called to relate as companions, recognising our common bond as fellow creatures, and also as stewards, assigned the vocation to work in the creation and to care for it. The earth is not ours to do with as we please, but given to us on trust by God, and we are answerable to him for it, in the context of this wider pattern of relationships.

Men and women are thus meant to be witnesses of God's participation in His creation, bringing his purposes to fulfilment. The relationship which was at the heart of God's will when He created the universe has, however, been broken. Men and women have denied these relationships and as a result became estranged from God, from themselves, from their human companions and from the creation in its wholeness. Our stewardship of the earth has been marred, and our social relationships distorted and spoiled. With regard to this report, we find in particular that economic and technological forces have been allowed to dominate over other priorities which derive from the relationships which God intended. This implies a need to find for a balance in which the economic and technological are not to have automatic and unchallenged precedence over social, environmental, health and safety criteria.

1.4 Re-evaluating Our Concepts

In seeking to turn this need for balance into reality, we require concepts which express some of the principles outlined above and whose insights can be applied to real situations. This requires a radical reappraisal of how we have applied some existing notions like hope and sacrifice, as well as a new appreciation of neglected ones like sabbath and jubilee. As we will see, this has some profound implications.

If the churches' role is to remain critical towards the society in which they live, as we have already observed, we must also be critical of some of our own traditions. The churches have to examine the foundations of their theological discourse, since in retrospect we can see that it seems to have favoured certain aspects of the content of the Christian faith at the expense of others. For example, the Western churches have tended to emphasise an anthropocentric attitude so much that they have been led to forget much of the theological relevance of the created order which is so deeply part of the Eastern church traditions.

In such ways the churches have sometimes, both consciously and unconsciously, given a legitimisation to values and concepts which are actually alien to the Christian faith. We would like to illustrate this with two examples, the concept of hope which was transformed in faith in progress and the concept of sacrifice.

1.4.1 Hope

Hope is a potent force that motivates people to act and leads them to refuse to accept reality as unchangeable. In a Christian understanding, hope can never be dissociated from faith and love. These three are bound together and at the heart of Christian religion. However, when divorced from its theological context, hope has gone its own way and has given birth to different forms of secular messiahs. In the Western world, in the aftermath of the Renaissance a new civilisation emerged which substituted the concept of hope by the will to make conquest and bring the world into submission. Christian hope was imprisoned in an ideology of imperialism, often with the blessing of the church. Later the secularising forces within the Enlightenment replaced the Christian idea of hope by the faith in autonomous human progress. The churches, especially within the protestant tradition, gave a theological legitimisation to this faith in progress, seeing it as the realisation of hope. The fact that such

progress and conquest have led us to the present ecological crisis is a very revealing illustration of the ambiguous role which perverted and mistaken interpretations of hope have played.

This is not to say that there is no sense of direction to be seen in world history. As God's creation unfurls, human beings have a role in shaping the process. This shaping must be in the context of the multi-faceted pattern of relationship we have referred to already, with God, with our neighbours far and near, with nature and with ourselves.

1.4.2 Sacrifice

Sacrifice is another word commonly used in the churches. It has deep theological roots in the Christian faith, where it refers to the death of Jesus, seen as a sacrificial act in giving his life for humankind. Sacrifice is therefore intimately related to the Christian understanding of love, in which, liberated from our self-centredness, we are free for others. This is a re-working of what this word meant in the Old Testament teachings, especially the Torah, where it refers to an act by which people seek reconciliation with God by offering an animal. This understanding of sacrifice was much nearer to the meaning it has in religions surrounding the Jewish people, but whose sacrificial rites required human sacrifices to what the prophets of the Old Testament, aware of the risks of this cultural proximity, called idols. They developed a theology which distances itself radically from these alien practices.

One should therefore keep in mind that "sacrifice" is a loaded word whose meaning is fluid and can be used or misused. The critical attitude taken by the prophets of the Old Testament, in denouncing the sacrificing of people to their gods, has its parallels in our present day irreligious context. The churches ought to denounce the sacrifices of people which anonymous "gods" like are requiring from them. For example, the churches should denounce a new form of idolatry in which the market has become a substitute to God, where the all encompassing position which free markets are given in European society is transforming citizens into mere consumers. The churches have to be conscious that Christians may be abused when those anonymous gods even call upon their sense of sacrifice in order to exploit it. In a capitalistic context the liberation theology in Latin America has highlighted the ambivalent role a theology, based on a false understanding of sacrifice, can play in this context. The same could be said in a Marxist context, where the present generation was asked to sacrifice itself for coming generations. This could only happen by perverting the notion of a Christian understanding of sacrifice - that of self-giving love.

1.4.3 Rediscovering a Biblical Understanding of Time - the Sabbath Rest

Among the most intractable problems of modern life are the pressures and stresses of time on the human person and human relationships. So when churches continue to insist on the importance of keeping the Sunday as a day apart, this should not be interpreted as a purely self-defensive attitude. Rather it should be seen as a plea to preserve the right of each person to take time in order to put the immediate necessities of everyday life in a broader time frame, instead of being at risk of losing track of ourselves because of them. This idea of "taking time" runs counter to the drive for higher competitiveness and greater rationalisation of our production

patterns. Seen in this light, the pressures to abolish the special place of Sundays reflects again a reductionist vision of reality, where people are seen only in their productive and consuming capacity, and not in their truer, wider nature.

It must be admitted that some church traditions have insisted on too legalistic an interpretation of "the Sabbath". But we have overreacted against this narrow attitude and focused so much on the New Testament critique of the sabbath, that we have often missed some of its original meaning, and the relevance this has for all people. In fact, the notion of the sabbath occupies a central place in both Old and New Testaments as the theological heart which animates the whole of creation.

In the narrative of the creation in Genesis, the sabbath is the keystone which holds together all parts of the creation, and expresses the completeness of God's purpose. It is the permanent invitation that God addresses to all the creation to participate in God's joy. The words "And God saw that it was good" is the chorus which accompanies the song of creation. We hear it echoed in the psalms (for example, Ps.103) and in the answer which God gives to the despair of Job, where he is invited to listen to the symphony of the voices of all creation (Job 38 - 41).

God's creation is to be experienced both as a free gift and an appeal for gratitude. The sabbath is the time set apart to celebrate this. This celebration challenges the current values of a society which gives priority to efficiency and utility, where one has to elbow one's way through and clench one's teeth. We need therefore to find a new status for those things which the sabbath really stands - a place and a time for re-creation. While celebrating it, people will find the comfort and the strength to exorcise the idols of modern society which imprison their mind, with gratitude and a refocusing on what is truly important.

Rediscovering the meaning of the sabbath offers us a way in to a different understanding of time from the normal alternatives - time considered either as a cycle or as a linear development. Rather, the sabbath reminds us, week by week, that time is discontinuous, like a rope made up of knots - marked by the sabbath itself and by festive occasions, liturgical celebrations, the year of Jubilee, a.s.o. These "knots" are each moments of reappropriation of meaning, moments which nourish time as it unfolds.

This "sabbatical" time is squarely opposed to the way time is perceived and experienced in modern society. Here the trend is to assimilate men and women in a time concept which largely depends on values like competitiveness, productivity and speed. These characterises the economic organisation of our society. In the chapter of our previous report on Transport and Sustainable Development, we gave a clear illustration of this point in our discussion of acceleration and mobility. The impulse to ever increasing acceleration is ultimately destructive when it is allowed to proceed unchecked. It needs to be brought back within bounds. The rhythm of the sabbath rest in the weekly routine of life and is a pointer to the need for such limits.

The present debate with regard to the sharing of work is also enlightening. For many years we have been told, in the form of a promise, that the technological breakthrough would liberate men and women from a part of their working time, opening up the opportunity to have more time at their disposal. This "liberated time"

seems in most cases devoted to more consumption, that self-perpetuating leisure activity which in itself reinforces a message of the present economic model as the only one able to respond to people's needs. The time released by shorter working hours no longer holds any pretension to become a time which can be used to take stock and to lay hold of different directions. In order to remain competitive in the market place or to retain one's job, this promise of spare time is rapidly disappearing, except for those who are unemployed, who have all the time in the world, and for whom society has no time.

This has important consequences for the political decision making process, which more and more cover a complex ground which needs time to mature. Politicians however, are constantly under pressure of time. This leads to two sorts of reactions. One is a kind of blind activism, the other an indecisiveness which inhibits any form of action. This is the more serious because we are now in a world where the interrelatedness between the different fields of policy has become so much more complex and, as a result, more vulnerable to serious problems if these relationships are overlooked. The demand for a long term perspective is thus more important than ever.

1.4.4 Rediscovering a Biblical Understanding of Progress with Justice - Jubilee

After years when "jubilee" simply meant a fiftieth anniversary, its proper meaning in the Old Testament notion of the Year of Jubilee has once again become prominent recently in the context of the call, begun within the churches but now adapted by many even in the political sphere, of celebrating the coming Millennium by cancelling the debts of the poorest countries of the world - Jubilee 2000. Jubilee is a notion found in Leviticus chapter 25, where we read that every seventh year a given piece of the land should be given a rest - the sabbatical year - and every fiftieth year "every man of you shall return to his family land" - the Jubilee year. The description of Jubilee goes on to encompass the relationships which ought to exist between people, land and wealth. The ownership of land reverted to its family roots, and debts and servanthood were cancelled. Reminiscences of the Jubilee can be seen first in a prophecy of Isaiah (chap.61), and then in Luke's gospel (Luke 4.21), where Jesus, in his first public address, announces the inauguration of the Jubilee, presenting himself as both bearer and fulfiller of the good news of liberation.

Although no one knows how far the rules set out for the jubilee year were effectively applied in Israel, the principles which underlie them are extremely important to the topic of this report. A periodic interruption of progress in order to make just restitution constitutes an antidote to the "steady growth" ideology which so much characterises post-industrial society. In analysing the biblical description of Jubilee, we find it offers deeply relevant insights for today, as follows:

- a) It is realistic in its approach to human behaviour.
- b) It helps us to understand what the Bible means when it speaks about justice. Justice is not an abstract concept; it applies primarily to relationships: relationships are just or unjust.
- c) Relationships are not restricted to people alone; they encompass all the created order: land, water and air, animals and plants.

- d) Concerning the growth concept which underlies our current economic model, Leviticus 25 warns against the potentially destructive element which it contains for the relationships both with people and nature. In order to oppose this destructive and divisive element, it pleads for the introduction of mechanisms aimed at restoring just relationships between people, land and wealth.
- e) It introduces the notion of limits in economic life. The land has to rest in order to be "redeemed". Limits are sets to acquisition (see II.2)¹. To respect these limits is consistent with life in relationship. This is especially relevant to our model for sustainable development (see II.1), which requires that economic development has to be seen within the limits of the ecosystem.
- f) It unmasks people's inclination to acquisitiveness as a lack of confidence in God's promises.
- g) Into our present society - where to question the notions of "sustained growth" and competitiveness is almost considered as a taboo - the text of Leviticus calls upon modern humanity to turn away from these new forms of idolatry.

The "Jubilee" and the sabbath are framed within a caveat and sustain a promise. The caveat concerns the accumulation of wealth and capital at the expense of justice and neighbourliness. The promise rests on the fact that there will always be a part for each one of us. If the earth produces its fruits with the help of human work done within the bounds of the commandment to love one's neighbour, no human being is excluded from participating at the meal which celebrates the harvest.

From this understanding the church has a role of a watchman over society and over the political process. In the light of the idea of jubilee, a true understanding of sustainable development must imply that there can be no single appropriation of the common wealth which benefits only a small number of people. In so far as it fails this criterion, we must critique the dominant economic model or any other ideology which would attempt to justify such a morally unsustainable position.

1.5 Implications of these Insights for Sustainable Development and the EU

1.5.1 Rediscovering Political responsibility

From the above principles, we judge that excessive priority is given to growth in the dominant economic model, to the detriment of the dynamic equilibrium of ecosystems and our solidarity with our fellow humans. The need for us to say this is itself indicative of the distance that modern society has gone away from Gods' plan for the creation. At the political level we notice that, despite the negative impact this model of economic growth has had both socially and towards the environment, all the governments of member states continue to share the view that to solve the social and ecological problems confronting our societies, recovery of growth and consumption are needed. **By acting the way they do, governments are handing over to the market the political responsibility they have been called to exercise.**

Moreover, the market is operating in an increasingly globalised economy, whose primary driving forces are competitiveness and what amounts in effect to an

¹ Leviticus 25:28 "But if the man cannot afford to buy back the property, it shall remain in the hands of the purchaser till the year of jubilee. It shall then revert to its original owner, and he shall return to his patrimony."

uncontrolled accumulation of capital. It is obvious to everyone that the unchecked operation of these forces is detrimental to the functioning of just relationships between people and threatening for the quality of the earth where we and the future generations must live. In this context, an appeal to the responsibility of politicians is all the more necessary. Their legitimacy stands or falls in their readiness to fulfil the ministry they have been given, namely to seek for justice and peace in the relationship between people and between people and nature.

