



# Going beyond economic growth

Europe's role in building a  
just economy for the common good



# Credits & acknowledgements

This publication was authored by Lucy Anns, Senior Policy and Advocacy Officer, and Luísa Fondello, Senior International Cooperation Officer at Caritas Europa.

To develop its analysis and vision for a just economy, Caritas Europa set up an expert group with representatives from its member organisations and from Caritas Internationalis. We also organised reflection and discussion sessions with a Theological Advisory Group and held a series of three workshops with Caritas colleagues from Europe, Africa and Latin America and the Caribbean.

Caritas Europa would like to thank all the colleagues from the Caritas Confederation who took part in the making of this publication. It is thanks to their engagement that this document voices the experiences of people in situations of poverty and marginalisation, whom Caritas serve in their daily work. It is also thanks to their contributions, which continually sharpen our thinking, and their availability and caring support, that we can be an active voice in the tireless work for global justice.

Our gratitude also extends to friends of Caritas who have conducted a peer review of the publication based on their expertise in economics and Catholic Social Teaching, as well as to colleagues from partner organisations – including COMECE, CIDSE, Social Platform, CAN Europe, European Environmental Bureau, Oxfam's EU Office and Yblin Roman Escobar – who have reviewed the various sections of our publication according to their thematic expertise.

Lastly, we would also like to thank Olivier De Schutter, the UN Special Rapporteur on Extreme Poverty and Human Rights for his outstanding work in forging a new global approach to combatting poverty based on the fulfilment of human rights rather than the pursuit of economic growth, as well as for his great interest and enthusiasm for our publication.

This document was designed by Drench

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Brussels, November 2024

**Cover image:** Saveeta, participant in Caritas Kabwe's Kumena Project on food security, Zambia (2022)

**Credit:** SCIAF (Caritas Scotland)



Co-funded by  
the European Union

Funded by the European Union. Views and opinions expressed are however those of Caritas Europa only and do not necessarily reflect those of the European Union or the European Commission. Neither the European Union nor the granting authority can be held responsible for them.

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# Foreword

This report by Caritas Europa on a just economy could not arrive at a more auspicious time. As the new European Commission is preparing to adopt the first-ever EU-wide strategy against poverty, many voices are heard, from unions and civil society, expressing doubts as to whether the fight against poverty can be reconciled with the budgetary disciplines imposed on the EU Member States. Indeed, a new wave of austerity policies can be expected to follow the re-establishment of the Stability and Growth Pact, in a context in which the Covid-19 pandemic and the cost-of-living crisis following Russia's invasion of Ukraine have led public debts to reach unprecedented heights. The only way out, it would seem, is to stimulate growth: unless GDP increases fast, it will be impossible to reconcile debt servicing and fiscal balance with social investments required to combat poverty.

The references to the Letta and Draghi reports (respectively on the internal market and on the EU's competitiveness) contained in the "mission letters" president von der Leyen sent to the members of the Commission serves as a further confirmation: this time again, the EU will seek to buy its way out of the challenges it faces by growing the economy. This fits within the conventional wisdom about how to combat poverty, which traditionally has been thought of as a three-stage sequence: through economic growth we increase available wealth; through taxation imposed on businesses and wealthy households, the State finances its budgets; through public services and social protection it ensures its redistributive function.

Caritas Europa questions this dominant narrative. The redistributive function of the welfare state remains essential, of course. But placing all our hopes into achieving an increase of the GDP, as a precondition for everything else, betrays a worrying failure of political imagination. And it causes perverse consequences. First, it creates a competition between addressing the environmental crises (by mitigating climate change, limiting resource extraction and reducing biodiversity loss) and combating poverty. European countries may succeed, for limited periods of time, in increasing the GDP while at the same time reducing greenhouse gas emissions, but they have never managed to do so while also preserving biodiversity and limiting resource use over long periods of time. The myths of "absolute decoupling" and "green growth" are still entertained, however, with deep impacts on the global South, where most resources are extracted to "green" our economy.

Secondly, as also noted in the report, the quest for GDP growth distorts the relationship between governments and the largest corporations – the champions of economies of scale and global supply chains. If the ability of governments to protect their populations depends on the taxation of economic activity, they will be easily captured by corporate actors who can all too easily convert their economic dominance into political influence. These large corporations, after all, can ensure mass production for mass consumption: they can therefore easily discourage governments from imposing too heavy burdens on business, lest they lose competitiveness or, even worse, be forced out of business. Large corporations are not only difficult to regulate effectively: they also are often too big to fail.

Thirdly, the search for growth leads to a series of policy choices – from the flexibilisation of labour to trade liberalisation and from the creation of a “business-friendly” investment climate (a codeword for deregulation) to the “activation” of social policies – that may, in fact, create the very exclusion growth was meant to prevent. We may have reached a point in the development of European countries at which growth has become counter-productive – or, as Herman Daly expressed it, “anti-economic”: its negative impacts may be outweighing its benefits.

This report does not simply question the dominant narrative. It also points at solutions. If we want to escape the current path dependency, reducing inequalities is essential. Social exclusion, of course, is reflected first in severe material deprivation resulting from a lack of sufficient income: in Europe, [23.9 million people are in extreme poverty](#). But it is also the result of income gaps between the richest and the poorest, who can feel excluded even when their basic needs are met, when social expectations change with the increase in the average standard of living: not being able to go on a school trip or sign up for an extracurricular activity, not being able to buy the required sports equipment, or not being able to take part in social life because you are ashamed of being badly dressed – this too is part of the experience of being poor. The fight against planned obsolescence and against advertising bombardment are also part of this program. Because the feeling of exclusion also results from this injunction to consume, and to constantly renew the objects of everyday life, which makes you feel marginalised as soon as you can no longer support social comparison.

More broadly, inventing a fight against poverty that is not based on the illusion of infinite economic growth also means directing the use of the limited resources we have towards satisfying essential needs, rather than satisfying the fantasies and frivolous desires of the most well-off. It is not normal that we continue to produce super-powerful cars and private jets or build luxury mansions, while households in poverty are unable to travel or find decent housing, due to underinvestment in public transport or social housing. However, as long as the bulk of the economic machine is in the hands of companies primarily driven by the search for profits, it will respond to the demand expressed by households with the highest purchasing power rather than to the essential needs of the least advantaged. This is why the social and solidarity economy has an essential role to play in the world of tomorrow.

I welcome this report as a major contribution to the debate on the kind of Europe we want. The post-growth scenario it explores does not mean imposing austerity; nor should it be confused with recession, though recessions are characterised by negative growth rates. Rather, directing the economy towards a post-growth future means democratically planning a transition towards an economy that will reduce its addiction to growth, in a way that contributes to the realisation of economic, social and cultural rights and to the reduction of inequalities. Let us listen.



**Olivier De Schutter**, UN Special Rapporteur for  
Extreme Poverty and Human Rights

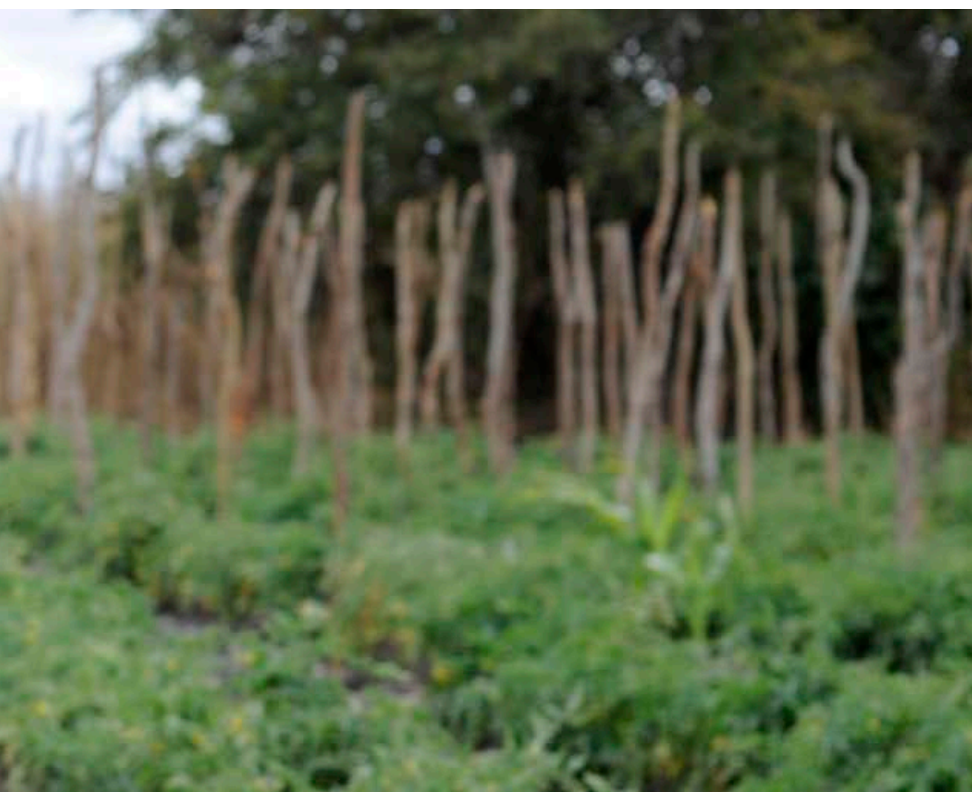




# Introduction

**What kind of world do we want to live in and leave behind for those who come after us?**





**Image:** Aggrey and his wife Ruth, participants of Caritas Kabwe's food security project, Zambia (2022)

**Credit:** SCIAF



## What we mean by “economy” and “economic system”

For the purpose of this publication, we define the “economy” as how we use, manage and distribute limited resources, how we organise ourselves to sustain life and enhance its quality. Our economy is embedded within, and dependent upon, society and the living world and plays a key role in our everyday life. When using the term “our economy” or “our economic system”, we refer to the current predominant economic system, which is centred on Gross Domestic Product (GDP) as the main measure of progress and GDP (economic) growth as the main goal.



## What we mean by “wellbeing”

Caritas Europa seeks to promote “integral human development” (IHD), as grounded in Catholic Social Teaching. IHD incorporates all spheres of human life – economic, political, cultural, personal and spiritual – and aims to nourish and nurture them. IHD recognises and upholds the inherent dignity of the human person by nourishing their abilities to participate in and foster the common good. In this sense, IHD respects traditional cultures, values and institutions – it works through them so that people own their own development. For the purpose of this publication (which targets audiences who might not be familiarised with IHD), we use the concept of “wellbeing”, referring to the wellbeing of the person and of all people in various dimensions, including social, ecological, political, economic, cultural and spiritual.

What kind of world do we want to live in and leave behind for those who come after us?

At Caritas Europa, we envision living in community in a world without poverty and exclusion, where all people find a meaningful role to play in society, where the youth can be catalysts of change and transformation and are hopeful about their future, where we live in a culture of simplicity and with humility and harmony with others, other living beings and the Earth, and where we embrace a culture of care – care for the dignity and rights of each person and care for our common home through mutual respect and solidarity.<sup>1</sup>

For many of us, a world like that might feel like a utopia, an unreachable future. But, why is that? Why does this vision seem so far out of reach? And why do many of us not dare to think about it as a real possibility?

In truth, there are many initiatives across the world that are bringing us closer to a culture of care and a hopeful future. Initiatives that pay attention to our needs, rights and aspirations, to what gives meaning to our lives. The Kumena agroecology<sup>2</sup> project, for example, run by Caritas Kabwe, Caritas Zambia and SCIAF (Caritas Scotland), enabled over 1,500 families in Zambia to increase their food security and build resilience to climate change, by supporting small-scale farmers who helped one another with compassion and care, rather than being guided by self-interest and competition.<sup>3</sup>

## Kumena Agroecology Project

The project trained participants in soil and water conservation, agroforestry, organic fertilising and pesticide production, helping them to diversify their crops and vegetables beyond maize. The project promoted indigenous, drought-tolerant and flood-resistant seeds and supported the development of community seedbanks. In 2024, after a national drought, farmers from the project were still able to bring in a harvest due to the variety of crops they had planted, unlike those in the neighbouring communities.

Initiatives like this one differ from the profit-driven approach of our economy, and instead show how the economy should be working. They use, manage and distribute resources in an equitable, responsible and sustainable way; they serve the common good.

Unfortunately, in many situations, our economy does not do this – in fact, it often does the exact opposite. Even in Europe, which prides itself on being a leader of social progress, we only need to look around to see that so many people struggle to access decent employment, as well as services such as healthcare or housing,<sup>4</sup> and to have an income allowing them to meet basic needs. **There is a growing realisation that, generally, our economy does not secure the**

1 As described in Pope Francis' encyclical "Fratelli Tutti", "the word 'culture' points to something deeply embedded within a people [...]. [It] is more than an abstract idea. It has to do with their desires, their interests and ultimately the way they live their lives." Pope Francis, 2020, Fratelli Tutti, The Holy See, para. 216, [https://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco\\_20201003\\_enciclica-fratelli-tutti.html](https://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20201003_enciclica-fratelli-tutti.html), 25/05/2024.

2 Agroecology is an approach to agriculture that is firmly based on science and traditional wisdom; it is founded on ecological principles, the food sovereignty approach and the right to adequate food. Despite limited institutional support, it is widely practiced and has been developed by farming communities worldwide, and it is being promoted by social movements around the globe. Agroecology aims for a socially just and ecologically sustainable transformation of the agri-food system, where food producers, workers and consumers are put at the centre of policymaking and of food systems governance. See: <https://www.cidse.org/2018/04/03/the-principles-of-agroecology/>

3 The encyclical letter Caritas in Veritate expands on the concept of gratuitousness: [https://www.vatican.va/content/benedict-xvi/en/encyclicals/documents/hf\\_ben-xvi\\_enc\\_20090629\\_caritas-in-veritate.html](https://www.vatican.va/content/benedict-xvi/en/encyclicals/documents/hf_ben-xvi_enc_20090629_caritas-in-veritate.html)

4 In this publication, Caritas Europa uses the terms "services" and "social services" interchangeably according to its recent publication: "Fostering access to services to support people to move out of poverty", 2019, [https://www.caritas.eu/wp-content/uploads/2023/06/Caritas\\_Cares\\_Europe\\_FINAL\\_Singles\\_light.pdf](https://www.caritas.eu/wp-content/uploads/2023/06/Caritas_Cares_Europe_FINAL_Singles_light.pdf). We use these terms to refer to a broad category of services, including employment services, housing and services for the homeless, early childhood education and care, services for migrants and asylum seekers, home care services, services for the elderly, services for persons with disabilities, health care services, and counselling services. Please note that different terminology is used in different contexts and that there is no singular definition regarding "services" or "social services". In EU law, the term "Services of General (Economic) Interest (SGEI)" is used (see Article 106 (2) TFEU). According to the SGEI Decision of 20 December 2011, SGEIs meeting social needs consist of "health and long term care, childcare, access to and reintegration into the labour market, social housing and the care and social inclusion of vulnerable groups". See: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32012D0021&qid=1726753733515>, 19/09.2024.



**wellbeing of all people nor our common home.**

While it has enabled the provision of jobs, crucial infrastructure and a decent standard of living for many people, our economy – focused on the pursuit of endless economic growth – has also kept hundreds of millions of people in poverty.

That inequality persists and that the environment is degrading<sup>5</sup> is proof enough that “it is not possible to settle for what was achieved in the past and complacently enjoy it, as if we could somehow disregard the fact that many of our brothers and sisters still endure situations that cry out for our attention.”<sup>6</sup> In fact, if we look at the growing global emergencies we are facing, it is easy to conclude that there is something wrong with the way our economy works and the political decisions that have shaped it.

We need many more initiatives like Kumena. But while they would be welcome, unless our economic system fosters a consistent use, management and distribution of our resources in an equitable, responsible and sustainable way, our opportunities to embody a culture of care and the possibility of a hopeful future will remain a fantasy.

So, how can European leaders embrace these powerful initiatives and take steps forward to transform our economy so that it serves the common good? This publication is our contribution to answering this question and to urge our political leadership to respond to these issues. It draws strongly from Catholic Social Teaching, including Pope Francis’ encyclical letter *Laudato Si’* and apostolic exhortation *Laudate Deum*. They remind us of the interconnectedness between people and the Earth – our common home, that our actions have

an impact on wider society and the environment for which we must take responsibility. They also encourage us to unlearn extractive and abusive behaviours, to serve the common good and to promote an economy like the one envisioned by Pope Francis: “an economy with a human face, one that is attentive to the weakest members of society and is not focused exclusively on the gain of material wealth, one that helps people live and does not kill, that includes and does not exclude, that humanises rather than dehumanises, that takes care of creation and does not plunder it”.<sup>7</sup>

In the following chapters, we confront the inherent shortcomings of and contradictions in our economy and challenge superficial policies and initiatives that perpetuate injustice and the detriment of our common home. Considering the rapidly closing window of opportunity to secure a hopeful future for all and the importance of the choices and actions implemented in this decade, we aim to help address the major social and ecological challenges of our times. **While we strive to offer a vision of a better future, we also strive to convey the sense of urgency required for effective climate action and real social justice, and to show that the building blocks of a different, just economy are a massive investment in our future.**

We begin thinking critically about the focus on economic growth as the main goal of our economy. Without claiming to carry out an exhaustive analysis or to study all relevant aspects of the subject, we look at how the desire for economic growth underpins environmental and social policies, at how it defines the way traditional businesses operate and at some of the ways in which it negatively impacts people and our common home as a result. We reflect on the

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5 In the encyclical letter *Caritas in Veritate*, Pope Benedict XVI states that “[i]t is true that growth has taken place, and it continues to be a positive factor that has lifted billions of people out of misery [...]. Yet it must be acknowledged that this same economic growth has been and continues to be weighed down by malfunctions and dramatic problems, highlighted even further by the current crisis.” He goes on to highlight that this “oblige[s] us to re-plan our journey, to set ourselves new rules and to discover new forms of commitment, to build on positive experiences and reject negative ones. The crisis thus becomes an opportunity for discernment, in which to shape a new vision for the future.” Pope Benedict XVI, 2009, *Caritas in Veritate*, The Holy See, para. 21, 22, [https://www.vatican.va/content/benedict-xvi/en/encyclicals/documents/hf\\_ben-xvi\\_enc\\_20090629\\_caritas-in-veritate.html](https://www.vatican.va/content/benedict-xvi/en/encyclicals/documents/hf_ben-xvi_enc_20090629_caritas-in-veritate.html), 25/05/2024.

6 Pope Francis, *Fratelli Tutti*, para. 11.

7 This is the kind of economy promoted by Pope Francis’ Economy of Francesco Movement, launched in 2019, <https://www.vaticannews.va/en/vatican-city/news/2020-10/economy-of-francesco-global-movement-ethical-young-people.html>

extent to which our economy promotes the common good for people and planet and rises to the major challenges of the 21<sup>st</sup> century. In this analysis, we look at how the economic system that prevails globally today has deeply shaped political choices at European level and the role of the European Union in the world.

We then move on to analyse recent attempts at the EU level to adjust its economy, so it better responds to social and environmental challenges, which has been done mainly through the prism of “green growth”. Completing this analysis, we look at a few specific initiatives recently launched by the EU that highlight the “green growth” approach, its potential and its shortcomings.

Moving beyond policy analysis, we also reflect on the underlying values that characterise the predominant economic system and that have guided the EU’s political priorities and policy choices. Guided by Catholic Social Teaching, we believe that **a strategy for real change requires recovering the values of solidarity and the common good and recommitting to the goals of eradicating poverty and reducing inequalities, which have been undermined by the pursuit of endless economic growth.**

To conclude, we set out Caritas Europa’s vision of what constitutes a just economy and why it is needed, responding to the Church’s social doctrine, which has always maintained that justice must be applied to every phase of economic activity. We close with some key policy recommendations for how the EU and European national governments can establish the first building blocks of such an economy. An economy that we would be proud to live in and leave behind for the next generation.



**True statecraft is manifest when, in difficult times, we uphold high principles and think of the long-term common good.”**

**Pope Francis, Laudato Si’ 178 (2015)**





# Part 1

## The pursuit of endless economic growth: at what cost & for whose benefit?

**Image:** Fires devastating the Brazilian rainforest near to Novo Aripuanã, Brazil (2019)

**Credit:** Marcella Haddad/Caritas Internationalis



## The beginnings of growth as a policy goal

In response to the Great Depression in the US came the birth of Gross Domestic Product (GDP), an economic measure to find out what is happening in the economy so that the government can intervene when “things go wrong”. Initially, GDP was used as a way of measuring output during the Depression and GDP growth was a way of increasing industrial output and infrastructure to reanimate the economy and improve people’s livelihoods. But during the Second World War, GDP became vital as a way of identifying all productive capacity and income available for the war effort, and by 1960, when the OECD (Organisation for Economic Cooperation and Development) was founded, GDP growth had become a policy goal in and of itself.<sup>9</sup> It was enshrined as such in the [OECD’s Convention](#), where governments agreed “to pursue policies designed to achieve economic growth.” Since then, almost all countries around the world have been striving for this goal: to ever increase levels of industrial production and consumption, which we measure as GDP. Every industry, **every sector and every national economy is expected to grow continually**. Spend just five minutes watching the evening news, reading a newspaper, listening to your national leader talk about the economy, and it becomes clear that our societies are inherently structured around endless economic growth.

Economic growth rates can both make leaders win national elections and lead to their resignation. They

can make or break a business, from the small to the mega firm. They can create thousands of jobs, and a moment later, lead to mass unemployment. They can lift a country to the top of the political order and just as easily bankrupt it. **We have all become dependent on economic growth. It has become the principal policy goal.** Strong economic growth is “portrayed as a panacea for many social, economic and political ailments: as a cure for public debt and trade imbalances, a key to national security, a means to defuse class struggle, and a route to tackling poverty without facing the issue of redistribution.”<sup>9</sup> It is the magic solution for many governments in the face of a myriad of problems.

But is economic growth really as inherently good as it is portrayed to be? Up to a certain point, we need economic growth to ensure that everyone can attain a decent standard of living. For example, to provide enough jobs for everyone who needs one, or to build crucial infrastructure such as roads, homes, schools and hospitals. This is economic growth as a means to an end, an end that is positive for our societies. But “growthism”<sup>10</sup> is the pursuit of economic growth as the ultimate goal, over and above everything else.

According to Olivier De Schutter, UN Special Rapporteur on Extreme Poverty and Human Rights, “our blind faith in economic growth is a straitjacket on our imagination”.<sup>11</sup> He is not alone – others have referred to the obsession with economic growth as an “ideology”,<sup>12</sup> an “idol”,<sup>13</sup> “the be-all and end-all of policy”<sup>14</sup> and “as the main, and even only, standard

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9 Raworth Kate, 2017, *Doughnut Economics: Seven Ways to Think like a 21st-Century Economist*, London: Random House Business Books, p. 37.

10 Hickel, *Less Is More: How Degrowth Will Save the World*, p. 101.

11 Olivier De Schutter, announcing the publication of his report: United Nations Office of the High Commissioner for Human Rights, 2024, “End Dangerous Fixation with GDP as Way to Eradicate Global Poverty: UN Expert”, United Nations, <https://www.ohchr.org/en/press-releases/2024/07/end-dangerous-fixation-gdp-way-eradicate-global-poverty-un-expert>, 02/07/2024.

12 Hickel, *Less Is More: How Degrowth Will Save the World*, p. 188.

13 Herman Daly, 2022, “This Pioneering Economist Says Our Obsession With Growth Must End”, Interview by David Marchese, *The New York Times Magazine*, <https://www.nytimes.com/interactive/2022/07/18/magazine/herman-daly-interview.html>, 06/06/2024.

14 Kenneth Rogoff, professor at Harvard and former chief economist at the IMF in Schmelzer Matthias, 2016, *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm*, Cambridge: Cambridge University Press, p 1.



of judgement.”<sup>15</sup> Politicians make deliberate policy choices every day to weaken or remove regulation that hampers economic growth. Governments and international organisations chase after growth for all sectors at all times, regardless of whether or not we actually need or want these sectors to grow.

This is important because **GDP does not take into account whether output is beneficial or harmful**, and “is entirely unrelated to citizens’ everyday lived experience”.<sup>16</sup> For example, investing in weapons increases GDP but this is not generally beneficial to society. At the same time, GDP does not take into account the ecological and social costs of production, e.g. the extraction of raw materials leading to deforestation. It also misses all the beneficial ways that people contribute to society where money is not involved, e.g. domestic work, care and volunteering. In short, GDP does not consider what we are producing, why we are producing it and for whom we are producing.

Donella Meadows, lead author of the 1972 limits to growth report, used to say:<sup>17</sup>



**We should always ask growth of what, and why, and for whom and who pays the cost and how long can it last and what’s the cost to the planet and how much is enough?”**

All this is not to say that we have not made *any* efforts to adapt our global economy. Several efforts have been made to look at “development” beyond economic growth and to try to ensure that our economy adequately responds to social needs and environmental concerns. One example is the concept of “human development”, introduced by the UN Development Programme in 1990 and popularised through their global Human Development Reports and the Human Development Index. The idea of “human development” is that it considers variables beyond economic growth, such as education and life expectancy. Similarly, the 2030 Agenda and the Sustainable Development Goals adopted in 2015 were a great advance in recognising that the economic, social and environmental challenges facing the world, and in particular people living in the most vulnerable situations, are interlinked, and in finding solutions globally to tackle them together.<sup>18</sup> However, despite this and many other important steps and frameworks, **the predominant economic system continues to promote the endless pursuit of economic growth**, whose inherent shortcomings and contradictions continue to have a disproportionate negative impact on those furthest behind and on our common home.

It turns out that every economic decision has a moral consequence,<sup>19</sup> and that **endless economic growth results in undeniable harm to our common home and to people**, especially those experiencing poverty and marginalisation.

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<sup>15</sup> Annett Anthony, and Sachs Jeffrey, 2021, *Cathonomics: How Catholic Tradition Can Create a More Just Economy*, Washington Dc: Georgetown University Press, p. 125.

<sup>16</sup> Olivier De Schutter, 2024, “Towards a Rights-Based Economy.” In Leite Marianna and Kohonen Matti, 2024, *Righting the Economy towards a People’s Recovery from Economic and Environmental Crisis*, Agenda Publishing, p. 17.

<sup>17</sup> Donella Meadows quoted in Raworth, *Doughnut Economics: Seven Ways to Think like a 21st-Century Economist*, p. 40.

<sup>18</sup> It is worth noting that, even though we recognise the value of the SDG framework as the commitment of governments worldwide to respect human rights and to reduce of poverty and inequalities, we also acknowledge its limitations. The 2030 Agenda and the SDGs continue to place emphasis on economic growth – with GDP as a key indicator – as the driver of sustainable development and do not address the inadequacy of the mainstream international development architecture in tackling global inequality. The 2030 Agenda also sidelines culture, ethics and spirituality.

<sup>19</sup> Pope Benedict XVI, *Caritas in Veritate*, para. 37.

## Environmental degradation & inequality

In the pursuit of continuous economic growth, our global economy is expanding exponentially. “Global GDP needs to keep growing by at least 2% or 3% per year, which is the minimum necessary for large firms to maintain rising aggregate profits. 3% growth means doubling the size of the global economy every twenty-three years, and then doubling it again and then again and again...”.<sup>20</sup> The problem with this is that **the economy is not a self-sustaining engine, it is embedded within our ecosystem and depends on the energy and material resources (wood, land, minerals, etc.) of a finite planet.** The more our economy grows, the more energy and material resources it will need. We have now got to a point where the global economy has grown so large that our resource extraction and waste dumping (e.g. CO<sub>2</sub> emissions) have reached unsustainable levels. “[E]conomic growth demands escalating energy and material resource consumption to levels that can no longer be afforded. Unsustainable forms of consumption [...] have pushed the Earth well outside a safe operating space.”<sup>21</sup> According to the [UN Intergovernmental Panel on Climate Change \(IPCC\)](#), “human activities, principally through emissions of greenhouse gases, have unequivocally caused global warming”. This will “entail adverse impacts, some irreversible, and additional risks for human and natural systems”.

It is not only greenhouse gas emissions that pose a threat, the material extraction of resources<sup>22</sup> also imposes concerning environmental pressure on ecosystems, causing 90% of global biodiversity loss and water stress.<sup>23</sup> Several scientific assessments confirm that “the current model of natural resource use to deliver economic growth and social development is driving an unprecedented triple planetary crisis of climate change, biodiversity loss and pollution”.<sup>24</sup> In the case of the EU, its “material footprint – the total amount of fossil fuels, biomass, metals and minerals it consumes, including embodied in imports – currently stands at an alarming 14.8 tonnes per capita annually, more than double the threshold deemed sustainable and just.”<sup>25</sup>



**The EU’s material footprint annually, which is more than double the threshold deemed sustainable and just**

<sup>20</sup> Hickel, Less Is More: How Degrowth Will Save the World, p. 19.

<sup>21</sup> Olivier De Schutter, 2024, “Eradicating Poverty beyond Growth”, United Nations Human Rights Council, para. 11, <https://documents.un.org/doc/undoc/gen/g24/069/70/pdf/g2406970.pdf>, 25/07/2024.

<sup>22</sup> A note of clarification: the extraction of resources does not just serve to produce goods but is also necessary for the provision of services.

<sup>23</sup> This was shown in United Nations Environment Programme, 2019, “Global Resources Outlook 2019”, p. 5, [https://www.resourcepanel.org/sites/default/files/documents/document/media/unep\\_252\\_global\\_resource\\_outlook\\_2019\\_web.pdf](https://www.resourcepanel.org/sites/default/files/documents/document/media/unep_252_global_resource_outlook_2019_web.pdf), 15/06/2024.

<sup>24</sup> United Nations Environment Programme and International Resource Panel (IRP), 2024, “Global Resources Outlook 2024”, p. 3, <https://www.unep.org/resources/Global-Resource-Outlook-2024>, 10/06/2024.

<sup>25</sup> This analysis is described in European Environmental Bureau, CAN Europe, European Youth Forum, Friends of the Earth Europe, Zero Waste Europe, ECOS, RREUSE, Seas at Risk, and négaWatt Association, 2024, “White Paper for an EU within Planetary Boundaries: Sustainable Resource Management in the EU”, p. 4, <https://caneurope.org/white-paper-for-an-eu-within-planetary-boundaries/>, 15/05/2024.

