Susanne Wixforth and Andreas Botsch

Strategic Autonomy for a Social and Sovereign Europe
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# Strategic Autonomy for a Social and Sovereign Europe

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Achieving strategic autonomy for the European Union is in trade union interests: This process aims at (re)industrialisation, partial (re)distribution of labour to reduce the extreme disparity in labour globally, better control of the most important supplies, independence of strategic technologies and intellectual expertise, and improving innovation capacities within the EU. Trade unions and strong employee participation structures in companies are critical components of the basic conditions needed to achieve these goals. Moreover, the EU has developed a number of initiatives on strategic supply and value-added chains, particularly within the framework of its industrial strategy, to increase its resilience and to shape and protect the dual transformation processes (climate and digitalisation) in response to the negative effects of globalisation, fragmentation of production processes, and specialisation in global value-added chains.

These initiatives are the EU’s way of saying goodbye to global interdependence as a model and means for pacifying international relations through economic exchange («change through trade»). These interdependencies and the neoliberal model of globalisation exacerbated the outsourcing of strategic industrial production outside Europe. Moreover, corporate strategies aimed at externalising costs have fuelled social dumping. These international interdependencies have proven detrimental to democracy when used by autocratic regimes as a weapon for political blackmail and to exercise their apparatus of oppression. The challenges of managing climate change and the digital transformation are magnified against the backdrop of increasing geopolitical instability, system competition, and aggressive military positioning by China and Russia.

The European trade union movement agrees with the need for EU strategic autonomy. It calls on the EU Member States to strengthen the social and democratic dimensions of governance which, as an integral element of the EU’s strategic autonomy agenda, will thereby strengthen European sovereignty. This publication reports on the state of the debate.

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Crises reveal flaws and cracks where stopgap solutions had previously appeared sufficient. The economic crisis, refugee crisis, pandemic, and climate change have revealed structural flaws in the European Union. As an unfinished entity, it has been oscillating between a confederation and a federal state since its inception. Incrementalism is the method of choice for building the European Union; integration through small steps, including many steps backwards. This has been inadequate for bringing about European strategies with the speed and unity required in the face of challenges posed by the shift in economic power, climate change, associated refugee flows, and the increasing proximity (narrowing in) of theatres of war.

Accordingly, the disparity between the European Union’s present capacity for action and the urgency of today’s challenges leads to questions about the delegation of responsibilities between member states and the European Union as a supranational entity in a category of its own. These questions involve a range of issues, including tax and budgetary sovereignty; distribution mechanisms; social, labour, and industrial policy; and, last but not least, defence and security policy. In short: It is a problem of power. The attempt to answer these questions with the principle of subsidiarity has been insufficient because a clear allocation of competencies and responsibilities is required for a strategic orientation.

A slew of buzzwords come up in discussions on this topic: People talk of strengthening European sovereignty, European strategic sovereignty, strategic autonomy, and open strategic autonomy. What do all these terms have in common? They all endeavour to preserve and deepen the European Union as a community project that has given its citizens the longest period of peace to date.

This has become all the more urgent in the face of tectonic shifts: The withdrawal of the United States from its role as the world police, China’s economic superpower and its expanding political influence, and the abrupt dissolution of the peace and security order by the Russian attack on Ukraine in violation of international law all put the constitution of the European Union under pressure. Russia’s imperial claim against sovereign states represents a historical backslide away from the founding idea of a Europe united in peace. A return of the United States to its former role is unlikely due to the unwillingness of the population to support its government in this type of policy (Parsi 2022). At the same time, China is taking up more and more space in the international sphere. The Chinese state combines a repressive, authoritarian system with successful domestic development. It offers a counter-design to the Western model, the facets of which include massive interventions in market and corporate governance as well as a professional technocratic administration that has macroeconomic and political control over the country (Heberer / Senz 2018: 513–514). China’s foreign policy clearly signals its ambition to become a world power. With its new »Belt and Road Initiative«, China intends to secure long-term access to raw materials, new markets, and a political leadership role that reaches as far as Europe. The emergent Sino-American bipolarity threatens Europe with a subordinate role (Heberer / Senz 2018: 516, 519).

Systemic competition between new economic powers and the threat to the European peace project present an incredible challenge to the EU and its Member States. These trials necessitate a repositioning. First, the EU seeks to lead a green and digital transformation. In addition, it seeks to operationalise the vitality and resilience of its economic and social model as a driver for globalisation. Moreover, it aims to recover and safeguard strategic value-added chains while simultaneously disseminating core ethical values in order to retain its competitive advantage. What will the European Union’s role on the global stage be now that it has taken on these three massive undertakings?