In a democratic society the exercise of this responsibility is also an integral task of citizens. The promotion of public debate and education are tools for which the public authorities could give the means, and in which process the churches, as informed actors who are independent of vested interests, could and should play an active part. This is particularly so in that the churches can bring important insights from within our long tradition of ethical reflection about the intrinsic relationship between justice and natural order. Indeed this intrinsic relationship illuminated the path which the ancient Jewish people discovered God in their history. They found that where injustice prevails, the earth suffers, and that the disorder in nature reflects the fact that something has got wrong in the relationship between people.²

1.5.1 Re-evaluating the role of Science and Technology

We do not dispute the decisive and positive role which science and technology have played in support of human development. They are an expression of God-given calling to creativity within the creation. However a caveat is necessary. The relationship which humankind has with the created order is increasingly experienced as mediated science and technology. It is therefore becoming necessary more than ever to be aware of the tensions that exist between our liberty and our responsibility. Not everything that is technically possible (liberty) is necessarily acceptable (responsibility). Technological and scientific developments are increasingly creating a situation by which people and nature are at risk of being instrumentalised more and more, because reductionist science knows no other logic. The fact that technological development and progress in sciences depend financially for a large part from economic forces is adding to this risk in a significant way. This instrumentalisation reveals itself in several ways. If people are considered primarily within the reductionist concepts economics they become merely producers and consumers. If they are outside the realm of the economic system, they are left aside as marginalised people. The technological instrumentalisation is also expressed in a breakdown of the balance between humankind and its natural environment, where the logic of the formula displaces wider senses of connectedness with nature. This is reflected in the notable mood of scepticism and distrust of science which has emerged in many sectors of European society, and the increasing and belated importance that ethical questions are seen to have in developments in technology.

To recapture a vision of men and women in their integrity, and to regain a fair balance between people and nature, serious questions shall have to be addressed both to the politicians and to the citizens on the way they make use of their liberty and exercise their responsibility.

² See for example in Jeremiah 5:23-25 and 18:14-16; Isaiah 5:8-10 and 24:1-6; Hosea 4:1-3 and Psalm 72.

1.5.2 Realising Our Responsibility towards Future Generations

Every society has made decisions which have led to far-reaching ecological changes. Today, however, our society is witnessing an unprecedented imbalance between the economic model and the ecological system. This is due both to the scale and the nature of the changes we are causing. Compared with the past, where the impact on the biosphere resulting from economic decisions could in many cases be reversed, the situation now is changing dramatically and rapidly. Many more of the decisions taken today may bear future consequences which are irreversible. For this reason it is necessary that today's decision-makers in the fields of politics, economics and technology should incorporate an ecological risk factor in the decisions they have to take. The difficulty lies in making an exact evaluation of this risk. This difficulty is made worse as long as political and economic decision-makers take an approach to the issues involved which is still largely mechanistic in Newtonian sense, and compartmentalised. They have not yet been able to integrate the more understanding from the realm of modern physics which sees the importance of taking into account the complexity and interconnectedness of the universe. In the light of all this, political wisdom in decision making demand a cautious approach towards reality.

1.5.3 The scale of the risk of irreversibility marks a qualitative jump. This raises a theological question. What does this imply for the existing tension between liberty and responsibility, which characterises men and women made in the image of God?

- a) One of the most harmful consequences resulting from a distortion in the balance between liberty and responsibility is the threat this poses to future generations. We renege on our responsibilities to our descendants. One of the results of the globalisation of the economy is that in the absence of democratic controlled international institutions there is no political accountability. The initial efforts to cope with this issue within the WTO are proving largely insufficient to achieve a correct balance.

A further consequence of this is to be seen in the political realm. In losing control of the ongoing economic developments, the existing political mechanisms are at risk of becoming increasingly irrelevant. The agenda of the world's future is largely set by the economic forces.

Despite the fact that a reasonable attitude would be to behave and to act as borrowers from future generations, present economic forces seem trapped in their own rationality which forces them to march backwards into the future. Fukijama's proclamation of "the end of history" after the fall of the Soviet Empire, was largely an interpretation of Western triumphalism. This has a bitter taste if we now see this in the context of the claims which future generations have upon our own generation. Realistically, we can scarcely believe that a different behaviour from the present economic forces is possible. Yet, if our analysis is correct there must be possible alternatives. Where then is an answer to be found to this question?

- b) A possible answer to this question may be found by returning to what we mean by the Christian principle of hope, as opposed to its subsequent misinterpretations.

This is not a counterfeit hope, like many present forms of escapism which, in reality, tend to wash their hands in the pseudo-spiritual waters of neutrality towards these questions. A truly Christian understanding of hope should seek to baptise and transform the present. Moreover, this hope is not simply for the individual. It has a collective dimension too and it is therefore called to work at the political level. To take care of the needs of future generations means that we cannot rely solely on the efforts of individuals of good will. To enable people to act in a responsible way will require conceiving new political instruments which would be capable of controlling the ongoing economic and technological developments.

Why do we have confidence in this concept of Christian hope?

- It frees us from being overwhelmed by a fatalistic attitude towards the ecological crisis, which a realistic appraisal of the present situation might otherwise lead us into.
- It is the permanent song (from the Hebrew psalms to the American spirituals) which has accompanied God's people in history.
- It is rooted in the assurance that God is not only a God in the past and the present. He is the One who precedes us into the future. He accompanies His creation until the last day. Paul writes "the created universe waits with eager expectation for God's sons and daughters to be revealed" (Rom. 8.19 in an inclusive language version).

Hope, however, should not be understood as an easy answer to the real risk of irreversibility we are facing. Hope can never become a substitute for human responsibility. The hope of which the scriptures speak expresses is not a cheap hope. It is an active longing, against the odds, towards the fulfilment of God's promises. It is in the light of this hope and of the theological and ethical framework which we have outlined that the following chapters give our evaluation and critique of the EU policies and structures in relation to sustainability, economics, ecology and social affairs.

Summary

Amongst the principles which we would offer to the present debate are:

- To affirm the createdness of nature, and with it the intrinsic value of all created things.
- To acknowledge our responsibility of stewardship and companionship of the natural order, which is not ours to do with as we please, but given to us on trust by God, answerable to him.
- To recognise of the brokenness of human beings and human society with a spoiled relationship with God, one another and the creation.
- As a result of these three notions, to declare the necessity of a balance in which the economic and technological are not to have automatic and unchallenged precedence over the social, environmental, health and safety.
- To challenge the assumption of unlimited growth, in favour of a balance of sharing and a recognition of the limits of the economic exploitation of any given resource.
- To challenge the level of consumption of resources which most people in Europe take for granted, and the inequities this sets up vis-à-vis the developing world.
- Our responsibility to plan in the long-term for the generations which will follow us, and to exercise precaution and prudence in our technological and other developments,
- The need to build in a rhythm of rest and reflection, implicit in the biblical Sabbath, to balance the pace and stress of life, and the incessant pressures of global economic mechanisms.
- The need to build in a system by which injustices and inequities of human economic and environmental behaviour are counterbalanced by restitution, especially for the poor but also towards the biosphere as a whole, implicit in the biblical idea of "jubilee",
- The need to integrate policies such as energy, transport, housing and land development, as an expression of the connectedness and interdependence of human living,
- That we in the churches have much to do in setting to rights our neglect and mistakes of the past, as well as providing a focus for a vision for a sustainable society for Europe.

Chapter 2 : Economic Principles and EU Treaties

2.1 A Comprehensive Concept of Sustainability

2.1.1 In the report "The Dominant Economic Model and Sustainable Development - Are they Compatible?", the focus was primarily on the ecological dimensions of the concept of sustainability development. We stressed that opportunities of present and future generations to live well should not be reduced by our current development. The opportunities of the future generations can only be guaranteed if the stock of nature in the widest sense of the term, including natural resources, is not depleted by the present generations, but is conserved. The economic system has therefore to learn to live on its revenues (p.11). In this sense, sustainable development is the attempt to ensure a better quality of life for every one, now and for generations to come.

This evaluation of sustainable development was taken in a wider and fuller context that popularised by the report of the Brundtland Commission, since in the churches we are drawing from insights developed from many years earlier in the ecumenical movement, in which sustainability was explicitly interpreted with a social dimension. That is to say, a society can only be sustainable, having value for the future, in so far as due attention is given to the social dimensions, to good relations within the communities and to the possibilities for each member of the society to participate. It was at the World Council of Churches' Conference on Science and Technology at Bucharest in 1974, that the first explicit discussion on sustainability took place. On the basis of this and other considerations, the following conclusion was drawn:

"The goal must be a robust, sustainable society, where each individual can feel secure that the quality of life will be maintained or improved. We can already delineate some necessary characteristics of this enduring society. First, social stability cannot be obtained without an equitable distribution of what is scarce supply and common opportunity to participate in social decisions. Second, a robust global society will not be sustainable unless the need for food is at any time well below the global capacity to supply it, and unless the emissions of pollutants are well below the capacity of the ecosystem to absorb them. Third, the new social organisation will be sustainable only as long as the rate of use of non-renewable resources does not out-run the increase in resources made available through technological innovation. Finally, a sustainable society requires a level of human activity which is not adversely influenced by the never ending large and frequent natural variations in global climate".

The quest for sustainability in the ecological sense cannot therefore be separated from the quest for a good quality of life for all, one which embodies justice, peace and a wide participation in decision-making.

This comprehensive approach to sustainability was developed further by the WCC into their criteria for a good society in the concepts of "a Just, Participatory and Sustainable Society" (1977) and of "Justice, Peace and Integrity of Creation" (1979). In these ecumenical discussions it has been stressed on several occasions that the concepts are not to be understood as some kind of fixed blueprint. What is more important is to give a clear sense of direction by identifying key criteria. The practical

implementation of the criteria will obviously depend considerably on the context, and will therefore vary according to both time and place, but the orientation is common.

Inherent in this comprehensive approach is a stress on the mutual dependence between ecological, economic and social aspects of development. None of the three dimensions can contribute to human welfare without the others. This form of relationship, however, is not always a harmonious one. Tensions arise in many places. For instance, to provide for the needs of people, production is needed. In one way or another, this will inevitably be polluting and require the use of scarce raw materials. To promote participation in society demands the creation, amidst other things, of paid jobs. If this is achieved solely on the basis of economic growth this will be at odds with the imperative to ensure the environment is safeguarded. Before going into more detail, we wish to make some general observations, to which our report on "The dominant Economic Model and Sustainable Development: are they compatible?" also refers.

1) Nearly all our economic and social activities leave behind an ecological "footprint". This ecological footprint indicates that we do not inhabit an environmental space with an unlimited capacity. There are limits to how far we can go, beyond which we would endanger the capacity of the earth's resources and its capacity to assimilate the ecological effects of human activity. Humanity therefore has to keep within those limits. We are unable to make a strict scientific definition of this environmental carrying capacity or space capacity in all its aspects, however. Many uncertainties remain. We are confronted with having to make some normative choices. For instance, what kind of bio-diversity is or is not acceptable? Our effort to trace the ecological footprints of our activities is, before everything else, a certain way of thinking about things, a different way of seeing, in which the ecological issue has priority. The time horizon is an important factor. In the short term, economics and ecology may at times conflict with one another; in the long term, it is clear that the economy can not stand without defining an ecological capacity within which to operate.

2) Where technological development leads to an increase in consumption for some groups in the society, but is unable at the same time to ensure that this is accompanied by the improvement of the position of the poor, then the position of the poor ought to have priority. Within the existing plurality of opinions there exists a consensus in the Christian social ethics - Protestant, Orthodox and Roman Catholic - on a preferential option to favour the poor, based on God's love for those who are disadvantaged.

3) Technological development allows a certain expansion of world production and consumption. Some studies suggest the possibility of a factor of four, or in some situations even a factor of ten. Sooner or later though, the limits of the environmental carrying/space capacity will be approached, the distribution of revenue, capital and work will inevitably then become a serious problem.