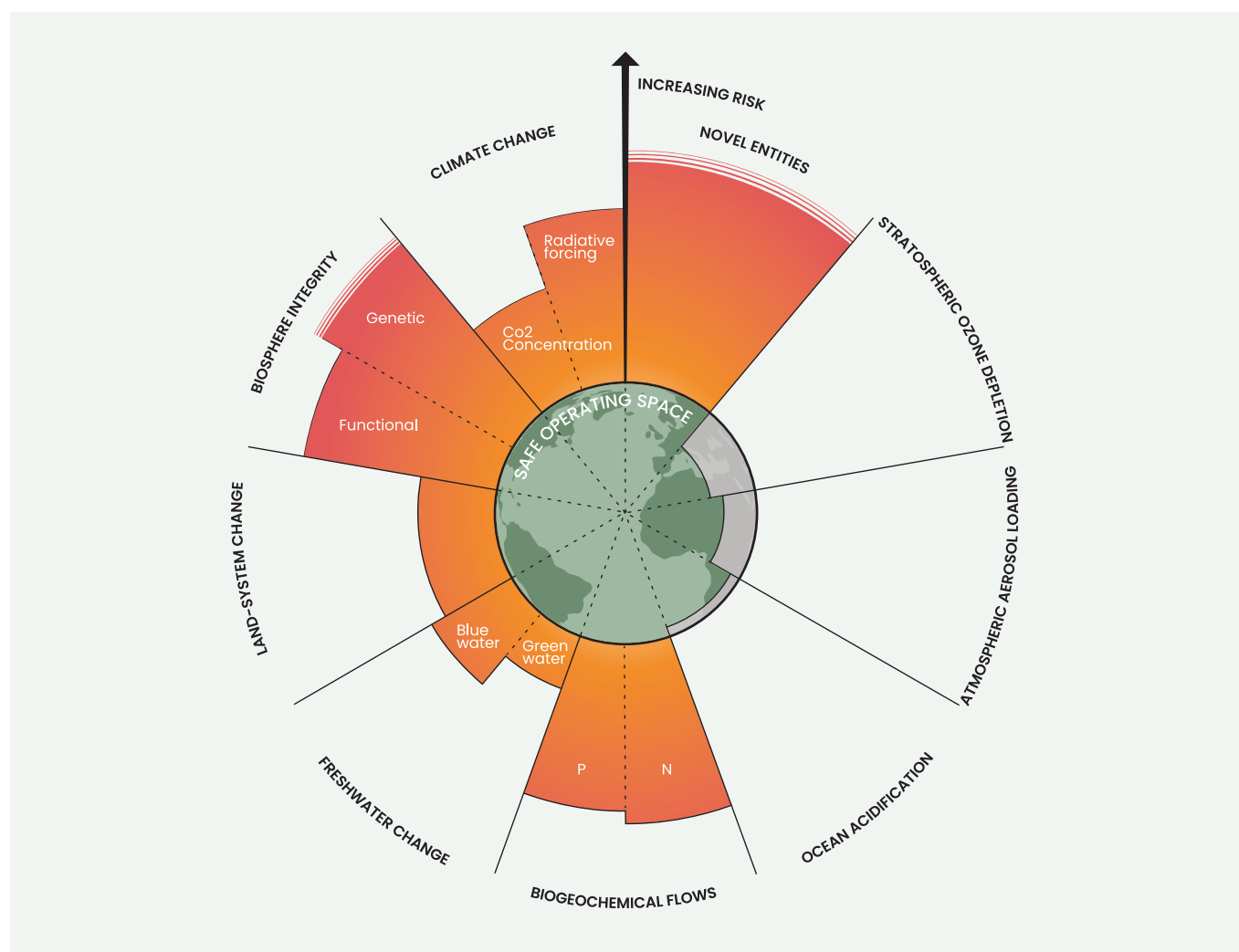


A comprehensive overview of the limits of the Earth's system is provided through the framework of planetary boundaries, which was developed in 2009 based on scientific evidence on the impact of human actions on global environmental change and which has been influential in the international community since then. According to the [Stockholm Resilience Centre](#), we have nine

**planetary boundaries** (climate change, change in biosphere integrity,<sup>26</sup> ozone depletion, ocean acidification, biogeochemical flows,<sup>27</sup> land-system change - e.g. deforestation, freshwater use, atmospheric aerosol loading<sup>28</sup> and novel entities - e.g. microplastics, pesticides and nuclear waste) and as of 2023, **we have already surpassed six of them** (see figure 1 below).<sup>29</sup>

### Figure 1: Planetary Boundaries Framework (updated 2023)

Adapted from Azote for Stockholm Resilience Centre, based on analysis by Richardson et al (2023)



26 i.e. biodiversity loss and species extinction.

27 i.e. phosphorus and nitrogen cycles.

28 i.e. microscopic particles in the atmosphere that affect the climate & living organisms.

29 This research was first proposed by former centre director Johan Rockström and a group of 28 internationally renowned scientists in 2009. This third update of the framework was carried out by 29 scientists from eight different countries. It is widely known and recognised. It influenced the agreement on the SDGs and formed the foundation of Kate Raworth's "Doughnut Economics".

The consequences of overshooting these planetary boundaries are already being felt across the world, particularly related to climate change due to extreme levels of CO<sub>2</sub> concentration in the atmosphere. Macroeconomic damages from climate change are projected to be six times larger than previously thought.<sup>30</sup>

**In Europe, people are increasingly at risk as the continent is warming twice as fast as the global average<sup>31</sup>** and experiencing an increase in extreme rainfall. Estimates indicate that economic losses from climate-related events in Europe reached €13.4 billion in 2023 and that at least 151 lives were lost due to flooding, storms and wildfires.<sup>32</sup>



**€13.4 billion**

### Estimated economic losses from climate-related events in Europe in 2023

In Global South countries, since 1991, an average of 189 million people have been affected by extreme weather-related events each year.<sup>33</sup> In 2019, southern Africa was hit by cyclones Idai and Kenneth, which caused more than \$3 billion in damages in Mozambique alone (roughly 20% of its GDP), not to mention the **irreversible loss of lives and livelihoods**.<sup>34</sup>



## What we mean by “Global South”

We use the terms Global North and Global South not as geographical but rather normative terms. We refer to Global South as the historically colonised or lower-income countries, which have common experiences bearing disproportionate costs of the predominant economic system and being in historically subordinate positions in the international order. While we acknowledge the limitations of this definition (such as the fact that there are many people in exploitative, marginalised or vulnerable situations globally, including in high-income countries, that the realities in the Global South are diverse and that the term harbours dichotomies), we use it as a conceptual tool of symbolic potency to recognise the global hierarchy in terms of wealth and power, without any implication of the Global South “being less” or somehow “inferior”.

30 Oliver Milman, 2024, “Economic Damage from Climate Change Six Times Worse than Thought – Report”, The Guardian, <https://www.theguardian.com/environment/article/2024/may/17/economic-damage-climate-change-report>, 20/06/2024.

31 Al Jazeera, 2024, “Europe Endured Record Number of ‘Extreme Heat Stress’ Days in 2023”, <https://www.aljazeera.com/news/2024/4/22/europe-endured-record-number-of-extreme-heat-stress-days-in-2023>, 20/05/2024.

32 European Union Copernicus, 2024, “Observer: ESOTC 2023 – Europe Experienced an Extraordinary Year of Extremes with Record-Breaking Heatwaves, Wildfires, Floods, and Drought | Copernicus”, <https://www.copernicus.eu/en/news/news/observer-esotc-2023-europe-experienced-extraordinary-year-extremes-record-breaking>, 20/06/2024.

33 SCIAF, 2022, “The Cost of Delay Why Finance to Address Loss and Damage Must Be Agreed at COP27”, p. 4, [https://www.sciaf.org.uk/assets/000/000/977/L\\_DC\\_Brief\\_Oct\\_2022\\_original.pdf?1666105500](https://www.sciaf.org.uk/assets/000/000/977/L_DC_Brief_Oct_2022_original.pdf?1666105500) 20/05/2024.

34 Civil Society Equity Review, 2019, “Can Climate Change Fuelled Loss and Damage Ever Be Fair?”, p. 5, <https://civilsocietyreview.org/report2019/>, 25/05/2024.

The impacts of climate change are being felt more severely by people experiencing poverty (including many women, children, migrants, older people and Indigenous Peoples<sup>35</sup>) both in Europe and around the world. They are the “first victims of air pollution, landslides and flooding because they are forced to live wherever they can afford housing.”<sup>36</sup> Their livelihoods are also often dependent on healthy ecosystems, “globally, 1.2 billion jobs (40% of the world’s total), most of which are in Africa and Asia and the Pacific, rely directly on an effectively managed and sustainable healthy environment”.<sup>37</sup>

It is also harder for people experiencing poverty to adapt their homes to changing climate conditions. In Europe, more than 41 million people (9.3% of the EU population) were living in energy poverty in 2022 because they did not have access to essential energy services and products.<sup>38</sup> In 2022, Caritas Europa carried out a [survey](#) with its national Caritas members and found that single parents, older people, migrants and refugees and young people were struggling the most to cover the higher energy costs, due to the cost-of-living crisis, to heat and cool their homes as well as other increased living costs.

## ➔ Testimony from Kenya

Marsabit is one of the poorest counties in Kenya and it is severely affected by climate change. It recently faced a four-year drought that killed around 80% of local pastoralists’ cattle.

No rain means no water, no water means no pasture to feed livestock, no livestock means no sale of milk to generate income for food, no food means malnutrition and waking up and going to sleep hungry every day. For many local inhabitants there is not much to do but pray. “We stay put. We keep counting the days to the next rainy season and pray the rain will come. It does not come, but we keep counting.” – Chair of the Tigo Community Committee

**(Testimony collected during Caritas Europa and Caritas Africa’s visit to the Tigo Community, organised by Caritas Marsabit in 2022)**

## ➔ Testimony from Ireland

Tom lives in an old, poorly insulated, rented apartment. He receives Disability Allowance and is on the waiting list for social housing with the local authority. The apartment has storage heaters and a pre-pay meter, so it has always been costly to heat his home. However, in recent months, he has really noticed the increase in the cost of electricity. Tom says that, by the last two days of the week “I have no money to top up the pre-pay machine”. The mould in the apartment has gotten worse and he is on an inhaler and steroids for his lungs as a result.

**(Social Justice Ireland 2022)**

35 Olivier De Schutter, 2020, “The ‘Just Transition’ in the Economic Recovery: Eradicating Poverty within Planetary Boundaries”, United Nations General Assembly, p. 5, <https://documents.un.org/doc/undoc/gen/n20/259/03/pdf/n2025903.pdf>, 25/05/2024.

36 Ibid.

37 Ibid.

38 Social Platform, 2024, “Rebalancing the European Green Deal: Towards a Green and Social Deal”, p 2. <https://www.socialplatform.org/content/uploads/2024/03/Position-just-transition-2024.pdf>, 20/04/2024.





**Image:** An aid worker from Caritas Czech Republic observes flood damage in Bělá pod Pradědem, Czech Republic (2024)

**Credit:** Caritas Czech Republic

It is particularly distressing **that the costs of climate change are being disproportionately incurred by those who already struggle to meet basic needs, despite the fact that it is people experiencing poverty who have contributed the least to climate change.**

The richest 10% of EU citizens are responsible for over a quarter of EU emissions – the same as the poorest half combined.<sup>39</sup> Globally, the richest 1% of the world, the “polluter elite”, is responsible for more carbon emissions than the poorest 66%.<sup>40</sup>



# 10%

**The richest 10% of EU citizens are responsible for over a quarter of EU emissions – the same as the poorest half combined**

The costs of climate change are also being borne by our common home. In its 2019 [report](#), the Intergovernmental Science–Policy Platform on Biodiversity and Ecosystem Services estimated that “as a result of human activity, 75 per cent of the Earth’s land surface had been significantly altered, 66 per cent of the ocean area was experiencing increasing cumulative impacts, more than 85 per cent of wetlands had been lost, and approximately 1 million species would be facing extinction within decades, unless action was taken to reduce the intensity of drivers of biodiversity loss.”

Climate change is just one planetary boundary that we have surpassed, at great cost to our common home and to ourselves. Surpassing the other five planetary boundaries has also cost us dearly in a whole other manner of ways, such as the loss of plant and animal species, desertification and illness caused by air pollution. Looking back at what Donella said, “growth for whom?” and “who pays the cost?” are strikingly pertinent questions. Our surrounding natural environment has paid a high price for our obsession with economic growth and, consequently, so have we.

39 Tim Gore and Mira Alestig, 2020, “Confronting carbon inequality in the European Union – Why the European Green Deal must tackle inequality while cutting emissions”, Oxfam International, p. 1, <https://www.oxfam.org/en/research/confronting-carbon-inequality-european-union>, 25/04/2024.

40 Jonathan Watts, 2023, “Richest 1% account for more carbon emissions than poorest 66%, report says”, The Guardian, <https://www.theguardian.com/environment/2023/nov/20/richest-1-account-for-more-carbon-emissions-than-poorest-66-report-says>, 05/05/2024.

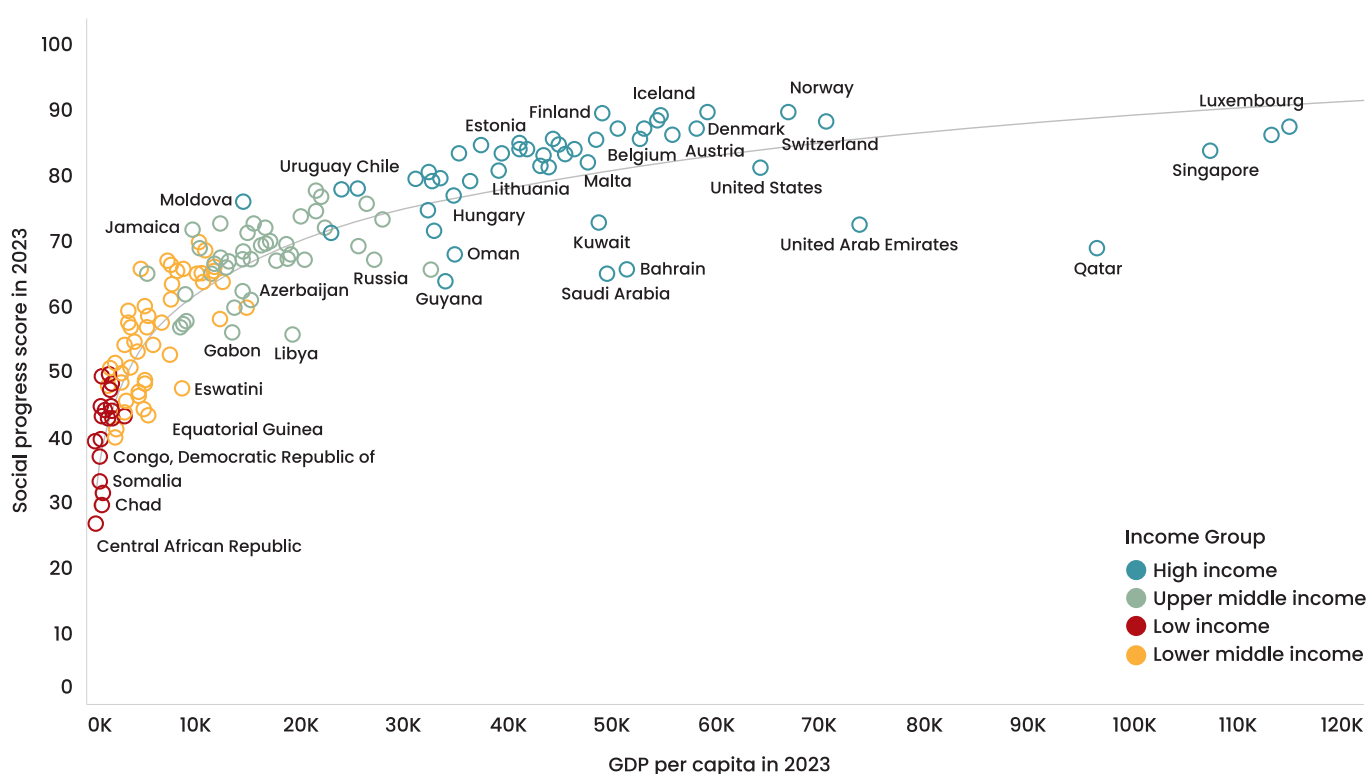
## Socio-economic inequality

Contrary to popular belief, **more economic growth does not necessarily lead to more social progress and an improved welfare state.**<sup>41</sup> “For decades we have been following the same, tired recipe: grow the economy first, then use the wealth to combat poverty”,<sup>42</sup> but the idea that increasing production will lead to the needs of all members of society gradually being met is overly optimistic.<sup>43</sup>

In reality, increases in GDP per capita are associated with large improvements in social progress when a country has a lower income level, but as countries reach higher levels of income, the correlation between social progress and GDP per capita breaks down. It is entirely possible for countries with similar levels of GDP per capita to achieve very different levels of social progress, while countries with very different levels of GDP per capita can achieve very similar levels of social progress. This can be seen in figure 2.<sup>44</sup>

**Figure 2: Social Progress vs GDP**

Adapted from Social Progress Imperative (2024)



In Uruguay and Chile, GDP per capita is around \$30,000 less than in the Netherlands, Germany and Austria, but their Social Progress Index score is only nine points less out of 100. At the same time, in Luxembourg, Ireland and Singapore, GDP per capita is more than double that of Japan or France, but they all have a Social Progress Index score of around 85/100.

41 Social teachings from the Catholic Church raise concerns about emerging forms of poverty and increasing inequalities, about “some groups enjoy[ing] a sort of ‘superdevelopment’ of a wasteful and consumerist kind which forms an unacceptable contrast with the ongoing situations of dehumanizing deprivation” and about “the negative consequences of a growth that is marked by irregularities, imbalances and exploitation.” Caritas in Veritate, para. 22, 23.

42 De Schutter in United Nations Office of the High Commissioner for Human Rights, “End Dangerous Fixation with GDP as Way to Eradicate Global Poverty: UN Expert”.

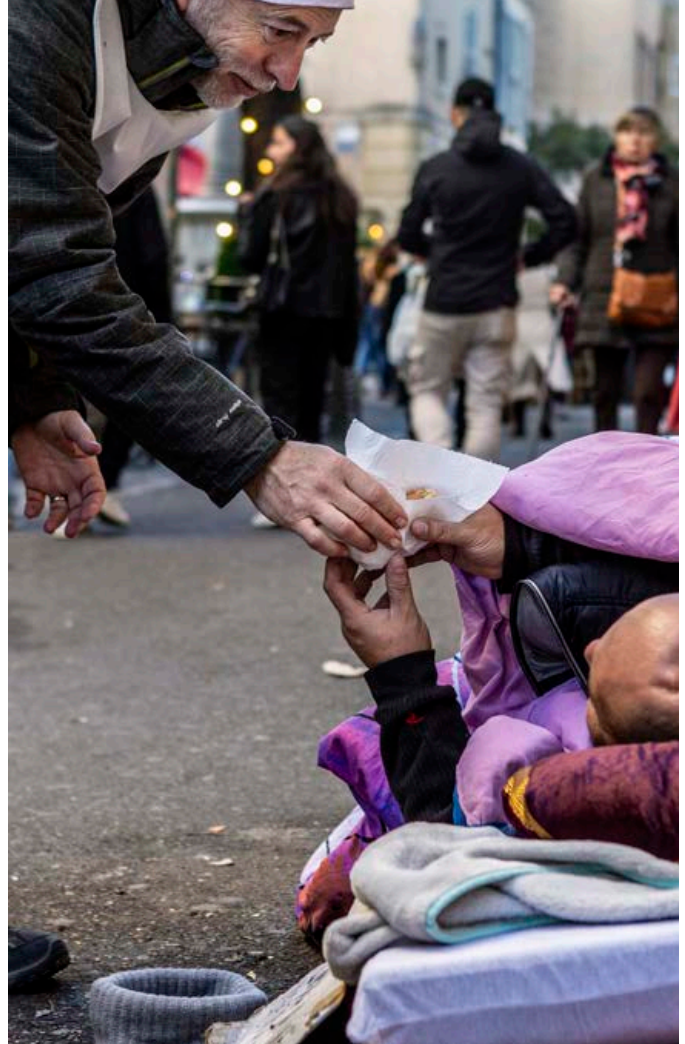
43 De Schutter, “Towards a Rights-Based Economy”, p. 17.

44 Social Progress Imperative, 2024, “Global Social Progress Index”, <https://www.socialprogress.org/social-progress-index>, 20/08/2024. The Social Progress Index is one of the world’s largest collections of social and environmental data focusing exclusively on the non-economic dimensions of social performance across the globe. This framework aims to capture a broad range of interrelated factors revealed by the scholarly literature and practitioner experience as underpinning social progress.

## Going beyond economic growth

Beyond a certain threshold, it is therefore not economic growth that really matters when it comes to social progress. The “trickle-down effect” either remains a magic theory<sup>45</sup> or becomes insignificant. Improving human wellbeing does not require high levels of GDP. **What matters is “action to redistribute resources, remedy inequalities and rebalance power”<sup>46</sup> in our economy and to improve the things that people find important for their wellbeing.**<sup>47</sup> “We could achieve all our social goals, for every person in the world, with less GDP than we presently have, simply by organising production around human wellbeing, investing in public goods, distributing income and opportunity more fairly.”<sup>48</sup>

Yet, currently, the global economy is distributed very unevenly; poverty is still widespread. It is a multi-dimensional phenomenon, not solely related to income, but also the ability to access high-quality, affordable and available services such as housing, or healthcare, and to have access to decent employment.<sup>49</sup> Unfortunately, this is still a struggle for many people worldwide.



**Image:** Christmas outreach and brunch at the Aix en Provence reception, France (2023)

**Credit:** Christophe Hargoues / Secours Catholique



## A note on economic growth in the Global South

Even though economic growth cannot be endorsed as a universal prescription and should not guide policies in higher-income countries, it is still a meaningful objective for lower-income countries, which have to urgently improve the prospects of their populations, including their material standard of living. But even in lower-income countries, what really matters is whether the wellbeing of the population improves. The sole aim of economic growth in these countries should be to serve this purpose.

45 Pope Francis highlights that “[t]he marketplace, by itself, cannot resolve every problem, however much we are asked to believe this dogma of neoliberal faith [...]. Neoliberalism simply reproduces itself by resorting to the magic theories of “spillover” or “trickle” – without using the name – as the only solution to societal problems. There is little appreciation of the fact that the alleged “spillover” does not resolve the inequality that gives rise to new forms of violence threatening the fabric of society.” Fratelli Tutti, para. 168.

46 Leite Marianna, and Kohonen Matti, 2024, Righting the Economy towards a People’s Recovery from Economic and Environmental Crisis, Agenda Publishing, p. 4.

47 These are a few references that consider subjective perceptions of wellbeing: Easterlin Richard, 1995, “Will raising the incomes of all increase the happiness of all?”, *Journal of Economic Behaviour & Organisation*, 27(1): p. 35–47; Layard R, 2005, *Happiness: lessons from a New Science*, London: Penguin Books; Scitovsky T, 1992, *The Joyless Economy: The Psychology of Human Satisfaction*, Oxford University Press.

48 Hickel, *Less Is More: How Degrowth Will Save the World*, p. 179.

49 Poverty can be defined or understood not only in economic terms and in terms of the fulfilment of basic needs, but also in terms of the absence of opportunity, voice and power. In this section, we are specifically focusing on lack of access to quality services, decent employment, and income and wealth inequality, given that these are Caritas Europa’s priority areas of work.



**Within the global economy, decent employment<sup>50</sup> is particularly unevenly distributed.** People experiencing poverty often work informal or precarious jobs, with poor working conditions, for “wages that barely allow them to survive, let alone support their family’s educational, health, housing or mobility needs”.<sup>51</sup> Before the COVID pandemic, more than 20% of workers globally lived in poverty, and in the EU, around 10% of the working population faced in-work poverty.<sup>52</sup> In Europe, the situation is accentuated for young people, older people, women, persons with disabilities, Roma, and migrants, who face additional obstacles such as a lack of work experience, discrimination, lack of access to childcare and linguistic barriers.<sup>53</sup> Access to higher-quality jobs is often restricted to those who benefit from family support, the right connections and a superior educational background.<sup>54</sup> Even in higher-quality jobs, many people work long hours, are exposed to psychosocial risks (factors that can cause stress) and face burnout. “Around half of European workers report exposure to psychosocial risks in their workplaces— up from 25% in 2007.”<sup>55</sup>

It is a similar story regarding access to high-quality, affordable and available services. Before the COVID pandemic, over three billion people globally did not have access to healthcare. In 2017, 2.2 billion people lacked safely managed drinking water and 4.2 billion lacked sanitation systems. In 2019, more

than 1.8 billion people lacked adequate housing with over one billion in informal settlements. In 2021, 10% of the world’s population were living without access to electricity.<sup>56</sup> In the EU, social services are provided very differently from Member State to Member State. There is a no universal approach to which services should be provided, how and to whom. In our [report](#), Caritas Europa found that **the availability, accessibility, affordability or adequacy of social services in Europe are not always guaranteed or sufficient**, especially for people in vulnerable situations such as homeless people, asylum seekers or undocumented migrants.

When it comes to income, in 2022, 9% of the world’s population was living in extreme poverty.<sup>57</sup> In 2023, 45.6% of the world lived on less than \$6.85 per day (a poverty line broadly reflective of the lines adopted in upper-middle income countries)<sup>58</sup> and 83.61% lived on less than \$30 per day (a poverty line often reflective of the lines adopted in high income countries).<sup>59</sup>



**45.6% of the global population lived on less than \$6.85 per day in 2023, a poverty line broadly reflective of the lines adopted in upper-middle income countries**

50 “Decent work is work that expresses the essential dignity of every man and woman [...] work that is freely chosen, effectively associating workers [...] with the development of their community; work that enables the worker to be respected and free from any form of discrimination; work that makes it possible for families to meet their needs and provide schooling for their children, without the children themselves being forced into labour; work that permits the workers to organize themselves freely, and to make their voices heard; work that leaves enough room for rediscovering one’s roots at a personal, familial and spiritual level; work that guarantees those who have retired a decent standard of living.” Pope Benedict XVI, Caritas in Veritate, para. 63.

51 De Schutter Olivier, 2024, The Poverty of Growth, UK: Pluto Press, p. 158.

52 Ibid.

53 Chiara Crepaldi et al, 2022, “Inclusive Labour Markets: Ensuring No One is Left behind”, [https://www.caritas.eu/wp-content/uploads/2023/06/Caritas\\_EuropeanReport\\_FINAL.pdf](https://www.caritas.eu/wp-content/uploads/2023/06/Caritas_EuropeanReport_FINAL.pdf), 25/06/2024.

54 De Schutter, The Poverty of Growth, p. 159.

55 Claes-Mikael Stahl, 2023, “Stress at work: countering Europe’s new pandemic”, Social Europe, <https://www.socialeurope.eu/stress-at-work-countering-europes-new-pandemic>, 25/05/2024.

56 Daria Cibrario and Vera Wegmann, 2021, “Access to quality local public services for all: a precondition to beat inequality”, Public Services International, GOLD VI Working Paper Series 02, p. 6, [https://pop-umbrella.s3.amazonaws.com/uploads/73597464-4d23-42ea-ab6a-e98b07b49309\\_gold\\_vi\\_working\\_paper\\_02.pdf](https://pop-umbrella.s3.amazonaws.com/uploads/73597464-4d23-42ea-ab6a-e98b07b49309_gold_vi_working_paper_02.pdf), 20/08/2024.

57 United Nations Department of Economic and Social Affairs, 2024, “Progress and Info – SDG 1 End poverty in all its forms everywhere”, [https://sdgs.un.org/goals/goal1#progress\\_and\\_info](https://sdgs.un.org/goals/goal1#progress_and_info), 22/08/2024.

58 World Bank Poverty and Inequality Platform, 2024, “Poverty: Share of population living on less than \$6.85 a day, 1963 to 2023”, <https://ourworldindata.org/poverty?insight=measuring-global-poverty-in-an-unequal-world#key-insights>, 22/08/2024.

59 Ibid.

However, when it comes to poverty, it is not just the total amount earned that is important, but also how that amount translates into equal participation in society. Sociologist Peter Townsend described poverty as when individuals and families lack the resources to participate in the activities and to share the same living conditions and lifestyles of the society to which they belong.<sup>60</sup> This is the essence of inequality.

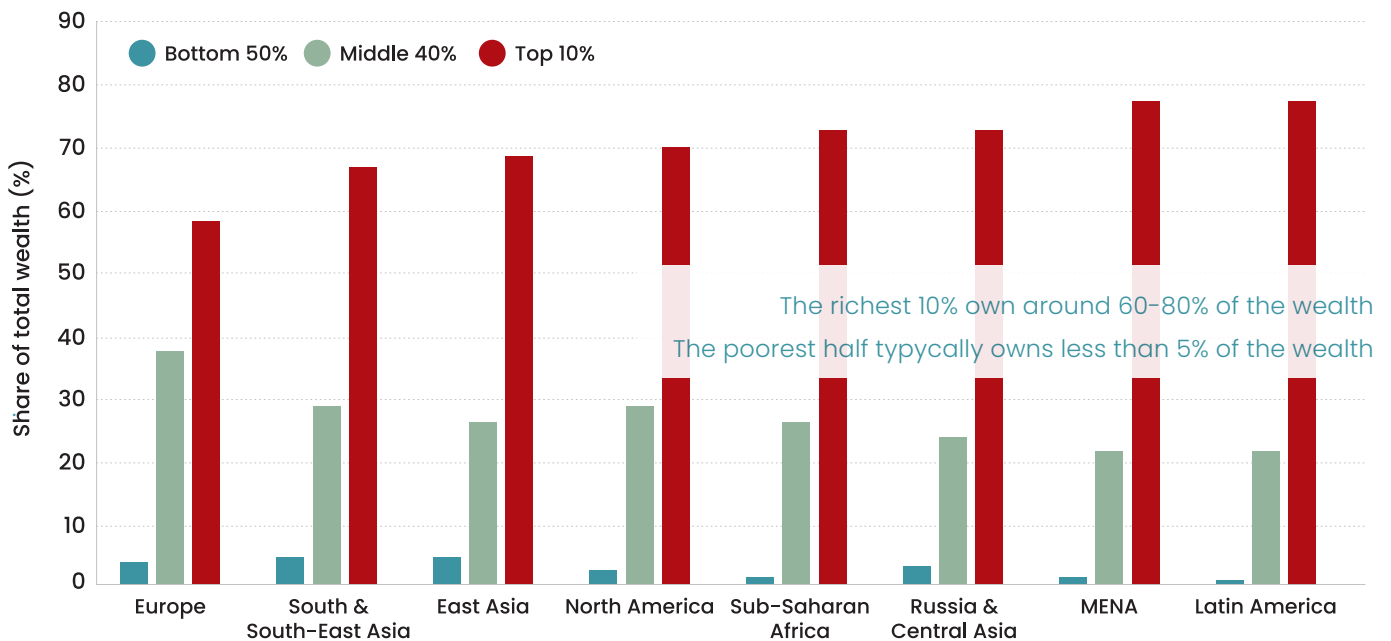
Globally, **there are huge differences between the wealthier and poorer parts of society.** According to the [World Inequality Report 2022](#), “the richest 10% of the global population currently takes 52% of global income, whereas the poorest half of the population

earns 8.5% of it [...]. Global wealth inequalities are even more pronounced than income inequalities. The poorest half of the global population barely owns any wealth at all, possessing just 2% of the total. In contrast, the richest 10% of the global population own 76% of all wealth.”