French President Emmanuel Macron framed the French EU Council presidency, which spans the first half of 2022, with the motto: »Relance, puissance, appartenance« [recovery, power, belonging], also referred to as the »Macron doctrine« (Van den Abeele 2021: 15). All three terms are variations on the concept of »sovereignty«, which goes hand in hand with the »strategic autonomy« sought by the French government at the EU level with respect to third countries.

From a trade union perspective, the social dimension is a part of the strategic autonomy conversation. However, it has not yet been adequately addressed by decision-makers. Economic and monetary policy are two pillars of the...
European Union; however, the organisation lacks a binding social pillar. As trade unions have pointed out ever since the 2009 economic crisis, the European Economic and Monetary Union cannot function if its only unifying element is a common currency. This currency has pushed the economy into a downward spiral and adjustment process. Employees are played against each other through social- and wage dumping by companies and Member States. In some Member States, this development has led to a return to a more national approach, heralded as the best way out, rather than striving to achieve minimum standards for all employees at the European level. However, overarching minimum standards could only be achieved if Member States surrender some competencies – through the loss of sovereignty. Instead, a potentially ethnocentric chauvinistic European particularism threatens to usher in a Dark Age in the 21st century.

A two-pronged strategy is needed: Only a sovereign Europe can safeguard its values and interests. This sovereignty is a prerequisite for the European Union to be able to develop an economic and strategic autonomy in sectors where it has become dependent on others due to outsourcing, dependent on fossil fuels, and lacks protection against hostile takeovers or the sale of its technical and intellectual expertise. A strengthening of the European Union’s competencies will only be accepted if citizens are involved. The question of where the European Union should develop falls to the European trade unions; the answer needs to have employees’ best interests at its centre.

This requires the state to have the power to shape the future, and while good governance is essential, it is not the only necessary prerequisite. Western democracies exist through the participation of citizens, social partners, and civil society. Workplace co-determination based on the organizational power of trade unions is a cornerstone of democratic legitimacy and participation. The more it is weakened, the greater the danger of a «democratic recession». Democracy threatens to become dysfunctional if it fails to cope with the processes of transnationalisation (Byrde 1999: 223). For the sixteenth time in a row, the number of countries that have ceased being democratic has exceeded the number that became democracies (Mounk 2022).¹

One of the essential goals of the European trade union movement is to create a democratic future for Europe wherein work is fairly remunerated and working conditions are safe and conducive to life. The European Pillar of Social Rights, proclaimed in 2017, can provide a basis for more. It represents an obligation under international law for member states and European institutions to raise the social dimension to the European level. This also is a catalyst for re-organising the competencies assigned to the European Union and its Member States in a manner that considers the interests of European employees.

A new model of European sovereignty could provide a solution to the situation by providing the European Union with the appropriate competencies that would enable it to establish harmonised minimum standards for all European employees. But, how do European citizens define European sovereignty, and what do they think about strengthening the European Union? The nation state, inadequate as it may be, remains the primary political reference point for the people of Europe. How far should European sovereignty go? In what areas should the state’s power be strengthened? And, in this vein, to what extent should politics regulate the market? Is strategic autonomy compatible with a global world order, and to what extent does the protection of the regional level have a place in it? These and other questions were the subject of a Friedrich-Ebert-Foundation (FES) – German Trade Union Confederation (DGB) workshop in November 2021 and are discussed below.

The completion of European integration can only be successfully conceived if done on the basis of a division of sovereignty between Europe and the nation state.«

(Fischer 2000)

For some, sovereignty means the integration of a Member State into a federal state. Others warn of a »European superstate«. The Court of Justice of the European Union (CJEU) describes the European Union as a »legal association« in which supranational and national legal levels are linked to form an overall system. The term »constitutional union« (Pernice 2000) is also used, characterised by administrative federalism in which lawmaking is largely assigned to the European level, while execution and financing are delegated to Member States.

As early as 1957, the Treaty of Rome speaks of the »determination to lay the foundations for an ever closer union among the peoples of Europe.« The call for an »ever closer union« is echoed in the 2009 Treaty of Lisbon. Jacques Delors, President of the European Commission from 1985 to 1995, painted a picture of Europe moving towards integration like riding a bicycle: »If you stop, it will fall over.«

Around 30 years ago, German Chancellor Helmut Kohl and French President François Mitterrand launched the Economic and Monetary Union, but the political union they had envisioned failed to materialise. As Germany’s foreign minister at the time, Joschka Fischer tried again in the year 2000 by outlining the path to a »European federation«. Four years later, 25 representatives of European governments agreed on a draft for a European constitution, only to have it rejected in referendums in France and the Netherlands in 2005. This process demonstrated that increasing European integration was not, or was no longer, in line with the will of the majority of citizens.