4) In some cases a win-win situation can be achieved where the environment is improved and human welfare increases. To seek for a work intensive way of production is a good example. This is both favourable to job creation and better for the environment. Examples of this will be noted on several occasions in the different

case studies of this report. If a broader concept of human welfare is used than the one which merely reduces everything to material terms, the number of win-win cases can be extended. For example, we would recognise the importance of the need for rest, searching for meaningful activities, the beauty of the landscape, and a more peaceful lifestyle which rests on a move away from efficiency the notion of sufficiency.

2.1.2 How to should we act, in the light of these policy principles?

When discussing sustainability, it is important to consider the ecological, economic and social aspects in terms of their mutual relationships. The amount of "room for manoeuvre" in human activity is defined primarily by the environmental capacity, but each of these different aspects must be brought into play if we want them to have an effect in the political process. To examine how this might be done, we have developed a model in which we identify six targets for each of the three dimensions - ecological, economic and social - the same number for each in order to reflect an equal weighting. These are necessarily defined in brief expressions, conscious that they have to developed further and also that difficult questions will arise in weighing the pro's and con's, the financing, the obstacles among producers and consumers, etc. What follows has to be seen as food for thought, inviting for further discussion, rather than the last word on the subject.

- 1) The six targets of the **environmental dimension** cover important aspects of the ecological discussion of the last twenty years:
 - conservation of ecosystems and the diversity of species;
 - as little waste as possible;
 - getting levels of environmental pollution as low as possible;
 - conserving the stock of renewable resources;
 - extraction of as little amounts of non-renewable resources as possible;
 - improved removal of environmental damages.

- 2) The targets in the **economic field** are oriented on the one hand towards the classical targets of a stable economy and on the other hand, towards a well balanced local economic structure:
 - fair distribution of labour, both between men and women and between employed and unemployed;
 - sustainability in private consumption;
 - regional and local economic self-reliance should be as high as possible;
 - well balanced economic structure (between self employed and employed between paid and informal labour, between different branches);
 - price stability;
 - a healthy structure of public budgets.

- 3) The six targets with the **social dimension** are reflection of the situation within developed industrialised countries:
 - a high level of education and cultural activities;
 - a fair distribution of income and property;

- a balanced relationship between urban and rural structures;
- socially and environmentally adjusted mobility;
- a high level of health;
- a high level of security;

What is important to look at are the different levels at which these targets have to be implemented. The eighteen targets are important at all levels: local, national, European Union and world level. They ought to be discussed at all those levels and to be integrated in the policies and the actions of people. The aim "local economic self reliance as high as possible" does neither mean that the world interdependency should be negated nor that international trade should be replaced by small scale economies. This principle of subsidiarity applied in the field of economics augments the possibilities to protect human labour and the environment in a better way from the instabilities of the world system and to meet local needs to a much greater extent than would be possible if only world market prices and interest rates are ruling. We do not suggest the abolition of global trade, but its repatriation into the function of a back-up system. Such a back-up system for a local economy must comprise the monetary sphere of the economy as well as the sphere of the production and consumption of goods and services. Between these spheres, there are many inter-linkages that can be used to create positive synergies to promote regional sustainability.

- **A monetary back-up.** if people cannot trade among themselves without using money issued somewhere else, their local economies will always be at the mercy of events that take place elsewhere. Many ways exist to create an own back up system. Options run from group currencies such as LETS through mutual credit systems for business and commodity-backed currencies to money issued by local governments.
- **A back-up by local banking systems.** Locally owned financial systems enable people's savings to be lent out in the areas in which they live on terms that allow them to realise their social objectives like creating new jobs at conditions that don't live up to global competition standards. Again communities have a wide range of options open to them, including credit unions, building societies, or local investment trusts.
- **An energy back-up system.** The provision of an adequate supply of energy from local resources (including energy saving(!)) is fundamental to greater community self-reliance. Most places in Europe can easily develop a combination of wind, hydro, biomass sources and energy saving to meet a high proportion of their demand.
- **A back-up of the food system.** Modern industrial agriculture is currently destroying the soil and its own genetic base. Apparently, it bears a lot of risks for the consumer as well. It also requires high levels of energy-intensive inputs from outside the local area. Organic and other low-external-input types of agriculture are therefore needed if communities are to become more self-reliant.

2.2 A Christian Perspective on the Market Economy: Looking for New Criteria

In our previous report³ we criticised the dominant economic model for having too great an emphasis on concepts that were opposed to ecological priorities. The market approach was flawed because of its "failure to integrate external elements into the price systems, the gearing of costs to the short term, etc. (section 4.2)." We drew attention to the fact that there were insufficient possibilities at the political level to correct the disfunctioning of the market, and that insufficient use is being made of instruments that would be compatible with the market such as energy taxation (4.3.) We now build upon these observations and consider the market in a wider social perspective and then in the specific context of globalisation. We define markets as those where supply and demand are regulated through price mechanisms - the kind of market dominant European societies.

2.2.1 Markets within Limits

Our approach is somewhat pragmatic in that we recognise that the market can be a useful instrument for wealth creation. But equally we maintain that the evidence points clearly to the fact that, left to itself, the market is not capable of arriving at a just and sustainable society. Some sort of corrective mechanisms are necessary. We first identify three types of instrument which are available to correct the markets.

Paradoxically, to correct certain types of failure of the market process can mean a strengthening of the market. Examples of this are where an undue concentration of power in monopolies and oligopolies has to be redressed, or when the price mechanism is used to internalise external costs. In other cases correction is needed by using countervailing powers, like the trade unions, environmental and consumer organisations and the churches. This is one of the roles of the "civil society". In still other cases a measure of state intervention is needed. Most of the time a mix of the three is necessary.

Historically, the churches have tended not to pay great attention to the market concept, beyond a general warning that the economic order must not be identified with the Kingdom of God. Instead, ecumenical studies by the churches focused more on the concept of "responsible society". This led to the recognition of a mixed economy, in which public authorities intervened in order to regulate the market. Later the development by the World Council of Churches of the notion of a "just, participatory and sustainable society" introduced at the Assembly of Nairobi 1975 led to proposing some rules to regulate the market economy.

Similar concerns underlie other concepts of economic order. For instance, there is the concept of a social market economy ("soziale Marktwirtschaft"), founded among others by the German Minister of Economics, (later Chancellor) Ludwig Erhard. This tries to combine the creative forces of competition with a concern for law, social justice, environment, and protection of the underprivileged. The partial success of this concept has led to many adaptations in other countries.

³ "The Dominant Economic Model and Sustainable Development: Are they compatible?" 1995.

The 1992 report of the World Council of Churches on "Christian Faith and the World Economy"⁴ recognised that the market is to be found in all cultures and is one of the oldest human institutions. It defined the optimum economic order as one where "genuine political freedoms can be combined with appropriate systems of economic exchange, and with wide ranging social and environmental security measures (the safety net) at all levels of decision making from the local to the international" (pp. 36/37). In other words: a market economy can only function in accordance with ecological and social needs if a secure framework exists, in order to guide the economic activities at each different levels.

Developing this further, we come to the conclusion that the market has its limits:

- it serves only the demands expressed by people having purchasing power;
- it offers goods and services only provided there is a profit from the transaction;
- it is unable to value something which has no price.

This leads to a number of important consequences. Firstly it implies that social needs which have no purchasing power can not be satisfied by the market. Services where a financial profit should not normally be expected (like health care, education and the police should not primarily be delivered by the market. It also means that things that are of great value for culture and society can not be translated in prices.

Recognising these facts, any society therefore needs to ensure that it:

- makes social provisions and legislation to protect its citizens,
- maintains an appropriate range of public services,
- provide for the up keep of realities which have no price (for example the landscape or natural habitats) and that any damage done to them is fully paid by those responsible.

This is also of relevance with regard to the development of globalisation and the discussion about liberalisation of world trade. Liberalisation is an important aim for the European Union. In the document of the European Commission Trade and Environment) it is stated that there don't need to be a contradiction between trade and development. It can be very useful to a more efficient use of resources and the spread of environment-technologies. However, as is stated in the same document much depends on the national and international policies regarding sustainable development. In our paragraph on globalisation we deal more extensively with these questions.

It is too simplistic an analysis, however, to regard markets as an economic institution alone. Markets are a social institution. They cannot be so closed to the intervention of external influences that, for example, humanitarian acts are ruled out because the market principle overrides all else. This is particularly true of the markets in land, capital and work. One should not be allowed simply to refer to the objective functioning of the market mechanisms in order to deny any responsibility for the

⁴ "Christian Faith and the World Economy today". A study Document from the World Council of Churches WCC Publications 1992.

consequences which our way of trading make on others. We are therefore making a plea for an approach to the market in which responsibilities must be ascribed to and acknowledged by every actor in the market. This includes not only individuals but also collective actors, whether corporations, trade unions, politicians or whoever.

2.2.2 Criteria for a Just Market Economy

In the light of this understanding of the market, we now identify some of the key criteria that should govern a global market economy.

i) Transparency

All proceedings in a market should be as transparent as possible. From what is published in the annual report of a company, to what is stated on the label of its products, the aim should be for openness to examination and choice. Only such transparency can guarantee a proper exercise of control by the public, by law enforcement, and by the market participants themselves. There are circumstances where transparency may be limited by trade secrets and business confidentiality, but the general principle should be to meet the strong public interest to have adequate information, especially on areas of safety or ethical controversy like genetic engineering.

ii) Sharing

It is important that the formation of monopolistic structures and undue concentrations of power should be inhibited. All parties involved in the market must share in a responsible way in the resources and the benefits of the market economy. The process of competition, the balance of powers between the market participants (including trade unions and consumer organisations) and the functioning of the political process all need to work together in such a way that this is achieved. To do so requires having appropriate legal measures in place, including, amongst other things, antitrust legislation, laws which clearly define the rights of entrepreneurs, labour and consumers and legislation to ensure environmental protection.

iii) The Polluter Must Pay

The production of many goods involves environmental damage which is not paid for by the entrepreneur responsible but ends up being met by the whole population. This process obviously sets wrong incentives and is socially unjust. Environmental damage should be paid for by those causing it rather than being left like a piece of litter for society to pick up. To pay a just price for the ecological impact and wastes from production may push some products out of the market, because their real price suddenly becomes apparent. But this would be the normal market mechanism.

iv) Internalisation

A closely related issue is that the prices paid for many major commodities and services do not reflect the environmental and social damage caused. In our previous report we emphasised how this grossly skews the market in energy in favour of consuming the fossil fuel sources that are the prime cause of global warming, and shifts transport trends even further towards favour unsustainable

levels of road freight and private car use. In neither case is the market fair until the external costs are properly internalised. More positively, the potential of markets mechanisms to provide incentives for good environmental practice should be exploited to the full.

Later chapters of this report review the EU's activity on this issue since our previous report. We cannot avoid being critical of its continuing failure to redress the inequities of the market through internalisation of energy and transport costs, and to tap the potential of market instruments to create a climate for environmentally sustainable measures. This remains a high, unachieved priority.

v) Limits to Economic Activities

Even if the internalisation of negative external effects could be guaranteed by a new price mechanism, some economic activities might have to be forbidden because of the possibility of incalculable risks or because they are ethically and socially unacceptable. In the light of this the market itself should be structured for sustainability. For example, the use of non renewable resources should no longer be encouraged, and after a period of adaptation, it should be strongly penalised.

vi) Orientation towards Future Generations

The operation of the market should not be governed solely by short term incentives, but take account of long term needs and horizons. Pressure to use today's cheapest resources may need to be resisted in order to ensure prudent management in the longer term. There is in particular a clear responsibility to consider the rights and needs of future generations, which the market cannot merely ignore. The growing awareness of inter-generational significance of environmental damage has given this criterion a new and urgent momentum. Common goods such as clean water, good soil, clear air and bio-diversity must remain accessible for future generations. All market participants should be encouraged, if not indeed forced, to keep the planet in good shape for those who come after us.

vii) Participation

It is important that the basic conditions exist to enable all people to participate in economic and social life, and have access to all its resources. This also includes the requirement for due public participation and accountability in decision making processes where the operation of the market involves public moral issues, such as genetically modified food, or where developments involve significant risks or are likely to have major environmental impact.

viii) Fairness

The structure of the market should reflect fairness to all concerned. The productive standards of the end of the twentieth century should permit education for the young, allow the employed a decent living on their wages, permit survival after retirement to the old, provide for medical treatment of the sick, not discriminate by areas of the work, race, sex or religion, and should allow an adequate return on capital investments. It should also give opportunity for participation in the labour market and recognise the value of contributions to society of those outside it. Each market, however, has in itself elements of exclusion such as too high prices and insufficient purchasing power. Care

therefore must be taken to prevent this leading to exclusion from participating in the market of particular people or groups. This is especially of concern where this manifests itself in the form of discrimination in the labour market or in unfair dealings with the countries of the South.