Though not as extreme, the story of inequality repeats itself within Europe. When it comes to income, in the EU, the richest 10% take 36% of national income whilst the poorest 50% take less than 20%.<sup>61</sup> When it comes to wealth, the richest 10% in Europe own 59% of the wealth, while the poorest 50% own 4% (see figure 3 below).<sup>62</sup>

**Figure 3: The extreme concentration of capital: wealth inequality across the world, 2021**

Adapted from the World Inequality Report (2022)



60 De Schutter, *The Poverty of Growth*, p. 38.

61 Lucas Chancel, Thomas Piketty, Emmanuel Saez, Gabriel Zucman et al, 2022, “World Inequality Report 2022”, World Inequality Lab, p. 8, [https://wir2022.wid.world/www-site/uploads/2022/03/0098-21\\_WIL\\_RIM\\_EXECUTIVE\\_SUMMARY.pdf](https://wir2022.wid.world/www-site/uploads/2022/03/0098-21_WIL_RIM_EXECUTIVE_SUMMARY.pdf), 20/08/2024.

62 Ibid, p. 9.

In the past decade, key elements of societal wellbeing, such as monetary poverty and social exclusion,<sup>63</sup> in-work poverty<sup>64</sup> or financial vulnerability<sup>65</sup> mostly either increased or stubbornly persisted at worryingly high levels.<sup>66</sup>

All these statistics related to poverty and inequality are astonishing, including in the EU, which prides itself on being a leader of social progress. It seems clear that our current economic growth system goes hand in hand with poverty and inequality. As highlighted in the World Inequality Report 2022, equality “is a political choice”.<sup>67</sup> Policy choices focused on stimulating growth are routinely and intentionally “made in the name of increasing GDP, despite such measures causing social exclusion and testing the resilience of communities”.<sup>68</sup>

One of the biggest influences on the levels of poverty and inequality is the tax system. **Progressive taxation is central to levelling out inequality.** But in the predominant economic system, **the rich not only benefit the most from economic growth, they are also taxed less.** Many of them also find ways of retaining their wealth, notably through tax abuse and evasion. Billionaires pay lower tax rates than the rest of the population because they rely on income streams that are taxed less than labour income e.g. rental income from real estate.

Globally, offshore tax evasion by wealthy individuals and cross-border corporate tax abuse by

multinational corporations cause an estimated loss of US\$480 billion to countries every single year. Over two thirds of global corporate tax abuse risks are enabled by members of the OECD – especially the UK, Luxembourg, The Netherlands and Switzerland – the de facto rule-makers on international tax for the past 60 years.<sup>69</sup> In the EU overall, governments are losing out on €286.5 billion in revenue annually, due to their failure to fairly tax Europe’s wealthiest.<sup>70</sup> Over the past decades, there has been a strong decline in taxes paid by the wealthiest and large corporations. Global average corporate tax rates have fallen by half since the 1980s (49% to 24%).<sup>71</sup> If this trend continues, we could see the global average corporate tax rate hit zero by 2050.<sup>72</sup>



**€286.5 billion**

**The revenue that governments in the EU are losing out annually, due to their failure to fairly tax Europe’s wealthiest**

As a result, governments are losing valuable resources for investment in services to improve social welfare. **Our tax systems should be reducing inequalities, not reinforcing them.**<sup>73</sup> Political decisions that create weak tax governance lead to corporate power and concentration by helping multinationals, large financial institutions, and wealthy individuals to hoard their money out of sight of government authorities.

63 Which affected 21.1% of the EU population in 2019. See: <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/edn-20201016-2>

64 Which affected 9.4% of the EU workforce in 2020. See: <https://www.socialistsanddemocrats.eu/progressivesociety2021>

65 Financial vulnerability is when someone is unable to pay for unexpected expenses, e.g. having to replace a washing machine. Financial vulnerability affected 32% of the EU population in 2019. See: <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20200505-iv>

66 Independent Commission for Sustainable Equality and Progressive Society, 2021, “The Great Shift from a Broken World to Sustainable Well-Being”, p. 214, [https://www.socialistsanddemocrats.eu/sites/default/files/2021-10/progressive\\_society-icse\\_report\\_2021\\_final.pdf](https://www.socialistsanddemocrats.eu/sites/default/files/2021-10/progressive_society-icse_report_2021_final.pdf), 05/08/2024.

67 Lucas Chancel, Thomas Piketty, Emmanuel Saez, Gabriel Zucman et al, 2022, “World Inequality Report 2022”, World Inequality Lab, p. 8, [https://wir2022.wid.world/www-site/uploads/2022/03/0098-21\\_WIL\\_RIM\\_EXECUTIVE\\_SUMMARY.pdf](https://wir2022.wid.world/www-site/uploads/2022/03/0098-21_WIL_RIM_EXECUTIVE_SUMMARY.pdf), 20/08/2024.

68 De Schutter, “Eradicating Poverty beyond Growth”, p. 3.

69 Tax Justice Network, 2023, “State of Tax Justice 2023”, p. 27, <https://taxjustice.net/reports/the-state-of-tax-justice-2023/>, 25/05/2024.

70 Chiara Putaturo, 2024, “EU governments miss 33 million euros per hour in unpaid taxes from Europe’s super-rich”, Oxfam International, <https://www.oxfam.org/en/press-releases/eu-governments-miss-33-million-euros-hour-unpaid-taxes-europes-super-rich>, 20/05/2024.

71 Chancel, Piketty, Saez, Zucman et al, “World Inequality Report 2022”, p. 150.

72 Annett and Sachs, Cathonomics: How Catholic Tradition Can Create a More Just Economy, p. 257.

73 The important role of wealth redistribution through progressive taxation is in line with solidarity and other Catholic Social Teaching principles. Ibid, p. 200.



## Corporate capture

Business plays a fundamental role in our society. It contributes to personal and societal development through job creation, the provision of goods and services and economic growth for public investment. “Business is a noble vocation, directed to producing wealth and improving our world. It can be a fruitful source of prosperity for the areas in which it operates”.<sup>74</sup> However, within the predominant economic system, powerful private sector actors often undermine the realisation of human rights and the protection of the environment. This happens in many ways.

In our growth system, mainstream business models have profit as their overriding objective, calculating and paying only a fraction of the costs involved, neglecting the social and environmental costs of their actions. Operating to increase the wealth of a limited number of shareholders and investors, **traditional businesses do not always intentionally aim to generate long-term positive societal and environmental returns or shared prosperity and wellbeing for all and, when they do, this objective comes second.**<sup>75</sup> While some businesses do create decent jobs, engage in sustainable production or adhere to fair trade principles, the harm caused by the private sector is well documented, often involving

forced labour and land and water grabs, amongst other human rights violations, as well as negative environmental impacts.<sup>76</sup>

This is compounded by the fact that governments often let businesses “get away with it”, be it because of corruption and personal interests of individuals working in governments, because of businesses’ huge economic power or because of a belief that businesses are able to regulate themselves and should be allowed to operate somewhat freely.<sup>77</sup> Currently, no binding global legal framework exists to regulate the activities and value chains of transnational companies, even though many have atrocious human rights records and despite the fact that governments have a duty to protect human rights, including by enforcing laws requiring businesses to respect them.<sup>78</sup> At EU-level, the legally binding [Corporate Sustainability Due Diligence Directive](#) was recently adopted, which is a step in the right direction, but it does not cover several relevant sectors such as the financial sector, and it is weak in terms of ensuring access to justice for victims. **In engaging in a “race to the top” on economic growth, we end up in a “race to the bottom” on protections for people and our common home.** This is an unacceptable lack of corporate responsibility from businesses and an irresponsible lack of corporate accountability from governments.

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74 Pope Francis, 2015, *Laudato Si'*, The Holy See, para. 129, [https://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco\\_20150524\\_enciclica-laudato-si.html](https://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html), 25/05/2024.

75 The social doctrine of the Church has unceasingly highlighted the importance of distributive justice and social justice for the market economy, recognised the issues with the use of “the goods of this world” to benefit only a few or to exploit some so others gain a profit, and stated that business abilities should be directed to eliminating poverty and to the development of others. Pope Francis, *Laudato Si'*, para. 195; Pope Francis, *Fratelli Tutti*, para. 20, 22, 118–120, 123; Pope John Paul II, 1997, *Sollicitudo Rei Socialis*, The Holy See, para. 42, [https://www.vatican.va/content/john-paul-ii/en/encyclicals/documents/hf\\_jp-ii\\_enc\\_30121987\\_sollicitudo-rei-socialis.html](https://www.vatican.va/content/john-paul-ii/en/encyclicals/documents/hf_jp-ii_enc_30121987_sollicitudo-rei-socialis.html), 25/05/2024.

76 For instance, between December 2022 and November 2023, the Business & Human Rights Resource Centre recorded 613 human rights abuse allegations against migrant workers toiling in supply chains across the globe, <https://www.business-humanrights.org/en/from-us/briefings/migrant-workers-2023/>; additional references: <https://concordeurope.org/resource/10-point-roadmap-for-europe-on-the-role-of-the-private-sector-in-development-2/>; <https://concordeurope.org/wp-content/uploads/2020/07/Private-sector-2017-online-final.pdf>

77 The Catholic perspective has warned against private sector operations that could cause harm to others. For example: “In and of itself, the market is not, and must not become, the place where the strong subdue the weak. [...] Moreover, the so-called outsourcing of production can weaken the company’s sense of responsibility towards the stakeholders – namely the workers, the suppliers, the consumers, the natural environment and broader society – in favour of the shareholders [...]. Today’s international capital market offers great freedom of action. Yet there is also increasing awareness of the need for greater social responsibility on the part of business.” Pope Benedict XVI, *Caritas in Veritate*, para. 36, 40.

78 United Nations Office of the High Commissioner for Human Rights, 2011, “Guiding Principles on Business and Human Rights”, United Nations, [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf), 25/05/2024.

The predominant economic system has also led to the private sector being increasingly used as a vehicle to deliver social infrastructure and services, at times risking supplanting public services instead of supplementing them. The many waves of privatisation<sup>79</sup> in recent decades have been driven by governments' attempt to reduce fiscal deficit, by handing the control of public assets and services to large corporations in the pursuit of efficiency and extra money in the bank.<sup>80</sup> **Health, education, long-term care, etc. are at the core of the social contract, and privatising these services can have devastating impacts on human rights**, as prioritising the needs of those experiencing poverty is not compatible with the quest for financial return: "Rights holders are transformed into clients, and those who are poor, needy or troubled are marginalized."<sup>81</sup>

Indeed, while there may be positive examples of public-private partnerships in some sectors, there is extensive evidence that **privatisation often lowers the quality of and results in unequal access to services**. These are the findings from the [European Public Service Union's 2021 report](#) on the privatisation of social services in Europe, which states that "the profit motive undermines the basis of high-quality social services" and makes accessing social services increasingly difficult for service users, because "they are either unable to pay for user fees or are excluded altogether". Outside Europe, there are similar

concerns. Evidence shows, for instance, that for-profit healthcare providers in low- and middle-income countries are too expensive and out-of-reach for the majority of ordinary citizens, not to mention issues related to gender-based discrimination and human rights violations.<sup>82</sup> Moreover, the increased commercialisation of services shifts decision-making powers away from democratic (albeit at times flawed) structures, to unaccountable corporate actors.<sup>83</sup>

This incredible amount of **power given to the private sector at the expense of democratic decision-making** goes beyond the privatisation of services. In many sectors, powerful corporations<sup>84</sup> seek to preserve their (profit) interests, exerting undue influence over public affairs, undermining the right to self-determination and the common good. A particularly problematic example is the **Investment Court System**, which enables foreign investors to sue countries whose environmental or social policies may affect their investment. In a large number of cases, companies defeat public authorities, and taxpayers foot the bill, paying huge amounts of compensation. Cases brought by fossil fuel companies, for example, result in billions worth of lawsuits in countries around the world.<sup>85</sup> This is an **asymmetric, profoundly undemocratic system that favours businesses over the general public interest** and that represents a major threat to the protection of our environment.<sup>86</sup> Another example is the presence and influence of fossil fuel lobbyists

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79 Privatisation is a process through which the private sector becomes increasingly, or entirely, responsible for activities traditionally performed by governments.

80 Philip Alston, 2018, "A/73/396: Report of the Special Rapporteur on extreme poverty and human rights", United Nations Thematic Report, para 2, <https://www.ohchr.org/en/documents/thematic-reports/a73396-report-special-rapporteur-extreme-poverty-and-human-rights>, 24/04/24.

81 Ibid, para. 82.

82 See this recent statement by a group of civil society organisations highlighting concerns about funding from development finance institutions, including the European Investment Bank, and the consequences of directing development finance to for-profit private healthcare providers: <https://www.oxfam.org/en/research/open-statement-stop-spending-development-funds-profit-private-healthcare-providers>

83 For example, powerful corporations increasingly influence educational and health policies and the use of public resources in ways that benefit corporate interest. See the case of education policies: <https://documents.un.org/doc/undoc/gen/g23/103/65/pdf/g2310365.pdf>, para. 84.

84 To illustrate the economic power of big corporations: the total value of only the ten largest mega-firms in the world is comparable to the bottom 180 countries: [https://www.socialistsanddemocrats.eu/sites/default/files/2021-10/progressive\\_society-icse\\_report\\_2021\\_final.pdf](https://www.socialistsanddemocrats.eu/sites/default/files/2021-10/progressive_society-icse_report_2021_final.pdf), p. 301.

85 United Nations Office of the High Commissioner for Human Rights, 2023, "Paying polluters: the catastrophic consequences of investor-State dispute settlement for climate and environment action and human rights", United Nations, <https://www.ohchr.org/en/documents/thematic-reports/a78168-paying-polluters-catastrophic-consequences-investor-state-dispute>, 25/05/2024. For example, the city of Hamburg backed off from applying European and German regulations aimed at tackling climate change and water pollution caused by coal plants, following an investor-state claim launched by the Swedish energy firm Vattenfall (working on coal plants) against Germany: <https://europeanlawblog.eu/2017/09/06/case-c-14216-commission-v-germany-the-habitats-directive-meets-isds/>

86 Alfred de Zayas (Independent Expert on the promotion of a democratic and equitable international order), 2015, "Secret negotiations on trade treaties, a threat to human rights – UN expert", United Nations Press Release, <https://www.ohchr.org/en/press-releases/2015/04/secret-negotiations-trade-treaties-threat-human-rights-un-expert>, 27/08/2024.

and multinational oil companies at the UN climate summit.<sup>87</sup> At EU level, there is substantial **corporate influence in EU institutions in various policy areas, including climate, food and agriculture**.<sup>88</sup> In the case of the EU's Corporate Sustainability Due Diligence Directive, it has been documented that since the beginning of the negotiations, corporate lobbyists sought to weaken or prevent provisions that would protect human rights and the environment and the European Commission gave in to the lobby pressure and watered down proposals for more robust mechanisms for corporate responsibility.<sup>89</sup> After Washington DC, Brussels is the second capital of the world for lobbying.<sup>90</sup>



**The failure of global summits on the environment make it plain that our politics are subject to technology and finance. There are too many special interests, and economic interests easily end up trumping the common good."**

**Pope Francis, Laudato Si' 54 (2015)<sup>91</sup>**

## The European mainstream development model

The contemporary development model has been shaped in the Global North since colonial times; mainstream "development" is a historically produced discourse.<sup>92</sup> Adopted and promoted by the EU, it is a model that requires rapid growth in material production, an overreliance on technology, a high degree of industrialisation and often unplanned urbanisation without repairing negative social and environmental impacts. Within this logic, industrialised countries are described as "developed", whereas other countries are perceived as "underdeveloped", assuming that there is only one road towards "development". **Poverty and socio-economic inequality in "developing" countries are treated as technical problems**, such as a lack of capital, knowledge or technology, **without taking into account structural imbalances and matters of justice**.

This development model has been imposed as the universal standard, notably through international cooperation, including the EU's "development cooperation". The development cooperation sector has generally taken a top-down approach. Development donors have largely operated based on the hierarchisation of different types of knowledge, considering valid and legitimate only or primarily the data and knowledge deriving from modern science and technology. They have also privileged relations of contract over relations of kinship, and the individual over the community. In turn, the sector has not engaged sufficiently with pluralism, nor valued ancestral and embodied knowledge, diverse

87 See: <https://www.amnesty.org/en/latest/news/2023/12/global-record-number-of-fossil-fuel-lobbyists-at-cop-undermines-critical-climate-talks/>

88 See: <https://corporateeurope.org/en/lobbying-the-eu>

89 Friends of the Earth Europe, 2022, "INSIDE JOB: How lobbyists used the Commission's scrutiny board to weaken legislation", <https://friendsoftheearth.eu/wp-content/uploads/2021/06/Off-the-Hook-Lobby-report.pdf>, 25/05/2024.

90 Transparency International EU, "Lobbying", <https://transparency.eu/priority/eu-money-politics/lobbying/>, 20/07/2024.

91 Pope Francis, Laudato Si', para. 54.

92 For a detailed account on the historical origins of the contemporary "development" discourse and on the effects that this process has had on alternative visions to mainstream "development" as described in this section, see: Escobar Arturo, 1995, Encountering Development: The Making and Unmaking of the Third World, Princeton, N.J.: Princeton University Press; and Kothari Ashish, Ariel Salleh, Arturo Escobar, Federico Demaria, and Alberto Acosta, 2019, 'PLURIVERSE: A Post-Development Dictionary', New Delhi: Tulika Book.



local experiences and marginalised worldviews and traditions. It has also not respected the leadership of local communities where “development cooperation” projects are implemented. Indeed, **the contemporary narrative of “development” makes it difficult to admit, assimilate or recognise other cultures – or simply the possibility of another way of thinking and understanding the world** – discarding them based on a hegemonic perspective – e.g. based purely on their level of infrastructure development.<sup>93</sup> This has undermined the autonomy and self-determination of local communities and **impeded partner countries from developing their own economic processes, industries and social systems.**<sup>94</sup> The perverse consequence of this is that the exploitation of natural resources and labour in this model is regarded as “developed” and ecological thinking as “underdeveloped”.



**Put simply, it is a matter of redefining our notion of progress. A technological and economic development which does not leave in its wake a better world and an integrally higher quality of life cannot be considered progress.”**

**Pope Francis, Laudato Si’ 194 (2015)**

The dominance of the mainstream “development” model is particularly evident, for example, in the industrial form of food production that dominates food

and farming systems around the world and that is the second largest contributor to climate change, second only to fossil fuels.<sup>95</sup> This form of farming takes a profit-driven approach and overly relies on technological solutions like synthetic fertilisers, genetically modified organisms and climate-smart agriculture.<sup>96</sup> These technological solutions are not a magic solution. Climate-smart agriculture, for example, may contribute to crops better resisting adverse weather conditions and reducing greenhouse gas emissions, but it has been contested for offering only incremental interventions that do not change the business model and structural injustices of current agricultural production, such as the power imbalances between small-scale farmers and multinational companies.<sup>97</sup>

This exploitative and extractive way of farming is reflected in the **EU’s agriculture policy and food security initiatives, which mostly subsidise industrial farming**<sup>98</sup> and which are yet to recognise the need to abandon, rather than reduce, harmful agricultural practices today, not tomorrow.<sup>99</sup> Meanwhile, **limited attention is given to agroecology.** Indigenous knowledge, values and wisdom – built up over thousands of years and that provide a strong basis for people to respond to their own needs for healthy, culturally-adapted foods – are seldom the basis for the design of EU “development cooperation” projects in the agricultural sector. This is particularly evident in the case of seeds and fertilisers: many “development” initiatives promote an industrial model that seeks to increase the sales of agribusiness companies who

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93 Pope Francis, Fratelli Tutti, para. 51.

94 For example, the discourse of “development” inherently disregards the value of Indigenous People’s way of life, their traditional economic processes and relationships with the rest of nature.

95 Alexandra Gerasimcikova, Frank Vanaerchot, and Hamdi Benslama, 2024, “The European Investment Bank’s Development and Climate Finance: What’s in it for sustainable agriculture?”, Counter Balance and ActionAid, p. 3–4, <https://counter-balance.org/uploads/files/EIB-Report-Agriculture-AAI-CB.pdf>, 12/07/2024.

96 This analysis reflects the position of the global Caritas Confederation and the experiences of Caritas organisations implementing projects that promote organic farming.

97 In fact, “climate-smart” can include a broad range of practices that dispossess rural people and contribute to control of the land, seeds, markets and labour out of the hands of small-scale farmers by multinational companies. Food First, Institute for Food and Development Policy, 2018, “What’s Smart About Climate-smart Agriculture?”, Policy Brief #22, [https://archive.foodfirst.org/wp-content/uploads/2018/01/Taylor-Climate-Smart-Ag-Food-First\\_-\\_Final-1.pdf](https://archive.foodfirst.org/wp-content/uploads/2018/01/Taylor-Climate-Smart-Ag-Food-First_-_Final-1.pdf), 20/05/2024.

98 Slow Food, 2024, “Unfair Share: How Europe’s Farm Subsidies Favor Big Money Over Small Farmers”, <https://www.slowfood.com/blog-and-news/unfair-share-how-europes-farm-subsidies-favor-big-money-over-small-farmers/>; Alexandra Gerasimcikova, Frank Vanaerchot, and Hamdi Benslama, “The European Investment Bank’s Development and Climate Finance: What’s in it for sustainable agriculture?”, p. 3–4.

99 Luísa Fondello, 2023, “The EU must do more for food security”, Caritas Europa, <https://www.caritas.eu/the-eu-must-do-more-for-food-security/>, 05/03/2024.



**Image:** Caritas food project in Darfur, Sudan (2014) **Credit:** Annie Bungerouth/ACT-Caritas

sell specific seeds and chemical fertilisers that are unaffordable and environmentally destructive. This approach disregards the role of farmer seed systems in which small holder farmers breed their own crops or acquire seeds from friends, neighbours, community seed banks and local markets. Farmer seed systems enable the preservation of traditional crop species, the development of local varieties adapted to farmers' specific needs, the self-sufficiency of farmers and environmental stewardship.<sup>100</sup> Instead, this approach makes farmers dependent on external inputs and limits their resilience.

Ultimately, the contemporary "development" discourse does not consider or sufficiently account for questions of resource distribution and allocation, but only growth and efficiency, which do not necessarily serve the common good nor enable people to shape their own futures. The definitions and goals of "development" do not align with the needs and aspirations of marginalised communities, particularly in the Global South. They are deeply shaped by those who profit from such a political reality. As a result, **it is essential to question the socio-economic assumptions about what it means to be "developed"**. By unpacking these assumptions, we can better understand why poverty still exists in such magnitude across the world, alongside immense wealth.

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<sup>100</sup> Dario Kenner and Ruth Segal, 2023, "Sowing the seeds of poverty How the World Bank harms poor farmers", CAFOD, p. 5 <https://cafod.org.uk/about-us/policy-and-research/food-systems-and-agriculture/how-the-world-bank-harms-poor-farmers>, 25/04/2024.





# Part 2

**The pursuit of endless economic growth: is it fuelling global injustice?**

**Image:** Artisanal mining, Chocó, Colombia  
**Credit:** Steve Cagan/SCIAF



## Europe’s ecological debt<sup>101</sup>

The ecological crisis is being driven almost entirely by excess growth in high-income countries, including in many European countries, due to a minority believing “that it has the right to consume in a way which can never be universalised”.<sup>102</sup> This is abundantly clear if we assess national responsibility for CO<sub>2</sub> emissions by looking beyond emissions produced in a country and also counting consumption-based emissions (i.e. emissions used to make imported products), as well as each country’s historical emissions. Such an approach recognises “that the atmosphere is a finite resource, and all people are entitled to an equal share of it within the safe planetary boundary.”<sup>103</sup> The figure below illustrates the responsibility for CO<sub>2</sub> emissions considering all these factors and indicates that **the EU as a bloc (including the UK as a former EU Member State) bears 29% of the global responsibility for emissions.**

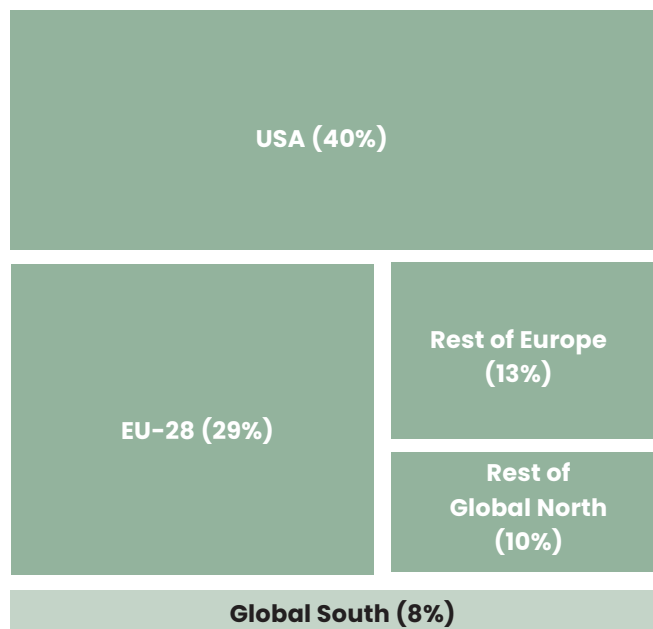


**A true “ecological debt” exists, particularly between the global north and south, connected to commercial imbalances with effects on the environment, and the disproportionate use of natural resources by certain countries over long periods of time.”**

**Pope Francis, Laudato Si’ 51 (2015)**

## Figure 4: Responsibility for climate breakdown

Adapted from Jason Hickel, *Less Is More: How Degrowth Will Save The World* (2020)



This figure depicts historical emissions in excess of national fair shares of the safe planetary boundary (which is atmospheric CO<sub>2</sub> concentration of 350 parts per million). The emissions that have been accounted for are territorial emissions for 1850-1969 and consumption-based emissions for 1970-2015. The image shows that the Global North (USA, Canada, Europe, Israel, Australia, New Zealand and Japan) has contributed 92% of emissions in excess of the climate change planetary boundary, while the Global South (the rest of the world: Latin America, Africa, the Middle East and the rest of Asia) has contributed 8%.<sup>104</sup>

<sup>101</sup> This section focuses on how the predominant economic system has contributed to global imbalances and on the consequences of these global imbalances in very concrete terms. Considering that this paper looks at the EU’s role, this section touches upon the role of the EU in sustaining the predominant economic system through its “development cooperation” and in maintaining these global imbalances. Despite being outside of the scope of this paper, it is worth noting that other stakeholders play an important role in this context, including some governments and elite in the Global South.

<sup>102</sup> Pope Francis, *Laudato Si’*, para. 50.

<sup>103</sup> Hickel, *Less Is More: How Degrowth Will Save the World*, p. 115.

<sup>104</sup> *Ibid.*, p. 114. To understand the share of emissions that the Global South is responsible for as illustrated in this figure, it is helpful to keep in mind that, while major polluters such as India and China may currently pollute more annually than individual European countries, they pollute far less per capita. Additionally, much of their high manufacturing emissions are outsourced from the Global North, released to make products that its rich consumers are buying (hence the relevance of considering consumptions-based emissions).

See: <https://www.climateworks.org/wp-content/uploads/2018/09/Carbon-Loophole-in-Climate-Policy-Final.pdf>



**Image:** Residents of Kambi Nyoka watering their emaciated livestock at the peak of the drought, Kenya (2023) **Credit:** Caritas Marsabit



**What's happening here should be understood as a process of atmospheric colonisation. A small number of high-income nations have appropriated the vast majority of the safe atmospheric commons and have contributed the vast majority of emissions in excess of the planetary boundary. [...] The data we now have on historical emissions reveals that the North's industrialisation was also a process of atmospheric theft."**

**Jason Hickel, Less Is More: How Degrowth Will Save The World (2020)**

The quantity of materials extracted both within and outside the EU to satisfy European demand exceeds Europe's fair share of the planetary boundaries, with no sign of decreasing.<sup>105</sup> In the EU, despite accounting for less than 6% of the world's population, we use between 70% and 97% of the safe operating space available for the whole world.<sup>106</sup> In fact, if everyone lived and consumed like Europeans, we would need three planets.<sup>107</sup>

<sup>105</sup> European Environmental Agency, 2023, "Europe's material footprint", <https://www.eea.europa.eu/en/analysis/indicators/europes-material-footprint><https://www.eea.europa.eu/en/analysis/indicators/europes-material-footprint>, 10/06/2024.

<sup>106</sup> European Environmental Bureau, CAN Europe, European Youth Forum, Friends of the Earth Europe, Zero Waste Europe, ECOS, RREUSE, Seas at Risk, and négaWatt Association, "White Paper for an EU within Planetary Boundaries: Sustainable Resource Management in the EU", p. 4.

<sup>107</sup> Global Footprint Network, 2024, "EU Overshoot day already here – 'Unsustainable and irresponsible'", <https://overshoot.footprintnetwork.org/newsroom/press-release-eu-overshoot-day-2024/>, 20/05/2024.

And who pays the price of these excess emissions and the climate breakdown? **Emissions disproportionately affect countries in the Global South, even though most of these countries remain well within their fair share of planetary boundaries.**

The lower-income countries of the world are the most susceptible to the damage produced by climate change as a result of the combination of their frequent exposure to climate change effects and underlying socioeconomic vulnerabilities. While we are all aware of, and lament, the climate disasters the Global North suffers, the reality is that they pale in comparison to the damages that have been inflicted on the South, which many people in Europe remain unaware of.



**70–97%**

**of the safe operating space available for the whole world is used by the EU, which accounts for less than 6% of the world's population**

One of the studies identifying the climate finance needs of “developing countries” for Loss and Damage<sup>108</sup> estimated that US\$525 billion have been lost because of climate change in the last two decades and economic losses cut GDP growth (still needed for lower-income countries) by one full percent each year on average in the most vulnerable countries.<sup>109</sup> For example, the highest increases in climate-attributable food insecurity are projected to be in Sierra Leone, Liberia, the Central African Republic and Somalia, all of which are at the very

end of the Human Development Index ranking (which considers life expectancy, education levels and income).<sup>110</sup> Other countries in the Global South like Malawi also face compounded effects of climate change.

Climate change is having detrimental macroeconomic consequences that translate into worsened living conditions and that will contribute to widening the human development gap between high-income and low-income countries, which is already growing.<sup>111</sup>

## → Testimony from Malawi

“Malawi only contributes 0.02% of global greenhouse gas emissions and yet suffers greatly from it. Malawi is one of the world’s poorest countries, with an economy that is heavily dependent on agriculture, employing nearly 80% of the population – which is largely in rural areas and suffers the worst consequences. This year, Malawi was affected by El Niño weather conditions: millions of farming households are affected and are food insecure.”

**Chimwemwe Sakunda-Ndhlovu, National Director at Caritas Malawi**

**(Testimony shared during consultative workshop with Caritas Europa in 2024)**

<sup>108</sup> “Loss and Damage” refers to the unavoidable and irreversible negative effects of climate change that occur despite mitigation and adaptation efforts.

<sup>109</sup> This analysis provides the first ever estimate of the economic losses due to anthropogenic climate change only. It was conducted by Chapagain, D., Baarsch, F., Schaeffer, M. and D’haen, S., 2020, “Climate change adaptation costs in developing countries: insights from existing estimates”, *Climate and Development* 12(10), p. 934–942, <https://doi.org/10.1080/17565529.2020.1711698>, 10/07/2024.