The United Kingdom’s exit from the European Union is the strongest rejection to date of the idea of ever-increasing unity. Even former EU Council President Donald Tusk nurtured doubts about »Euro-enthusiastic visions of total integration,« which he saw as reinforcing Eurosceptic sentiments. A number of governments, including in Hungary and Poland, either under right-wing populist party rule or with the participation of these parties, have also rejected the idea.

Do crises and external shocks accelerate centrifugal forces? Or do they catalyse convergence? If we recognise that we cannot solve the big issues – climate change, migration, pandemics, the war in Ukraine, and so on – as individual nation states and do not want to leave it all to China or the United States, further European integration is needed. Is a European federal state therefore not a compelling goal?

Whether further integration is preferred depends on the topic. In some areas, the European Union has already moved towards a federal state, such as in the single market and foreign trade. In other areas, however, states have not relinquished their sovereignty; at most, they are prepared to coordinate and cooperate with each other. This has become very clear in the fight against COVID-19. On the one hand, public health policy is a matter for the Member States. On the other, the European Union has set up a joint aid fund (SURE) to alleviate the consequences of the pandemic.

This fund has also illustrated just how contentious joint projects can be. Especially when it comes to money, the question is always asked: Who pays and who benefits? The wealthier EU states regularly raise the spectre of a transfer union by providing financial support for poorer Member States. Thus far, this alone has smothered any idea of a European federal state.

Thus, the European Union has remained a fragile construct with only a limited capacity for action. This has an impact on three levels:

- Transnationality: Crises and existential challenges exceed Member States’ ability to find solutions, organise, and protect themselves.
- Interdependence: European countries are dependent on each other. Only in the solidarity of a sovereign European Union can they strengthen their ability to act.
- Lack of decision-making power: The institutional architecture and decision-making mechanisms cannot meet the challenges faced. The principle of unanimity and the potential for deadlock prevent or block quick strategic decisions from being made.

Germany’s new federal government is tackling the issue with vigour: Its 2021 coalition agreement states that the Conference on the Future of Europe, which runs until May
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2022, »should result in a constituent convention and lead to the further development of a European federal state« (Müller 2021). The German government also wants, among other things, a stronger European Parliament, a uniform European electoral law with transnational lists and top candidates, and an expansion of majority voting in the Council. The defence of the rule of law also plays a major role.

Common foreign and security policy play a significant role in the coalition agreement, wherein there are several references to the »strategic sovereignty of the EU,« defined as »its own ability to act in the global context« and as reduced dependence in areas such as »energy supply, health, raw material imports, and digital technology« (Müller 2021). To this end, foreign policy decisions should be made by a qualified majority, the European External Action Service strengthened, and the High Representative should function as a »real EU foreign minister«.

Indeed, a federal state with a government that ideally emerges from and is accountable to the European Parliament could be better equipped to meet the challenges of a rapidly changing world than the EU state-construct that has emerged through compromise over decades and operates through complicated decision-making channels. The renunciation of sovereignty by the Member States is thus a prerequisite for the European Union to be able to decide quickly and act swiftly in the event of unforeseen crises.

However, the goal of strategic European sovereignty must not lead to protectionism or a European superstate. The accusation that the concept itself is an attack on the sovereignty of the Member States is based on a twofold misconception. First, in a globalised world, joint European action opens up opportunities for national governments to shape their own policies. Without the European capacity to act in concert at a European-wide level, national sovereignty becomes an illusion. Second, a sovereign European Union must claim its sphere of operations not from the Member States but from the competing great powers (Kommer 2020).

2.1 EU CITIZENS’ PERSPECTIVES: FES SURVEY RESULTS

The results of a survey conducted by the FES of 8,000 European citizens from eight EU Member States show a wide range of understandings of the term »European sovereignty« (FES 2021).

A quick look at the two largest countries in the European Union illustrates this clearly: While only 29 per cent of French respondents rate the term »sovereignty« positively and associate it with historical royalty, 73 per cent of German survey participants rate the term positively and associate it with freedom and independence. Half of Europeans consider the concept of sovereignty to be neither modern nor outdated and associate it with neither the political left nor right.

However, those who do assign it a political affiliation tend to associate it with the right. This is the case in countries with more negative evaluations, such as France (30 per cent), Italy (35 per cent), and Spain (25 per cent). In these countries, Europeans see a strong connection between sovereignty and the concepts of nationalism, protectionism, and power. In contrast, in countries with respondents who had a positive understanding of sovereignty, the concept is accompanied by notions of independence (63 per cent in Germany, 65 per cent in Poland) and self-determination (53 per cent in Germany, 40 per cent in Poland).