2.2.3 Globalisation

We have identified eight criteria for a just market. How relevant are they when faced with the dominant market process of globalisation, which forms the context for so many current EU policy instruments? We now evaluate the present nature of globalisation, in the light of our criteria, and seek to establish what should be its norms. We will seek to show that most of our criteria for a just market are indeed highly relevant to the case of globalisation.

i) The Nature of Globalisation

The word globalisation, in its most basic sense, refers to developments which lead to an ever growing interdependence between people and countries. It also means the spread of certain products, methods, regulations and values beyond single states to become common on a very much wider (if not always literally global) scale. It has different aspects - technological, economic and cultural. It is expressed in terms like the global village or global consciousness, and is carried by the twentieth century revolutions in mobility and communications, of which the Internet is the latest manifestation of a process that began with the electric telegraph. It is seen in such diverse aspects as the media, sport, popular music, movements of capital and patterns of consumption. There are also the counter processes of fundamentalism and a retreat into one's own group, as well as moderating trends, such as an increasing awareness of local and regional characteristics, and important new concepts such as bio-regions. The core of globalisation, however, consists of internationalisation and an increase of scale. This means that the process is primarily market oriented.

Globalisation is driven by several forces, including technology, free trade and multinational companies. The capability of competing plays a crucial role, not just between companies but also between nations. Competition is sometimes given excessive emphasis, as though an absolute requirement, not least in many EU documents we have examined. In reality, a degree of co-operation is also required, for example on matters like the protection of the environment. The Group of Lisbon speaks of the "ideology of competition", when it prevents that kind of co-operation which is needed in order to deal effectively with the existing world problems.⁵

Indeed, before the present process we call globalisation was seizing the world, other processes of globalisation had long been at work. Many other vital factors have a global dimension, like the world ecological crisis, the world debt problem, world population and world poverty. Globalisation is therefore not only a question of competition and market forces, but also of pursuing global common goals of humanitarian and ecological nature, goals which global competition and market

⁵ Group of Lisbon, *Limits to Competition*, Cambridge/London MIT Press, 1995.

forces will not achieve. The very fact that the current globalisation process is largely failing to respond to these concerns is an indicator of how highly autonomous it has become, and thus how blinkered and short-sighted.

ii) Concentrations of Power and the Loss of Effective Control

Moreover, this is creating a major problem for sustainable policies in Europe. While some countries have tried to implement some aspects of the criteria we identified above in their national markets, globalisation has created a totally new situation in which nation states are tending to lose control of their own futures. For example, if a country does not permit certain activities to the major global players in the market, they will go elsewhere and set up their economic activities in another country with less rigid demands. Numerous examples can be cited where factors such as environmental standards, waste management, ethical factors in biotechnology, and animal welfare have been compromised by this process, or where the very fear of it happening has led to lowered standards. This is a common feature seen in many EU and member state responses to situations ranging from calls for ecological taxes on energy, to public objections to gene patenting. The ultimate result is that real power holders in our global market are increasingly the global players, not inhibited by national laws or controls, and not publicly accountable.

The question is then to what extent is economic globalisation diminishing the possibilities for acting in response to these “other” global phenomena? One of the major challenging tasks of the future will be to restore the balance of power on a global scale. Market participants will again have to be subject to political control, labour laws, consumer protection provisions, quality controls, antitrust laws, and all the many other reins by which they are held in national markets. Such measures do not yet exist on a global scale.

In contrast to our criterion of sharing, there is an automatic tendency for the globalisation process to concentrate power in a very few companies. Mergers and alliances create a market dominated by a small number of large players. This can be a means of keeping the power in a very few hands, and often leaves little room for new entrants to gain a foothold in the market. This is reflected in the frequent use of the word “exclusion” in studies on globalisation.

This exclusion and concentration of power has many aspects, especially with regard to developing countries. One example is the take over of the most fertile land from the local people by remote companies. The conditions under which the poorest nations are given access to sources of world finances have also often led to a closed cycle of indebtedness. This illustrates the importance of our criteria of fairness and participation.

The patenting process is supposed to be a means of sharing knowledge for the common good, while protecting legitimate commercial interests. In many areas it has, in reality, become the means of keeping access to technological developments in control of a few large organisations. It is well recognised that excessively broad patents have held back a number of potential technological developments in crop biotechnology - the opposite of transparency - and has fostered a lowest common denominator ethic of greed. In genetic resources, the

opening of global markets has meant not a fair sharing of benefits, but often a one-way process of exploitation of indigenous rights by rich industrialised nations.

iii) Towards Responsible Global Behaviour

The criteria of internalisation and the “polluter pays” are both highly relevant to a more just approach to globalisation. A denial of accepting external costs can be seen in many sectors. One example is the deforestation of both tropical and temperate rain forests for the sake of short term benefits, ignoring the effect on global warming, soil erosion and bio-diversity. Another is the attempt of some oil companies to discredit the world-wide scientific consensus over global warming and to block moves to set global greenhouse gas emission targets. Although some international companies are showing encouraging signs of taking seriously their social responsibility, all too often people prefer to avoid internalisation of costs and the acceptance of their wider responsibilities.

To ensure a better access to the sources of subsistence for the poorest countries, it implies that the richest countries must now practise restraint with regard to their claims on the earth’s environmental carrying capacity. As already observed in section 2.1, Europe already has an environmental “footprint” greatly in excess of its true size. In general the global expansion of the impact of industrialised nations implies a need for a counterbalancing trend of self sufficiency within our own boundaries. For example, in chapter 4, we highlight the need to reverse the EU trend of increasing dependence on fossil fuel imports and to focus on indigenous European renewable energy resources. Here our criterion of a long-term orientation makes much sense.

One barrier to globalised responsibility is that there is no global policy in place to provide effectively for environmental and social care at world level. Again there are some good signs. Some companies are now recognising sustainability as part of their policy. It is also possible to achieve international charters with regard to the human and environmental rights, as at the Earth Summit in Rio. It should also be possible to translate this into enforceable international legislation with public authorities empowered to judge misbehaviour on the part of any global economic actors. The idea of an international public sector and the criterion of public assistance are coherent with this. It is primarily a question of political will. As the follow-up meeting on climate change in Kyoto demonstrated, however, setting real long term targets is much more difficult than signing a treaty.

A key part of this process is the development a broad "midfield" of intermediate players like the trade unions, consumer's organisations, churches and NGO's at a world level. The strategic role they can to play in developing global responsibility has already been seen in the examples of treaties and agreements between the big economic actors and the environmental movements, trade unions, human rights and world health organisations. Again, the criterion of sharing is crucial.

2.2.4 Conclusions about the Market

The conclusion of this brief survey of the globalisation process and the market is the same as what we observe at the national level. Left on its own, the market is by itself not capable of arriving at a just and sustainable society. It also seems clear that the present policies and developments in which the global market is operating will not succeed in creating an acceptable environmental space capacity within which both future generations and today's poor will be able to live a life of dignity.

For this reason, it is important to mobilise those forces which can contribute to setting the market in the type of framework which might begin to achieve that goal. To do so, an active awareness of responsibility is needed of all players and at all levels - consumers, social organisations, national and regional authorities such as the EU, and the business world itself. Each partner can then begin, even at an initially modest level, to offer a real contribution. At all levels of European society and also in the EU's policies we need to take tougher measures and difficult choices if we want to change this situation rather than merely pay lip service to it.

2.3 The Treaties of the EU

In the light of the principles laid out above and of our previous report, we now review the changes and additions to the Treaty of the Union as these relate to the issues we are considering. This is done in response to the request expressed at our meeting with senior staff members of DG XI and other directorates on 30 November 1995, to follow up and review the relevant EU policies. We look particularly at matters related to the environment and to social and employment policies. We consider first the Treaty of Amsterdam, still in the process of ratification, the conclusions of the Presidency in Cardiff of June 1998, the Parliament and Council's Decision regarding the 5th Community Programme of Policy and Action in Relation to Environment and Sustainable Development, the Council of Ministers of Environment in Luxembourg 1998, and the Conclusions of the Presidency in Vienna, December 1998.

2.3.1 Articles 2 and 3 of A.T

We highlight here the changes/ additions on the Treaty of the Union referring to matters related to environment and social/ employment policies which are now included in the Treaty of Amsterdam (T.A.) still in process of ratification.

Analysis

In this Treaty article 2 has been revised: environment and employment are mentioned in the same sentence: *"... to promote throughout the Community a harmonious, balanced and sustainable development of economic activities, a high level of employment and of social protection..."*;

Comment

- a) There where the Treaty of the Union spoke of a "harmonious, balanced development" the Treaty of Amsterdam adds the word "sustainable".
- b) The words "sustainable growth" are no longer in the text. Does this mean that

the EU is now accepting that one has to distinguish between sustainable development and sustainable growth? In this respect it is worthwhile acknowledging that in the document of the Commission (com (97) 592) the need to distinguish is stated explicitly. (see III.1.2).

Analysis

In article 3, a new paragraph (i) is inserted: After "For the purposes set out in Article 2, the activities of the Community shall include, as provided in this Treaty and in accordance with the timetable set out therein:

(i) the promotion of co-ordination between employment policies of the Member States with a view to enhancing their effectiveness by developing a co-ordinated strategy for employment.

A new Article 3c is added: *"Environmental protection requirements must be integrated into the definition and implementation of the Community policies and activities referred to in Article 3, in particular with a view to promoting sustainable development."*

Comment:

In article 3, special reference is made in a new paragraph (i) to the need for a co-ordination of employment policies among the member states which echoes the new Title on Employment which is in the new Treaty.

Responding to this need to promote co-ordination on employment policies article 3c demands the integration of the environmental protection requirements in the definition and implementation of the Community policies and activities as they are listed in article 3. The wording of this article could already be read in article 130 R of the Treaty of the Union. The fact that they have now be integrated in a new article at the beginning of the Treaty has to be evaluated positively. The more so now that the article is pointing explicitly to the need to put this integration of policies in line with the aim to achieve a "sustainable development".

2.3.2 The article on Environment; new Title XIX (article 130 R in the Treaty of the Union)

Comment:

This article has not been altered substantially; the Committee of Regions has been added as one of the three institutions (European Parliament and the Social and Economic Committee) to be consulted. The sentence regarding the need to integrate the requirements for protection of the environment with the Community policies has been cancelled (cf. preceding comment).

2.3.3 A Title on Employment: Title VIII

The Title is subdivided in 6 articles (Art. 125-130). The basic idea is that the member States commit themselves *"to work towards developing a co-ordinated strategy for employment"*; the objective is: *"a high level of employment"*.

- This co-ordination shall consist in issuing a joint yearly report prepared by the Council and the Commission on the employment situation in the Community and

presented to the European Council. On the basis of its conclusion, the Council *"shall each year draw up guidelines which the member States shall take into account in their employment policies"*.

- An **Employment Committee** with advisory status shall be established by the Council, after consulting the European Parliament, in order to promote this co-ordination.
- Each member State shall provide the Council and the Commission with an annual report on the principal measures taken to implement its employment policy **in the light of the guidelines for employment** mentioned earlier.
- The Council having received the views of the Employment Committee shall each year carry out **an examination of the implementation of the employment policies of the Member states**; it is **even possible** (qualified majority and recommendation from the Commission) **to make recommendations to the Member States**. On the basis of this examination the Council and the Commission **shall make an annual report to the European Council on the employment situation in the Community and on the implementation of the guidelines for employment**.

Comment:

The A.T. shows a significant breakthrough in matters related to social policies. This is the result of the changes in the European political context when the Summit met in Amsterdam. The UK has now accepted the social protocol; the result of the German election last autumn have reinforced the trend leading towards an effective social policy at the European level.

The Title on Employment is new in the Treaty. The fact that the Council decided to take immediate action in line with Title VIII not waiting the ratification of the Treaty signals the concern of the political leaders to respond to the public opinion in Europe who is raising questions with regard to the unbalance existing between monetary integration and social integration. The inclusion of the social protocol now accepted by all the member States is to be seen in this light. The first national reports were handed over to the Commission in April 1998.