<sup>110</sup> M. McKinnon, T. Lissner, M. Romanello, F. Baarsch, M. Schaeffer, S. Ahmed, A. Rosas, 2022, “Climate Vulnerability Monitor A Planet on Fire”, *Climate Vulnerable Forum and Vulnerable 20, Climate Vulnerability Monitor, 3rd Edition*, p. 13, <https://knowledge4policy.ec.europa.eu/sites/default/files/Climate%20Vulnerability%20Monitor%2C%20Third%20Edition%20%28CVM3%29.pdf>, 10/07/2024, 10/07/2024.

<sup>111</sup> The human development gap has widened in recent years, reversing a two-decade trend of progress that ended in 2020. UNDP, 2024, “Human Development Report 2023–24: Breaking the gridlock: Reimagining cooperation in a polarized world”, P 31, <https://hdr.undp.org/content/human-development-report-2023-24>, 27/05/2024.



## Free trade: freedom of what & for whom?

Within the predominant economic system, trade liberalisation has been presented as a key development strategy for lower-income countries. The World Trade Organisation (WTO), founded in 1995, was designed to open up the world to capital flows from high-income countries. In this context, lower-income countries – whose economies had been organised around agriculture, commodities and raw materials exports since, and as a consequence of, colonialism – joined the WTO to facilitate their access to markets worldwide and ensure their economies' survival. In exchange, international trade rules required them to reduce their tariffs, stop subsidising their own industries, deregulate capital flows and allow foreign corporations to operate domestically without prejudice.

Such **deregulation and liberalisation measures, however, were not only exactly the opposite of what they needed for industrial development, but also the opposite route that almost all of today's high-income countries took in the past** to ensure their own industrial success. Persistent historical patterns show that most high-income countries actively used policies such as infant industry protection and subsidy exports. They also show that infant industries of lower-income countries do not stand a chance against the fierce competition of international trade and need a protected environment in which they can grow. In this sense, the WTO's stated intention of creating a "level playing field" is flawed, as it tries to do so by establishing the same rules for all members rather than by taking an equitable approach.<sup>112</sup>



**Many of today's free trade agreements, including those promoted by the EU, actually exploit unequal power relations and do not favour African countries or people."**

**Lucy Esipila, Caritas Africa Regional Executive General (2024)**

A very tangible consequence of the universal trade liberalisation agenda is that many countries feed the world but not their own populations, with major breadbasket nations, including Brazil and India,<sup>113</sup> being among those facing the highest risk of food insecurity. The process of trade liberalisation has locked many low- and middle-income countries into the role of agriculture exporters, despite empirical findings showing that such an approach prevents countries from building up their manufacturing capacities, reinforces their vulnerability in the long run and leads to benefits for a small rich elite of agri-food companies that do not trickle down to wider society.<sup>114</sup> Indeed, trade liberalisation policies have restricted the ability of governments to develop policies geared towards rural development and food sovereignty.



**Monoculture is a prison. Diversity, by contrast, liberates. Independence is reduced to a national anthem and to a flag if it is not based on food sovereignty. Self-determination begins at the mouth."**

**Eduardo Galeano, Open veins of Latin America: five centuries of the pillage of a continent (2009)**

<sup>112</sup> Chang Ha Joon, 2002, *Kicking Away the Ladder: Development Strategy in Historical Perspective*, London: Anthem Press. Hickel Jason, 2018, *The Divide: A Brief Guide to Global Inequality and Its Solutions*, London: Windmill Books, p. 187-193. Raworth Kate, *Doughnut Economics: Seven Ways to Think like a 21st-Century Economist*, p. 89-90.

<sup>113</sup> Global Food and Nutrition Security Dashboard, <https://www.gafs.info/map/?state=Advice&country=Global,10/08/2024>.

<sup>114</sup> Chang, *Kicking Away the Ladder: Development Strategy in Historical Perspective*.

## Debt distress in Global South countries

Another way in which the growth imperative exacerbates global imbalances is through growing debt burdens in the Global South. The number of low- and middle-income countries in debt crisis has more than doubled since 2015.<sup>115</sup> Today, about 60% of low-income countries are either in debt distress or at high risk of it, facing the worst debt crisis in history.<sup>116</sup> But how did they get to this point?



**60%**  
of low-income countries  
are either in debt distress  
or at high risk of it

Some of the historical origins of foreign debt can be traced to post-independence.<sup>117</sup> For instance, many newly independent African countries inherited the debt of the colonisers despite having had no say in, nor any benefit from, the borrowing.<sup>118</sup> Ever since then, they have had little choice but to borrow heavily to pay off old debts and keep their economy afloat.<sup>119</sup>

This process of taking on new loans or renegotiating existing debts has happened on **highly unfavourable terms**. When lower-income countries

borrow money, they have to pay much higher interest rates compared to high-income countries (e.g. they borrow at rates that are, on average, six to 12 times higher than rates for Germany<sup>120</sup>), theoretically to protect lenders from potential risks of default. Because interest rates make debt grow exponentially, many countries end up having to pay off their original loan many times over.

Furthermore, countries in debt distress have been forced to accept the inadequate and unfair conditions imposed by international finance institutions to access new loans or renegotiate existing debts. These conditions usually include **austerity policies, privatisation, deregulation and cuts in public expenditure**, all of which can violate economic, social, cultural and environmental rights. For instance, during the 1980s, many Latin American countries implemented “structural adjustment” measures recommended by the International Monetary Fund (IMF) and the World Bank.<sup>121</sup> Governments were forced to abandon their focus on human welfare and to concentrate instead on creating the best possible conditions for capital accumulation. **This was done in the name of economic growth, but the consequences for the Global South were disastrous**, including drastic cuts in social spending and an increase in poverty.<sup>122</sup> The legacy of this debt governance system has been an

115 Debt Justice, 2024, “Countries in crisis”, <https://debtjustice.org.uk/countries-in-crisis>, 25/06/2024.

116 World Bank Group, 2023, “International Debt Report 2023”, <https://www.worldbank.org/en/programs/debt-statistics/idr/products>, 10/05/2024.

117 The accumulation of debt is further compounded by other factors, such as some governments’ lack of transparency in accounting for the utilisation of funds. For the purpose of this document, we focus on aspects related to historical global imbalances.

118 See examples of Haiti and Democratic Republic of Congo at: <https://debtjustice.org.uk/wp-content/uploads/2022/08/Colonialism-and-Debt-briefing.pdf>

119 Debt Justice, 2022, “Colonialism and Debt How Debt Is Used to Exploit and Control”, <https://debtjustice.org.uk/wp-content/uploads/2022/08/Colonialism-and-Debt-briefing.pdf>, 20/04/2024. Galeano Eduardo, 2009, Open Veins of Latin America: Five Centuries of the Pillage of a Continent, Carlton North, Vic.: Scribe Publications, p. 331-332. Debt Justice, “History of Debt”, <https://debtjustice.org.uk/history-of-debt>, 20/04/2024.

120 United Nations Conference on Trade and Development, 2024, “A world of debt A growing burden to global prosperity”, p. 14, <https://unctad.org/publication/world-of-debt>, 20/07/2024.

121 Structural adjustment measures can be defined as a set of economic, free market reforms that a country has to adhere to in order to secure a loan or investment capital from the IMF and/or the World Bank.

122 Prior to change in government and the roll out of structural adjustment programmes (SAP), governments such as those of Salvador Allende in Chile, Lázaro Cárdenas in Mexico, Jan Domingo Perón in Argentina and Getúlio Vargas in Brazil prioritised social investments and strengthened unions and labour rights, ensuring agricultural subsidies, etc. The government of Thomas Sankara in Burkina Faso, for example, successfully implemented programmes that vastly reduced infant mortality and increased literacy rates and school attendance. Evidence shows that, in many countries, SAP led to rising unemployment, rising food prices and declining wages, which led to over 140 “IMF riots” taking place in 39 countries subjected to SAP in the 80s and 90s (e.g. India, Nigeria, Venezuela). Another example is the documented evidence of SAPs’ detrimental impact on child and maternal health. For more information: <https://publichealthreviews.biomedcentral.com/articles/10.1186/s40985-017-0059-2>. Similar points were raised by colleagues from Caritas Latin America and the Caribbean during the consultative workshop with Caritas Europa in May 2024.

extraordinary increase in global inequality over the past few decades. The historical origins of debt and their vivid impact on the present day illustrate that the decolonisation process is not yet over.

The overwhelming evidence of Structural Adjustment Programmes' damaging impacts and their failure to promote their own stated goal of economic development has been popularly acknowledged, including by the IMF and the World Bank themselves. Indeed, there has been a growing international consensus that economic policy conditionality does not work, as it is an infringement on sovereignty and ineffective, and both the IMF and the World Bank have agreed to use economic policy conditionality far more sparingly. But although changes have happened on a rhetorical level, commensurate action has not followed.

Bailout packages requiring austerity measures and policies of market liberalisation and privatisation continue to be pressed by international finance institutions.<sup>123</sup> And this external debt repayment continues to consume a significant part of scarce resources, preventing vital public investments in human development in the present day. In many African countries, more money is being spent on debt payments than on key public services such as healthcare or education.<sup>124</sup> **Countries in debt distress should not be given the impossible choice between servicing unsustainable debts and spending on education, health or climate action.** As the UN Deputy Secretary-General puts it, "is there a nation in the developed world that's going to tell their people they're not going to pay for education for the next five years?"<sup>125</sup>

In the face of this crushing debt crisis, **recent initiatives supported by the EU, such as the G20 Common Framework for Debt Treatments, have been far from enough.** There have long been calls by civil society and political leaders in the Global South demanding justice and a change to the rules on debt,<sup>126</sup> including the write-off of illegitimate debt, but recent EU initiatives do not respond to these more transformative demands.

## Cross border tax abuse & the loss of faith in multilateralism

Tax is meant to be a sustainable source of revenue for sovereign states, an effective way of funding services and the glue in the social contract. But within the predominant economic system, it often does not perform this key role because of the scale of cross border tax abuse. Multinational companies are responsible for around a third of global economic output, half of world exports and nearly a quarter of global employment. Their contributions to the societies they are a part of, and from which they profit, should be representative of that; instead, cross-border corporate tax abuse represents the largest component of global tax losses.

**Corporate tax abuse takes a greater toll on lower-income countries, systematically constraining their fiscal space and, in turn, their ability to fund fundamental services.** While higher-income countries lose more tax revenue in absolute terms because of corporate tax abuse (US\$257 billion lost a year) than lower-income countries (US\$44 billion lost a year), the latter endure by far the deepest losses when considered as a share of current tax revenues.<sup>127</sup> At the

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123 For example, CAFOD's 2023 report "Sowing the seeds of poverty" highlights how conditionalities on current World Bank financing in the agricultural sector benefit multinational corporations at the expense of the livelihoods of small-scale farmers, food security and the natural world. See: <https://cafod.org.uk/about-us/policy-and-research/food-systems-and-agriculture/how-the-world-bank-harms-poor-farmers>

124 For instance, in 2023, African governments spent on average more than twice as much on external debt payments as on healthcare and slightly more on external debt payments than education, [https://www.christianaid.org.uk/sites/default/files/2024-05/474500-media-report\\_aw\\_spreads.pdf](https://www.christianaid.org.uk/sites/default/files/2024-05/474500-media-report_aw_spreads.pdf)

125 Elissa Miolene, "Losing our moral compass: Mia Mottley and Amina Mohammed talk debt", Devex, <https://www.devex.com/news/losing-our-moral-compass-mia-mottley-and-amina-mohammed-talk-debt-107498>, 22/08/2024.

126 See for example: [https://assets.nationbuilder.com/eurodad/pages/3194/attachments/original/1696845336/BOGOTA\\_DECLARATION\\_07.10.pdf?1696845336](https://assets.nationbuilder.com/eurodad/pages/3194/attachments/original/1696845336/BOGOTA_DECLARATION_07.10.pdf?1696845336)

127 Lower-income countries lose more in proportional terms: they lose the 6.32% of their collected tax revenue to corporate tax abuse a year, while higher income countries lose 1.56% of their collected tax revenue. Tax Justice Network, "State of Tax Justice 2023".



same time, higher-income countries are responsible for 99.3% of all tax lost around the world a year to corporate tax abuse (i.e. countries in this group receive almost every single dollar of profit shifted).<sup>128</sup>



**99.3%**

**Higher-income countries are responsible for 99.3% of all tax lost to corporate tax abuse around the world a year**

In this context where corporate giants and their shareholders in a few countries win and the majority loses, it is disgraceful that the existing regime of international taxation makes cross border tax abuse relatively straightforward and that there has never been a global body for tax. In the past 60 years, the OECD, which was established by a group of Western European and North American states and currently includes 22 EU Member States, has dominated standard-setting in international taxation. Mandated only to prioritise the interests of its member countries, it has proven incapable of delivering a just and effective solution to the problem of cross border tax abuse.

Over the years, there have been many efforts to challenge the OECD's disproportional influence and to develop a globally inclusive tax rule-setting framework, but they have been blocked or undermined by the core member countries of the OECD.<sup>129</sup> In late 2023, the Africa Group tabled a [resolution](#) at the UN to shift negotiations on international tax cooperation away from the OECD

to the UN. Since then, EU Member States have been engaging in the negotiations on a UN tax convention, but many of them are hesitant about bringing tax rulemaking to the UN – **all EU Member States abstained in a vote in August 2024 to establish the mandate to set up a new global tax authority at the United Nations.**<sup>130</sup> Moreover, the OECD continues to push for an international framework that has been challenged over the risk of negative impact on the most vulnerable segments of the population by a [group of eight UN independent experts](#).

The continuing tolerance of this scale of corporate tax abuse and the slow progress in responding to calls for inclusivity in tax cooperation have damaged faith in multilateralism and the promise of the [Addis Ababa Action Agenda](#) (a UN framework to align financing flows with the 2030 Agenda).<sup>131</sup> This slow progress has made it clear that international tax rulemaking based on equity, reciprocity and democratic values will only happen through increasing pressure from the Global South and concerted advocacy by experts who can help world leaders see that such a framework is a win-win for all.

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<sup>128</sup> The methodology used to calculate profit shifting compares the reported profit of the companies in a country and the theoretical profit that we would expect if the companies were taxed where they have real economic activity.

<sup>129</sup> Center for Economic and Social Rights, CELS, GRADE, ESCR-Net, Minority Rights Group, Movement Law Lab, Tax Justice Network, Tax Justice Network Africa, 2024, "Litany of failure: the OECD's stewardship of international taxation", [https://taxjustice.net/wp-content/uploads/2024/05/oecd\\_failures\\_2024.pdf](https://taxjustice.net/wp-content/uploads/2024/05/oecd_failures_2024.pdf), 15/06/2024.

<sup>130</sup> UN News, 2024, "Why the world needs a UN global tax convention", <https://news.un.org/en/story/2024/08/1153301>, 22/08/2024.

<sup>131</sup> António Guterres, 2023, "Our Common Agenda Policy Brief 6 Reforms to the International Financial Architecture", United Nations, p. 28, <https://www.un.org/sites/un2.un.org/files/our-common-agenda-policy-brief-international-finance-architecture-en.pdf>, 15/06/2024.

## Undemocratic global economic governance

The historical imbalances described above indicate that **Global South countries have actually been net creditors to the rest of the world**, due to profits extracted from foreign investors, corporate tax abuse and debt repayments at high interest rates. For example, in 2022, many low- and middle-income countries paid out tens of billions more in debt repayments than they received in new lending and official development assistance.<sup>132</sup>

This should come as no surprise considering that Global South countries have been operating within a global economy where the financial and tax rules and trade terms have been fixed unfavourably against them, largely because the rules were not made by them. The current arrangement and governance of the main international financial institutions – the IMF and the World Bank – were created almost 80 years ago, designed by and for the industrialised countries of the post-war period at a conference with only 44 delegations present (compared with the 190 members in both institutions today). Interestingly, “in any national political system, we would reject the notion that rich people should have more voting power than poor people, and more influence over economic policy decisions. We would see this as corrupt and morally repulsive. And yet such plutocracy is normalised in the World Bank and the IMF.”<sup>133</sup>

Until today, the rules of the game in the international financial architecture exclude the voices of the Global South and do not represent people on equal terms, undermining the “right to development”<sup>134</sup> of lower-income countries. **GDP remains the currency of international political and economic influence, and the largest high-income countries continue to hold veto and bargaining powers.**

Many voices are calling for change,<sup>136</sup> indicating that the current set up does not give legitimacy to international financial institutions. But changes, for example, to voting rights in their decision-making bodies are some of the most contested reforms in global economic governance, and the Global North’s support for a more democratic system has been negligible. For example, in 2022, all EU Member States [voted against](#) a UN resolution (approved by a vote of 124–50) calling for a new international economic order based on equity, sovereign equality and cooperation.



**I think the whole development paradigm is still based on a colonial framework of power relationships, and until we can confront that, we’re not going to see a difference in the results.”**

**Amina Mohammed, UN Deputy Secretary-General, IMF-World Bank Spring Meeting (2024)**

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132 ONE Campaign research based on World Bank and OECD data: Sara Harcourt, David McNair, 2024, “Net finance flows to developing countries turned negative in 2023”, <https://data.one.org/data-dives/net-finance-flows-to-developing-countries/#fn2>, 25/05/2024.

133 Hicckel Jason, 2020, “Apartheid in the World Bank and the IMF”, <https://www.aljazeera.com/opinions/2020/11/26/it-is-time-to-decolonise-the-world-bank-and-the-imf>, 10/04/2024.

134 The “human right to development” is cherished in the Declaration on the Right to Development adopted in 1986 and implies the full realisation of the right of peoples to self-determination. The Declaration recognises development as “a comprehensive economic, social, cultural and political process, which aims at the constant improvement of the well-being of the entire population and of all individuals on the basis of their active, free and meaningful participation in development and in the fair distribution of benefits resulting therefrom”. This concept of development is different from the European mainstream “development” model described in part II.

135 Surya Deva, UN Special Rapporteur on the right to development, in Olivier De Schutter, 2024, “Eradicating Poverty beyond Growth: Surya Deva”, YouTube, <https://www.youtube.com/watch?v=wcY0lYPzfe8&list=PL0nYXrMPNfsJ9MCmkR3lZ2d34Up6epyUX&index=6>, 16/07/2024.

136 Demands include changes in the calculation of quotas, representation in decisionmaking bodies, voting rights and aid conditionality. See for example: <https://www.policycenter.ma/publications/reform-global-financial-architecture-toward-system-delivers-south> Demands come from many Global South countries, from civil society organisations and also from the Church (e.g. Pope Benedict XVI, Caritas in Veritate, para. 67).





# Part 3

**The EU's pursuit of "green growth": can it meet the challenges of the 21st century?**

**Image:** Artisanal mining, Chocó, Colombia

**Credit:** Steve Cagan/SCIAF



Despite the overwhelming evidence of the failures and dangers of following the logic of endless economic growth, EU and European national policymakers continue to follow it, influenced by (geo-)political interests and business agendas reliant on growth and the power that comes with it. Rather than questioning the predominant economic system in order to instigate systemic change, EU institutions are promoting a (climate) delay narrative<sup>137</sup> that keeps economic growth at the core of policymaking, merely labelling it "green", "inclusive" or "sustainable". "It remains widely believed that through a combination of new regulations, technological innovations and stronger resilience in the face of future crises and shocks, [our economic system] can save itself and resolve its own conflicts and crises."<sup>138</sup>



**We fail to see the deepest roots of our present failures, which have to do with the direction, goals, meaning and social implications of technological and economic growth."**

#### **Pope Francis, Laudato Si' 109 (2015)**

Below we present several key trends in the EU's "green growth" approach and reflect on their assumptions, limitations, risks and potential to serve people and our common home.

## **Artificial trade-offs between social and environmental goals**

### **The EU's "green growth" approach**

Within the current approach, the EU has used public pressure arising from farmers' grievances as justification for a worrying series of rollbacks on environmental standards in Europe, setting farming and nature, which are inextricably bound together, in opposition.

### **Example**

Following farmers' protests in Brussels and in many other European capitals, the Commission watered-down its proposals related to the [Farm-to-Fork Strategy](#), which aims to create a more sustainable food system.<sup>139</sup> The conflict between farmers and the EU over its environmental legislation has gone so far as to create mass civil unrest in recent years. Farmers have regularly taken to the streets all across Europe since early 2024. Their main concerns include the inadequate support to deal with environmental legislation and their ability to make a decent living.<sup>140</sup> Many farmers are struggling due to shrinking margins, lowered prices and increased competition, which were compounded by the imports from Ukraine.<sup>141</sup>

The Commission's reaction has been to frame the protests as a rebellion against environmental regulation, dismissing smallholder farmers' very real concerns regarding their ability to farm sustainably and make ends meet, and neglecting farmers' demands that are not primarily about rolling back environmental provisions.

<sup>137</sup> Scholars have classified climate delay narratives in four broad categories: surrender (change is not possible or too hard), redirect responsibility (others should change first), push for non-transformative solutions (system disruption is not necessary to achieve change), emphasise downsides (change will be more detrimental than beneficial). See: [https://www.researchgate.net/figure/A-typology-of-climate-delay-discourses\\_fig1\\_342596080](https://www.researchgate.net/figure/A-typology-of-climate-delay-discourses_fig1_342596080)

<sup>138</sup> Independent Commission for Sustainable Equality, and Progressive Society, "The Great Shift from a Broken World to Sustainable Well-Being", p. 31.

<sup>139</sup> Piet Ruig, 2024, "Farm-to-fork, to protestors with pitchforks: the death of EU's sustainable food policy", euobserver, <https://euobserver.com/Green-Economy/arf1589b03>, 01/05/2024.

<sup>140</sup> Angelo Di Mambro, 2024, "Map: farmers protests lead to concessions almost everywhere", Euractiv, <https://www.euractiv.com/section/agriculture-food/news/snapshot-of-farmers-protests-and-its-not-over/>, 15/04/2024.

<sup>141</sup> Ruig, "Farm-to-fork, to protestors with pitchforks: the death of EU's sustainable food policy".

### Analysis

While the EU's "green growth" approach has forced trade-offs between social and environmental goals and promoted false dichotomies, such as between farmers and environmental activists, **social and environmental goals are not at odds with each other, they can go hand-in-hand.** The EU backing down from ambitious measures, such as biodiversity protection, will harm farmers themselves, if not today, then in the mid- or long-term, as climate change and biodiversity loss have a negative impact on yields and threaten food security. Many farmers know that and see climate change as a top concern and ecological transition as a necessity and are demanding an enabling policy environment so they can farm sustainably.<sup>142</sup> And for those farmers who do not, they should have been helped to understand that these legislation changes are necessary.<sup>143</sup>

There is broad popular support for the current climate emergency to be dealt with. A whopping 78% of Europeans feel that environmental problems affect their daily life and health. Another 84% believe that EU environmental laws are essential to protect our environment.<sup>144</sup>

In this sense, the Commission's response to farmers' protests completely misses the point. The clash between farmers and the EU over its environmental legislation and the scrapping of important environmental measures could have been avoided if the Commission had proposed transformative policies, engaged in dialogue with farmers and with all relevant Commission departments (including DG AGRI and DG EMPL) and proposed to provide adequate economic support in favour of farmers' long-term future. This could have led to changes in the legislation that could have benefitted farmers as well as the environment.

## Artificial trade-offs between the EU's domestic and external priorities

### The EU's "green growth" approach

Under this approach, the EU justifies the backing down on international commitments and global solidarity due to limited resources and the pressing need to respond to the EU's domestic priorities. The EU re-structures its "development cooperation" model moving away from a focus on human development toward "international partnerships" focused on trade and investments for the benefit of the EU's "green transition"<sup>145</sup> and economic interests.

### Example

In the mid-term review of the Multiannual Financial Framework (the EU's long-term budget), the EU decided to make drastic cuts in its external action budget, diverting scarce financing toward EU strategic interests instead of safeguarding them for climate action and poverty and inequalities reduction in the Global South.

### Analysis

This separates what in reality is interconnected. International cooperation to help tackle global challenges and to invest in human development and climate action in the Global South should not be a second-rate priority. **It is an illusion to believe that by focusing on its economic interests, the EU will somehow become a safer and better place to live in than it is today,** due for instance to the risk of increased instability and conflicts spilling over across the world, or because we are all part of the same ecosystems. "Obsession with a consumerist lifestyle, above all when few people are capable of maintaining it, can only lead to violence and mutual destruction."<sup>146</sup>

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142 Thin Lei Win, 2024, "Farmers' protests are about more than green policies", Land and Climate Review, <https://www.landclimate.org/farmers-protests-are-about-more-than-green-policies/>, 15/05/2024. See also: <https://euobserver.com/opinion/156552>

143 Ruig, "Farm-to-fork, to protestors with pitchforks: the death of EU's sustainable food policy".

144 Eurobarometer, 2024, "Attitudes of Europeans towards the environment", European Commission, <https://europa.eu/eurobarometer/surveys/detail/3173>, 10/06/2024.

145 Throughout this publication, we refer to the "green transition" in quotation marks to reflect the fact that the EU's current model of "green transition" is not actually green in the sense that it is moving us towards an ecologically sustainable economy, as it still largely relies on the extraction of resources, which have an important environmental impact. This is further explained in the sub-section on "the myth of green and clean renewable energy".

146 Pope Francis, *Laudato Si'*, para. 204.

## The green transition for Europe's reindustrialisation

### The EU's "green growth" approach

The "green transition" seems to be driven not by a real interest in sustainability but primarily by the objectives of reindustrialising Europe, restoring Europe's competitiveness, ensuring the profitability of European businesses, further expanding Europe's economic growth and ensuring Europe's economic security.<sup>147</sup>

### Example

This is illustrated by the Commission President von der Leyen's plan to put forward a Clean Industrial Deal, meant to "help create lead markets in everything from clean steel to clean tech" and to help "Europe decarbonise and industrialise at the same time".<sup>148</sup>

Similarly, the [EU strategic agenda](#) for the coming five years aims at building a "climate-neutral and green Europe", but it has no long-term vision beyond defence and competitiveness and shows a complete abandonment of the Green Deal and of any ambitions to work for people and planet.

Another example is the EU's approach to raw materials. Instead of playing a key role to ensure global social justice in a real green transition, the EU's quest for raw materials in the context of its geopolitical competition with China is doing exactly the opposite. This is the case in many African countries, where the "raw materials rush" is in fact increasing human rights violations, corruption and environmental degradation.

### Analysis

Approaching the "green transition" through the economic security mindset is problematic because of the inherent tension between the objectives of economic growth and environmental sustainability,

meaning that it is very likely that one will prevail over the others.<sup>149</sup> It is already clear that **economic security concerns often supersede environmental, safety and wellbeing concerns** and long-term objectives.

## The logic of growth and the welfare state

### The EU's "green growth" approach

The current narrative subsumes the welfare state (i.e. social protection systems) and people themselves under the logic of growth.

### Example

The clearest example of this is in the EU's [La Hulpe Declaration](#), which aims to prepare the social agenda of the new European Commission (2024-2029) and to reconfirm the European Pillar of Social Rights as the EU's social policy compass for years to come.

In the first pages of the Declaration, it is written that "the European Pillar of Social Rights is part of wider efforts to build a more inclusive and sustainable growth model."

The document greatly emphasises the value of the labour market and refers to workers as "labour market potential" and "human capital". Other passages include: "Decent working conditions are vital to attract and retain workers..."; and "We underline the importance of making full use of untapped labour market potential, including by fostering labour market access and retention, in particular for the long-term unemployed, older workers, underrepresented groups and groups in vulnerable situations [...]."

The Declaration also highlights the importance of social policies for growth, "We need to fully exploit the

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<sup>147</sup> See, for example, Macron's speech:

<https://www.euractiv.com/section/economy-jobs/news/macron-pitches-made-in-europe-to-guarantee-prosperity-in-sorbonne-ii-speech/> and a leaked briefing from DG INTPA: <https://www.politico.eu/wp-content/uploads/2024/04/18/draft-IntPa-briefing-for-next-Com-April-2024-1-cleaned.pdf>

<sup>148</sup> Ursula Von der Leyen, 2024, "Statement at the European Parliament Plenary by President Ursula von der Leyen, candidate for a second mandate 2024-2029", European Commission, [https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT\\_24\\_387](https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_24_387), 21/07/2024.

<sup>149</sup> Thea Riofrancos, 2023, "The Security-Sustainability Nexus: Lithium Onshoring in the Global North", *Global Environmental Politics* 2023; 23 (1): 20-41, [https://doi.org/10.1162/glep\\_a\\_00668](https://doi.org/10.1162/glep_a_00668), 25/05/2024.



potential of skills, labour market and social policies for economic growth, productivity and competitiveness.” “In the face of declining productivity growth [...] well-designed social reforms and investments can have a positive impact on economic growth, by enhancing human capital and increasing [...] the labour supply, while contributing to social progress.”

There is no mention made of improving people’s wellbeing or ensuring respect for human dignity.

### Analysis

The way the La Hulpe Declaration is written strongly suggests that, for the EU and its Member States, people and the welfare state are there to serve economic growth by enabling the conditions for growth through employment. People are portrayed as “human capital”, just as the rest of nature is portrayed as “natural capital”.<sup>150</sup>

Along the same lines, the just transition aspect of the European Green Deal places a lot of emphasis on workers and reskilling for green jobs (e.g. a solar or wind turbine technician), viewing people as “resources” for “green growth”.

The most important outcomes of social policy and just transition should be social progress and human wellbeing. Social and just transition policies should not be seen through the lens of competition or growth.<sup>151</sup> Employment is important when the goal is to enable those who can work and want to work to have decent sustainable jobs, not when the goal is growth. Even then, employment alone is not the solution for guaranteeing welfare. “Social protection systems and social policies are frameworks that allow governments to meet their human and social rights obligations.”<sup>152</sup>

In the same vein, for these obligations to be met, the targets need to be reflective of the importance of social progress. The EU target, reiterated in the La Hulpe Declaration, of lifting 15 million Europeans out of poverty by 2030 is totally insufficient and a far cry from the SDG goal of reducing poverty by 50% by 2030.

## The myth of green and clean renewable energy

### The EU’s “green growth” approach

Many EU documents and statements describing its “energy transition”<sup>153</sup> strategy misleadingly talk about “clean energy” when it comes to renewables.

### Example

The “[Clean energy for all Europeans package](#)” was adopted in 2019 to help decarbonise the EU’s energy system in line with the European Green Deal’s objectives.

The EU’s [Global Gateway](#) (i.e. the EU’s new model of “international development”), is presented as “the European strategy to boost smart, clean and secure connections in digital, energy and transport sectors”.

### Analysis

Whereas renewable energy is key in the process of fighting climate change, it is not “clean” in the sense that it comes without negative environmental impacts. On the contrary, renewable energy can, ironically, undermine climate action. “Clean energy” is thus a misleading concept.