The concept of sovereignty is differently perceived when supplemented by »European«; 52 per cent of Europeans see »European sovereignty« as something positive, while 26 per cent see it in a negative light. When asked about their understanding of European sovereignty, only 16 per cent responded that they had a precise idea of the term, while 37 per cent reported they did not know what it meant.

Like with the political affiliation of the term, a division can also be found in the understanding of the concept within the surveyed country groups. Countries that evaluated sovereignty more positively showed a better understanding of the term »European sovereignty« (69 per cent in Germany, 75 per cent in Poland). In contrast, respondents in countries where sovereignty is seen as negative seemed to make fewer connotations with the term (54 per cent in France, 45 per cent in Italy). This result is probably because they strongly associate the word sovereignty with nationalism. Understandably, a majority in France (52 per cent) and Italy (56 per cent) therefore consider it contradictory to combine »sovereignty« with »Europe«.

The most important factor influencing the evaluation of the term »European sovereignty« was political self-positioning. Centrists evaluated the term more positively (61 per cent, with only 17 per cent reporting a negative evaluation) than supporters of the political left (54 per cent versus 27 per cent) or the right (51 per cent versus 30 per cent). The political right reported understanding European sovereignty as a restriction of national sovereignty, which the survey found to be more important to them (70 per cent positive ratings versus 48 per cent among supporters of the left).

Even if the concept of European sovereignty does not appeal to the people in France and Italy, the majority of the population did not report opposition to it. In fact, 73 per cent of Europeans are in favour of strengthening European sovereignty, and a similar number want to see the sovereignty of their country strengthened. Relatedly, 69 per cent of respondents consider a strong economy indispensable.

2.2 EUROPEAN SOVEREIGNTY – A TRADE UNION ASSESSMENT

Trade union discussions of sovereignty are two-fold: On the one hand, sovereignty is considered to be fundamentally about the strengthening of the political sphere against the
free play of market forces, i.e. the decision-making power of the state. Political actors must reclaim their role as regulators and shapers of the market.

On the other hand, discussions revolve around the question of whether the national or European level is more appropriate for solving problems and to what extent the European Union lacks the competencies to guarantee European citizens a dignified life with a living wage and protection against major risks.

The DGB and its member unions have been wrestling with these specific questions since 2017 (DGB 2017). The impetus for the DGB’s debate on this topic was the European Commission’s White Paper on the Future of Europe. Commission President Jean-Claude Juncker introduced the paper: «This is the last chance to make the EU function again.» It outlines five possible scenarios for the EU27 in 2025, starting with challenges ranging from globalisation, the impact of new technologies on society and employment, to the rise of populism and threats to security (European Commission 2017a).

The five scenarios outlined in the White Paper on the Future of Europe:

- Scenario 1: Carrying on
- Scenario 2: Nothing but the single market
- Scenario 3: Those who want more do more
- Scenario 4: Doing less more efficiently
- Scenario 5: Doing much more together

In a supplementary reflection paper on »The social dimension of Europe« (European Commission 2017b), three scenarios are further elaborated upon: Limiting the competencies of the EU as a continuation of the status quo; those who want to do more should, in the sense of increased cooperation of willing partners; or, deepening of the EU, i.e. by handing over more competencies to the European Union.

This reflection paper (European Commission 2017b) poses a significant challenge for trade unions: Can we bring our national social systems to the European level by demanding and creating harmonised minimum standards for basic and unemployment insurance (DGB 2019a, Austrian Federal Chamber of Labour 2019)? What about a European minimum wage? Would the non-regression clause, which prohibits the deterioration of previous standards in social and labour law, sufficiently protect European workers?

The current debate on introducing a European framework directive on adequate minimum wages shows how difficult it is for both employers and trade unions, especially from Member States with strong industrial relations and (exclusive) social partnership competencies for rate determination, to deal with these issues.

At the same time, it is clear that maintaining the status quo would mean that European workers would have to continue to make do with a fragmented labour and social law landscape while participating in a fully unified economic market. In concrete terms, this means that there will continue to be different collective bargaining and minimum wages in the various EU Member States, determined by varied business models, inadequate cross-border controls, and problems for cross-border mobile workers with regard to the recognition of entitlements in social security schemes.

Due to the European legislature’s lack of competence in labour and social law and the European Council’s non-regression requirement, national protective rights for employees, consumers, and the environment must continue to be measured against internal market freedoms. If these rights are understood as a restriction of economic freedoms, they are threatened with annulment by the CJEU. This leads to a radicalisation of the internal market. The European Single Market thus priorities basic economic freedoms but does not offer equivalent protection of the social and labour rights of its citizens or for industrial relations.