2.3.4 The EU Social Policy (Title IX; chapter 1 on Social Provisions)

The former articles of the Treaty of the Union related to the social policy have got more clout since Amsterdam:

Article 136 makes reference to the European Social Charter (1961) and the Community Charter of the Fundamental Rights of Workers. Promoting employment and combating exclusion are explicitly mentioned among the objectives.

Article 137 is more ambitious in its formulation than the former article 118 it speaks of the information and consultation of workers and the integration of persons excluded from the labour market. Moreover, the role of the EU Commission vis-à-vis the social partners is increased; the Commission is entrusted with the task to promote the consultation of management and labour; they have to be consulted before any Community action in the field of social policy is envisaged.

Comment

Compared to the former Treaties of the EU there is undoubtedly a change; the EU Commission is confirmed in its role as initiator of social policies despite the fact that in the formulation fears for Commission's intervention in national policies is still felt. The fact that it has been given a key role in the dialogue with the social partners has to be underscored.

One may, however, regret that no longer are the signals registered which the Commission had been given, at the time, indicating, notably in its White paper on social policy⁶, that it was ready to move to a more inclusive concept of social policy including social partners who are not part of the sector of workers.

The greater recognition of the need to give a more explicit European dimension to the social policies has to be considered in the context of the attempts made to give content and life to the so called "European model" which eventually should correspond to what is claimed by many European ideologues as part of the European cultural identity namely the mix of individual freedom and social responsibility.

Considering that part of the A.T. which is devoted on social policies one can not but be surprised to see that the intention clearly expressed in article 3 of the A.T. when it speaks of the need to integrate the "environmental protection requirements into the definition and implementation of the Community policies" is no longer mentioned when it comes to define social policies. We are still on the "parallel track approach" when the EU handle social and ecological matters.

We will look in chapter III devoted to the relationship environment-work/ employment how this integration of the "environmental protection requirements into the definition and implementation of the Community policies" is achieved.

2.4 The Conclusions of the Presidency in Cardiff June 1998

What should be noted here is the decision taken that the three following presidency e.g. the Austrian, the German and the Finnish will pursue matters further.

It requests the Commission to add to the proposals made an evaluation of their impact on the environment.

The Councils on Transport, Energy and Agriculture are in particular requested to look to the implementation of the integration of the policies (see II.3.5).

With regard to Kyoto, the Council is asking the Community and the Member States to elaborate the strategies necessary to implement the commitments made. In 1999 the European Council will make an evaluation.

⁶ European Social Policy / White paper (COM (94) 333/1994) - Chapter VI/B : Promoting the social integration of all people and VIII where voluntary organisations are mentioned together with trade union and employers organisations.

2.5 Decision of the European Parliament and of the Council on the review of the European programme of policy and action in relation to the environment and sustainable development "Towards sustainability".⁷

This text is the final position at which the European Parliament and the Council have arrived after the mid term evaluation made by the EU Commission on the Fifth Community programme in 1995.

From this text we have selected some parts which are relevant for the topics tackled in our report.

a) in relation to transport:

- to tighten provisions on emissions and noise from road and off-road vehicles and taking due account of developments in the relevant international forums, from aircraft, as well as on fuel quality, to develop actions to reduce CO₂ emissions from road vehicles, notably by promoting the use of fuel-efficient vehicles and low emissions technologies, and to strengthen Community provisions on vehicle inspection and maintenance; (art 2.2a)
- developing and promoting measures to achieve better internalisation of external costs in transport prices, in particular for less environmentally-friendly modes of transport, as a prerequisite for influencing user choices in order to arrive at a more sustainable level of transport demand; (art 2.2b)
- developing potential methods of analysis with a view to strategic evaluation of the environmental impact of the trans-European transport network as well as potential methods of corridor analysis covering all relevant transport modes and taking account of the need to link all Member States and regions to the trans-European transport network and, in particular the need to link island, landlocked and peripheral regions with the central regions of the Community; (art2.2c)
- investigating possibilities for the use of Community funding to promote a better balance between transport modes by facilitating transport intermodality and appropriate modal shifts. (art.2.2c)

b) in relation to energy

- to promote energy efficiency and the rational use of energy and to support the development and application of energy-saving technologies and practices, including renewable energy sources and combined heat and power, by means of appropriate programmes and measures, awareness-raising and information measures, and to develop criteria for the screening of subsidy schemes in order to offset the adverse impact of certain incentives; (art 2;3 a)
- to strengthen energy efficiency standards for appliances and to provide for their energy efficiency labelling. (art 2.3c).

⁷ O.J. of the European Communities Decision n° 2179/98 L.275/1

c) with regard to the instruments

- to develop, at an appropriate level, effective market based and other economic instruments special attention will be given to:
 - * environmental accounting (art 3.1a);
 - * examining constraints on the introduction of economic instruments and identifying possible solutions (art 3.1b);
 - * the use of environmental charges (art 3.1c);
 - * identifying subsidy schemes which adversely affect sustainable production and consumption practices with a view to their reform (art 3.1d);
 - * encouraging the application of the concept of environmental liability at member State level (art 3.1e);

d) in relation to horizontal instruments

- to examine, *inter alia*, in the light of the Commission proposal of 25 March 1997 on the assessment of the effect of certain plans and programmes on the environment⁸, how the environmental impact of policies, plans and programmes in the Community and, where relevant, Commission proposals for programmes and Community legislation can be assessed (art 3.2a);
- priority will be given to improving the use of the Community's own financial support mechanisms as a means of promoting sustainable development. (art 3.3)

e) in relation to the implementation and enforcement of legislation

- to examine options to enhance the effectiveness of environment inspection in Europe on the basis of a report to be presented by the Commission before the end of the Programme and which will assess, in particular, the feasibility of establishing common inspection criteria on the basis of minimum inspection standards, the Commission will publish an annual report on the environment, detailing *inter alia* the performance of the Member States in implementing and enforcing Community environmental legislation.

f) in relation to awareness-raising

- The Community emphasises the importance of communication, information, education and training as a means of stimulating awareness of sustainable development issues and promoting behavioural changes in all sectors of society. It will increase its efforts to make Community citizens more aware of and more informed about development issues; (art 5)
- further to promote green housekeeping for the Community's own institutions, and to facilitate the exchange of best practices and access to and dissemination of information in this area as widely as possible. (art 5f)
- to help consumers take environmental considerations into account through eco-labelling and the provision of environmental information on products,

⁸ OJ C 129, 25.4 1997 p.14

including chemicals. (art 5h)

g) in relation to international co-operation

- to carry out a policy review related to the integration of the sustainable development dimension in the implementation of the Fourth ACP-EC Convention; to evaluate Community development assistance overall to ensure that environmental appraisal systems are being followed; (art 6b)
- trade and environment:
- to seek to ensure that the WTO rules, provisions and procedures take full account of the need to promote a high level of environmental protection, in particular as regards the general provisions; (art 6.6a)
- actively to participate in international discussions, in particular in the WTO, dealing with the issue of trade and environment, where the Community, in accordance with the general aim of sustainable development, will promote a balanced approach to the respective concerns of the environment and trade focusing on the integration of environmental requirements into the multilateral trading system; (art 6.6b)
- to give preference to multilateral solutions to trade and environmental problems, respecting environmental and trade principles and promoting transparency in the definition and implementation of environmental measures, including new environmental policy instruments (art 6.6c).

h) the basis for environmental policy

- The Community will ensure that its environmental policy is based on reliable and comparable data, statistics and indicators on sound scientific information and on an assessment of the costs and benefits of action or the lack of action (art 7).

i) in relation to climate change

- particular attention will be given to policies and measures necessary for the achievement of reduction objectives in accordance with the Berlin mandate for carbon dioxide CO₂ and other greenhouse gases to be attained within specified timeframes such as by 2005, 2010 2020. (art 11.1a)

2.6 The Council of Ministers for Environment, Luxembourg, October 1998

a) Community Strategy on Climate Change

The Council reaffirms that developed countries have to take the lead in combating climate change.

With regard to the so called "flexible mechanisms", the Council states that " It is the aim of the Council that only Parties bound by compliance regime shall make use of these mechanisms" " The principles, modalities, rules and guidelines for the operation of the mechanisms have to ensure that they do not undermine domestic action or weaken these commitments. The Council recalls the conclusions at the Cardiff European Council inviting all relevant formations of the council to establish their own strategies for giving effect to environmental integration and sustainable development within their respective policy areas. In preparation on the Councils on Agriculture, Energy and Transport "central attention should be given to the climate issue".

b) Transport

Another point on the agenda was the issue of reduction of CO₂ emissions from cars. The Council supports:

- the intention of the Commission to conclude an environmental agreement with the European Automobile Manufacturers Association (ACEA) on CO₂ emission reduction on new cars;
- the objective of the agreement to achieve for the average of new car sales an emission target of 140 of CO₂/km by 2008;
- stresses the importance of "a transparent system to monitor the effectiveness of the agreement;
- asks the Commission to report annually on the results of this monitoring;
- renews its invitation to the Commission to study the possibility of establishing a reference framework for fiscal incentives.

This Council also stressed the importance of promoting consumer information on fuel economy in respect of the marketing of new passenger cars. A Directive should be prepared by the Commission on this topic. It demanded also a Decision establishing a scheme to monitor the average specific emissions of carbon dioxide from new passenger cars.

c) environment and employment

With regard to the issue "Environment and Employment" the Council

- "recognises that, while there can be various job gains and losses in different sectors and regions across the Community, frequently environmental policies have a positive employment impact. *Synergy effects between employment and environment could be further increased, for example, through a better integration of these two policies into other policy areas.*"
- "notes that priority will be given to improving the use of the Community's own financial support mechanisms as a means of promoting sustainable development which could contribute also to a higher level of employment and

reaffirms the intention to take forward this process, *since it has been demonstrated that the integration of economic, social and environmental objectives in regional/local development can be a successful way to deal with structural problems and is an important condition for maximising economic, social and environmental benefits.*"

- "stresses the necessity to further integrate the objective of sustainable development within the employment co-ordination process and in this respect calls on the Commission to examine whether and how this overall objective can be incorporated in the forthcoming proposal of the 1999 Employment Guidelines.

2.7 Conclusions of the Vienna Summit 11-12 December 1998

Relevant passages from the Presidency conclusions and comments:

a) Sustainable Employment for Europe

§.28) Employment policy has to be embedded into a comprehensive approach, encompassing macroeconomic policies directed towards growth and stability, economic reform promoting competitiveness and the Employment guidelines.

§.31) Comment: The "environmental sector" is only mentioned in the passage which is devoted to the revision of the National Action Plans (NAP) under VI "Environment and sustainable development"

b) Integrating Environment in the EU policies

§.66) "The European Council reaffirms its commitments made in Luxembourg and Cardiff to integrate environment and sustainable development into all Community policies in view of the Amsterdam Treaty. It welcomes the initial reports received from the Transport, Energy and Agriculture Councils on this aspect and invites them to continue their work with a view of submitting comprehensive strategies in these sectors, including a timetable for further measures and a set of indicators, to the Helsinki European Council. The European Council recognises that it will be important to ensure that environmental integration is adequately treated in the decisions to be made on agricultural and structural policies within the context of Agenda 2000 taking note of the progress made so far."

§.67) "The Council should also put emphasis on cross-sectorial issues such as climate change and the environmental dimension of employment and enlargement."

§.68) "The Commission is invited to submit a progress report on mainstreaming environmental policy in time for the Cologne European Council, particularly taking into account the use of environmental appraisals for its major policy proposals.

§.69) "The European Council will review overall progress on integrating

environment and sustainable development at its meeting in Helsinki in order to link the sectoral strategies developed by the various formation of the Council, a co-ordinated report on indicators presented by the Commission, and the global assessment of the 5th Environmental Action Programme.

c) Climate change

§.70) Climate change is one of the most challenging environmental problems for the next decades. Work on common and co-ordinated policies and measures within the Community should be intensified with a view to domestic action providing the main means of meeting the Kyoto commitments. The European Council welcomes the Buenos Aires Plan of Action and underlines the importance of its implementation for an early ratification of the Kyoto Protocol. A comprehensive EU strategy on climate policy should be considered by the Cologne European Council on the basis of a report by the Commission.

d) External Issues

§.87) "The European Council reiterates its commitment to the WTO as the basis for the EU's commercial policy and the main framework for further trade liberalisation. It reaffirms its support for comprehensive, wide ranging WTO negotiations starting from 2000, and invites the Council and Commission to intensify work in order to secure agreement to this objective at the Third WTO Ministerial Conference to take place towards the end of 1999."