Mining (required to get minerals for the “energy transition” out of the ground) is among the most environmentally hazardous human activities. Its inevitable harmful consequences for the environment

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<sup>150</sup> See for example: [https://environment.ec.europa.eu/topics/nature-and-biodiversity/natural-capital-accounting\\_en](https://environment.ec.europa.eu/topics/nature-and-biodiversity/natural-capital-accounting_en)

<sup>151</sup> Social Platform, 2024, “Statement of the Signing of the La Hulpe Declaration”, <https://www.socialplatform.org/documents/statement-on-the-signing-of-the-la-hulpe-declaration/>, 20/05/2024.

<sup>152</sup> Ibid.

<sup>153</sup> Throughout this publication, we refer to the “energy transition” in quotation marks to reflect the fact that what is currently happening in Europe is not yet a *transition* from the use of fossil fuels to the use of renewable energy, but rather an accumulation of energy sources, as explained in the sub-section on “the illusion of leaving fossil fuels behind”.



**Image:** Río Atrato, Colombia **Credit:** Steve Cagan/SCIAF

are well-documented, including its adverse impact on biodiversity, loss of habitats that are home to endangered species, water contamination risks and generation of hazardous waste.<sup>154</sup>

At the same time, renewable energy is generated from renewable resources like solar, wind, hydropower and geothermal, but this is not the same as 100% carbon-free power. The infrastructure required for renewables is actually critically dependent on specific fossil energies, as it uses a great deal of construction materials (e.g. steel, glass and concrete, which are produced in emissions-intensive industries and are required to set up solar panels and wind turbines). Furthermore, there are many environmental impacts associated with manufacturing, maintaining and disposing of solar panels and wind turbines.

A lot of the lithium production worldwide is concentrated in areas of high-water stress (i.e. where the demand for safe, usable water exceeds the supply), but large volumes of water are needed to extract lithium from underground brine reservoirs. It can take thousands of litres of water to produce one ton of lithium from brine, which can lead to new “sacrifice zones”<sup>155</sup> in Europe and in the Global South. Testimonies from people affected by mining exploration in Sweden, Finland and Portugal<sup>156</sup> and

from indigenous communities living near sites of lithium exploration in Bolivia illustrate how the “green energy transition” creates negative impacts such as increased water scarcity.

For the Lípez people of the Colcha K municipality in Bolivia, “water is life”. But according to indigenous leader Edson Muraña Flores, his people will be the first to be affected, as neither the government nor the companies have sought them out to provide information on the use of water in lithium extraction. Similarly, the communities living around the Salar de Uyuni (where the largest Bolivian lithium deposits are located) are experiencing poverty and are heavily dependent on the local ecosystem, as they practice agriculture and livestock farming as well as salt mining, partially combined with small-scale mining of boron and potassium. Thus, lithium mining, industrialisation and commercialisation in the region will entail major environmental risks, such as water scarcity, increased waste and pollution of the salt flat and risks for the livelihoods of local communities.<sup>157</sup>

These **harmful consequences for the environment cannot be downplayed**, especially considering that the demand for transitional minerals is predicted to increase.<sup>158</sup>

<sup>154</sup> Sebastian Luckeneder, Stefan Giljum, Anke Schaffartzik, Victor Mause, and Michael Tost, 2021, “Surge in Global Metal Mining Threatens Vulnerable Ecosystems”, *Global Environmental Change* 69: 102203, <https://doi.org/10.1016/j.gloenvcha.2021.102303>, 25/06/2024. International Energy Agency, 2021, “The Role of Critical Minerals in Clean Energy Transitions”, p. 209, [https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions\\_15/04/2024](https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions_15/04/2024).

<sup>155</sup> Sacrifice zones are often defined as populated areas with high levels of pollution and environmental hazards, due to nearby toxic or polluting industrial facilities. These areas are called “sacrifice zones” because the health and safety of people in these communities is being effectively sacrificed for the economic gains and prosperity of others.

<sup>156</sup> European Environmental Bureau, Catapa, 2023, “Sacrifice Zones for Sustainability? Green Extractivism and the Struggle for a Just Transition”, <https://eeb.org/wp-content/uploads/2023/11/Sacrifice-Zones-final-layout.pdf>, 20/05/2024.

<sup>157</sup> This testimony and analysis were prepared by Caritas Bolivia.

<sup>158</sup> The International Energy Agency predicts that the mineral demand for clean energy technologies will rise by at least four times by 2040. International Energy Agency, “The Role of Critical Minerals in Clean Energy Transitions”, p. 9.

## The high human rights risks in the renewable energy sector

### The EU's "green growth" approach

The current approach rushes into opening new mining projects for the purpose of the "energy transition" in countries where many conflicts and reported human rights violations related to the mining of minerals for the "green transition" occur. The EU is obtaining many of its critical raw materials from and is intending to establish closer trade ties with these countries.<sup>159</sup>

### Example

A particularly concerning example of a recent EU initiative is the EU-Rwanda deal, which risks supporting the smuggling of conflict minerals from the Democratic Republic of Congo (DRC). Rwanda exports vast amounts of minerals like coltan and gold that are not mined in its own territory, but smuggled from the war-torn DRC to Rwanda, where they then enter global supply chains.<sup>160</sup>

In the DRC, "corruption, mismanagement [...] have contributed to the dysfunctional oversight of the extractives sector, leaving local communities to suffer the negative environmental, health and other human rights impacts [...], often with no effective mechanism for recourse [...]" – Testimony from CDJP Uvira (2024), a local Caritas organisation based in South Kivu in DRC, working on an emergency interventions partnership with SCIAF Caritas Scotland.

### Analysis

#### The mining sector has a high number of labour

**rights abuses**, such as occupational health hazards, unsafe working conditions, child labour, work-related deaths, unfair wages, conflict, forced displacement of communities and gender-based violence.<sup>161</sup>

Mining is the most dangerous sector for environmental defenders who are targeted through a range of tactics used by both companies and states, including killings, judicial harassment and physical violence. Most allegations go un-investigated or unpunished.<sup>162</sup>

Mining threatens Indigenous Peoples' rights. At least 54% of the transition minerals are in or near Indigenous Peoples' territories.<sup>163</sup> Under a profit and export-oriented model, the removal of natural resources from Indigenous Peoples' territories causes a profound cultural, social, economic and identity disruption in these societies, threatening their lifestyles.<sup>164</sup>

"In Zambia, almost all the provinces have mining activities. Local communities are forced off their lands to make way for mining companies to set up, leading to landlessness and the destruction of unique ways of life, customs and culture. When communities stay around mines, they face huge challenges, such as water pollution." – Testimony from Caritas Zambia (2024).

159 For the record of human rights violations related to mining of transition minerals, see: <https://www.business-humanrights.org/en/from-us/transition-minerals-tracker/>

160 Many sources estimate that only a small share of Rwanda's exports is mined there, with most of it coming from the DRC. Despite several initiatives aimed at better traceability of rare minerals, this illegal trafficking continues to happen and to play a role in the conflict in the region. The EU's approach demonstrates a lack of consideration for the sub-regional security context and the diplomatic tensions between Rwanda and the DRC. The chances of it contributing to a safe and sustainable value chain are also low given the lack of transparency and limited civil society engagement in the process leading up to and since the signature of the MoU. See: [https://www.eurac-network.org/sites/default/files/policy\\_note\\_mou\\_ue-rwanda\\_30.05.2024.pdf](https://www.eurac-network.org/sites/default/files/policy_note_mou_ue-rwanda_30.05.2024.pdf); <https://www.politico.eu/article/eu-rwanda-minerals-agreement-coltan-ore-mining-conflict-smuggling-rubaya-democratic-republic-of-the-congo-paul-kagame/>

161 Friends of the Earth Scotland, 2023, "Unearthing injustice: A global approach to transition minerals", p. 10-11, <https://foe.scot/wp-content/uploads/2023/05/Unearthing-Injustice.pdf>, 04/04/2024.

162 Business and Human Rights Resource Centre, "Transition Minerals Tracker", <https://www.business-humanrights.org/en/from-us/transition-minerals-tracker/>, 24/06/2024.

163 John R. Owen, Deanna Kemp, Alex M. Lechner, et al, 2023, "Energy transition minerals and their intersection with land-connected peoples", Nature Sustainability 6, 203–211, <https://doi.org/10.1038/s41893-022-00994-6>, 10/06/2024.

164 Secours Catholique, 2021, "Between Resistance and Adaptation to Change", [https://www.secours-catholique.org/sites/default/files/03-Documents/2021-etude\\_des\\_contributions\\_des\\_peuples\\_autochtones-anglais-avec\\_compression.pdf](https://www.secours-catholique.org/sites/default/files/03-Documents/2021-etude_des_contributions_des_peuples_autochtones-anglais-avec_compression.pdf), 23/05/2024.



"Land grabbing and violation of Indigenous Peoples' rights happen all too often in mining" – Testimony from Elizabeth Coca, Ecotheology Coordinator at Caritas Ecuador (2023).

## The high costs of privatising the renewable energy sector

### The EU's "green growth" approach

The EU is relying on the private sector for the investment in renewable energy. While governments offer a helping hand through public subsidies, the private sector is expected to provide the real capital and to be in charge in terms of ownership and operation of renewable energy projects. This means that, **in practice, the control and extraction of natural resources is largely driven and determined by the profit motive.**

### Example

EU initiatives aimed at boosting its "energy transition" – the EU's Free Trade Agreements, including dedicated Energy and Raw Materials chapters, the Global Gateway and EU Strategic Partnerships launched under the EU's Critical Raw Materials Strategy – focus on cooperation with and investments in the private sector and **exclude the majority of people from democratically deciding how to create social benefits from their countries' natural wealth.**

"In Colombia, 70% of mining is in the hands of multinationals. Multiple mining permits are being issued without consulting local affected communities or considering the environment." – Testimony from Siembra, a SCIAF partner in Colombia.

"In the states of Minas Gerais and Pará in Brazil, there are Norwegian and French companies, among others. The returns and solutions for the local population are disastrous. The infrastructure works serve the mining companies and transnational corporations and never the local population because they do not respect their ways of life." – Testimony from Keilas Marães Giffoni, Regional Advisor at Caritas Brazil's Northeast Regional Office (2024).

In Argentina, many lithium mining projects are operated by big companies. Local communities, which depend on water and vegetation from regions where projects take place, have experienced displacement and loss of jobs due to mining activity. Despite efforts to reduce environmental impact, lithium extraction remains a challenging activity. – Testimony from Caritas Argentina (2024).

### Analysis

In this model, there is little consideration for and strategic thinking in regard to the creation of social benefits, to civil society and local communities' consultation, participation or leadership and, more broadly, to the way the process of decarbonisation is being organised.

In addition, reliance on the private sector to boost the "energy transition" is unlikely to succeed, because investing in renewable energy, especially in the deployment of wind and solar farms, is currently a relatively unattractive proposition in profitability terms.<sup>165</sup>

Little information can be found on the EU's strategy, if any, to promote shared prosperity and benefit-sharing<sup>166</sup> and to ensure that its investments in renewable energy lead to local economy development (in the areas where resources are extracted or power plants are installed). This is

<sup>165</sup> Brett Christophers, 2024, *The Price is Wrong: Why Capitalism Won't Save the Planet*, Verso Books.

<sup>166</sup> The concepts of "shared prosperity" and "benefit-sharing" refer to the generation and equitable distribution of tangible benefits for all citizens, particularly Indigenous Peoples and local communities affected by mining and renewable energy projects, underpinned by fair negotiations.

problematic because “as long as the choices of what to produce and for whom are made based on the needs of the market, these choices will benefit the rich, those with purchasing power.”<sup>167</sup>

In its current “energy transition” initiatives, **the EU is missing the opportunity to learn from the destructive logic of the fossil fuel model and to organise the process of decarbonisation in a way that does not reproduce the same dependencies** – on the private sector’s profitability, on the mercantilisation of energy, on large-scale infrastructure projects that imply the concentration of power and that come with high human rights and environmental risks, on cheap labour, on the intensive occupation of territories, and on the destructive appropriation of nature for export. **The ecological transition should not be reckless,<sup>168</sup> but rather be based on a careful process of rethinking our energy model – who decides and controls which type of energy is produced, how and for whom.** These are key questions that seem to be completely absent in the EU’s “energy transition” initiatives.

For these reasons, while the EU is increasingly relying on public-private partnerships, and while this model is promoted through a vast array of tools and by a wide range of institutions such as the World Bank, civil society actors continue to raise concerns about it. They point to evidence that questions the assumption that the private sector is more efficient and better placed to deliver on energy projects and services and that shows that public-private partnerships, including in the energy sector, “often come at a high cost for the public purse and citizens, an excessive level of risk for the public sector and have a negative impact on democratic governance.”<sup>169</sup>

## The illusion of leaving fossil fuels behind

### The EU’s “green growth” approach

Under the EU’s “green growth” approach, we are not replacing fossil fuels. The EU’s current rhetoric falsely equates the “energy transition” (switching from fossil fuels to carbon-free and renewable energy sources) to increasing investments in renewable energy, regardless of the EU’s carbon footprint.

### Example

EU leaders often make statements that magnify their proclaimed leadership in the “energy transition”, giving the false impression that the EU is succeeding in the “energy transition”: “In the first half of this year, 50% of our electricity generation came from renewables – home-grown and clean. Investments in clean technologies in Europe have more than tripled in this mandate. [...] Finally, in the last years, we have concluded with global partners 35 new agreements on clean tech, hydrogen and critical raw materials. This is the European Green Deal in action. [...] We will stay the course on [...] the goals we set for 2030 and 2050.”<sup>170</sup>

### Analysis

Renewable energy has been growing, but this growth has been insufficient to replace fossil fuels<sup>171</sup> and supplementary rather than substituting most fossil fuel energy. **What is happening in reality is an accumulation of energy sources** (to respond to an ever-increasing energy demand).

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<sup>167</sup> Speech by Olivier De Schutter, 2024, “Launch Event – Righting the Economy: Towards a People’s Recovery from Economic and Environmental Crisis”, Brussels.

<sup>168</sup> Thea Riofrancos, 2024, “The Extracted Earth”, GRANTA, <https://granta.com/the-extracted-earth/>, 25/07/2024.

<sup>169</sup> Eurodad, 2022, “History Repeated II – Why Public-Private Partnerships are not the solution”, p. 4, [https://www.eurodad.org/historyrepeated2?utm\\_campaign=newsletter\\_1\\_12\\_2022&utm\\_medium=email&utm\\_source=eurodad](https://www.eurodad.org/historyrepeated2?utm_campaign=newsletter_1_12_2022&utm_medium=email&utm_source=eurodad), 20/06/2024.

<sup>170</sup> European Commission, 2024, Statement at the European Parliament Plenary by President Ursula von der Leyen, candidate for a second mandate 2024–20, [https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT\\_24\\_3871](https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_24_3871), 22/08/2024.

<sup>171</sup> European Environment Agency, 2023, “Trends and projections in Europe 2023”, <https://www.eea.europa.eu/publications/trends-and-projections-in-europe-2023>, 28/05/2024.

Part of the reason for the not-fast-enough pace of the EU's "energy transition" is that fossil fuel subsidies<sup>172</sup> in EU Member States have either remained stable or increased in recent years. Moreover, as most EU Member States have no concrete plans on how and when they will phase out these subsidies, it is unlikely that the EU will make much progress towards phasing out fossil fuel subsidies by 2030.<sup>173</sup>

In the words of David Boyd, UN Special Rapporteur on Human Rights and the Environment from 2018 to April 2024, "In a world beset by a climate emergency, fossil-fuel subsidies violate states' fundamental, legally binding human rights obligations".<sup>174</sup>

## Renewable energy for more consumerism

### The EU's "green growth" approach

Recent EU renewable energy initiatives focus primarily on meeting growing energy demand and on energy efficiency, with no serious consideration and political attention being given to energy demand reduction and dematerialisation.

### Example

The EU's [Renewable Energy Directive](#) (revised in 2023) is designed to ensure that the deployment of renewable electricity continues to increase at an adequate pace to meet growing consumer demand in Europe, which is at no point questioned.

The EU's [Energy Efficiency Directive](#) (2023) establishes a legally binding energy efficiency target of 11.7% by 2030 (relative to the 2020 reference scenario). But the fact that this target is based on the concept of efficiency instead of sufficiency means that energy consumption is expected to reduce thanks to efficiency in the process of energy generation, not through the mitigation of energy demand.

Similar concerns apply to the consumption of critical raw materials needed for the "green transition". The EU makes up 6% of the world's population, yet consumes 25–30% of metals produced globally.<sup>175</sup> Projections show a high future demand of critical raw materials in the EU. Demand for aluminium, for example, is expected to increase by 543% from 2020 to 2050.<sup>176</sup>

### Analysis

While it is natural that the demand for renewable energy, and therefore for a range of critical minerals, is increasing given the need to leave fossil fuels behind, exponential growth in renewable energy demand does not have to be a given. Policies and initiatives do not have to be aimed at always responding to a culture of consumerism. Considering the harmful consequences for the environment and the human rights risks connected to mining and renewable energy projects, **investing in renewables not just to address unsatisfied needs but to continuously enable a consumerist lifestyle is unsustainable and irresponsible.** Such an approach would replicate the same destructive model of the fossil fuel sector - using natural resources "to power continued extraction and production, at an

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172 Fossil fuel subsidies are defined as energy subsidies and government interventions that "refer to specific initiatives to keep prices for consumers below market levels (e.g. reduced tax rates on road transport fuels) or for producers above market levels (e.g. feed-in tariffs), or to reduce costs for consumers or producers by granting specific benefits. Energy subsidies may be made of direct cash transfers to producers or consumers as well as of indirect support mechanisms (e.g. tax exemptions and tax credits) or even market-based mechanisms providing cross-subsidies between economics actors (e.g. white certificate markets for energy efficiency, electricity capacity mechanisms)." <https://op.europa.eu/en/publication-detail/-/publication/34a55767-55a1-11ed-92ed-01aa75ed71a1>, p. 14.

173 European Environment Agency, 2023, "Fossil fuel subsidies", <https://www.eea.europa.eu/en/analysis/indicators/fossil-fuel-subsidies>, 20/07/2024.

174 Nina Lakhani, 2024, "UN expert attacks 'exploitative' world economy in fight to save planet", The Guardian, <https://www.theguardian.com/world/article/2024/may/07/un-expert-human-rights-climate-crisis-economy>, 20/05/2024.

175 Friends of the Earth Europe, 2023, "Mining the depth of influence. How industry is forging the EU Critical Raw Materials Act", p. 3, <https://friendsoftheearth.eu/wp-content/uploads/2023/07/Mining-the-depths-of-influence.pdf>, 25/05/2024.

176 Council of the European Union, 2024, "An EU critical raw materials act for the future of EU supply chains", <https://www.consilium.europa.eu/en/infographics/critical-raw-materials/#0>, 22/08/2024.



ever-increasing rate, placing ever-increasing pressure on the living world.<sup>177</sup>

While it is morally questionable and ecologically counter-productive for the “energy transition” to serve unlimited production and green consumerism in the Global North, so far, the EU’s priority rests on meeting its taken-for-granted, ever-growing energy demand.

## Overreliance on technology

### The EU’s “green growth” approach

The current narrative places a strong emphasis and reliance on technology, particularly carbon capture and storage technology, to help achieve the EU’s climate commitment to become climate neutral by 2050.

### Example

In order to reach net zero<sup>178</sup> by 2050, drastic measures need to be taken to reduce our carbon emissions. For the EU, this means heavily investing in carbon capture and storage technology, as outlined in the [European Commission’s Strategic Long-Term Climate Vision](#) and in the [EU Industrial Carbon Management Strategy](#). The strategy admits that “the EU will need to significantly scale up its efforts [...] approximately 280 million tonnes would need to be captured by 2040 and around 450 [million tonnes] by 2050. The scale of this endeavour is large; 50 million tonnes of carbon is the equivalent of the annual CO<sub>2</sub> emissions of Sweden in 2022.” The strategy aims to develop technologies that capture, store, transport, and remove CO<sub>2</sub> emissions from the atmosphere. In doing so, it will “rapidly deploy CCUS [carbon capture,

use and storage] demonstration projects and scale them up to commercial success.”<sup>179</sup>

### Analysis

There are several problems with reliance on carbon capture and storage to reach our climate targets, especially if seen as an alternative to CO<sub>2</sub> emissions reduction instead of complementary to it and if prioritised over increasing the capacity of natural carbon sinks (i.e. through ecosystem restoration and reforestation).

Firstly, it is an extremely expensive investment. Given that currently the number of operational large-scale carbon management projects is limited, to get to the scale of what we need will require significant public and private financing. CO<sub>2</sub> transport infrastructure alone could cost up to €12.2 billion by 2030, rising to €16 billion in 2040.<sup>180</sup> Direct Air Capture “costs anywhere from US\$600-1,000 per tonne.”<sup>181</sup>

Secondly, even if we were able to fully finance it, it is almost completely untested at the scale for which the EU wants it to be developed. There are “uncertainties around the safety and permanency of transportation and underground storage [...] [this] makes carbon capture of this scale a very high-risk component of the EU’s decarbonisation strategy.”<sup>182</sup> This means that vast sums of public money risk being pumped into unproven and inefficient technologies, in a context that still lacks adequate policy frameworks for CCUS market integration and regulation.

In any case, even if the EU manages to finance it, deploy it at scale, and it functions, this should be used only for the sectors where the release of

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177 Hickel, *Less Is More: How Degrowth Will Save the World*, p. 20.

178 “Net zero emissions” refers to achieving an overall balance between greenhouse gas emissions produced and greenhouse gas emissions taken out of the atmosphere. See: <https://www.climatecouncil.org.au/resources/what-does-net-zero-emissions-mean/>

179 Dave Keating, 2024, “Carbon capture: Can a new Commission strategy revive CCUS”, Euractiv, <https://www.euractiv.com/section/energy-environment/news/carbon-capture-can-a-new-commission-strategy-revive-ccus/>, 24/04/2024.

180 European Commission, 2024, “Questions and Answers on the EU Industrial Carbon management Strategy”, [https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_24\\_586](https://ec.europa.eu/commission/presscorner/detail/en/qanda_24_586), 20/03/2024.

181 Institute for Energy Economics and Financial Analysis, 2024, “EU bets on unproven technology with high-risk carbon capture plan”, <https://ieefa.org/articles/eu-bets-unproven-technology-high-risk-carbon-capture-plan>, 26/06/2024.

182 Ibid.

carbon emissions are part of the production process and which face challenges in achieving the rapid decarbonisation that will be needed in the next decades. e.g. in the cement industry. It should not be used in energy systems, for example, which should instead rely on energy savings and renewable energy. Moreover, CCUS would need to happen sufficiently fast for the EU to reach its targets. It "will not be the magic bullet that would somehow rid us of the GHG emissions in a short period of time."<sup>183</sup>

Meanwhile, fossil fuel companies continue burning fossil fuels, using CCUS technology as an excuse.<sup>184</sup> The Commission is even relying on them to invest in the technology. For many climate campaigners, "carbon management" is a new code word for climate inaction [...].<sup>185</sup> Indeed, **the discussion about carbon capture and storage risks deflecting attention from the imperative to focus instead on addressing unsustainable production and consumption patterns.**

## The myth of decoupling economic growth from resource & energy use

### The EU's "green growth" approach

The "green growth" narrative presents decoupling<sup>186</sup> as the magic solution that will enable us to continue our pursuit of economic growth while cutting back our CO<sub>2</sub> emissions and resource use.

### Example

The [Commission's website](#) says: "The European Green Deal will transform the EU into a modern, resource-efficient and competitive economy, ensuring [...] economic growth decoupled from resource use". In the [story of the von der Leyen Commission](#), it says "And we have shown that it is possible to decouple

economic growth from emissions: since 1990, greenhouse gas emissions have dropped by 32.5%, while our economy has grown by nearly 70%." This is also repeated in the Commission's [news article for World Environment Day](#) on 5 June 2024.

In the EU's [Circular Economy Action Plan](#), it states "scaling up the circular economy [...] to the mainstream economic players will make a decisive contribution to achieving climate neutrality by 2050 and decoupling economic growth from resource use [...]."

### Analysis

While economic growth is reliant on energy and the Earth's resources, it is widely believed that it is possible for economic growth to continue while reducing our resource use, i.e., material extraction from the planet. Much hope has been placed on "green growth" or growth decoupled from environmental pressures.

However, there are several misconceptions at play here.

It is first necessary to understand the difference between relative decoupling and absolute decoupling. In the case of CO<sub>2</sub> emissions, relative decoupling is where economic growth is outpacing CO<sub>2</sub> emissions, but because economic growth is increasing, so are emissions, even if less than the rate of growth.

Absolute decoupling is where economic growth continues at the same time as emissions fall.<sup>187</sup>

**According to the Commission's claim, the EU has achieved absolute decoupling, since greenhouse gas emissions have dropped while the economy**

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183 Independent Commission for Sustainable Equality, and Progressive Society, "The Great Shift from a Broken World to Sustainable Well-Being", p. 185. For a more detailed analysis presenting additional factors questioning the potential of CCUS technology, refer to: <https://caneurope.org/position-carbon-capture-storage/>

184 Federica Di Sario, 2024, "The EU is trusting fossil fuel firms to help clean up the carbon", Politico, <https://www.politico.eu/article/eu-deploy-fossil-firm-clean-up-carbon/>, 05/05/2024.

185 Keating, "Carbon capture: Can a new Commission strategy revive CCUS" \_

186 For more information, see: <https://eeb.org/wp-content/uploads/2019/07/Decoupling-Debunked.pdf>

187 Timothée Parrique, et al, 2019, "Decoupling Debunked Evidence and arguments against green growth as a sole strategy for sustainability", European Environmental Bureau, p. 11-12, <https://eeb.org/wp-content/uploads/2019/07/Decoupling-Debunked.pdf>, 25/05/2024.

**has grown. However, this does not seem to be corroborated by evidence.** In the majority of cases, only instances of relative decoupling have occurred when looking into detail.<sup>188</sup> This is not sufficient. We would need absolute decoupling from CO<sub>2</sub> emissions at a fast enough rate to avoid ecological collapse and then maintain this rate. Decoupling economic growth from CO<sub>2</sub> emissions is also very different to decoupling it from resource use, from which we would also need to decouple.

It is possible to achieve some decoupling of economic growth from CO<sub>2</sub> emissions by simply reducing the amount of energy we produce from fossil fuels and replacing it with renewable energy. But this is not decoupling from resource use. This is just exchanging one resource for another: fossil fuels for the raw materials required to create renewable energy infrastructure (e.g. copper for the electricity grid, copper and silver for solar energy technology, lithium for electric batteries and rare earth metals for wind turbines<sup>189</sup>). While this might reduce emissions, it does nothing to protect our ecosystems and biodiversity (see the analysis of the Critical Raw Materials Act below for more). The only decoupling that the EU seems to have managed in relation to resource use is through outsourcing its emissions to other countries, which produce the goods that the EU then imports.<sup>190</sup>

The EU's hopes seem to be pinned on the circular economy as a way of decoupling economic growth from resource use. The idea being that resource decoupling could be possible if all the materials we need for the creation of new products would be taken from old products rather than from nature. However, "there are limits to this circularity and [...]"

these limits are quickly reached in a fast-growing economy."<sup>191</sup> One of the main limits is that the process of recycling itself requires energy and new materials for the infrastructure required for recycling services. A second limit is that materials degrade over time, which means that recycling becomes downcycling in practice. To take an example, plastic bottles can be recycled into plastic fibres for clothing but not back into plastic bottles, and eventually they can end up in the noise protection walls along motorways. A third limit is that many modern products are too complex to be recycled. A best possible recycling scenario for smartphones is only about 30% of the materials. In addition to these limits, a final consideration is that for the economy to continue growing, more materials will be needed than the ones previously available, meaning that the materials available for recycling will not be sufficient. Recycling would only delay resource depletion. In short, "an infinitely growing circular economy is an arithmetical impossibility".<sup>192</sup>

Timothée Parrique, a researcher from Lund University, said that to make economic growth sustainable, we would have to do five things: 1) Absolute decoupling of economic growth from production and consumption. Relative decoupling is not enough; 2) Decouple economic growth from all environmental pressures (biodiversity loss, water use etc); 3) Do this everywhere – nationally and abroad; 4) Do this at a pace sufficiently fast to avoid collapse; and 5) Maintain decoupling over time.<sup>193</sup> But, as he and others have noted, "there is no empirical evidence supporting the existence of [...] an absolute, global, permanent, and sufficiently fast and large decoupling of environmental pressures (both resources and impacts) from economic growth."<sup>194</sup>

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188 Ibid, p. 24–26.

189 International Renewable Energy Agency, "Critical Minerals", <https://www.irena.org/Energy-Transition/Technology/Critical-materials#:~:text=Deep%20decarbonisation%20of%20energy%20systems,energy%20installations%20and%20storage%20solutions,20/06/2024>.

190 Parrique et al, "Decoupling Debunked Evidence and arguments against green growth as a sole strategy for sustainability", p. 20–21.

191 Ibid, p. 46.

192 This paragraph is based on: Parrique et al, "Decoupling Debunked Evidence and arguments against green growth as a sole strategy for sustainability", p. 46–48.

193 Timothée Parrique, 2023, "Addressing the limits of resource consumption: towards a resilient economy." Speech presented at the European Parliament Beyond Growth Conference, May 16, <https://www.beyond-growth-2023.eu/lecture/plenary-3-addressing-the-limits-of-resource-consumption/>, 22/08/2024.

194 Parrique et al, "Decoupling Debunked: Evidence and Arguments against Green Growth as a Sole Strategy for Sustainability", p. 31.



## The impact of the "energy transition" on global injustice

### The EU's "green growth" approach

The current narrative is that the EU is pursuing renewable energy projects in cooperation with non-EU countries through "mutually beneficial" partnerships, with a view to promoting their own economic development in a sustainable manner.

### Example

The recent trade agreement between the EU and Chile foresees the import of green hydrogen and lithium to power Europe's "green transition". It was described by European Commission President Ursula von der Leyen as a landmark that strengthens the economic security of both parties. But doubling or tripling energy production and exporting this to Europe is unlikely to improve the living conditions of most Chilean people, especially since issues of environmental justice or energy poverty in Chile are not considered priorities.<sup>195</sup>

According to Caritas Chile, agreements like this could perpetuate the export of raw materials without local added-value and fail to foster local industrialisation, in addition to increasing human rights violations and environmental degradation.

Similarly, incentives for increased production of wind, solar and green hydrogen energy have had a very negative impact in the region of Ceará in Brazil. The "green transition" in the Global North is pushing for large-scale projects that fail to respect the culture and territories of Quilombolas and Indigenous Peoples.<sup>196</sup>

### Analysis

The "energy transition" in Europe, in the way that it is currently being done, is in many ways perpetuating global inequalities and injustice. It is **putting more pressure on countries in the Global South**, i.e., on their ecosystems, water resources and their social fabric. And it is being driven by an industrial and urban lifestyle marked by overconsumption patterns that require an incredible amount of energy and that cannot be universalised. **This level of consumption inherently generates inequalities and exclusion**, within Europe and globally, for people experiencing poverty and marginalisation.<sup>197</sup>

According to Antônio Bispo dos Santos, a Brazilian Quilombola<sup>198</sup> leader and political activist: now even protected areas are being attacked by wind farms. How can one say that wind farms have little impact, that they are renewable, sustainable and ecological? Quilombola communities are displaced, and pastureland is taken over to make space for wind power plants. This is colonialism in its essence.<sup>199</sup>

In the pursuit of renewables as a magic solution, the EU is doubling down on deeply entrenched injustices.