For trade unions, the situation is clear. The European Union must further develop its social field. The final limitation of Article 114 of the Treaty on the Functioning of the European Union (TFEU) on the creation of the internal market must be considered, as it has the effect of limiting competencies. Even in areas where the European level can only act in as a coordinator (for example, as outlined in Article 153 TFEU concerning social policy), there is a need for collaborative minimum harmonisation to bring about upward convergence (DGB 2019b).

Strong social security schemes and compulsory social insurance for all EU Member States are fundamental aspects of protecting people against basic life risks. Minimum standards at the European level promote further integration and improvement of social rights.

Finally, including a »Social Progress Protocol« in European treaties would give social rights the necessary constitutional status and thus correct the imbalance between economic and social rights. Through this clause, the mutual undercutting competition between the Member States could be contained, and a minimum level of social protection could be created within the EU. Moreover, the European Pillar of Social Rights needs to be implemented in a determined and consistent fashion. Trade union initiatives, such as the Pact for Social Progress (DGB 2016), can also be seen in this context.

To prevent stalemate through blockade, the DGB and its member unions spoke out in favour of the common path of the willing. In other words, »those who want more do more« within the framework of the enhanced cooperation provided by the European treaties.

The Conference on the Future of Europe, with its closing plenary on May 9, 2022, has set itself the goal of reforming the European Union according to the citizens’ ideas. This conference is the yardstick for measuring to what extent the European institutions fulfil their promises to bring about a new strategic orientation of the European Union and, as a result, reinvigorate confidence in this shared peace pro-
A NEW EUROPEAN CONCEPT: OPEN STRATEGIC AUTONOMY

WHAT DOES THIS TERM MEAN IN THE CONTEXT OF THE INCipient REORGANISATION OF GLOBAL ECONOMIC POWER?

 Strategic autonomy and sovereignty are inextricably linked; one is a prerequisite for the other. European treaties don’t mention strategic autonomy; instead, they only touch on Europe’s identity and independence in the preamble to the EU Treaty within the context of security and defence policy. The discussion about a common security and defence policy was triggered by the behaviour of three key international actors: The United States, China, and Russia. The debate gained new urgency after Russia attacked Ukraine in February 2022.

More broadly, the recent expansion of the debate on strategic autonomy is largely due to the COVID-19 pandemic. The pandemic exposed Europe’s dependence on international supply chains, the global interconnectedness of the economy, and the limited autonomy of Member States for action. European economies are integrated into global value-added chains and supply networks. The oligopolistic digital infrastructure services and platforms have become systemic rather than legitimate democratically elected governments. Cross-border trade is confronted with only weak global regulatory mechanisms, if and when they even exist.

One of the reasons for this is that industrial policy is not a fully-fledged competency for the European Union. According to Article 173 TFEU, the European Union plays a supporting role in measures to accelerate industry adjustment to structural change and better harness the industrial potential of innovation, research, and technological development policies. So far, however, it has had neither the necessary integrative strength nor a sufficient budget to pursue sustainable industrial policy by developing strategic industries or stockpiling resources, for example. This is the result of the EU Commission’s questionable ideological vision and blind faith in the benefits of globalised supply chains and the global exchange of goods, which has led the EU into dependency and weakness (Van den Abeele 2021).

The system’s vulnerability is especially evident when looking at the example of health policy: Complex supply chains led to severe shortages of even some commonplace medical products across Europe during the COVID-19 pandemic. Healthcare workers compared themselves to »firefighters putting out fires without water and soldiers going into combat with cardboard armor« (Cohen / van der Meulen Rodgers 2020: 1). Europe’s strategic dependencies have the strongest impact on energy-intensive industries and the healthcare system. More than half of these imports (52 per cent) come from China.

The strategy increasingly employed to mitigate these risks is to establish local suppliers, such as through the promotion of projects in the European interest (Belhadi et al. 2021: 15) so that the European Union can supply itself with the necessary goods. A strategically autonomous Europe must ensure a minimum production capacity in the European Union to better protect its citizens and companies from external shocks (Le Maire 2020).

How does the European executive, the European Commission, react to these findings? Strategic autonomy is one of the most important components of the »Roadmap for Recovery« (European Commission 2020), which takes centre stage in the Commission’s crisis response. The European Commission sees this concept as essential for creating a new approach toward its trading partners and a reorientation of the European Union’s industrial policy.