Chapter 3 : Environment/Work/Employment

In chapter 2 we have been looking successively to the definition of sustainability (2.1) recalling that for the Churches sustainability could not be reduced to the ecological dimension but that the social dimensions (good relations within the communities and the right for each member of the society to participate) was integral part of the concept of sustainability. We therefore pleaded for a comprehensive approach of the concept which considers the mutual relationship between the ecological, **the economical** and the social aspects of sustainability. Indeed, if we want to avoid to be trapped in the trade-off between ecological requirements and social demands we have to integrate a third partner paying attention to the economic paradigm which is, with regard to its impact, the main player on the field. For that reason we have been examining the role of the market as being the dominant expression nowadays of the economic paradigm. This is not to say that the market is to be seen as the main cause of the disfunctionings we are facing at the ecological and social level. Each community is based on exchange; it is part of every culture. However, this does not imply that society should submitted itself to the sole imperatives of the market. The market has to operate within limits. The more so now that we have entered a globalisation process which, in the absence of rules, the weakening of the political institutions and the unbalanced relationship between strong and weak countries will most certainly lead to even greater ecological and social devastation. We offer in that part of our report some criteria for discussion.

In the last part of chapter 2 we examined, while looking to the constitutional and political developments in the EU to the way the topic, which is at the heart of this report, is handled. We recognise that when looking to the Amsterdam Treaty and the different summits and ministerial meetings of the EU important steps forward since 1995 can be registered. In particular, the decision to integrate environment in the different EU policies and the first steps made to arrive at an employment policy in the EU are certainly significant moves.

One should, however, not underestimate the difficulties which lay ahead of the politicians if they want to achieve in practice what they have pledged themselves to do. Understandably they have spotted to agriculture, energy and transport as the areas of priority for the implementation of the integration process. The link is obvious and some work has already been done in those field. But others are equally important to be examined. One of them is the integration of environment in the social policy. Here we have still a long way to go; the EU Commission is conscious of this fact, it asked the Consultative Forum on the Environment and Sustainable Development to look in particular to this aspect. The churches who are equally concerned for social and environmental issues decided to give a special attention to this question. In the following chapter, we examine and comment in a first part how the EU, in the light of different papers, sees the relationship between work/employment and environment; in a second part, we draw some conclusions from this analysis and comments and we compare them with the ongoing debate in the churches on the topic unemployment and the future of work.

3.1 With regard to the EU position:

We will examine and comment on the following documents:

- * **"Economic growth and Environment" Some implications for Economic Policy-making**⁹
- * **"Environment and Employment" (Building a sustainable Europe)**¹⁰
- * **Agenda 2000**
- * **The Guidelines for Member States' Employment Policies 1999/ Luxembourg Summit / December 1997**¹¹
- * **The Joint Report / Executive Summary**¹²
- * **Employment and Environment**¹³ / Text of the Forum

3.1.1 Economic growth and the environment Com(94) 465 final

Analysis

This paper is dated 1994 and helps to understand the background of the paper on environment and employment(2) which we examine in 3.1.2. Here, we limit ourselves to sum up the main affirmations.

The paper refuses to establish a linear relation between economic growth and pressure on the environment. This position is stigmatised as a "Malthusian view". However, the paper admits that to reach compatibility some conditions are to be fulfilled:

- * the way the economy operates has to change and one has to take stock of the fact that:
- * the developments occurring in the economical sphere changes the composition of economic activity. The EU has moved from agriculture to manufacturing industry and has now reached the point that service activities have the greatest share in the economy.
- * technology evolves, due to the fact that market economies which look for lowest cost of production puts a premium on energy efficiency and reduces material intensity.

However, to fulfil these conditions the paper adds that an essential pre-requisite to reach compatibility is a "sound policy framework".

The paper is pleading for the creation of an integrated environmental economic account and want to move from an "end-of-pipe" solutions towards an integration of environmental consideration in the design of products and production processes.

To achieve this integration, economic agents ought to be given the right signals;

⁹ Communication of the Commission to the European Parliament and the Council COM (94) 465.

¹⁰ Communication of the Commission COM (97) 592 final.

¹¹ Cf. 13721/98 DG J

¹² Doc 13720/98 DG J

¹³ Principles and Recommendations from the European Consultative Forum on the Environment and Sustainable Development/ November 1998.

"which is strongly linked to a greater reliance on market based instruments" i.e. price signal and "hence contribute towards deregulation and improved flexibility"¹⁴

From there the basic thesis **"By stimulating innovation and inventiveness, this renewed, more decentralised and market based approach presents itself as the natural strategy towards which to reorient our environmental policies for the coming decades, during which our economies will be required to make the transition to sustainability"** (bold in the paper).

Among the market based instruments, the paper signals the importance of environmental taxes.

The 5 key implementation issues are:

- (1) introduction of policies over time to be connected with:
- (2) the role of technology and R & D policies: need for long term policy strategies phased in gradually and predictably;
- (3) international co-ordination and competitiveness together with:
- (4) equity at the international and the national level¹⁵;
- (5) the need of a broad social consensus to "ensuring a smooth transition to sustainable growth."¹⁶

Comment:

We wonder if the assertion that there is no linear relationship between economic growth and pressure on the environment can be supported in this absolute form. The statements sounds rather defensive: any attempts to question the traditional growth concept seems to be out of order. Admittedly, the paper adds that some conditions listed in our analysis are to be fulfilled in order to reach compatibility between economic growth and the safeguard of the environment.

We have arrived at the conclusion (see 2.1.2) that compatibility between the bio-system and economic growth presupposes that the very content of the traditional economic growth concept has to be part of a pluridisciplinary discussion. One of the postulate for such a discussion would be that economic growth should never be considered as a reality apart from its ecological and social context.

3.1.2 Environment and Employment¹⁷

Analysis

The aims of this communication is: *"to outline a strategy through which environment and employment can be made mutually beneficial"*. The paper can be seen as an attempt to spell out an environmental and employment policy after and in line with the Treaty of Amsterdam; it is apparently written in the spirit of chapter 10 of the White paper which describes the present system as being "characterised by an insufficient

¹⁴ COM (94) 465 final p.10

¹⁵ COM (94) 465 final p.16

¹⁶ COM (94) 465 p.18

¹⁷ See footnote 2. Before this Communication was published, the EU Commission jointly with the European Parliament organised in May 1997 a Conference on the same topic.

use of labour resources and an excessive use of natural resources"; it relies on a recent OECD study¹⁸.

The paper contains some interesting remarks of semantic nature:

- the need to distinguish between economic growth and development which implies that one should no longer speak of sustainable growth and sustainable development as being identical;
- sustainable development is defined as "a development which meets the needs of the present generation without compromising the ability of future generations to meet their own needs"¹⁹.
- natural capital is defined as such:
 - * sources of energy and raw materials;
 - * a sink for wastes and emissions;
 - * the basic elements for human life: air, land and water.

Although this paper does not handle the North-South issue related to environment it recognises that the causes for environmental degradation are at home; the solutions, therefore, shall have to be found "for a significant part" at home, but it refuses to establish a linear relationship between economic growth and the use of natural capital. The paper prefers to point here to the obsolete character of the production pattern which *"is based on investment and price relations of the past when environmental concern had less importance."*

Interestingly the paper draws here a parallel with the present threat on the welfare state due to the decline in the activity ratio and the increase in unemployment.

Comment

This reflects the trend of thought in the Commission: with the globalisation of the markets and the new technologies, society has to be prepared for dramatic changes. Little can be opposed to this assertion; the question however is: how are these changes to be implemented and who will bear their costs?

Analysis

Looking for a solution, the authors of the paper seem to privilege the introduction of new "clean technologies". The message is: when time has come to replace old capital with new investments, take this as an opportunity to introduce new technologies. Moreover by doing so, a two-fold objective will be achieved: through investment new jobs will be created and the environment will be improved.

Comment

There where the paper speaks of the negative consequences for the environment of the "continued intensive use of non renewable resources", the question should be raised: what about the intensive use for renewable resources? Should they not be used at a rate which allows for their renewal?²⁰

¹⁸ "Environmental policies and Employment" OECD 1997

¹⁹ The same definition can be found in the 5th Community Action programme for the Environment

²⁰ cf. EECSS report "The Dominant Economic model and Sustainable Development: are they compatible?" p.11/ 1995

Analysis

To move towards a sustainable development four conditions have to be met:

- increase in the efficiency of primary energy and raw materials use;
- maximum rates of recycling products and waste;
- designing products for their durability;
- more intensive reliance on renewable energies and raw materials.

To move towards a Europe with sufficient jobs of high quality we have to achieve "a competitive economy combined with less environmental pollution, improved resource efficiency of energy and raw materials and higher employment rates."²¹

5 keys for a programme of action are envisaged:

- benchmarking of employment and environmental achievements of companies and economic sectors;
- looking for new technologies and their possible effects on employment;
- in the context of Agenda 2000, making efforts to ensure that Community Funds and Instruments support in an integrated way employment and sustainable development;
- restructuring the tax systems by reducing non wage labour costs and by internalising environmental and resource costs;
- training and education.

Drawing from the OECD Study which identifies 11 factors determining net employment effects of environment policies, the paper insists that one should go for anticipative instead "end-of-pipe" solutions despite higher initial costs.

*"Investment in clean technology will help maintain a competitive advantage thus creating and maintaining employment"*²².

The production of anti-pollution equipment should take place in the EU itself.

It is not possible to come to a positive or negative conclusion with regard to the effect environmental policies may have on the competitiveness. What is sure is that competitiveness has forced industries to innovate. Therefore, says the study, industries who neglect the issue of environment shall eventually weaken their market position.

Comment

To come to sufficient jobs, the report adds here "of high quality"; priority has to be given to a competitive economy; the rationale behind this is that a competitive economy is an innovative economy and that this innovative character is boosted by new technologies which will be, so it is assumed, cleaner technologies. At the same time the paper is admitting that end-of-pipe solutions are cheaper than anticipative clean technologies. If competitiveness is the striking factor then the question has to be raised: what is the incentive for choosing a initially more expensive and therefore

²¹ o.c. Com (97) 592 2.2 p.5

²² o.c. Com (97) 592 2.2 p.7

less competitive solution?

One should also ask what is meant when the paper speaks of "improved resource efficiency of raw materials"? Considering, the evolution of the terms of trade between the industrial countries and the raw material producing countries, the question of the real price both at the social and the environmental level is entirely justified. The paper is almost silent with regard to the North-South relationship.

Analysis

To foster employment and improve environment the paper suggests measures in the following fields:

- *the manufacture and the service sector*; job creation opportunities in the SME; the impact of information technology will have a beneficial impact on the environment;
- *transportation*: shift towards railway systems and public transport. Job creation here due to new importance given to public transport and railway; the paper refers here also to the "preparation for the car of the future".
- *energy*; especially in renewable energies; the "combination of heat and electricity will augment the competitiveness and hence stimulate job creation.
- *agricultural sector*: maintenance of landscape and protection of the natural environment, sustainable forestry, production of new crops in the non food sector for industries and energy and organic farming.
- *consumption patterns and households*: eco-labelling, recycling of household waste capable to create new jobs.

How many jobs?

The paper advances a figure established by Eurostat in 1997: i.e. 3.500 000. Similar calculations forecast that if the EU was to invest 180 billion ECUs in renewable energies until 2020; this would lead to the creation of 500 000 jobs. The market for anti-pollution equipment raises 8 % each year²³.

Comment

This figure calls for the following remarks:

The figures mentioned (20 % of the registered unemployed people in the EU) are significant; however, these figures do not consider the job losses which inevitably shall occur. The OECD Study shows no over optimism when after having expressed its confidence that at the end there shall be more winners than losers recognises nevertheless that there will be "various job gains and losses in different regions and sectors." To this figures one has to add that more than half of the total i.e. 2 millions jobs will by their very nature only be available for the short and medium term; what is promising here is the envisaged yearly increase of 8% of the demand for anti-pollution equipment. This is an interesting niche for export and a source of job creation.

²³ "Global Environmental Markets) An Update" 1997

Analysis

How to bridge the gap between under-use of labour resources and over-use of natural resources?