195 Chile's exports of lithium and hydrogen "mostly benefit the small rich elites who are already at a level of energy and resource consumption similar to that in Europe. It supports their businesses and their lifestyles. The policy doesn't help those living in energy poverty and needing access to cleaner energy, who represent an important part of Chile's population." Green European Foundation, 2024, "Geopolitics of a Post-Growth Europe Being More With Less", p. 43, [https://gef.eu/wp-content/uploads/2024/01/Geopolitics\\_web.pdf](https://gef.eu/wp-content/uploads/2024/01/Geopolitics_web.pdf), 25/05/2024.

196 Testimony from Caritas Ceará, shared during consultative workshop organised between Caritas Europa and Caritas Latin America and the Caribbean, 2024.

197 Symposium "Care for the common home & Latin America and the Caribbean on the road to accelerating the just energy transition in terms of integral ecology", organised by Caritas Latin America and the Caribbean and their partners in September 2023, [https://www.youtube.com/watch?v=H7U\\_K9xzi9k](https://www.youtube.com/watch?v=H7U_K9xzi9k), 22/08/2024.

198 "Quilombo" or "quilombola communities" is the denomination for communities of black slaves who resisted the slavery regime that prevailed in Brazil for over 300 years and was abolished in 1888.

199 This is a paraphrased extract from Antônio Bispo dos Santos' book "A terra dá, a terra quer" ["The Earth gives, the Earth wants"], 2023, Ubu Editoria, p. 64.





# Part 4

## The EU's growth-oriented policies: the key to a just economy?

**Image:** A bridge destroyed by floods in Walporzheim, Rhineland-Palatinate, Germany (2021)  
**Credit:** Philipp Spalek/Caritas Germany



Complementing the analysis of the EU's overarching "green growth" narrative and approach, this section dives deeper into some of the EU's specific policy initiatives and explores how they support and reinforce the predominant economic system. It does not aim to present an exhaustive analysis of all relevant EU initiatives, but rather to illustrate how the EU's "green growth" approach has translated into policy and practice. We selected those initiatives that have begun to be negotiated or implemented within the last five years and that are particularly emblematic of the current trends, political priorities and mainstream rhetoric at EU-level. For each initiative, we present a brief analysis of some its main positive and concerning aspects from Caritas Europa's perspective.

While we take a more critical look at these initiatives, it is worth noting that the EU has also taken some positive steps that give a glimpse of the kind of EU leadership we want and need. Examples of these include the EU's withdrawal from the Energy Charter Treaty and the EU legislation banning products made with forced labour.

## The Economic Governance Review

During the COVID-19 crisis, the EU fiscal rules<sup>200</sup> were suspended in order to allow Member States to take measures protecting people and the economy against the impact of the COVID-19 crisis. The war in Ukraine and the cost-of-living crisis led to a continued suspension of the rules.

In 2024, the EU institutions agreed on a reform of the fiscal rules called "the Economic Governance Review" (EGR). The reform's overall objective is to reduce debt and deficit ratios in a "gradual, realistic, sustained and growth-friendly manner, while protecting reforms and investments in strategic areas such as digital, green or defence."<sup>201</sup>

### Pros

- ✓ The EGR creates a bit more fiscal space overall (though insufficient) for reforms and investments in common EU priorities (the green and digital transitions, social and economic resilience – including the European Pillar of Social Rights – energy security and, where necessary, the build-up of defence capabilities).
- ✓ It ensures that Member States report on public investment needs towards the common EU priorities. This might enable evidence-based policymaking and, hopefully, a better allocation of resources.<sup>202</sup>
- ✓ The EGR system will also be more tailored to each country on a case-by-case basis while following common rules.<sup>203</sup>
- ✓ It contains some provisions to allow more budgetary breathing space. Notably, they allow up to three extra years over the standard four to five to achieve the national objectives, in exchange for commitments to a relevant set of reforms and investments, respecting specific criteria.

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200 EU fiscal rules are rules for public spending that determine how much governments in the EU are allowed to spend on public essentials, such as health, education, social protection and climate action.

201 Council of the EU, 2024, "Economic Governance Review: Council adopts reform of fiscal rules", <https://www.consilium.europa.eu/en/press/press-releases/2024/04/29/economic-governance-review-council-adopts-reform-of-fiscal-rules/>, 25/05/2024.

202 Katja Reuter, 2024, "New EU fiscal rules inadequate to tackle Europe's challenges", Social Platform, <https://www.socialplatform.org/news/new-eu-fiscal-rules-inadequate-to-tackle-europes-challenges/>, 20/06/2024.

203 European Youth Forum, 2024, "New Fiscal Rules Agreed: What it Means for Young People in Europe", <https://www.youthforum.org/news/new-fiscal-rules>, 20/06/2024.



## Cons

- ✗ The EGR still forces Member States to reach arbitrary debt (60% debt-to-GDP) and deficit (3% of deficit-to-GDP) ratios, which risks severely restricting their capacity to invest.<sup>204</sup> New strict numerical debt and deficit reduction requirements are particularly problematic, especially the requirement for countries above 3% deficit or 60% debt to reduce their structural deficit to below 1.5% of GDP.<sup>205</sup> The IMF now finds that, on average, this type of fiscal consolidation does not reduce debt-to-GDP and instead increases total debt.<sup>206</sup> To follow these rules, Member States may have to implement significant expenditure cuts. This is highly problematic as green and social investment needs are increasing (e.g. ensuring a socially just transition). According to the Commission, the EU has a social investment gap (e.g. in education, healthcare and affordable housing infrastructure) of €192 billion (1.3% of EU GDP in 2021<sup>207</sup>), while the European Environment Agency estimates that an investment of around €520 billion per year from 2021-2030 is needed to achieve the implementation of the European Green Deal.<sup>208</sup>
- ✗ As a result of the new rules, most Member States, including major economies like Germany, France, Italy and Spain, will be unable to make the green and social investments needed. Only Ireland, Denmark and Sweden will be able to spend enough money to support their social infrastructure and fulfil their climate commitments.<sup>209</sup>
- ✗ The first impacts of the new fiscal rules can already be seen: Germany has significantly cut its budgets, including in green investments,<sup>210</sup> and France has announced a €1.4 billion cut to its “green transition” budget axing investments in energy-efficient home renovations, which could ultimately require greater public spending in the future (e.g. higher climate adaptation costs or energy subsidies for low-income families).<sup>211</sup>

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204 Reuter, “New EU fiscal rules inadequate to tackle Europe’s challenges”.

205 Ibid.

206 Sebastian Mang and Dominic Caddick, 2024, “Navigating Constraints for Progress: Examining the Impact of EU Fiscal Rules of Social and Green Investments”, European Trade Union Confederation and New Economics Foundation, p. 4, <https://etuc.org/sites/default/files/publication/file/2024-04/Publication%20-%20Fiscal%20Rules%20Report.pdf>, 20/06/2024.

207 European Commission, 2020, “Commission Staff Working Document: Identifying Europe’s recovery needs”, SWD98 final, Brussels, p. 22.

208 European Environment Agency, 2023, “Investments in the sustainability transition: leveraging green industrial policy against emerging constraints”, <https://www.eea.europa.eu/publications/investments-into-the-sustainability-transition/>, 21/06/2024.

209 Mang and Caddick, “Navigating Constraints for Progress: Examining the Impact of EU Fiscal Rules of Social and Green Investments”, p. 14.

210 Fiscal Matters, 2024, “Fiscal Follies: How new EU rules miss the mark on climate and prosperity”, <https://www.socialplatform.org/documents/fiscal-matters-statement-on-trialogue-outcome/>, 22/08/2024.

211 Mang and Caddick, “Navigating Constraints for Progress: Examining the Impact of EU Fiscal Rules of Social and Green Investments”, p. 5.

## The European Green Deal

The [European Green Deal](#) (EGD) was launched by the Commission in December 2019 and comprises lots of measures to “green” the European economy and make the EU climate-neutral by 2050. The Commission President von der Leyen [presented](#) the EGD as “our new growth strategy”. It includes initiatives covering the climate, the environment, energy, transport, industry, agriculture and sustainable finance.

The aim of the EGD is to transform the EU into a modern, resource-efficient and competitive economy, ensuring zero net emissions of greenhouse gases by 2050 and economic growth decoupled from resource use, without leaving any person or place behind. “Our goal is to reconcile the economy with our planet, to reconcile the way we produce, the way we consume with our planet, and to make it work for our people”.<sup>212</sup>

### Pros

- ✓ The EGD recognises the importance of climate change and its adverse effects as well as the importance of political leadership for climate action.
- ✓ It set in motion important new policies, such as the Circular Economy Action Plan. The “Fit for 55” package also sets out important legislative revisions, such as for the Renewable Energy Directive.

### Cons

- ✗ **The EGD has not been ambitious enough regarding the pace of actual change.** “The EU’s reduction target for greenhouse gas emissions of 55% by 2030 is not aligned with what science requires. The EU needs to achieve a 65% reduction by 2030 compared to 1990 levels.”<sup>213</sup>
- ✗ It has been weak on constraining measures, which reflects the “efforts by industry [...] and other vested interests who want to maintain the status quo to hollow out the measures.”<sup>214</sup> For example, “the Climate Neutrality target is only binding at EU level [...] it contains no phase out date for fossil fuels [...] is weak on governance, lacks binding targets for renewable energy and energy efficiency at national level, [and] is weak on the polluter pays principle.”<sup>215</sup>
- ✗ It does not refer to or promote energy sufficiency. It “encourages the overproduction of energy, as existing renewable energy capacity will not replace fossil fuel or nuclear, but will be in addition due to growth of total energy output by 2030 or 2050.”<sup>216</sup> It contains many initiatives that seem to be primarily designed to fulfil the desires and the privileged lifestyles of those who are already better off, rather than to fulfil the needs of those furthest behind (e.g. the use of batteries or green hydrogen in electric cars or the use of magnesium and scandium to build airplanes do not help those marginalised in Europe).

212 Ursula von der Leyen quote: Frederic Simon, 2019, “EU Commission unveils ‘European Green Deal’: The key points”, <https://www.euractiv.com/section/energy-environment/news/eu-commission-unveils-european-green-deal-the-key-points/>, 20/04/2024.

213 European Environmental Bureau, 2023, “Gap Assessment of the European Green Deal”, p. 12, <https://eeb.org/wp-content/uploads/2023/06/Final-Report-Gap-Analysis.pdf>, 22/06/2024.

214 Ibid, p. 11.

215 Ibid, p. 12.

216 Ibid, p. 18.

- ✗ **Many of the measures proposed in the EGD**, including the Energy Performance of Buildings Directive, the Energy Efficiency Directive and the Renewable Energy Directive, **could disproportionately impact low-income households**. They will set ambitious targets for better energy use in the EU, but energy-poor households will struggle to reach these targets without adequate support to help them pay initial energy-efficient upgrade costs.
- ✗ Overall, its measures could lead to “50% increase in energy costs for the lowest income quintile, with likely increases in the cost of housing and 17% increase in food costs.” This will also place greater burden on social service providers to both reduce their own energy consumption and carbon emissions, while supporting struggling households.
- ✗ Almost half (45%) of those with expertise on ensuring a just transition believe progress made towards mainstreaming it since 2019 has been poor.<sup>217</sup>
- ✗ **It does not consider how the European economy affects the rest of the world through spillover effects from its policies and practices.**
- ✗ The negative consequences of “greening” the European economy impact lower-income countries in the Global South particularly heavily (as described in part III on the environmental and human rights risks related to the “energy transition”), where the EU sources most of its raw materials.
- ✗ Some EU regulations launched under the EGD have been developed unilaterally, without adopting a partnership approach with non-EU countries despite such regulations having a direct impact on them. The [EU Carbon Border Adjustment Mechanism](#), for example, imposes border charges for polluting exports coming from outside the EU, without offering any exemption or proposing to use part of the revenues generated by the carbon tax to help low-income countries decarbonise their exports.<sup>218</sup>

## The Social Climate Fund

The [Social Climate Fund](#) (SCF) was created alongside a new emissions trading system ([ETS2](#)) for emissions from fuel combustion in buildings, road transport and additional sectors. It will provide EU Member States with dedicated funding so that the most affected groups from the ETS2 are directly supported and not left behind during the “green transition”. Member States may use the SCF to support structural measures and investments in energy efficiency and renovation of buildings, clean heating and cooling, integration of renewable energy and zero- and low-emission mobility solutions. Moreover, Member States will have the option of spending part of the resources on temporary direct income support. All these measures and investments will be compiled in national Social Climate Plans, which will be submitted to the European Commission by June 2025.

### Pros

- ✓ The SCF, as of 2026, will provide some financial support measures for the benefit of vulnerable households and transport users, due to the additional costs from the ETS2.

217 Institute for European Environmental Policy, 2024, “European Green Deal Barometer”, p. 5, <https://ieep.eu/wp-content/uploads/2024/05/European-Green-Deal-Barometer-2024-4th-edition.pdf>, 05/06/2024.

218 Rob Merrick, 2023, “EU carbon tax could dwarf aid to Africa, and countries aren’t ready”, Devex, <https://www.devex.com/news/eu-carbon-tax-could-dwarf-aid-to-africa-and-countries-aren-t-ready-106658>, 22/08/2024



## Cons

- ✗ The SCF, though it aims to financially support vulnerable households and transport users, does not have the sufficient resources. The ETS2 will place a carbon tax on the use of carbon-based energy in homes and for transport from 2027. This will produce higher energy costs, **disproportionately impacting low-income households** as they spend a higher percentage of their income on energy and cannot make cutbacks in other areas of their life to compensate. It will also increase transport costs. It is estimated that the new emissions trading system will cost the lowest income groups an estimated €600- 1112 billion. However, with an average distribution of €10 billion per year during the period 2025-2032, the SCF will not effectively tackle these financial challenges.<sup>219</sup>

## The Circular Economy Action Plan

The [Circular Economy Action Plan](#) (CEAP) was published by the European Commission in March 2020. It is one of the main building blocks of the EGD. The new Action Plan aims to “make our economy fit for a green future, strengthen our competitiveness while protecting the environment and give new rights to consumers.”<sup>220</sup> It focuses on the design and production for a circular economy to ensure that the resources used are kept in the EU economy for as long as possible.

## Pros

- ✓ The CEAP includes a sustainable product policy initiative that will ensure that products placed on the EU market are sustainable through eco-design.
- ✓ It includes a “right to repair” initiative to make it easier for consumers to get their products repaired and better information for consumers on products’ lifespan and reparability.
- ✓ It includes several sector-specific initiatives for the product groups with the largest environmental footprints including electronics, batteries and vehicles, plastic and packaging, textiles, construction, and food and nutrients.
- ✓ It includes several initiatives to prevent waste in food and packaging as well as to halve the amount of non-recycled waste by 2030.
- ✓ It refers to a monitoring framework to measure wellbeing “beyond GDP”.

## Cons

- ✗ **The CEAP does not include an overall target to reduce the EU’s resource consumption** (despite being considered in earlier drafts), despite expressing the need to decouple growth from resource use, keep consumption within planetary boundaries and develop indicators in these areas.

<sup>219</sup> Social Platform, 2024, “Rebalancing the European Green Deal: Towards a Green and Social Deal”, p. 5, <https://www.socialplatform.org/documents/position-paper-rebalancing-the-european-green-deal-towards-a-green-and-social-deal/>, 25/06/2024.

<sup>220</sup> European Commission, 2020, “New Circular Economy Action Plan”, [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_420](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_420), 25/07/2024.

- ✗ It does not include a commitment to ensuring a fair balance of access to resources. While large parts of Europe need to reduce their material consumption, some regions still need to increase their consumption of certain products and services. For instance, the level of material deprivation (the inability to afford a particular standard of living that is generally considered acceptable) varies from 3% of the Swedish population to 47% of the Bulgarian population.<sup>221</sup>
- ✗ It has no provisions to restrict unsustainable mining practices in or outside the EU.
- ✗ It is missing a more comprehensive approach to assess the consequences of Europe's production and consumption in non-EU countries.
- ✗ It fails to question the continued focus on growth.

### The Critical Raw Materials Act (CRMA)

The [Critical Raw Materials Act](#) (CRMA) was designed in 2023 to ensure the supply diversification of critical raw materials for the bloc to deliver on the European Green Deal and on the EU's plan to become carbon neutral by 2050.<sup>222</sup> To swiftly respond to a surge in demand in Europe and to compete against other players (e.g. China), it foresees the possibility of launching "strategic projects", which will be fast-tracked and granted speedy environmental permitting.<sup>223</sup> To diversify the supply chain and reduce strategic dependencies, it envisages the pursuit of Raw Materials Diplomacy through the establishment of "Strategic Partnerships" with non-EU countries, usually agreed in the framework of a Memorandum of Understanding.

#### Pros

- ✓ The CRMA can help accelerate the phasing out of fossil fuels.
- ✓ It refers to the need to engage with Indigenous Peoples, according to national and international guidelines, principles and agreements, including, but not limited to, the UN Declaration on the Rights of Indigenous Peoples, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.
- ✓ It states that the EU should consider helping improve partner countries' ability to ensure the monitoring, prevention and minimisation of adverse environmental impacts.
- ✓ It states that "in emerging markets and developing economies", projects should be "mutually beneficial" for the EU and the partner country involved and add value in that country.
- ✓ Under the CRMA, many Memorandums of Understanding (MoUs) of recently launched Strategic Partnerships with non-EU countries include measures of value addition in the resource-country, covering skill and capacity development, job creation and training and, in some cases, economic diversification and knowledge transfer.

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221 M. Pantzar and T. Suljada, 2020, "Delivering a circular economy within the planet's boundaries: An analysis of the new EU Circular Economy Action Plan", Institute for European Environmental Policy (IEEP) and Stockholm Environment Institute (SEI): Brussels and Stockholm, p. 17, [https://ieep.eu/wp-content/uploads/2022/12/Analysis-of-the-EU-Circular-Economy-Action-Plan-2020\\_web.pdf](https://ieep.eu/wp-content/uploads/2022/12/Analysis-of-the-EU-Circular-Economy-Action-Plan-2020_web.pdf), 27/6/2024.

222 For an overview of the CRMA, see:

[https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/critical-raw-materials/critical-raw-materials-act\\_en](https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/critical-raw-materials/critical-raw-materials-act_en)

223 Selected strategic projects will benefit from support for access to finance and shorter permitting timeframes (24 months for extraction permits and 12 months for processing and recycling permits).

## Cons

- ✗ The CRMA tries to address decarbonisation, but there is **no serious effort toward dematerialisation**. Instead of placing demand reduction as its first and most important pillar, the Regulation is based on minerals demand predictions that assume a significant increase in energy consumption in Europe and lacks benchmarks and specific binding targets for demand reduction.<sup>224</sup>
- ✗ It does not make an explicit re-commitment to the rights of Indigenous Peoples to Free, Prior and Informed Consent and lacks legal enforcement mechanisms to prevent environmental degradation and human rights abuses. Instead, it excessively relies on certification schemes for environmental sustainability,<sup>225</sup> which should not replace a fuller assessment of a company's performance on all environmental dimensions nor on human rights, Indigenous Peoples' rights and social dimensions.
- ✗ The design of "strategic projects", by prioritising speed, fails to account for the fact that mining requires long-term investments, with the right protections to minimise environmental and social harm. As such, strategic projects cannot accommodate meaningful participation of civil society, Indigenous Peoples and (potentially) affected local communities in partner countries and robust safeguarding mechanisms, and therefore bear the risks of exacerbating abuses and of circumventing democratic participation.<sup>226</sup>
- ✗ Considering that the CRMA was designed to secure the EU's access to critical raw materials for the EU's "energy transition", **it is unlikely that it will meaningfully support partner countries' own decarbonisation plans and energy needs. It is also unlikely that it will contribute to partner countries' industrialisation objectives**, as the Regulation does not clarify the extent to which or how it may do so – it does not include binding commitments related to "mutually beneficial" partnerships and it has no specific definition of "local value addition", leaving uncertainty regarding the extent to which these commitments will be measured or met in practice.
- ✗ Patterns in trading relationships between the EU and Global South countries do not point to an optimistic scenario for partner countries. For instance, in 2021, 68% of goods exported from Europe to Africa were manufactured goods, whereas the majority (65%) of imports from Africa were primary goods (including raw materials and energy).<sup>227</sup>

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224 European Environmental Bureau, 2024, "Limiting environmental damage, human rights abuses and Indigenous Peoples' rights violations: Civil society guidelines for the implementation of the EU Critical Raw Materials Regulation", p. 6-9, <https://eeb.org/wp-content/uploads/2024/02/EEB-CRMA-2-1.pdf>, 27/07/2024.

225 Certification schemes are "voluntary initiatives that seek to assess and certify companies' respect for human rights and the environment. Voluntary initiatives typically rely on third-party auditors to assess companies or facilities against a standard developed by the initiative. [...]. Mining companies frequently cite certification results to regulators, customers, and investors as evidence of their responsible business conduct." For more details about how these schemes work and their weaknesses, see: <https://www.hrw.org/news/2023/05/24/eus-flawed-reliance-audits-certifications-raw-materials-rules>

226 European Environmental Bureau, 2023, "A Turning Point: The Critical Raw Material Act's needs for a Social and Just Green Transition", p. 10, 13, <https://eeb.org/wp-content/uploads/2023/07/CRMA-Position-Paper-Final-3.pdf>, 25/06/2024.

227 Eurostat, 2022, "Archive: Africa-EU - international trade in goods statistics", [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Archive:Africa-EU\\_-\\_international\\_trade\\_in\\_goods\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Archive:Africa-EU_-_international_trade_in_goods_statistics), 25/06/2024.



- ✘ In this context of highly imbalanced trading relationships, some Global South countries have developed measures to support their efforts of national industrialisation, such as banning the exports of some raw materials or requiring their manufacturing in-country prior to export.<sup>228</sup> But they have faced fierce push-back from the EU, which has not hesitated to launch dispute settlement cases under the WTO.<sup>229</sup> Differently from the vague references to “mutual benefits” in the CRMA, the EU’s Free Trade Agreements (FTA), many of which have Energy and Raw Material chapters, include legally binding provisions that leave little room for partner countries to maintain control over their mineral resources.<sup>230</sup> Indeed, existing trade rules of the WTO and FTAs tend to support foreign access over local “development”.
- ✘ If the CRMA, combined with other EU tools such as FTAs, cannot enable much or any processing in the same place where natural resources are taken from reserves, then it will do little to address and might rather reinforce global imbalances.<sup>231</sup>
- ✘ Despite the MoUs providing more detail than the CRMA regarding measures of value addition in the resource-country, they still lack explicit plans for achieving these value addition ambitions and for further crucial value addition measures, such as the sharing of knowledge, technology, patents and capital and the willingness to import finished goods.<sup>232</sup> They also still lack clarity on whether and how mineral-rich countries will receive fair share of revenue from the extraction of resources.<sup>233</sup>
- ✘ The MoU framework lacks transparency, including the publication of accompanying documents, such as roadmaps and impact assessments.

## The EU’s international commitments in the Paris Agreement

The [Paris Agreement of 2015](#) aims to limit global warming. Each country that is signatory to the agreement sets and communicates its own targets for reducing greenhouse gas emissions. The EU and all its Member States agreed to reduce their emissions and to continue to provide climate finance to help vulnerable countries to both reduce emissions and build resilience to deal with the effects of climate change. The European Green Deal is the EU’s strategy to reach the goal of achieving climate neutrality by 2050 and deliver on other commitments under the Paris Agreement.

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228 Recent examples include Chile and Zimbabwe. For more details, see: <https://ecdpm.org/work/resource-nationalism-age-green-industrialisation>

229 See, for example, the EU’s dispute settlement case on Indonesian nickel export restrictions: [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_22\\_7314](https://ec.europa.eu/commission/presscorner/detail/en/IP_22_7314)

230 Transnational Institute, 2024, “The Raw Materials Rush – How the European Union is using trade agreements to secure supply of critical raw materials for its green transition”, p. 15, 25, <https://www.tni.org/en/publication/the-raw-materials-rush>, 05/03/2024.

231 For more details about the centrality of EU competitiveness concerns in new critical raw materials partnerships and about the risk that such partnerships lead to new forms of extractivism, see: <https://www.linkedin.com/pulse/crm-partnerships-complex-rivalrous-multilayered-bruce-byiers-qjj2e/?trackingId=u%2FHtkiHDTJjrRFdxsTNzw%3D%3D>; <https://www.somo.nl/the-eus-critical-minerals-crusade/>; <https://gef.eu/project/geopolitics-post-growth-europe/>

232 European Environmental Bureau, “Limiting environmental damage, human rights abuses and Indigenous Peoples’ rights violations: Civil society guidelines for the implementation of the EU Critical Raw Materials Regulation”, p. 17.

233 European Environmental Bureau, Fern, SOMO, EU Raw Materials Coalition, Publish What You Pay, Seas at Risk, PowerShift, milieudéfense, Natural Resource Governance Institute, Transport & Environment, Brot für die Welt, 2023, “A partnership of Equals? How to strengthen the EU’s Critical Raw Materials Strategic Partnerships”, p. 11. [https://eeb.org/wp-content/uploads/2023/11/A\\_Partnership\\_of\\_Equals\\_01.pdf](https://eeb.org/wp-content/uploads/2023/11/A_Partnership_of_Equals_01.pdf), 25/07/2024.

## Pros

- ✓ The EGD, in coherence with the Paris Agreement, establishes that the EU's international cooperation and partnership policy should channel funds to help partner countries reduce emissions (mitigation) and build resilience to deal with the effects of climate change (adaptation). The EU and its 27 Member States are the biggest providers of climate finance in the world.

## Cons

- ✗ EU Member States have not mobilised and provided the promised amount of climate financing – the previous target of \$100 billion per year by 2020 was never achieved.<sup>234</sup>
- ✗ The majority of climate financing from the EU has accounted for mitigation,<sup>235</sup> whereas Global South countries have been demanding more support for their climate adaptation needs, which are 10-18 times bigger than international public finance flows.<sup>236</sup>
- ✗ Around 50% of climate finance provided by the EU Institutions in the past years came in the form of loans, most of which were non-concessional (i.e. provided in terms closer to what can be found on commercial markets rather than in terms favourable to the recipient).<sup>237</sup> 93% of climate-vulnerable countries are either in debt distress or at significant risk of it.<sup>238</sup> If these flows are to represent progress for climate-vulnerable countries and communities, then they should not push them into further debt. As an illustration of the risk of rising debt burden, as per 2021 statistics from the [World Bank](#), lower-income countries spent over five times more on external debt repayments than on climate adaptation.
- ✗ **The insufficient climate finance has undermined trust between Global North and Global South countries** at UN climate negotiations and put a significant strain on the EU's relations with Africa.<sup>239</sup> Neglecting or downplaying the Green Deal could come at a cost for the EU when it comes to its global climate leadership and its aspiring role of being a trusted global partner.

234 David Ainsworth, 2023, "Campaigners warn of \$343 billion climate finance 'black hole'", Devex, <https://www.devex.com/news/campaigners-warn-of-343-billion-climate-finance-black-hole-106691>, 22/08/2024.

235 An analysis developed by CAN Europe indicates that the share of funds going to adaptation from the EU as a whole in 2022 was of 37%, and that this share remains largely unchanged since 2019, far from achieving the agreed balance between mitigation and adaptation. See: <https://caneurope.org/report-assessing-international-climate-finance-by-the-eu-and-member-states-key-insights-for-shaping-the-new-climate-finance-goal/>

236 United Nations Environment Programme, 2023, "Adaptation Gap Report", p. 30, <https://www.unep.org/resources/adaptation-gap-report-2023>, 22/08/2024.

237 Climate Action Network, 2024, "Report: Assessing International Climate Finance by the EU and Member States: Key Insights for Shaping the New Climate Finance Goal", p. 38-39, <https://caneurope.org/report-assessing-international-climate-finance-by-the-eu-and-member-states-key-insights-for-shaping-the-new-climate-finance-goal/>, 15/06/2024.

238 Debt Justice, "Countries in crisis".

239 See for example: <https://ecdpm.org/work/africa-eu-climate-and-energy-diplomacy-times-geopolitical-crisis> p, 13.

## The Global Gateway as the EU's new development model

The [Global Gateway](#) was presented in 2021 as the EU's new international "development" model. It comprises so-called "flagship projects" that focus on major investments in infrastructure development in the world, notably in the energy sector, and on mobilising private sector funding and partnering with big companies.

### Pros

- ✓ The Global Gateway has the stated objective of mobilising resources to help achieve the SDGs and of establishing "win-win" partnerships, responding to partner countries' interests. It is effectively structuring EU "development" cooperation around the Global Gateway flagship projects.<sup>240</sup>
- ✓ It is meant to adopt a so-called "360 approach", addressing issues related to the enabling environment, regulatory frameworks and norms and standards for European business.
- ✓ It has the proclaimed intention to present a "better offer" to partner countries based on EU values of democracy and human rights, alongside concerns regarding environmental protection.

### Cons

- ✗ The Global Gateway is designed to help "create market opportunities" for European businesses, which contradicts the EU's "development cooperation" primary purpose of eradicating poverty and reducing inequalities in the Global South and which is at odds with EU Treaties and the [EU's external budget Regulation](#). In practice, the narrative of "creating an enabling environment" for European business, and the investor's focus on return **risks diverting scarce public resources from poverty and inequalities reduction in places and countries that need them the most** and in sectors such as health, education and social protection.
- ✗ This narrative of "creating an enabling environment" for business means a greater risk of influencing decision-making and legislation changes in partner countries to suit the needs of foreign (European) investors instead of addressing obstacles that local businesses and smallholder farmers face.
- ✗ It uses Export Credit Agencies (ECAs)<sup>241</sup> as a key finance instrument, which is inappropriate due to the contradiction between their mandate to promote the interests of European companies and several key goals of the EU's cooperation with partner countries (SDGs, human rights standards, just transition in partner countries).<sup>242</sup>
- ✗ It is unlikely to succeed in promoting the "energy transition" fast enough and in advancing the urgent task of decarbonisation, considering the current challenges in mobilising the private sector to invest in renewable energy (as described in part III on the mainstream renewable energy model that is being promoted).<sup>243</sup>

240 Global Gateway interventions should adopt a "360-degree approach", encompassing both hard and soft infrastructure, to tackle supply (production) and demand (needs) side issues. See:

<https://ecdpm.org/application/files/1617/1776/7785/Global-Gateway-Where-now-and-where-to-next-ECDPM-Discussion-Paper-2024.pdf>, p. 4.

241 ECA is a public agency that provides government-backed loans, guarantees, credit and insurance to private corporations from their home country when they are seeking to do business overseas in lower income countries and emerging markets (<https://www.eca-watch.org/node/1>). They therefore have a specific role in promoting the interest of national companies in non-EU countries, not development of the local productive sector in the Global South.