Strengthening the EU internal market, finalising the establishment of the European Bank Union, and consolidating the euro should help the European Union compete globally in a time of geopolitical rivalry (Anghel et al. 2020: II). In its 2019 publication »EU-China: A Strategic Outlook« (European Commission 2019), the European Union considers promoting its economic and industrial policy with »strong European companies based on strategic value-added chains which are crucial for the EU’s industrial competitiveness and strategic autonomy.«

The European Commission’s Communication on »A New Industrial Strategy for Europe« reinforces this line of thought and presents strategic autonomy as having two dimensions:

– Defensive: Reducing the European Union’s external dependence
– Offensive: The development of EU markets, products, and services for export

The Communication elaborates on the concept of industrial ecosystems. Key sectors can be promoted through an active industrial policy by identifying sensitive ecosystems on
which the European Union is highly dependent; these include, for example, energy-sensitive industries, health ecosystems which rely on pharmaceutical ingredients, and products important for the ecological and digital transformation (European Commission 2021). The concept includes around 14 industrial ecosystems representing more than 50 per cent of the European value-added production. The Communication distinguishes between two types of ecosystems:

- Industrial (narrowly defined as a cluster network within a field of activity);
- Regional (encompassing the interaction between economic agents within a region).

Finally, in its Communication on a new trade policy, the European Commission indicates that it must contribute to Europe’s strategic autonomy, the resilience of value-added chains, and be more sustainable and transparent. The Commission goes on to highlight several paths to achieving medium-term goals, such as the promotion of sustainable supply chains through mandatory due diligence.

These concepts are tantamount to a paradigm shift: Looking to active industrial policy rather than leaving the shaping of Europe’s industrial market to the invisible hand of the market. However, this means that the tight corset of competition law must be retied: The European Commission has started to regulate third-country shareholdings (EU 2019). An expansion of this policy orientation will be necessary to prevent »killer buyouts« (Wixforth 2020). In addition, the law on state aid is being rewritten through the active promotion of cross-border projects in Europe’s interest.

Member States have long viewed the concept of »strategic autonomy«, which originated in the defence sector, with scepticism. Member States recognise the problems associated with dependence on foreign sources for technology, energy, raw materials, and security but are divided on how to address them. The variety of stances on the topic demonstrates that there is not one union but a changing landscape of Member State alliances that share more or less common goals. Their differing positions cause confusion; there is no common vision for the future. Yet, a political realignment is on the horizon: In the EU Strategic Agenda 2019–2024, the heads of state and government declared that the EU must be capable of »autonomous action« (European Council 2019).

For the European Parliament, the importance of strategic autonomy is reflected in recent resolutions on defence policy and the »Digital Europe Programme« (EP 2019). What do these strategies have in common? They all respond to the shift towards the new world order and global challenges. This can be seen in the four priorities:

- Protecting citizens and their civil liberties;
- Developing a solid and dynamic economic base;
- Achieving a climate-neutral, green, fair, and social Europe;
- Promoting Europe’s interests and values in the global community.

The Conference on the Future of Europe could provide for a more robust mandate for the European Union in certain policy areas, such as health (Nielsen 2020), thereby strengthening EU action, reducing external dependencies, and increasing »strategic autonomy«.
In many respects, the realignment towards European strategic autonomy is a positive development for European trade unions. Industrial policy in the public sector will strengthen trade unions’ power to shape policy in concert with employers and the state. This is particularly important when it comes to the transformation to a carbon-neutral economy. Implementing disruptive innovations will lead to the disappearance of traditional industries (Hoffmann 2019). These transformation processes require the involvement of trade unions and organised civil society to accompany people on the way to achieving the »Green Deal«. The opportunity for active participation in the European Commission’s »Industrial Forum« by working to identify key value-added chains and investment projects is an important condition for the social shaping of strategic autonomy. Defining the production areas where open competition and supply chains are harmless and where strategically important companies must be kept or built up in Europe is also a critical prerequisite to establishing an effective new European industrial strategy.

Questioning the current design of supply and value-added chains is also an important issue for trade unions:

By shifting value creation abroad, global companies in Germany and Europe have increasingly shirked their responsibility for their workers, the environment, and society. They use their market power to put pressure on their suppliers, who then pass it on to their workers in the form of starvation wages and poor working conditions. The adoption of the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz) is a major step towards global respect for internationally recognised human and environmental rights. Starting in 2023, large companies will be required to identify risks to human rights along their value-added chains.

In combination with the French supply chain law, this establishes an important basis that must be complemented by an equivalent commitment at the European level (European Commission 2022). Free trade agreements must also create fair and equitable trade that strengthens the rights of workers and consumers, guarantees the protection of the environment and fair competition, and promotes the equitable distribution of the benefits of globalisation within and between states. International trade policy needs to be realigned in order to shape globalisation democratically and socially. Trade agreements must contain clear, enforceable and sanctionable regulations to protect workers. The US-Mexico-Canada agreement has potential as a model in this context, given its novel enforcement of sanctionable rules at the company level and sanctions for violations of workers’ rights, including the loss of tariff concessions.

