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ETUCE Position on the EU economic governance review

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Following a public consultation in 2021, to which ETUCE participated submitting its [contribution](#), the European Commission has published a [Communication on orientations for a reform of the EU economic governance framework](#). ETUCE renews its views about the Commission's orientations call for the establishment of a new EU enforcement tool for reforms and investment. In particular, ETUCE considers crucial that improving the quality of public finances and protecting public investment should be central elements of the medium-term fiscal-structural plans that the Commission is proposing to bring together the fiscal reform and investment commitments of each Member State within a common EU framework.

As already stated at the time of the public consultation, ETUCE advocates for a new economic and social governance targeting full employment, upward convergence of living and working conditions, high-quality public services and high rates of public investments. Stimulus for public and private investments must support green and digital transitions, including in the education and training sector, assessing their impact on quality job creation and decent salaries within an upward convergence process between Member States. With the introduction of the Recovery and Resilience Facility, the yearly Country Specific Recommendations have become significantly more prominent. All this makes it more important that the European Semester be democratised, meaning that the involvement of social partners must be improved, especially in light of the proposed coordination between the medium-term fiscal-structural plans and the Semester yearly cycle.

ETUCE consider essential that the proposed medium-term fiscal-structural plans are implemented and designed in a way that better protects public investments. The multiplier effect of public investment is particularly high, and cuts in public investment, therefore, have a particularly negative impact on economic growth and on employment. In addition, many studies also identify public investment as a growth booster in the long term. Public investments should therefore be the priority for Member States and the European Union, as far as the assessment of Member States compliance with EU fiscal rules is concerned.

ETUCE continue advocating for a golden rule for public investments, to safeguard productivity and the social and environmental conditions for the well-being of current and future generations. ETUCE therefore suggests a broader definition of public

investments. The European Commission’s guidance to Member States, in the context of the Recovery and Resilience Facility and the definition of investments therein, constitutes a good starting point. This includes investments in education and training, and investments aiming at the green and digital transition.

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