242 Counter Balance, 2024, "No Role for Export Credits in the EU's Development Finance", <https://counter-balance.org/uploads/files/ECA-DFI.pdf>, 22/08/2024.

243 For more information, see the recent Council Conclusions that confirm that "ensuring the participation of the private sector remains a challenge", <https://data.consilium.europa.eu/doc/document/ST-11343-2024-INIT/en/pdf> para. 7, 8k



- ✘ It argues that limited public resources justify and demand a reliance on private finance. This is deeply irresponsible, considering that a major reason for the limited public resources is largely due to systemic issues, such as tax abuse and debt accumulation (as described in part II).
- ✘ The narrative of a “value-based offer” and human rights and environmental protection is very divorced from the actual mechanisms to monitor and implement such standards. While the Global Gateway heavily relies on the private sector, mobilising private capital is not always beneficial, private investors have often been harmful partners in achieving public goals (as described in part I on corporate capture). However, it will take years before the EU's Corporate Sustainability Due Diligence Directive is incorporated into EU Member States' national legislation and becomes applicable and, even when it does, it will not cover many companies and sectors.<sup>244</sup> It will exempt the financial sector, which is particularly problematic in the case of the Global Gateway, which largely relies on financial institutions like development banks. As a result, these institutions might invest in companies involved in conflict mineral sourcing or support agricultural firms engaged in land grabbing without facing significant liability for such actions.
- ✘ It lacks robust mechanisms for transparency and civil society engagement and for publicly accountable control of critical infrastructure. The Global Gateway Civil Society Platform has no mandate to influence the choice and design of projects and is unable to meaningfully monitor their implementation due to the lack of available public information.

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<sup>244</sup> Member States are expected to implement the Directive in progressive stages, reaching the objective of covering all companies employing more than 1,000 employees and a net turnover of EUR 450 million only by 2029.

See: <https://corporatejustice.org/publications/overview-of-the-corporate-sustainability-due-diligence-directive-advancing-corporate-responsibility>, p. 14.



# Conclusions

**Image:** Philippines Haiyan recovery efforts (2014)  
**Credit:** Palo Lukasz Cholewiak/Caritas

## What does this all say about the values of the predominant economic system?

What does this all say about the basic tenet of our economic system, about the underlying values guiding the EU's political priorities and policy choices and about the coherence of recent EU initiatives with its aspirations of social justice and environmental responsibility?

The above analysis of the inner dynamics of the predominant economic system goes to show that the focus on growth, including the "green growth" approach, is based on a particular understanding of the world.<sup>245</sup> One that sees and turns natural entities and processes into goods and services that can be bought and sold for a profit, seeking the commodification of ever more spheres of life. One that artificially looks upon the individual as independent from the collective and runs on the logic of competition. One that idolises speed and quantity, aiming at maximum gain at minimum cost, not at realising human rights.<sup>246</sup>

The problem with these values that define the modern economic system is that, in fact, they "make impossible any sincere concern for our common home and any real preoccupation about assisting [people in vulnerable situations] discarded by our society."<sup>247</sup> The sad truth is that, **within our current system – the one which we are all living in and are complicit with – the economy can only thrive if and when we abuse living beings.**

The quest for growth leads policymakers to promote initiatives that maximise efficiency gains

and monetary value, undermining other values. Despite politics having a responsibility to ensure a democratic, socially just society, there is a distressing lack of long-term strategic thinking by EU institutions and Member states, who are failing to present intellectual leadership and are sacrificing important long-term principles for marginal, short-term gains. Most of the initiatives proposed at EU level so far do not live up to the environmental and social challenges of our times and to ensuring a hopeful future. As David Boyd, former UN Special Rapporteur on Human rights and the Environment, eloquently puts it: "over 40 million people have died of air pollution since I became special rapporteur in 2018, yet I just can't get people to care. I can't get people to bat an eyelash. It's like there's something wrong with our brains that we can't understand just how grave this situation is."<sup>248</sup> Similarly, Pope Francis emphasises that "[t]he problem is that we still lack the culture needed to confront this crisis. We lack leadership capable of striking out on new paths and meeting the needs of the present with concern for all and without prejudice towards coming generations."<sup>249</sup>

At a deeper and more personal level, our economic system distorts relationships between people, between people and the rest of nature and between generations. It creates a sense of "us vs. them" and "human vs. nature" that deeply affects our way of being and that continuously breaks down our social, cultural and ecological fabric. It fosters greater consumerist individualism and less integration, and it does not incentivise us "to set limits on ourselves in order to avoid the suffering of others or the deterioration of our surroundings"<sup>250</sup> or to avoid "bypass[ing] the dignity and the rights

245 Johannes Moravitz, 2024, "Root causes of the climate crisis and political obstacles: a Catholic Social Teaching perspective", *International Journal for the Study of the Christian Church*, p. 1–13, <https://doi.org/10.1080/1474225X.2024.2339044>, 15/05/2024.

246 See more in the European Parliamentary Research Service report "Beyond Growth - Pathways towards sustainable prosperity in the EU", 2023, which discusses how "current values and worldviews dominating western cultures, rooted in individualism, materialism, and anthropocentric worldviews, are driving ecological breakdown", [https://www.europarl.europa.eu/thinktank/en/document/EPRS\\_STU\(2023\)747108](https://www.europarl.europa.eu/thinktank/en/document/EPRS_STU(2023)747108)

247 Pope Francis, 2023, *Laudate Deum*, The Holy See, para. 31, [https://www.vatican.va/content/francesco/en/apost\\_exhortations/documents/20231004-laudate-deum.html](https://www.vatican.va/content/francesco/en/apost_exhortations/documents/20231004-laudate-deum.html), 25/05/2024.

248 Nina Lakhani, 2024, "UN expert attacks 'exploitative' world economy in fight to save planet", *The Guardian*, <https://www.theguardian.com/world/article/2024/may/07/un-expert-human-rights-climate-crisis-economy>, 19/05/2024.

249 Pope Francis, *Laudato Si'*, para. 53.

250 *Ibid*, para. 208.



of other individuals or their social groupings,<sup>251</sup> even though “every economic decision has a moral consequence”.<sup>252</sup> **Relationships become mainly financial and transactional, limiting our opportunities to express and experience compassion, cooperation, reciprocity, generosity and abundance** – limiting our ability to live meaningful lives. The emissions of this economic growth exhaust leave little oxygen for values grounded in a relational logic, such as social justice, solidarity and common good. “Individualism does not make us more free, more equal, more fraternal. The mere sum of individual interests is not capable of generating a better world for the whole human family. Nor can it save us from the many ills that are now increasingly globalized. Radical individualism is a virus that is extremely difficult to eliminate, for it is clever. It makes us believe that everything consists in giving free rein to our own ambitions, as if by pursuing ever greater ambitions and creating safety nets we would somehow be serving the common good.”<sup>253</sup>

In this sense, in this system in which financial capital is the main form of wealth, we face poverty not only in economic terms and in terms of fulfilment of basic needs, but also in terms of absence of opportunity, voice and power over how we manage our resources, how we interact with one another and with the rest of nature, how we live our lives and how we build our future.



**[...] we find ourselves immersed in societies of serial consumers who live from day to day, dominated by the hectic pace and bombarded by technology, lacking in the patience needed to engage in the processes that an interior life by its very nature requires.”**

**Pope Francis, Dilexit Nos 9 (2024)**

All of this shows **the need for us to recover the values and the common good goals that have been undermined by individualism and the predominant economic system.** If we consider the impact of our actions and decisions on the world around us and embrace others, we can develop a different lifestyle and bring about significant changes in economy and society.<sup>254</sup>

## **Building a just economy for the common good – the politics we need**

In the face of these overwhelming challenges, how can the EU and European national governments help transform the economy and ensure flourishing lives for all – present and future generations – and a flourishing common home?

We need a strategy that is built not only on changes to our current environmental, climate and social policies, but also, and crucially, to our economic and financial policies and, at a deeper level, to **the way we think about progress, “development” and what constitutes a good, fulfilling life.** Our collective labour and our natural resources have been increasingly dominated by the overwhelming objective of profit maximisation by the largest corporations and the wealthiest individuals for far too long. They effectively determine what we should produce, for what purpose and for whose benefit. We do not have proper democratic control or public ownership of our productive forces. When it comes to the economy, many of us are barely conscious about how it works and why.

It is thus not surprising that liberal democracies are today confronted with a wave of popular distrust in their ability to serve the majority of their citizens and solve the multiple crises that threaten our future. A strategy to solve them requires above all

251 Pope Francis, Fratelli Tutti, para. 171.

252 Pope Benedict XVI, Caritas in Veritate, para. 37.

253 Pope Francis, Fratelli Tutti, para. 105.

254 Pope Francis, Laudato Si’, para. 208.

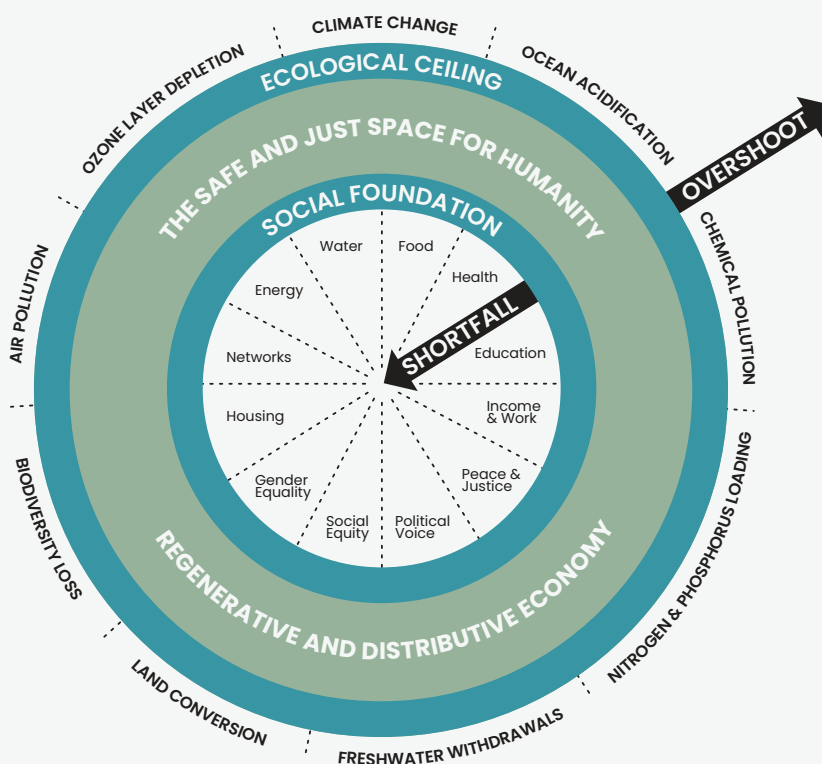


a fundamental change in our economic system, underpinned by a change in our attitude towards the economy. Subjecting politics to the economy and relying on narrow notions of progress based on endless economic growth must be a thing of the past. Incorporating environmental and human rights considerations into policies as an afterthought, through an unambitious “do-no-harm” approach, must be a thing of the past. False dichotomies between social and environmental goals and between groups of people must be a thing of the past. Stopgap solutions that offer relief in the short-term but do not address the root causes of our most pressing challenges must be a thing of the past.

In 2012, the economist Kate Raworth developed the concept of “[doughnut economics](#)”. At the core of this concept was a diagram of a doughnut with two concentric rings. The outer ring depicts the ecological ceiling, i.e. the planetary boundaries, while the inner ring depicts the social foundation, comprising life’s essentials.<sup>255</sup> In between these two rings is the ecologically safe and socially just space for humanity where, in theory, everyone has everything they need for a good life while ensuring a healthy ecosystem. Above the ecological ceiling we are overshooting the planetary boundaries and below the social foundation we are falling short on providing everyone with the essentials they need for life.

**Figure 5: The Doughnut**

Adapted from Doughnut Economics Action Lab



255 The social foundation of Doughnut Economics comprises 12 social dimensions that are derived from the social priorities specified in the UN's SDGs. For more information, see Raworth, *Doughnut Economics: Seven Ways to Think like a 21st-Century Economist*, p. 300-301.

This model has already been adopted by local and regional governments all over the world, including in Brussels, (Belgium) Barcelona (Spain), Amsterdam (The Netherlands), Yerevan (Armenia), São Paulo (Brazil), Mexico City (Mexico), Santiago de Cali (Colombia), Ipoh (Malaysia) and the Thimphu-Paro region (Bhutan). In each place, it needs to be adapted to suit the economic, political and cultural context through public engagement.

It is clear from our analysis above that **Europe is currently not occupying that safe and just space**. Not only are we surpassing the thresholds for six out of nine planetary boundaries, we are also living in a society where 95 million people are at risk of poverty or social exclusion<sup>256</sup> in the second richest continent in the world. If that was not bad enough, we are also preventing other people on other continents from enjoying that safe and just space as a result of our policy choices.

As long as our economy is driven by profit and limitless economic growth, it will continue to be destructive, in social, environmental and political terms. Neither our common home nor people experiencing poverty have the luxury of waiting any longer for Europe's economic growth narrative and "green growth" approach to change. At two degrees warming, 9% of Europe's population will be exposed to "aggravated water scarcity".<sup>257</sup> In Southern Europe, "more than a third of the population will be exposed to water scarcity" at two degrees warming, and at three degrees warming, the risk will double.<sup>258</sup>

So, what should a new, more just economy look like? Our current economy did not magically appear, it was designed. In the same way, **we can design a new**

**economy, through rational, democratic decisions so that it proactively works for the common good.**

We need a just economy that can bring us back within planetary boundaries and that ensures a strong social foundation, an economy that enables everyone, including in Global South countries and especially those who are in the most marginalised situations, to prosper within the safe and just space for all living beings. A just economy can move us from separation to interconnectedness, from competition to collaboration and solidarity, from extraction to reciprocity and from individualism to community. It would help promote sufficiency and the common good. Co-responsibility is essential for the realisation of human rights – there are no human rights without human responsibilities, and to have rights we must be responsible for the rights of everyone.<sup>259</sup>

**In a just economy, we finally pay attention to the basic questions of what keeps our ecosystem healthy, what improves wellbeing, what gives people joy and hope and what gives a sense of meaning to people's lives.** In a just economy, everyone can feel valued, and the work they do is meaningful and fairly compensated. In a just economy, everyone has access to affordable and high-quality housing powered by renewable energy. In a just economy, everyone is supported through all seasons of their life, from young to old. In a just economy, the value of our precious ecosystem is recognised. We "never extract more than our ecosystem can regenerate [...] [and we] never waste or pollute more than our ecosystem can safely absorb."<sup>260</sup> In a just economy, we respect, protect and fulfil the rights of all people everywhere and of the rest of nature.

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256 Eurostat, 2024, "Living conditions in Europe – poverty and social exclusion", [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living\\_conditions\\_in\\_Europe\\_-\\_poverty\\_and\\_social\\_exclusion](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_-_poverty_and_social_exclusion), 03/07/2024.

257 B. Bednar-Friedl et al, 2022, "Europe", In *Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*, Cambridge University Press, Cambridge, UK, [https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC\\_AR6\\_WGII\\_Chapter13.pdf](https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_Chapter13.pdf), 25/04/2024, p. 1823.

258 Ibid, p. 1820.

259 "[I]ndividual rights, when detached from a framework of duties which grants them their full meaning, can run wild, leading to an escalation of demands which is effectively unlimited and indiscriminate. An overemphasis on rights leads to a disregard for duties. Duties set a limit on rights because they point to the [...] ethical framework of which rights are a part [...]. Duties thereby reinforce rights and call for their defence and promotion as a task to be undertaken in the service of the common good." Pope Benedict XVI, *Caritas in Veritate*, p. 43.

260 Hickel, *Less Is More: How Degrowth Will Save the World*, p. 246.

## Campaigning for change

Many grassroots, advocacy and campaigning movements are already advocating for a just economy that prioritises social and ecological wellbeing, both in Europe and globally. Many of these movements have existed for a long time, campaigning on a specific issue. In some circumstances, public pressure from these movements has resulted in policy or legislative changes at the political level. Other movements are newer and are now emerging from the political margins.

The EU itself has also begun to acknowledge that the predominant economic system is not able to generate sufficient social and environmental progress, as illustrated in the [Council Conclusions on the Economy of Wellbeing \(2019\)](#) and in the [European Economic and Social Committee's own-initiative opinion](#) on a Blueprint for a European Green and Social Deal. Similarly, in late 2023, a group of five organisations, including the Club of Rome,<sup>261</sup> launched the [Systems Transformation Hub](#), which explores how the EU can take a systemic approach to ensure wellbeing for people and our common home, including through demand-side reduction and a focus on natural resource management.

Below are some particularly powerful examples of recent advocacy and campaigning movements that are demanding systemic and legislative change towards a just economy.

They show how much support there is for a just economy, for a better, fairer and more sustainable future. This support builds on and goes beyond public opinion and citizens' preferences – it includes people with lived experiences of struggle as well as

with experiences in successfully implementing real solutions, people who are going above and beyond to make sure a better future for all is possible. They should be our sources of inspiration.

Momentum is growing, a spreading movement is rallying against our growth-driven economic system: scientists, scholars, activists, workers and trade unions, the Church, faith communities, economists and policymakers are increasingly making their voices heard.<sup>262</sup> They point out the rapidly closing window of opportunity to secure a liveable future for all and the importance of the choices and actions implemented in this decade. **It is time for a just economy to be taken up by European leaders.** This is undoubtedly one of the most important political tasks at present: envisioning a post-extractivist future, based on alternatives to the current model of “development” thinking, and communicating that the building blocks of a just economy are a massive investment in our future.<sup>263</sup>

If we dare shift to a different kind of economy altogether through democratic, ecologically safe and socially just decisions and choices, we just might open the door to a hopeful future.



**Every day of continued exponential growth brings the world system closer to the ultimate limits of that growth. A decision to do nothing is a decision to increase the risk of collapse.”**

**Donella Meadows, Dennis Meadows et al, “The Limits to Growth” (1972)**

261 The Club of Rome was founded in 1968 and is a platform of diverse thought leaders – notable scientists, economists, business leaders and former politicians – who seek to define comprehensive solutions to the complex, interconnected challenges of our world.

262 Olivier De Schutter, 2024, “Obsession with growth is enriching elites and killing the planet. We need an economy based on human rights”, The Guardian, [https://www.theguardian.com/global-development/article/2024/jul/02/obsession-with-growth-is-enriching-elites-and-killing-the-planet-we-need-an-economy-based-on-human-rights-olivier-de-schutter?CMP=share\\_btn\\_url](https://www.theguardian.com/global-development/article/2024/jul/02/obsession-with-growth-is-enriching-elites-and-killing-the-planet-we-need-an-economy-based-on-human-rights-olivier-de-schutter?CMP=share_btn_url), 10/07/2024.

263 Pope Francis talks about “the politics we need”. He observes that politics must not be the subject to the economy, and that what is needed is a healthy, far-sighted politics capable of a new, interdisciplinary approach directed to the long-term common good and that thinks of those who will come after us, as authentic justice demands. Fratelli Tutti, para. 177–179.

Going beyond economic growth

Growing mobilisations around the world claiming the right of affected communities to **say no to mining projects** and to determine themselves what should take place on their land

A way of life in Latin America that emphasises harmony between human beings, between different cultures and with the rest of nature, and a principle to guide state action, e.g. recognised in the **Bolivian Constitution of 2009**

Building on alternative philosophies of "development", rejecting consumerism, extractivism and endless growth

**Alliance of civil society actors** that are part of the struggle for food sovereignty and agroecology in Africa

Envisioning an Africa that harnesses her traditional knowledge systems and where people control their territories and livelihoods, in harmony with the rest of nature

European Court of Human Rights **recognition** of the right in 2024

Ruling a positive obligation on states to protect their citizens from the serious adverse effects of climate change and establishing a new precedent for climate change in human rights law

Bringing together **activists from all 54 African countries**

Strategising on addressing the pressing social issues facing the continent, such as poverty, natural disasters, migration, climate change, and ecosystem collapse

**Climate Justice Charter Movement**

Launched in 2020, originating from six years of campaigning in South Africa, **demanding climate justice**

**"Right to Say NO" as a legal concept**

Voters reject new oil drilling in Amazon protected area in 2023

Exemplifying bans on new extraction following broad popular movements in countries like Panama, El Salvador, Costa Rica

**Buen Vivir (Living Well)**

**Ecuadorian climate democracy**

**Growing international coalition** of national and local governments, faith institutions, scientists, CSOs

Demanding a concrete, binding plan to end the expansion of new coal, oil and gas projects, complementing the Paris Agreement

**Fossil Fuel non-Proliferation treaty**

**Alliance for Food Sovereignty in Africa (AFSA)**

**Right to a Clean, Healthy, and Sustainable Environment**

**Civil society call** in 2024 for the recognition of the right to a clean, healthy, and sustainable environment at the Council of Europe

Demanding the recognition through the adoption of an additional protocol to the European Convention on Human Rights

**Human right to climate protection**

**Fair and sustainable wellbeing indicators**

Included in economic planning in Italy, based on the **Fair and Sustainable Wellbeing Act 163/2016**

Making it clear that improving the wellbeing of citizens and society is the ultimate goal of policies

**African Social Movements Baraza**



A woman with a joyful expression, wearing a vibrant, multi-colored patterned headscarf and a matching patterned garment. She is holding a wooden staff and looking upwards and to the right. The background is a lush, green, out-of-focus field of tall grasses or reeds. A semi-transparent dark blue horizontal bar is positioned across the middle of the image, serving as a background for the text.

# Recommendations

**Image:** Bay Hassane, participant of the "Food Security and Resilience in the Lake region" Caritas project Kaya village, Chad (2017)  
**Credit:** Michael Stulman/Catholic Relief Services (Caritas U.S)



## Our recommendations for a Europe that promotes a just economy

So, what can be done practically to transform our current growth-obsessed, environmentally damaging and socially unequal European economy into a just economy?

We need to adapt EU policies and national policies in European countries that are already ongoing, to ensure they work for people and planet. We need new EU- and national-level strategies and proposals to build the pillars of a just economy. And, where we already have good examples of socially- and environmentally-just initiatives, we need political will at EU and national level to further develop and scale them up.

Below is a non-exhaustive list of recommendations that we call on the EU (i.e. policymakers in the EU institutions), EU Member State governments, and other European national governments to implement, divided into key topics.<sup>264</sup> These recommendations should not be implemented in silos, but should be considered together as mutually reinforcing.

### Reduce Europe's energy and resource consumption



**That is why the time has come to accept decreased growth in some parts of the world, in order to provide resources for other places to experience healthy growth"**

**Pope Francis, Laudato Si' 193 (2015)**

To rapidly scale back our energy and resource use within planetary boundaries, we need to focus on the efficiency of our energy and resource use, but most importantly, on sufficiency. How much energy and how many natural resources do we really need? Which sectors of our economy do we need to scale back and to what extent? These are important questions, which lead us to the very root causes of our major challenges and which help envision solutions that can enable Europe to meet the needs of its people within the means of the planet as well as enable other countries to meet their own needs.

Reducing our demand will also allow us to reduce our over-reliance on imported energy and resources more rapidly, increasing our resilience to potential shocks, reducing the pressure on resource-rich countries and fostering peaceful societies. Ultimately, reducing our energy and resource consumption will increase the wellbeing of people in Europe and in other parts of the world.

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<sup>264</sup> We acknowledge that there are important thematic and policy areas that are not covered in these recommendations, such as food systems and trade. In this publication, we decided to focus on some of the issues that Caritas Europa and its member organisations have expertise and experience on and on a few innovative policy areas whose development we are eager to contribute to.

### Key recommendations:

- Building on the [Council Conclusions on the Eighth Environmental Action Programme](#), the European Commission should propose an EU Directive on Sustainable Resource Management. While the Green Deal specifies targets for climate, there is a gap in current EU legislation on resource consumption.<sup>265</sup> The Directive should:
  - Set binding EU material footprint (raw material consumption) reduction targets to five tonnes per capita by 2050, with incremental targets to monitor and ensure progress.<sup>266</sup>
  - Ensure that Member States develop implementation strategies, emphasising reductions in high-consumption sectors and to develop sector-specific roadmaps with binding sub-targets.
  - Include a commitment to global engagement, aligning with the UN International Resources Panel towards a Global Resource Treaty to create a pathway towards equitable use of resources globally.
- EU Member States should fully implement the [Circular Economy Action Plan](#) at national level, and consider that circularity is only complementary to reducing resource consumption.
- European national governments should scale down all ecologically destructive industries, such as the meat industry, arms industry, aviation industry, fast fashion industry, automobile industry, etc.
- European national governments should promote responsible and sustainable lifestyles, making them possible, affordable and the default option, e.g. local production and consumption with shorter supply chains.



## A note on the impact of decreased consumption in Europe on export-oriented countries in the Global South

Decreased consumption in Europe could lead to loss of human livelihoods, at least in the short-term, in export-dependent countries in the South. But the solution to this problem is not to dismiss decreased consumption and demand in Europe, but rather to develop strategies to overcome these global dependencies. This is because:

- Current trade patterns have disproportionate negative impacts in environmental and social terms in the Global South, and gains from exports often do not trickle down and reduce poverty and inequalities amongst the local population in export-oriented economies.
- It is unlikely that trade patterns would drastically change, because even a Europe that consumes much less would still need huge amounts of imported metals to kick the fossil fuel habit.
- If energy sufficiency strategies succeed to a degree that Northern trade and consumption patterns actually changed, then its negative effects on Southern economies could be prevented or mitigated through a more fundamental transformation of international trade and financial institutions. Reduction of excess energy and resource use in Europe needs to be planned and accompanied by European countries relinquishing some of their power to bring about more equal international relations by further developing South-South trade and local and regional markets and by countries with export-based economies in the Global South embracing and promoting alternatives to the development model defined by economic growth.

<sup>265</sup> European Environmental Bureau, CAN Europe, European Youth Forum, Friends of the Earth Europe, Zero Waste Europe, ECOS, RREUSE, Seas at Risk, and négaWatt Association, “White Paper for an EU within Planetary Boundaries: Sustainable Resource Management in the EU”.

<sup>266</sup> The necessary targets are calculated on the basis of the 50 Gt/yr target for materials use on a global scale. It can be translated to 5t/cap/yr in 2050, estimating a population of 10 billion people (UN’s “medium variant” prediction is 9.7 billion people by 2050). *Ibid.*, p. 5.

## Recognise historical responsibility for climate change & fulfil climate commitments on decarbonisation



**The reduction of greenhouse gasses requires honesty, courage and responsibility, especially from the most powerful and most polluting countries”**

**Pope Francis, Laudato Si’ 169 (2015)**

All European national governments must recognise their historical responsibility for climate change and shape their climate policies around their different responsibilities and capacities. The recommendations put forward below draw strongly from our support for the [UN Framework Convention on Climate Change’s Common but Differentiated Responsibilities \(CBDR\) principle](#).

Moreover, exercising global leadership in climate action and supporting Global South countries in climate mitigation and adaptation, as well as through reparations, would help the EU become more trustworthy and emerge stronger in its international partnerships.

### Key recommendations:

- EU Member States should scale down the coal, oil and gas industry by ending all direct and indirect fossil fuel subsidies as soon as possible and by 2025 at the latest, in line with the EU’s Eighth Environment Action Programme<sup>267</sup> and the European Parliament position.<sup>268</sup> This should be done while ensuring that low-income households are not negatively affected by supporting them through social measures.
- European national governments should fund and operationalise Loss and Damage.
- European national governments should support a new, ambitious, collective quantified goal on climate finance that meets the actual needs of lower-income countries in terms of climate adaptation and mitigation and of addressing losses and damages.
- EU Member States should give a strong mandate for the European Commission to negotiate a [global fossil fuel non-proliferation treaty](#).
- The EU and its Member States should fulfil climate financing commitments for climate adaptation.
- The EU and its Member States should prioritise the provision of climate financing through public and grant-based money, new and additional to existing “development” aid budgets, avoiding further increase of climate-vulnerable countries’ debt burdens, and consider debt cancellation for these countries to ease financial burden.

<sup>267</sup> European Environment Agency, “Fossil fuel subsidies”.

<sup>268</sup> European Parliament, 2023, “COP28: MEPs want to end all subsidies for fossil fuel globally by 2025”, <https://www.europarl.europa.eu/news/en/press-room/20231117PR12108/cop28-meps-want-to-end-all-subsidies-for-fossil-fuel-globally-by-2025>, 20/04/2024.





**Image:** Jean Emmanuel Sem, worker at Bozoum In the Central African Republic (2019)

**Credit:** Jiri Pasz/Caritas

## **Promote a democratic, sustainable & just energy transition**



**It is crucial that any extractive agreement or project with the EU is carried out in a fair and sustainable manner, protecting biodiversity and the rights of Indigenous Peoples and local populations, ensuring fair compensation for the use of their land and water resources. We need to move towards a cleaner and fairer future, without sacrificing vulnerable communities and ecosystems.”**

**Lorenzo Figueroa, Caritas Chile Director (2024)**

While moving away from fossil fuels is essential and so is the increased reliance on renewable energy sources, it is equally urgent to have a democratic process and human rights-based approach regarding who will benefit from and who will be affected by the process of the energy transition. This is key to avoid solving one crisis by perpetuating another. The energy transition – which should be about improving the quality of life for all – should happen through the provision of sustainable energy services. It should also be rooted in local populations’ self-determination and democratic ownership of the country’s resources, rather than shaped by corporate power and financial exploitation.

This requires careful planning and balancing the need to move forward with urgency with the principles we want to uphold. Projects must be designed with the primary goal of ensuring equitable energy access with minimum environmental harm – inequality reduction and the impact on the environment cannot be an afterthought. Projects must also be designed and implemented with strong public involvement and workers’ and local communities’ engagement, so as to recognise and respond to their diverse needs, particularly those of groups in vulnerable situations, and so that whatever extraction takes place maximises public benefit and respects people’s ways of life.

### Key recommendations:<sup>269</sup>

- The EU and all European national governments should promote democratic, decentralised renewable energy systems, which can enable people to participate in energy governance. In turn, such systems can help reduce negative social and environmental impacts, exploitative business practices and corporate takeover, as well as foster local employment and enable people to produce energy together and consume as much as they need. They should:
  - Promote small-scale projects (e.g. instead of dams, small power plants generating electricity by harnessing the water from waterfalls).
  - Prioritise projects targeting those furthest behind (e.g. rural or remote communities where interconnected systems do not reach).<sup>270</sup>
  - Support the development of the cooperative and social and solidarity economy in the sector, including renewable energy communities.
- The EU and all European national governments should strengthen public involvement in terms of funding, ownership and control of renewable energy projects. Together with local governments in partner countries, they must take charge of the mining industry and develop the adequate financial and technical capacity, expertise and infrastructure to bring mining into national (ideally public) ownership.
- The EU and all European national governments should design solutions with the meaningful participation of Indigenous Peoples and the upholding of their rights, knowledge, sovereignty and leadership (e.g. grant Indigenous Peoples the right to decide on mining projects on their ancestral lands).<sup>271</sup>
- The EU and all European national governments should scale down mining and invest only in responsible mining and the responsible development of wind and solar resources. They should:
  - Ensure the implementation of due diligence obligations, especially in the context of Global Gateway projects and “strategic projects” under the Critical Raw Materials Act, and that they are not outsourced to auditing and certification initiatives. Due diligence obligations should follow the European Corporate Sustainability Due Diligence Directive and international frameworks such as the [UN Guiding Principles on Business and Human Rights](#) and [OECD Guidelines for the Extractive Sector](#). This includes respect of the right to [Free, Prior and Informed Consent of Indigenous Peoples](#).
  - Ensure transparency and access to information for communities on planned projects and policies related to the matter, as well as robust mechanisms for consultation with civil society<sup>272</sup> and representatives of communities.
  - Conduct thorough, impartial *ex ante* impact assessments regarding the possible negative (and irreversible) impacts of minerals extraction on the environment and on social and human rights.