For the European Union, this means strengthening its fundamental values in the global context: What the supply chains look like, whether human and labour rights are respected, and how environmentally damaging outsourced production truly is are no longer irrelevant. Looking forward, governments, i.e. the state, should take an active role by pursuing industrial policy, which contains two key elements. First, the state should prefer production in certain sectors over others, and second, the state should develop mechanisms that »nudge« production structures towards these sectors.

However, one component must not be overlooked. Neither the funds from the 2021–2027 multiannual financial framework nor the Recovery and Resilience Facility will be sufficient to provide the necessary resources to facilitate the transformation to a climate-neutral economy. In its vision for »A Clean Planet for all«, the EU Commission states that 2.8 per cent of the GDP, or around 520 to 575 billion euros annually, must be invested to achieve a climate-neutral economy. The European Court of Auditors estimates that achieving the EU 2030 targets would require approximately 1,115 billion euros to be invested annually between 2020 and 2030. Investments are particularly important in the transportation, housing and service industry sectors. Such investments cannot be made under a »business as usual« agenda. The restoration of value-added chains, the establishment of industries and the promotion of innovation, strategic investments, and protection against carbon leakage all require massive funding from the state. Thus, achieving strategic autonomy is a question of distribution.

If we are to continue on the current course, the special report by the Intergovernmental Panel on Climate Change forecasts a global warming of 1.5 degrees Celsius above
pre-industrial levels between 2030 and 2052. However, we are likely heading for an increase of between three and five degrees Celsius if the economy is not dramatically recalibrated. This is partly because greenhouse gas reductions will be negated if the economy grows by more than 1.9 per cent. Therefore, limiting global warming to below two degrees Celsius is incompatible with an economy exclusively geared towards growth.

In the future, the European Union will have to produce and consume less if it wants to meet the targets set out in the Paris Agreement and become less dependent on fossil fuels. Moreover, conventional economic growth will no longer serve as a substitute for equitable distribution (Hochscheidt / Wixforth 2020a). French Finance Minister Le Maire put it succinctly: »Capitalism has reached a dead end.« The state of capitalism and the market’s ability to satisfy collective needs must take its rightful place at the centre of the debate. A planned economic transformation, including throttling annual production and limiting consumption, is needed.

Austerity and voluntary poverty instead of GDP growth? A US central banker summed up the problem aptly: »Growth is a substitute for equity.« Politically speaking, distributing what we have more equitably is much more difficult than denying climate change and exploiting the environment. The question therefore arises: Can justice be a substitute for growth? An economic turnaround requires bold policies, namely: Cutbacks for the rich, the elimination of growing income inequality, and good instead of precarious work.

To achieve this requires much more than setting targets; European legislation with ambitious measures for all sectors. It is already clear that ambitious targets for reducing greenhouse gas emissions must go hand in hand with an equitable transition. A strong EU budget based on European resources (Hochscheidt / Wixforth 2020b) is a prerequisite for success. Revenue streams must be improved. Moreover, wealthy people must share in the costs of the transition. This can be achieved through the introduction of a financial transaction tax and cracking down on tax havens and loopholes to make companies that operate globally liable for taxes and to curb inequalities. According to estimates by the European Parliament, the public sector loses 50 to 70 billion euros per year, up to 190 billion euros. Existing approaches depend on a physical connection as a starting point for taxation, something clearly missing in many newer products. The introduction of a digital tax and minimum tax are two innovative approaches that would provide for the taxation of turnover in the platform economy.

A strong EU budget would not only enable indirect transfers between Member States but would also empower future investments that would reduce inequalities across the European Union. This would bring together three central concerns of the European trade union movement: Strengthening the European community through increased solidarity, an ambitious and solidly financed programme to combat climate change, and effectively combating social inequalities in the Member States.

The concept of strategic autonomy must therefore be accompanied by the qualitative aspects of the transition, ranging from social cohesion and sufficient funds to environmental protection and the fight against climate change. Moreover, the values that the European Union upholds – respect for personal data and intellectual property, protection of privacy, promotion of the rule of law and democracy – must be part of the new underlying model for it to be accepted by European citizens.
Appendix

EUROPEAN TRADE UNION PERSPECTIVES ON STRATEGIC AUTONOMY AND EUROPEAN SOVEREIGNTY

A survey of trade union confederations from four Member States conducted at the FES-DGB workshop in November 2021 (FES 2021) revealed the following picture:

I Denmark
The European Union model is not a copy of the US or China. A sovereign Europe must protect its values internally as well as externally, however, shielding itself from these two economic powers is not the answer. A balance must be found wherein European values are not placed behind European economic interests on the international stage. The European Union must be able to act and develop a clear strategy to ensure a just transition in the face of climate change and digitalisation. Ultimately, the European Union must remain capable of action.