The paper is of the opinion that *"the most promising strategy would be to adjust relative prices accordingly"* The thesis underpinning this statement is that *"environmental policies are compatible with higher employment as long as they are consistent and take advantage of the co-ordination mechanisms upon which a modern market economy is based"*.²⁴

To achieve this one has to call for a transitional period during which one should:

- proceed with the necessary adjustments in the structure of the economy;
- assure a good co-ordination at the international level with the objective to safeguard the international competitiveness of vulnerable industrial sectors;
- target the environmental expenditure regionally and sectorially.

Comment

The solution to the question: how to bridge the gap proposed by the authors of the paper is in our view incomplete. Certainly, to adjust prices accordingly to ecological requirements together with a decrease in the production costs will contribute to dynamise the market and subsequently induce employment. But will the market alone, even modernised, be sufficient to reach eventually high environmental standards and lead to job creation? Even if the time has come that, to overcome the deadlock our societies finds themselves in, room and time must be given to creativity and imagination to solve both environmental and social problems and that, for that reason, one should not unilaterally rely on strict regulations, other actors have to play a decisive role in this interim period: the civil society at large and those who have a political responsibility. The three have to interact. The paper is here too one-sided while overlooking other important actors.

Analysis

Territorial aspects

The paper pays attention to the territorial aspects of sustainable development.

- **with regard to Urban development:** reference is made of the "Charter of European cities and towns towards sustainability" (1994). The paper sees in the move towards a sustainable cities a source for job creation (cf. Local Development and Employment Initiatives"²⁵.
- **with regard to Rural development:** reference is made to Agenda 2000. The paper pleads for a multisectorial approach (c agricultural policy, tourism, safeguard of nature and energy). The Structural Funds should promote a more integrated approach of the country side. Appeal is addressed to different potential actors under which NGO's.

²⁴ cf. Com (97) 592 2.3 p.8

²⁵ "A European strategy to encourage local development and employment initiatives" Com (95) 273

Incentives

The paper gives a major importance to "new technologies", it therefore enumerates a list of measures to be taken in order to promote the creation and the investments of new technologies, among which:

- applying the existing "acquis communautaire" in the field of environment.
- transforming the fiscal system in order both to promote employment and to improve the environment. The text refers to another paper which estimated that taxation of energy would allow the creation of a significant number of jobs. (between 155 000 and 457 000 jobs by 2005).²⁶
- development of new technologies: reference is made here to the 5th programme; once again, NGO's dealing with social and environmental issues are mentioned.
- the paper proposes to extend the mandate of the European Bureau for Integrated Pollution Prevention and Control (IPPC) to cover employment as well.
- the need for an efficient dissemination of information
- the need for an effective public procurement policy
- export oriented production integration in Community's programmes such as its Development Fund is desirable.
- the need to review the labour market policies.

Comment

While finding that not sufficient attention is given to job creating opportunities and the need for new skills linked to the building of a sustainable Europe, the paper here is completing the so-called "guidelines" priorities i.e.: entrepreneurship, employability, adaptability and equal opportunities adopted at the Extraordinary summit on Employment (November 1997).

Analysis

Financial support

The paper supports the wish expressed by the European Parliament for "a further greening of the EU budget". With regard to the Structural Funds the paper note that an important part of the budget is devoted to environmental related projects (approximately 6 billion ECU of the total EU budget). The Cohesion Fund is spending half of its funds on environmental structures, half on transport structures sometimes related to public transport. For major projects by the Structural Funds, an Environmental Impact Assessment is required.

Comment

The paper is to be welcomed; for the first time to our knowledge the EU examines the existing interferences between environmental requirements and the need for job creation. The parallel track approach which features the EU approach when handling the employment issue and the safeguard of the environment is put into question in this paper. We can not but ask for more studies in this field so to enable policies capable of developing synergies which are beneficial both for the environment and for the promotion of social justice.

²⁶ Evaluation of the Impact of the Proposal "Addendum" dated 30.07.97 to SEC (97) 1026 of 23.05.1997

However,

- No call is made to the civil society to take part in the debate on an issue which has evidently deep societal implications for this and the future generations. The NGO's are mentioned twice in the text but without further explanations related to what is expected from them.
- The paper is silent on the question of the future of work itself. How do we have to interpret this? Is the paper reducing the employment issue to the potential job creation linked with environment? If this is not the case, which is sometimes suggested in the paper, then we can not but interrogate the authors: what is their view on the future of work in a society which they themselves declare is undergoing drastic changes? Having the answer to this question would help us in the interpretation of this text.

3.1.3 Agenda 2000

Compared to the other papers examined in this chapter, Agenda 2000 is to be given a much higher political profile; its aim is to fix the EU budget for the years 2000-2006; furthermore an important part of Agenda 2000 is devoted to the enlargement process. In shaping the budget Agenda 2000 explicitly wants to meet some of the concerns of the EU citizens:

- how to preserve and develop the European social model in the next century?
- how to meet the expectations of the citizens considering the challenges facing the EU: unemployment and social exclusion?
- how to respond to the growing threat to the natural environment?

In this chapter we limit ourselves to look to what Agenda 2000 says with regard to the issue we want to tackle in this chapter: how does environmental and social policies relate to one another?

Comment and questions

Agenda 2000 devotes a subchapter (I.1.) on our topic under the title: "setting the conditions for sustainable growth) again, despite what is said in other EU documents one speaks of **sustainable growth**) and employment". Its content however raises matter for concern. Indeed in this crucial passage we read that the conditions to be implemented for sustainable growth and employment are successively: the EMU, the Single Market, the competitive rules and the role of the SME's. After this list a paragraph on sustainable development is added. The impression we have is that this latter paragraph is alien to the rationale which drives the rest of the whole subchapter. This reminds us of the 10th chapter ("For a new development model") of the White Paper on "Employment, Growth and Competitiveness" which content was warmly welcomed by the churches but where, at the outset the question was: what is the relationship of this chapter to the rest of the White Paper?

One cannot treat environment as an "add-on", once the more serious business of EMU or competition have been addressed. It must be integral to all these areas of Commission policy from the outset, and without exception. One wonders how far the

Commission is conscious of the consequences of the decisions the European Summit took in Amsterdam regarding environment?

Question

- **One may ask if to rely eventually on the "incorporation of the latest technological evolutions into environmental policy" and the "use of new instruments like market based incentives" will suffice to move towards a sustainable development?**

Comment

The underlying ideology seems to be: the globalisation process we have entered will lead towards a harsh competition between the different economic actors; this in turn will oblige the EU to modernise drastically its markets. To achieve this modernisation new technologies are needed. By so doing we deal "automatically" with the environmental issue, moreover, we allow job creation. C.Q.F.D.

We are not denying the importance of the market as a net contributor to the establishment of a sustainable model of development, neither are we in favour of an approach relying unilaterally on regulations. But, as we have stated elsewhere in this dossier, the market can not value everything which is of value for people. "Marketisation" of human relations, increasing poverty and the threat towards the environment are the logical consequences every one can notice of this one-sided approach which seeks in the market the solutions for all the problems. Therefore, if we want to have a correct approach to this issue which requests, with some urgency an efficient response, we should pay more attention to the responsibilities political decision-makers have in this respect and be critical vis-à-vis the resignation they express towards the power of the market.

Therefore:

Question

- **Why is among the conditions to be fulfilled no mention made of the role of the public authority?**

Proposals for new regulations of the Structural and Cohesion Funds

Comment

We welcome the statements which affirm that: "the number one priority will be the EU's poorest regions" that "far more than in the current support period, the Structural Funds will promote sustainable development and environmental protection" and that a "key task of structural policy will be to underpin the reform of the labour market policies and practices in line with the Employment Strategy..."²⁷

The fact that the Structural and Cohesion Funds are the instruments responsible for the practical of policies should stimulate churches to pay great attention to the proposals for a new regulation of the different funds. Here we are no longer in the field of the EU discourse. From the criteria and applications procedures will depend for a large part the answer to the question we have been raising in this paper: The

²⁷ Agenda 2000: the legislative proposals IP/98/258 (18/3/98)

fact that 38 % of the European population will be affected by the different funds signals the importance of monitoring carefully this developments.

Question

- **Is the EU model as implicitly presented in Agenda 2000 moving us nearer towards a sustainable model of development or not?**

Comment

We appreciate the fact that "under the new proposals, the Commission calls on the member States to include NGO's and organisations promoting environmental protection and equal opportunities when "elaborating, monitoring and evaluating the Structural Funds programmes."²⁸ and that "to better involve the grassroots in Structural policy global grants to intermediary bodies for disbursement in the form of small grants to NGO's with knowledge and expertise will be made available"²⁹ but,

Question

- **How will this be implemented; through which kind of mechanism? Who will decide which NGO's is considered as a partner; the EU Commission? the Member State?**

The Cohesion Fund

Comment

Agenda 2000 declares that this Fund "be maintained in its present form". The Treaty of Maastricht established the Cohesion Fund to help those EU Member States whose per capita GNP is less than 90% of the EU average, who's social and economic cohesion, given the achievement of the Single Market, are more threatened than others. Our question relates to the two exclusive objectives of the fund: namely environment and transport.

Question

- **Acknowledging the fact that the importance given to transport systems as a prerequisite for a single market to develop its potentialities and that depending on the mode of transport the impact on the environment can be very negative, which mechanism are foreseen by the Cohesion Fund to guarantee a fair balance between the two objectives?**

Question

- **If the relationship between transport and functioning of the market is established, the question, however, remains: how far this relationship necessarily contributes to job creation? Certainly building up a transport infrastructure will lead in the short term to job creation, certainly jobs will be needed for the maintenance but will it not be at the costs of local production, local markets and therefore local jobs and the ... environment?**

²⁸ o.c. p. 10

²⁹ o.c. p.10

Sustainable countryside and cities

Comment

Another field which is relevant to our topic is the support through the Funds for the rural development. This sector is probably one where the relationship between policies promoting a sustainable environment and policies favourable to job creation could develop promising synergies. Obviously, due to the desertification process of the country side and the ongoing reform of the CAP it is foreseeable that the EU will give a high priority to this issue. However, when it comes to a check and balance approach of the issue we think that due to the intrinsic relationship which is seen between the decrease in the size of the rural population and the steady increase of the number of urbanised people a greater attention ought to be given to the cities where environmental and social problems are growing.

Question

- **What is the priority given in defining the criteria for those urban areas where environmental degradation and social dismantling processes are nourishing each other?**

We are aware that urban areas will fall under the so-called objective 2 of the Funds³⁰ but,

Question

- **Will that be sufficient to face the magnitude of the problem? Is there not an urgent need to give a much greater importance to this issue if, as is firmly stated in the Amsterdam Treaty, the EU wants to move towards the establishment of a sustainable development model?**

Comment

We recognise the crucial importance Agenda 2000 shall have in the effective implementation of future policies. Despite our reservations we appreciate that Agenda 2000 has been given attention to the relationship between sustainable growth and employment. The general concern we have, however, is that Agenda 2000 remains silent with regards to other fields as Energy and Transport to which EECCS has been given considerable attention and which we believe will play a decisive role in the move towards a sustainable development model.

Question

- **How do we have to interpret the fact that the factual implementation of policies for which Agenda 2000 is responsible is not taking stock of the proposals forwarded in the White Papers on Energy and Transport?**

3.1.4 The Luxembourg Summit (December 1997)

With regard to our topic: environment and employment, the Summit took two important decisions:

³⁰ Objective 2: areas undergoing economic change, declining rural areas, crisis hit areas dependent on the fishing industry or *urban areas in difficulty*. (Agenda 2000 vol 1 p. 17)

- **on environment**, two paragraphs point to the climate change after Kyoto (par. 55 and 56); the European Council underlines its conviction that the requirements for the protection of the environment have to be integrated in the Community policies and activities, in particular with a view to promote a sustainable development. To this end, the Council invites the Commission to present a strategy, before its session in June 1998, enabling (the EU) to reach this objective.
- **on employment**: here the Council confirmed the decision taken at the Extraordinary European Council on Employment demanding that, without waiting the achievement of the ratification process of the new Treaty, the measures decided in Amsterdam should be applied immediately.