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269 These recommendations were developed jointly with Caritas Ecuador and SCIAF (Caritas Scotland).

270 For more details on the importance of targeting the furthest behind and how this can be done, see: <https://concordeurope.org/resource/a-gateway-to-equality-insights-from-el-salvador-and-lesotho-on-tackling-inequalities-in-the-european-unions-global-gateway-programmes>

271 For more details on why this matters and how it can be done, see: <https://sacredearth.solar/just-transition-guide>; <https://www.youtube.com/watch?v=PP4ektscWHk&list=PLkDihymNyNmb2dbEU0CQfidU083hNlfhB&index=4>

272 For more details on good practices and recommendations for meaningful, inclusive and safe civil society engagement in EU decision-making, see: <https://concordeurope.org/resource/7-practices-for-civil-society-participation-in-eu-decision-making/>

- The EU and all European national governments should prevent reputation loss from extractivist approaches and engage with partner countries on an equal footing, contributing to poverty and inequalities reduction in the Global South. In the case of the EU, such an approach would also contribute to the block's aspiring role of being a trusted global partner. They should:<sup>273</sup>
  - Support the national development strategies of partner countries that are democratically designed through civic participation and invest in local and regional value chains.
  - Accommodate efforts for local resource value retention in producer countries (considering that even a "less consumerist" Europe would still need to import metals for its energy transition), including through technology transfer, in EU trade agreements, Global Gateway projects and Strategic Partnerships under the Critical Raw Materials Act. This would be in line with the [EU's Agreement with African, Caribbean and Pacific countries](#) (which calls on the Parties to promote the industrialisation and value addition of natural resources) and partner countries' aspirations.<sup>274</sup>
  - Design projects so that the benefits associated with renewable energy and mineral production, such as revenue and jobs, are felt by producer countries and local communities.

## Improve access to and invest in social services & social protection



**If there is a right to the basic material bases of human flourishing, there is a duty to provide these goods."**

**Anthony M. Annett, *Cathonomics: how Catholic tradition can create a more just economy* (2021)**

Improving access to and investing in social services, that are high-quality, available and affordable for everyone, as well as social protection, such as minimum income, delivers mutually reinforcing social and environmental benefits. As societies become more egalitarian and as access to these services and to social protection improves, people feel less social pressure to pursue higher incomes and to increase their private consumption, and often experience improvements in life satisfaction and wellbeing.<sup>275</sup>

273 These recommendations were developed taking into consideration that, as mentioned previously, "growth cannot be endorsed as a universal prescription and certainly should not guide policies in the Global North. Yet it is still a meaningful objective for lower-income countries, which have to urgently improve the prospects of their populations, including their material standard of living." De Schutter, "Towards a Rights-Based Economy", p. 27.

274 E.g. the Organisation of African, Caribbean and Pacific States' position on raw materials stipulates that their wealth of critical raw materials should in the first instance be used to promote the green and digital transition in their countries. See: <https://businessacp.com/en/2024/05/27/the-oacps-ministers-of-mining-adopt-an-oacps-position-paper-and-action-plan-on-critical-raw-materials/>

275 Research has shown that inequalities encourage status competition through material consumption. It has also shown that GDP growth that does not reduce inequalities does not contribute to improved perceptions of wellbeing. When people's situation improves in absolute terms and they are able to fulfil their basic needs, but they remain stagnant or fall in relation to other members of society and are unable to access certain items enjoyed by a larger part of the population, this leads to feelings of exclusion and dissatisfaction. See, for example: Richard Wilkinson and Kate Pickett, 2009, *The Spirit Level. Why Greater Equality Makes Societies Stronger*, London: Allen Lane, p. 226.

When it comes to people's wellbeing, it is not income per se that matters but "the 'welfare purchasing power' of income"<sup>276</sup> (i.e. what that income can buy in terms of the things we need to live well<sup>277</sup>). If we improve access to and invest in social services and social protection, we can improve the welfare purchasing power of people's incomes without the need for more economic growth.<sup>278</sup> This should reduce inequality and the number of people experiencing poverty.

In line with governments' human rights commitments, it is first and foremost their responsibility to provide social services, and more public money should be invested in pursuit of this.<sup>279</sup> Further consideration also needs to be given regarding whether, when and the extent to which private for-profit actors are suited for the provision of these services. At the same time, better recognition and support should be given to not-for-profit actors who also provide these services, but who should not be relied upon by governments to bail them out of their responsibilities.

### Key recommendations:

- The European Commission should propose a Social Services Action Plan.<sup>280</sup> This Action Plan should provide a coherent framework for social services to address the challenges faced by the sector overall. The Action Plan should: include supportive legal, financial, economic and social framework conditions for quality social services; include support for the social services workforce and effective social dialogue; ensure service quality and the rights and wellbeing of users; and full recognition of the added value of not-for-profit social service providers. These services should have built-in sustainability, e.g. be powered by renewable energy, sourced from sustainable materials etc, as well as be gender-sensitive.
- The European Commission should propose a Framework Directive on Minimum Income<sup>281</sup>. This framework directive should set minimum standards for national minimum income systems. All people aged 18+ should have an enforceable right to minimum income, and it should be set at a poverty-proof level.
- The European Commission should propose an EU anti-poverty strategy that defines the full eradication of poverty in the EU by 2050 as a legally binding target for EU institutions and Member States in the same way as the EU climate law. The strategy should stipulate that poverty in Europe must be reduced by 50% by 2030 (in accordance with SDG 1.2) and include a provision to ensure that the EU and Member States set another intermediary target for the reduction of poverty by 2040 and not lower than 50% of the remaining incidence of poverty in 2030. The definition and measurement of the targets should enable people to participate in society.<sup>282</sup> Such a strategy should also ensure access to high-quality, available, and affordable social services.
- Regarding the EU's international cooperation, the EU and its Member States must prioritise reducing poverty and inequalities in the Global South through the improvement of working conditions, public health and education services and the strengthening of social protection systems in partner countries.

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276 Hickel, *Less Is More: How Degrowth Will Save the World*, p. 187.

277 Living well is about ensuring that everyone is able to enjoy their basic human rights and has access to the essentials of life, e.g. healthcare, education, public transport, energy, water, electricity, food, housing, basic political and civil rights, etc. It should not be confused with the desire for always wanting more.

278 Hickel, *Less Is More: How Degrowth Will Save the World*, p. 187-188.

279 Annett and Sachs, *Cathonomics: How Catholic Tradition Can Create a More Just Economy*, p. 145-151.

280 Social Services Europe, 2024, "Proposal to DG EMPL for a Social Services Action Plan", <https://www.socialserviceseurope.eu/proposal-of-a-social-services-action-plan>, 13/09/2024.

281 See Caritas Europa's position paper on the topic: <https://www.caritas.eu/minimum-income-its-time-for-a-binding-directive/>

282 Independent Commission for Sustainable Equality and Progressive Society, "The Great Shift from a Broken World to Sustainable Well-Being", p. 216.



## Finance human development through public resources



**Right now, we have finance versus life. We need finance for life.”**

**Kate Raworth, European Parliament Beyond Growth Conference (2023)**

European governments’ provision of services, social protection and investments in human development and climate action should be done primarily through public financing, which can be made available through structural changes in the financial architecture and the fulfilment of existing financing commitments. Such an approach would support governments’ human rights responsibilities and reduce the need for reliance on private finance.

### Taxation

Taxation is one of the key instruments that governments have to mobilise resources for social services and social protection and to promote more equality. Designed in a progressive way, it can redistribute wealth and cut the purchasing power of the richest, at the same time diminishing their climate impact, considering that the richest individuals have a much higher ecological footprint than everybody else. More broadly, taxation can ensure that everyone in society contributes to the common good in line with their ability to pay. In this sense, taxation embodies values of justice, equity, our duties as citizens and how we contribute to enhancing social welfare and to the collective.<sup>283</sup>

We put forward recommendations for increasing financing for social services and social protection in Europe as well as several changes to the global economic architecture, aimed at increasing public resource mobilisation in and the autonomy of Global South countries.

### Key recommendations:<sup>284</sup>

- All European national governments should constructively engage with the UN tax reform process toward an equitable and inclusive global tax architecture. They should contribute to the establishment of the new UN Framework Convention on International Tax Cooperation, in accordance with the [General Assembly Resolution](#) on the promotion of inclusive and effective international tax cooperation. The EU should support reducing illicit financial flows, a significantly increased global minimum corporate income tax rate, a fair division of taxing rights on corporations between nation states and a global minimum taxation standard for the wealthiest, responding to overwhelming public support for this proposal and to the [call of the G20 Brazilian Presidency](#).

<sup>283</sup> In the Catholic perspective, taxation is necessary to sustain the state because it is needed to help individuals fulfill their potential and assist in attaining the common good. The important role of wealth redistribution through progressive taxation in particular is also in line with solidarity and Catholic Social Teaching principles. See, for example: Annett and Sachs, *Cathonomics: How Catholic Tradition Can Create a More Just Economy*, p. 200–213.

<sup>284</sup> These recommendations derive from CAFOD’s paper: CAFOD, 2024, “Fair finance for the climate fightback: Where should the money come from?”, <https://cafod.org.uk/about-us/policy-and-research/climate-and-environment/fair-finance-for-the-climate-fightback-where-should-the-money-come-from>, 05/06/2024.

- The EU and all European national governments should raise taxes on the super-rich through, for example, wealth taxes at national level or EU level.
- EU Member States should implement a full Public Country by Country Reporting, in line with the EU Public Country by Country Reporting Directive, requiring companies to publish how much tax they pay in every country they operate.

### Debt justice

Another key step to make public resources available for human development is for European governments to recognise that much of the debt that has been accumulated is illegitimate<sup>285</sup> and that debt cancellation for many lower-income countries, especially former colonies and climate-vulnerable countries, is part of a process of addressing historical injustices and global imbalances.<sup>286</sup> Removing the debt burden would also enable export-oriented countries to no longer focus on extraction and the export of natural resources due to debt repayment obligations, but rather to organise their economy based on democratic decision-making and self-determination.

### Key recommendations:<sup>287</sup>

- All European national governments should take the lead in ending unsustainable, and illegitimate and unfair debt of low- and middle-income countries, considering that (together with the United States and Japan), European countries dominate the governance and agenda-setting of the IMF and the World Bank.
- All European national governments should be supportive of finance institutions providing debt resolution, including cancellation, free of harmful conditionalities (which can prevent investments in public services and climate measures). Such process of debt resolution must always go hand in hand with initiatives and mechanisms in debtor countries for good governance and civil society engagement, so that available financing is used for the common good and that its use is well monitored.
- All European national governments should support the development of a debt resolution framework at UN level to address the need for more democratic, inclusive and transparent global debt governance, moving global debt governance away from creditor-dominated groups, such as the G20 and the G7, and ensuring public scrutiny.

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285 Such a step would be grounded in the recognition that both lenders and borrowers have acted irresponsibly and regularly in a knowingly exploitative manner: the debt burden is partly the result of the unjust transfer of debts of the colonisers to newly independent countries, many of the initial loans were taken out by unelected dictators, the economic policies imposed by the lenders often failed, loans were granted at exorbitant interest rates and on unacceptable conditions.

286 In his message declaring the Church's Jubilee year 2025, Pope Francis called for global economic justice. He urged wealthy nations to cancel the debts of countries unable to repay them: [https://www.vatican.va/content/francesco/en/bulls/documents/20240509\\_spes-non-confundit\\_bolla-giubileo2025.html](https://www.vatican.va/content/francesco/en/bulls/documents/20240509_spes-non-confundit_bolla-giubileo2025.html). In various occasions he reiterated the call for a framework to deal with the debt crisis to be based on the principles of justice and solidarity, e.g.: <https://www.vatican.va/content/francesco/en/speeches/2024/june/documents/20240605-incontro-pas.html>

287 These recommendations derive from CAFOD's paper: CAFOD, "Fair finance for the climate fightback: Where should the money come from?".

## Development assistance

Official Development Assistance (ODA) is another precious tool to support those left furthest behind.

### Key recommendation:

- The EU and all European national governments should live up to their commitments to dedicate 0.7% of their Gross National Income to development cooperation, and they should use this aid in a genuine and effective way.

## Promote a new vision of work



**Work is [...] part of the meaning of life on this earth, a path to [...] human development and personal fulfilment”**

**Pope Francis, Laudato Si’ 128 (2015)**

Promoting a new vision of work requires that we first understand what we mean by work. Work is not the same as employment.<sup>288</sup> It encapsulates all forms of labour, both paid and unpaid, contractual and non-contractual, including childcare, volunteering, cleaning, etc. Work, as a whole, is an important part of our contribution to society, for example, when we take care of others and look after our environment. Employment is an important aspect of our daily work; it is a basic human right and a source of dignity.

As outlined in our analysis above, however, decent employment can be a source of inequality. It is essential that we reduce involuntary unemployment, protect labour rights, promote gender equality, improve worker’s wellbeing, and promote the transition to sustainability.

### Key recommendations:

- All European national governments should better recognise the value of all types of “work”. This is particularly important for care work, paid and unpaid. Care work is a central component of the economy and should be recognised as such through decent wages, access to social benefits and quality job training. They should also recognise the diversity of workplaces – work is performed in households, communities, cooperatives, associations, small-scale subsistence agriculture etc. Many of these types of work are essential and do not need nor entail accumulation, commodification, endless consumption and production.<sup>289</sup>

<sup>288</sup> By “employment”, we are referring to paid contractual work.

<sup>289</sup> Friends of the Earth Europe, 2022, “7 sparks to light a new economy”, p. 8, [https://friendsoftheearth.eu/wp-content/uploads/2021/12/7-sparks-to-light-a-new-economy\\_FoEE-final.pdf](https://friendsoftheearth.eu/wp-content/uploads/2021/12/7-sparks-to-light-a-new-economy_FoEE-final.pdf), 25/05/2024.

**Image:** The job guarantee project in Nièvre offers a permanent contract to all long-term unemployed people, serving useful and non-competing activities. It develops market gardening, recycling and motor farming activities, France (2020)

**Credit:** Christophe Hargoues/  
Catholique-Caritas France



- All European national governments should facilitate discussions on working time reduction (collectively agreed reduction of time spent in employment) at national and local levels. Working time reduction can offer a triple dividend to society: reduced involuntary unemployment, increased quality of life and reduced environmental pressures.<sup>290</sup> Working time reduction means we can share employment more evenly, so that those who are currently overworked can work less, and those facing unemployment and want to participate in paid work can do so. Sharing employment more evenly could also enable more women to participate in the labour market.<sup>291</sup> It means that we can reduce the burden of overwork and stress, it means people would have more time for other forms of work such as volunteering, political participation, and community engagement, as well as leisure and wellbeing, the pursuit of hobbies, and exercise. It also means that people would have the opportunity to engage in “less energy-intensive but more time-consuming consumption patterns”,<sup>292</sup> such as cooking meals instead of buying pre-cooked ones, repairing clothes instead of throwing away and buying new and caring instead of outsourcing the care. Working time reduction policies should ensure that wages remain the same or at least that workers’ quality of life remains the same. In an economy that no longer chases growth, the same level of output will no longer be needed, and where public wealth is shared (see recommendations above) and unemployment benefits are less in demand, we can work reduced hours without lowering our quality of life.
- Building on the current pilot initiative scaling up existing job guarantee projects, the European Commission should propose an EU-wide job guarantee in the form of a Directive. A job guarantee<sup>293</sup> is a state-funded locally implemented project that provides a decent job for anyone willing and able to work in order to reduce involuntary, long-term unemployment with the state as the employer of last resort. A Directive would ensure the job guarantee’s availability in all Member States, but leave sufficient room for governments to adapt it according to the structure of their national labour market systems.<sup>294</sup> It could be funded through the European Social Fund+. An EU job guarantee could help deliver services such as childcare, elderly care, preschool education, community gardens, community libraries, maintenance of green spaces, etc.<sup>295</sup>

290 Fitzgerald Jared, Schor Juliet, and Jorgenson Andrew, 2018, “Working hours and carbon dioxide emissions in the United States, 2007–2013”, *Social Forces*, 96(4), p. 1851–1874, <https://academic.oup.com/sf/article-abstract/96/4/1851/4951469?login=false> 28/06/2024.

291 Jan Mayrhofer, and Katy Wiese, 2020, “Escaping the growth and jobs treadmill: a new policy agenda for postcoronavirus Europe”, Brussels: European Environmental Bureau, European Youth Forum, p. 51. <https://eeb.org/wp-content/uploads/2020/11/EEB-REPORT-JOBTREADMILL.pdf>, 28/06/2024.

292 De Schutter, “Eradicating Poverty beyond Growth”, para. 45.

293 A job guarantee should be based on the following principles: 1) Participation in the project is voluntary, and participants should not be denied existing social benefits if they choose not to participate. 2) Non-selective hiring: employers must take on workers irrespective of education level, age, disability, sex etc., while taking their skills, abilities and desires into account. 3) New and additional activities: the jobs created under the job guarantee must not compete with or displace ongoing private or public sector work in the community. 4) Co-creation process: the project should be implemented at the local level, allowing local community stakeholders to create employment opportunities that match the skills and desires of participants with the needs of the area where the project would take place. 5) Decent working conditions: participants must be paid an adequate wage, which is higher than the minimum income, and have customised working conditions that are tailored to their needs. As such, job guarantee projects should be work in harmony with social protection systems so that, where needed, workers can have their incomes supplemented by social assistance payments. Where the employment includes paid leave, pension contributions, health insurance, paid parental leave, childcare subsidies etc., it raises the bar across the whole economy and fundamentally reduces precarious employment.

294 Independent Commission for Sustainable Equality and Progressive Society, “The Great Shift from a Broken World to Sustainable Well-Being”, p. 221.

295 The idea of a job guarantee is not new. Examples include the Mahatma Gandhi National Rural Employment Guarantee Act in India, the “Working for Water” programme in South Africa and the “Productive Safety Net Programme” in Ethiopia. For more information, see: De Schutter, “The Poverty of Growth”.



- All European national governments, for those countries with statutory minimum wages, should ensure that they are set at an adequate level, at least in line with the EU Adequate Minimum Wages Directive (adhering to the international indicator of 60% gross median wage and 50% gross average wage). These levels should be revised annually, in consideration of national living costs, for the purpose of tackling in-work poverty. Statutory minimum wages should cover all types of workers.
- The European Commission should build on the Council Recommendation on access to social protection for workers and the self-employed and propose a Directive on access to social protection for workers and the self-employed. Social protection should be extended to all workers, no matter the type of employment or length of contract.

## Ensure corporate accountability & promote sustainable and inclusive business models



**Economic activity cannot solve all social problems through the simple application of commercial logic. This needs to be directed towards the pursuit of the common good, for which the political community in particular must also take responsibility.”**

### **Pope Benedict XVI, Caritas in Veritate 36 (2009)**

Business plays a fundamental role in our society. It contributes to personal and societal development through job creation, the provision of goods and services and economic growth for public investment. “Business is a noble vocation, directed to producing wealth and improving our world. It can be a fruitful source of prosperity for the areas in which it operates”.<sup>296</sup> However, the way mainstream business operates needs to change to ensure a more equitable distribution of the value created and this must be more than “doing no harm”. The EU institutions and national European governments should gather their full legislative strength to turn corporations into “champions of regulated corporate social and environmental responsibility”.<sup>297</sup> This should not be seen as a burden for business to bear or as obstacles to efficiency, but rather as the basics of responsible behaviour toward society and people from whom they profit and as their contribution to building a just economy. At the same time, there are many alternative models of business, such as cooperatives and employee-owned businesses, that still occupy a rather small space at the margins of our economy. These business models should be recognised and supported for their vital role in society.<sup>298</sup>

<sup>296</sup> Pope Francis, *Laudato Si'*, para. 129.

<sup>297</sup> Independent Commission for Sustainable Equality and Progressive Society, “The Great Shift from a Broken World to Sustainable Well-Being”, p. 98.

<sup>298</sup> The Catholic perspective encourages business models grounded in the Catholic Social Teaching values of dignity of work, solidarity and common good, such as the social and solidary economy. See Pope Benedict XVI, *Caritas in Veritate*, para. 38, 46, 47 and Pontifical Council for Justice and Peace “The Vocation of the Business Leader”, 5<sup>th</sup> edition (2018).

## Going beyond economic growth

**Image:** A Caritas Spain Moda re- store in Barcelona which sells second-hand clothing, Spain (2023)

**Credit:** Miroslav Valenta/Caritas Bosnia and Herzegovina



### Key recommendations:

- In line with the [European Parliament's position](#), the European Commission should propose an EU mandate to allow the EU to enter negotiations on a binding UN instrument for business and human rights.<sup>299</sup> The Council of the EU should then actively support the development and implementation of this instrument,<sup>300</sup> one that goes beyond due diligence obligations established in the European Corporate Sustainability Due Diligence Directive and that ensures effective mechanisms for accountability that counter corporate "green washing" and provide access to justice and remedies for victims of abuse.
- In the transposition phase of the European Corporate Sustainability Due Diligence Directive, EU Member States should use their discretion and the directive's room for flexibility to adopt more ambitious requirements for corporate accountability than the ones established in the Directive, responding to civil society demands and enabling better alignment with international standards where this is lacking. This includes considering: expanding the reach of the directive to cover the entire value chain and include all sectors and more companies, strengthening access to justice by reversing the burden of proof to make it easier for victims to hold corporations accountable and ensuring robust enforcement by allocating adequate resources to investigate corporate misconduct and impose meaningful sanctions.<sup>301</sup>
- EU Member States should fully implement the Social Economy Action Plan and the Council Recommendation on developing social economy framework conditions at national level to support social economy actors. In doing so, they should adopt legislation and national strategies promoting social entrepreneurship and prioritise criteria and procedures to ease the registration and accreditation of social enterprises. They should provide financial support and an appropriate legal framework for social enterprises through grant schemes, subsidies for remuneration of employees, affordable and guaranteed interest-free loans, and tax relief.<sup>302</sup>

299 Within the Church's social doctrine, beginning with *Rerum Novarum*, there have been repeated calls for the promotion of institutions and mechanisms that can defend workers' rights, including through new forms of cooperation at the international level, to respond to the context of outsourcing of production at low cost in global markets and the increasing risks that it brings to workers. See: Pope Benedict XVI, *Caritas in Veritate*, para. 25, 36.

300 For more details on the negotiation process on the treaty, see: <https://www.ohchr.org/en/business-and-human-rights/bhr-treaty-process>

301 Such requirements should be established in the transposition phase as long as they are coherent with the "maximum harmonisation" approach of the Directive. For more details about the transposition process, see:

<https://corporatejustice.org/news/breaking-a-game-changer-with-loopholes-eu-finally-adopts-landmark-corporate-due-diligence-law/>;  
[https://www.humanrights.dk/files/media/document/DIHR\\_The%20EU%20Corporate%20Sustainability%20Due%20Diligence%20Directive\\_0.pdf](https://www.humanrights.dk/files/media/document/DIHR_The%20EU%20Corporate%20Sustainability%20Due%20Diligence%20Directive_0.pdf)

302 Chiara Crepaldi et al, 2022, "Inclusive Labour Markets: Ensuring No One is Left behind", [https://www.caritas.eu/wp-content/uploads/2023/06/Caritas\\_EuropeanReport\\_FINAL.pdf](https://www.caritas.eu/wp-content/uploads/2023/06/Caritas_EuropeanReport_FINAL.pdf), 25/06/2024, p. 107.

- In line with the [UN resolution on the social and solidarity economy](#), all European national governments should support and promote the social economy globally: strongly rely on actors that go beyond “causing no harm”, that foster community-led and human rights-based development and that are driven by the mission of contributing to the common good. This includes putting the external dimension of the Social Economy Action Plan as a priority for the European Commission International Partnerships Directorate and in the cooperation with the African Union and the Community of Latin American and Caribbean States (CELAC).

## Reform international finance institutions for a democratic, accountable & effective global economic governance



**It is no longer helpful for us to support institutions in order to preserve the rights of the more powerful without caring for those of all.”**

**Pope Francis, Laudate Deum 43 (2020)**

The EU should collaborate with governments in the Global South to develop proposals for fair representation of Global South countries – the world’s majority – within the IMF and the World Bank. This is essential for them to have a real say in the formulation of policies that affect them, to enhance people’s participation in decision-making processes,<sup>303</sup> and to prevent the finance that is and will be channelled through these institutions from perpetuating existing injustices.<sup>304</sup>

Promoting greater balance in global institutions would be a sign of tangible engagement with Global South countries on an equal footing, which could go a long way in repairing the EU’s damaged credibility over its much-vaunted values, its longstanding commitment to multilateralism and its intention to build sustainable partnerships with partners across the Global South.<sup>305</sup>

### Key recommendations:

- All European national governments should take a proactive and constructive role in the reform of international finance institutions’ governance so as to:
  - End the outdated agreement that heads of the IMF and World Bank are always from Europe and the US respectively.
  - Update IMF quota formulas to reflect the changing global landscape.
  - Re-allocate voting rights within the IMF and World Bank to better represent the balance of people and power in the world in the 21<sup>st</sup> century.
  - End harmful conditionalities that can trap countries in poverty and prevent investment in public services and climate measures.

303 This is recommended in the following report: United Nations Office of the High Commissioner for Human Rights, 2023, “Reinvigorating the right to development: A vision for the future”, United Nations, <https://www.ohchr.org/en/documents/thematic-reports/ahrc5427-reinvigorating-right-development-vision-future> 21/08/2024, and in line with Pope Benedict XVI, Caritas in Veritate, para. 67.

304 See more details at: <https://cafod.org.uk/about-us/policy-and-research/climate-and-environment/fair-finance-for-the-climate-fightback-where-should-the-money-come-from>

305 See for example: [https://www.europarl.europa.eu/RegData/etudes/IDAN/2024/754451/EXPO\\_IDA\(2024\)754451\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2024/754451/EXPO_IDA(2024)754451_EN.pdf)

## Recognise, support & amplify other ways of defining progress and development



**We need a course correction. The time for tweaks is over. We need a fundamental shift in how we think development.”**

**Surya Deva, UN Special Rapporteur on the Right to Development (2024)**

Considering that “development”, within the predominant economic system, has not met our expectations in terms of poverty and inequalities reduction and that “green growth” has had one too many unfulfilled promises, it is essential to conceptualise other ways of understanding progress, development and, put simply, what constitutes a good, fulfilling life. This requires re-learning what it means to be a humble part of nature as well as learning from alternatives from the political margins, such as Buen Vivir, Ubuntu and Swraj lifestyles.<sup>306</sup>

In this sense, we envision a Europe that considers “development” not as a dominant, prescriptive model, but as an all-embracing approach to the wellbeing of all people in various dimensions – social, ecological, political, economic, cultural and spiritual<sup>307</sup> – based on values of solidarity, commons, simplicity and sufficiency. This is just as much about the goal we want to achieve – everyone having the right to enjoy their cultural, economic, political, social and spiritual wholeness in a thriving environment – as it is about the principles and process for moving together toward it – individuals pursuing lives aligned with their values and aspirations, rather than conforming strictly to external metrics of success.<sup>308</sup> Within such an approach, there is no space for marginalisation, exploitation and oppression; instead, it allows us to embrace our diversity and live better together.<sup>309</sup>

In the context of its international cooperation, such an approach requires the EU to respect the right to self-determination and promote the local leadership of local communities.

### Key recommendations:

- The EU and all European national governments should acknowledge and challenge the legacies of racism and colonialism and the imbalance of power in the “development sector”. This should be the basis for negotiations on joint commitments under the framework of the EU’s partnership with the African Union and with the Community of Latin American and Caribbean States (CELAC) as well as in multilateral processes (e.g. by supporting other regions’ priorities regarding debt cancellation, climate financing and the reform of the international finance institutions).

306 For detailed descriptions of these and other lifestyles, see: <https://www.cidse.org/download/20035/?tmstv=1710926649>

307 This is the definition of Integral Human Development as found in Catholic Social Teaching.

308 See: Pope Benedict XVI, *Caritas in Veritate*, para. 59; Pope Francis, *Laudato Si'*, para. 144; Pope Francis, *Fratelli Tutti*, para. 220.

309 This appreciation of diversity is distinct from cultural relativism and uncritical acceptance of all approaches. It does not encompass any custom or practice that, whatever the specific culture to which it belongs, has the purpose or effect of denying a specific form of human existence.



- The EU and all European national governments should re-orient “development cooperation” so that it supports and amplifies transformative initiatives within social movements, in local communities and in indigenous cultures that focus on the wellbeing of people and of our common home. This does not require discarding all the methods, tools and practices originating in Europe or in the mainstream model of “development cooperation”, but dislocating the powerful position they hold and reconfiguring them with “othered” “marginalised” knowledge and ways of being. For example, the EU and European national governments should progressively redirect existing investments from industrial agriculture to agroecology in Europe and in partner countries.<sup>310</sup>
- The EU and all European national governments should increase direct humanitarian and development funding to local grassroots civil society organisations, paying particular attention to the overhead costs borne by these actors, provide flexible and adaptable funding and reduce administrative and reporting requirements. This will enable local civil society organisations to hold power and access resources to respond effectively to the needs and aspirations of their communities and to decide on and move toward their own vision of a good life.<sup>311</sup> This is key for the EU and its Member States to respond to the [OECD DAC Recommendation](#) on Enabling OECD Legal Instruments Civil Society in Development Co-operation and Humanitarian Assistance as well as to [recommendations](#) put forward by the UN Special Rapporteur on the right to development.
- The EU and all European national governments should support the adoption of the draft UN International Covenant on the Right to Development.



**Image:** Indigenous leader of Tururukare community fishing in the Brazilian Amazon with his 9-year-old daughter, Brazil (2019)

**Credit:** Marcella Haddad/Caritas Internationalis

<sup>310</sup> Luísa Fondello, 2023, “The EU must do more for food security”, Caritas Europa, <https://www.caritas.eu/the-eu-must-do-more-for-food-security/>, 25/03/2024.

<sup>311</sup> Pope Benedict XVI, 2009, Caritas in Veritate, para. 58.

**“[...] a different economy, one that helps people live and does not kill, that includes and does not exclude, that humanises rather than dehumanises, that takes care of creation and does not plunder it.”**

**Pope Francis**

Letter for the Economy of Francesco event in Assisi, 2020



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