To achieve this aim, the Member States must cooperate more closely with one another and accept the European Union as the legitimate autonomous representation of their interests to external parties. Moreover, the European Union needs to be accepted internally by Member States as a legitimate policy-making force. Denmark has shown that the acceptance of a sovereign Europe increases when the transfer of national sovereignty to the European Union is demonstrated as necessary; it should not represent surrender but preservation.

It is clear that the solutions to the major problems of our generation need to be shaped by both the state and Europe. During the pandemic, the state’s sphere of operations grew. Now, however, it is shrinking again in favour of faith in the market. This is all the more astonishing given that the crises of this century have proved that markets alone are not up to the challenges presently faced and leave many people by the wayside.

II France
President Macron continues to advance »European sovereignty« and »strategic autonomy«; both issues are widely debated in public and within trade unions. The most pressing question in the discussion revolves around what a sovereign European Union should look like. In the debate, sovereignty often causes misunderstandings. This is why France is putting the term »strategic autonomy« on its political agenda. Europe’s strategic autonomy will rise to the forefront of the French Presidency in the first half of 2022.

The COVID-19 crisis shocked the French by exposing the French health system’s vulnerabilities, which the population had previously regarded with confidence and perceived as extremely resilient. Moreover, France’s inability to produce medical products such as masks and medicines was particularly visible. The pandemic raised two questions for public discussion: First, does the European Union or France protect me in times of crisis? Second, should the relationship between state and market be changed?

French trade unions want European sovereignty, and not just in times of crisis. The goal is to have a democracy with strong participation from social partners and civil society accompanied by a strong social market economy. Therefore, there is a need to redefine the power of the state with the involvement of social partners so as to reshape the market in the spirit of a social market economy. Finally, the production of strategically important goods must be brought back to Europe.

Externally, the European Union must use its economic strength to impose ecological and technological standards, thereby protecting its own values.

III The Netherlands
The Dutch trade unions support a strong and autonomous Europe. During the pandemic, the importance of European sovereignty and strategic autonomy became very clear. The closures of intra-European borders drove nations apart while simultaneously revealing, through a deepening economic recession, the strong economic interdependence between Member States. The European Union needs to aggressively promote the European economic and social model so that European industries can survive and be protected in global competition; European industries must not fall back into a system of intergovernmental protectionism.

Two crucial components can help lead to this aim: The liberalisation of the internal market must end, and social standards must be strengthened to protect workers and their interests. Workers are not a cost; they are the foundation of the European economy and its greatest advantage in global economic competition.

For European sovereignty, the digital and carbon-neutral economy must be fair, trade must be sustainable, and Member States need to stop selling off strategic industries. A resilient European Union will counter resource dependency with technological progress and shift the production of strategic goods back to Europe. Strengthening and bringing back industries were hot topics at the beginning of the pandemic. Yet, these themes have gradually faded from conversation and faith in the market dominates economic discussions once again.

In the Netherlands, there is a certain unwillingness to transfer sovereignty to the European Union. This is reflected in a reluctance to use EU funds, for example, as EU subsidies are often linked to unpopular conditions for reform.
IV Spain
Spaniards are rather hostile to a sovereign Europe for historical reasons. The concept of sovereignty is associated with the right-wing of the political spectrum in Spain and therefore has negative connotations. These associations are the result of the Franco dictatorship as well as the idea of independence and nationalism in Catalonia.

More recently, the transfer of sovereignty to the EU was received rather negatively in Spain. The perception was that the imposed austerity of a weakly legitimised economic leadership, the European Troika, was not the correct path out of crisis. This is why Spanish trade unions strongly demand a European Union based on solidarity and democratically legitimised decision-making. A sovereign Europe is the fundamental prerequisite for strengthening the social market economy in and beyond Europe. Only a sovereign Europe is capable of fully remedying the deficiencies in the economy, digitalisation, and health that were exposed by the pandemic.

The prerequisite for the European Union and its Member States to take self-determined action and provide European answers to this era's challenges is a strategically oriented, autonomous European Union.

The term »strategic autonomy« is a different matter. Unlike »sovereignty«, it is associated with the political left and has more positive connotations today. It enables the setting of uniform European standards and the control thereof. These standards are vitally important in the platform economy, where open access to algorithms must be created. Without this access, work allocation criteria are incomprehensible. Digital hours of operation also need to be regulated; unregulated, they confer immense control over the labour force. Currently, fixed working hours are less and less common, and work on-demand is becoming the standard.

A Europe in solidarity stands together and does business with one another. Competition between Member States must become less intense. The introduction of a European trade union membership card could limit intra-European competition by improving access to labour markets and social systems and strengthening fair pay. A united trade union movement can make this a reality.