Comment After the Cardiff Summit (June 1998)

- The Cardiff conclusions reflect and underline even the traditional way of looking to the social and environmental issues as separate topics, despite the fact that the Amsterdam Treaty is opening the way for a more integrated approach.
- If the joint meetings which actually take place between ECOFIN and the Social Affairs Ministers should be encouraged. One is justified in asking if regular meetings between Ecofin, Social Affairs and Environment EU ministers should not be envisaged in order to demonstrate that the move towards a genuine European sustainable development model is more than a piece of political rhetoric

3.1.5 Guidelines for Member States' employment policies 1999, Luxembourg Summit, December 1997³¹

These Guidelines are the result of an extraordinary Summit held in November 1997 in Luxembourg; they have been endorsed at the Luxembourg Summit. While reading these guidelines one can not be confirmed in the opinion that the issue of unemployment is to be seen separated from the issue of environment. The text summarises the ingredients needed for a satisfactory solution for job creation: *"For the future success of the Luxembourg Process it is important to continue the integrated and co-ordinated approach based on sound macroeconomic policies and structural reforms in labour, product and capital markets in line with the Employment guidelines and the new process of economic reform"*. Only when it comes to speak in Chapter 2 "Developing Entrepreneurship" and "exploiting the new opportunities for job creation" the new area of environmental technologies (par.12) and the environmental sector (13) without further definition are mentioned.

3.1.6 The Joint Report / Executive Summary³²

This report summarises a first assessment of how the member States of the EU have implemented the Guidelines. With regard to our topic the report states that the proposal to reduce the VAT rate on labour intensive services has found little echo in the majority of the member states.

³¹ Cf. 13721/98 DG J

³² Doc 13720/98 DG J

Interestingly the report speaks of the need to establish a basic employment performance indicators and the willingness of the EU to start this process which will make comparison between the different national situations more credible. Nowhere in this report the issue of environment is mentioned. The shortcomings are: "the need so far for a better co-ordination between economic policies and the employment strategy, the need for dovetailing of the Luxembourg and national budgetary processes, the lack of appropriate data and common indicators, the need to integrate the European Social Fund in the process, and the need for effective involvement of a greater number of interlocutors at national level and the EU levels".

Comment

This last request should be taken up seriously by the churches. The Church and Society Commission of CEC has had a first meeting with an EU official on this matter which content and result seemed encouraging to the different participants.³³

The fact that the issue of environment is never mentioned in this summary report is the direct consequences of the Guidelines themselves. Considering, however, that these guidelines are seen as the premises for launching a more comprehensive and coherent employment policy in the EU, it is therefore the more regrettable that environment as indicator appears nowhere when it comes to establish an integrated approach to policies aiming at combating unemployment. Reason for the churches to take up the issue with determination.

3.1.7 Employment and Environment³⁴/ Text of the Forum

Analysis

The short paper (5 pages) presented by the Forum on the Environment and Sustainable Development states that there is an "emerging consensus on the synergies that can be gained from pursuing environment and employment policy in an integrated way. The Forum pleads that "environmental policies should be more linked to European and national labour market policies. Bearing in mind what we said in 3.1.5 and 3.1.6 we have still a long way to go. It has looked to the sectors of transport, tourism agriculture and energy.

The members of the Forum are, on the whole, not very positive vis-à-vis labour intensive techniques. The reason given is that the cost of employment would make the production especially in the industrial and agricultural sector not competitive.

Vis-à-vis **transport** the conclusion is that the "net employment effect of sustainable transport policies is not clear". In **tourism** the situation is different. This is due to the fact that the linkage between environment and tourism is much stronger. The key objective here is to prevent visitor numbers from exceeding environmental and social capacities of the destination area.

With regard to **agriculture**, apart from crop and livestock production, the introduction

³³ A written memo of this meeting is available at the secretariat of the CSC/CEC.

³⁴ Principles and Recommendations from the European Consultative Forum on the Environment and Sustainable Development/ November 1998.

of sustainable agriculture practices is likely to result in significant changes to labour patterns. Here the forum recognises that increased labour will be required. Moreover, Objective 2 of the new Structural Funds could be here a source for financing. Finally the conservation of the forest ecosystem is seen as a plus/plus game. The paper of the Forum points here to the fact that the Structural Funds could be used to finance projects in the field of renewables.

The energy field is also a promising field of job creation. Here also the forum accepts the need for labour intensive technologies contrary on what was said in the introduction. Energy saving policies can be beneficial both for "enhancing competitiveness in the long term and increase the employment potential."

Looking for policy responses the paper points to:

1) market forces; "by providing incentives for changed consumer and industry behaviour" "they can achieve least cost improvements in environmental quality". Economic instruments can "raise revenue which can be used to offset reductions in level of labour taxes and thus reducing labour costs."

With regard to energy taxation the Forum mentioned the unwilling attitude of the industrial sector. It pleads for what it calls a "voluntary" response by industry.

2) environmental technology as a source of job creation.

Environmental technologies represent a growing export market for the EU who should press for higher environmental standards at the international level. To promote the BAT (Best Available Technology) it mentions in particular the opportunity created with the arrival of the 5th Framework Programme of R&D in 1999.

Comment

This last document differs from the six others which have been analysed and commented in this chapter. It is not an EU document although the members of the Forum are appointed by the EU Commission. Acknowledging the fact that the Forum was asked to focus its reflection on the theme "environment-employment" we have paid attention to this paper as well.

Interestingly, the Forum avoids to give any indication with regard to the numbers of jobs which could be created. It identifies some sectors where job creation could go hand in hand with the recovery or maintenance of environmental standards. It points to Agenda 2000 and the Structural Funds. But the paper refuses to raise questions vis-à-vis the dominant economic model itself. When it comes to define policy measures it calls to the market forces as the fundamental to solve the problem. By being to balanced one may end in the status quo. The cultural and societal dimensions and therefore the highly political aspect) political in the noble meaning of the word) have not been given the attention the issue requires.

To tackle the issue of the relationship between environment and employment we are of the opinion that one has to come to grips with the growing contradiction which we experience between the present nose-to-the wheel policies which are pursued and the need to develop a long term perspective in our day-to-day policies. All the fuss about the bog 2000 is an highlighting example of the short-sightedness of our society. We could have known long before and have taken action but we didn't.

3.2 Conclusions drawn from these analysis and comments with regard to the ongoing discussion on Unemployment and the Future of Work in the Churches.

3.2.1 In the light of what has been said in the first part of this chapter, it is clear that to find an acceptable solution to the issue of unemployment, the shift fostered by environmental policies towards a sustainable model of development will not be sufficient in itself. To tackle the issue of employment in a sustainable society one has to enlarge the employment issue to a larger sector of the labour market than the one directly related to environment. One way to this seems to us to lessen the fiscal burden on labour as a factor of production which will lead to a more expensive use of the environment and will encourage the production of more labour intensive goods.³⁵

3.2.2 Churches welcome the decision taken at the Amsterdam Summit to "integrate" the different EU policies. Not solely for the reason that it looks likely that via policies which are in favour of maintaining or restoring the ecosystems a significant number of jobs can be created, but also for the reason that environmental policies and moreover the "greening" of the policies such as energy, transport, agriculture and international trade will be indispensable to arrive at a society where justice and respect for the environment are intertwined.

3.2.3 Equally, and here we can refer to the discussion which is presently taking place in the churches, we question the concept of "work" which is presupposed in the EU policies. We feel that there is also a need for "greening" its social policies; by this we mean that we have to recognise that work has to be sustainable as well. What we experience nowadays however is, instead of a move towards a sustainable development, a society which is divided between:

- those who are told or experience that our society does not need them anymore and those who find themselves entangled under harsh working conditions and the fear to lose their job which competitiveness imposes upon them;
- those who are paid for the work they do and those who are accomplishing indispensable work which is not recognised being unpaid.
- those (a minority) who benefit in some private sectors of very high wages and those mostly in the public sectors (health, care education, community building etc...) whose work is insufficiently valued.
- men who for the majority of those employed have full time and the best paid jobs and women who for the largest number of them have to content themselves with part time and less paid jobs.
- we believe that the recognition by the EU, reinforced in the Treaty of Amsterdam of the equality between gender could be a promising entry-point for a public debate at large which could lead to an approach of work which would be more differentiated and reflect the cultural consequences of the drastic technological developments our societies are witnessing.

³⁵ "Greening the North. A Post industrial Blueprint for Ecology and Equity". p. 196 Wolfgang Sachs, Reinhard Loske and Manfred Linz 1998 Publisher ZED London/ New York.

3.2.4 We believe that the recognition of the importance of the ecosystems for the well being of humankind and nature requires a different method for solving the different questions our generation is facing. Whereas, up until now the way we tackled issues was marked by a sectorial approach, we discover more and more that the environment as a topic runs across all the different EU policies. It invites us to look at the existing interface between these policies. Surely the call for the integration of the different policies is encouraging. The question remains in how far this statement which implies a "Copernican" revolution in the way we think and act at the political level can be translated into practice without reconsidering the content of the concept of economic growth and the place of work in our society.

3.2.5 Sure, the civil society has a crucial role to play if we want to arrive at a comprehensive sustainable development. We nevertheless would like to call upon the specific responsibilities policy-makers have in this respect as well. To rely here on the autonomy of the market alone for solving the problems equals a desertion of one's political responsibility. At the consultation which EECCS organised last year in Herrenalb (Germany) we were recalled that the market is not a natural "given" vis-à-vis which we can only stay passive; market is a "human construct" and for that reason not escaping people's responsibility.

3.2.6 Our main criticism, however, with regard to the way by which the EU policies are seeking to solve social and environmental problems is that the search for a solution is based on the assumption that the dominant economic paradigm should remain untouched. The only concession which is made in this respect is that in view of the globalisation process there is a need for "modernisation" of the market. But the linear concept of growth is hardly questioned. The logical consequence of this is that, despite some attempts to look to possible synergies between environment and job creation, once the decision making process is at stake (as we see in Agenda 2000) a play-off is taking place between job creation and care for the environment in favour of the former.

3.2.7 One of the conditions for handling this issues in the proper way is that politicians and civil society should rediscover the importance of the concept of duration when decisions are taken. We have insisted on this concept of time in the theological chapter (1), we will find it back in the chapter on Transport (5).

In our view it remains an important and urgent task for policy makers to overcome the contradiction we are increasingly faced with between a competitive market which is bound to be able to react more and more rapidly to events and the need for a democratic debate on the goals and aims our European society should be looking for which can only happen in the duration. Certainly the issue work/employment and environment fits in this debate.

Chapter 4 : Priorities in EU Energy Policy since 1995

4.1 Introduction

The earlier EECCS report drew attention to the fundamental tension between sustainable development interpreted as an environmental vision and sustainable development as sustained economic growth. It pointed out that this tension between economic and environmental priorities ran right through the heart of EU policy, and was clearly visible in the energy sector. The analysis of the state of the environment indicated a heavily imbalance towards economic goals which had caused severe ecological damage now needed to be redressed in favour of the environment. In our meetings with EC Commissioners and officials, it appeared that there was a greater preparedness to respond in the area of transport than of energy, consistent with a greater connection of energy with fundamental notions of EU economic policy than with EU environmental policy. In this chapter we review what the EU has done since 1995 to answer these concerns in the crucial area of energy policy, as reflected in the various published documents. (refs.1-6)^{36 37 38 39 40 41} Particular attention is paid to the overall Energy Policy White Paper and the Commission's communication setting out the basis for the EU negotiating position on climate change for the December 1997 Conference of the Parties to the UN Climate Change Convention in Kyoto.

4.2 Our Priorities for a Sustainable Energy Policy for Europe

4.2.1 Climate Change

In our 1995 report, we identified climate change as perhaps the largest single environmental concern in the energy sector, but with acid, organic and particulate emissions a close second. Since the report was written, the IPCC concluded that the balance of scientific probability has moved to a recognition that human activity is noticeably adding to global warming. The EU has acknowledged this in many of its official documents. Most of our member churches took active part in the petition campaign of the World Council of Churches, whose results were presented to the UN negotiating team in Bonn in March 1997. This urged the governments of industrialised nations to take much stronger measures to combat global warming, in particular in the reduction targets for greenhouse gases after the year 2000, out of concern not only for the environment but also the nations and communities who seem inevitably set to suffer the worst consequences, but have the least resources to respond.

³⁶ EC White paper "An Energy Policy of the European Union", COM(95) 682 final, January 1999

³⁷ EC DG XVII Report "European Energy to 2020", EC, Spring 1996, Energy in Europe series

³⁸ "Climate Change - the EU Approach to Kyoto" COM(97)481 final, 1 October 1999

³⁹ "The Energy Dimension of Climate Change" COM(97)196 final, 14 May 1999

⁴⁰ "Energy for the Future: Renewable Sources of Energy - White Paper for a Community Strategy and Action Plan, COM(97) 599 final.

⁴¹ "Energy for the Future: Renewable Sources of Energy", White Paper for a Community Strategy and Action Plan, COM(97) 599 final, 26 November 1997.