DESIGNING WELFARE SYSTEMS FOR A 1.5° FUTURE

POLICY BRIEF 5

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INTRODUCTION

As the climate crisis deepens, the interplay between welfare systems and climate policies becomes increasingly critical. Historically, social and environmental goals have often been treated as separate, sometimes conflicting, objectives. This dichotomy hampers progress toward sustainable well-being and hinders efforts to achieve the objectives of the Paris Agreement and the EU Green Deal. Climate policies, such as reducing consumption and scaling down high-emitting industries, can disproportionately impact vulnerable populations, exacerbating social inequality. Conversely, well-designed welfare policies, such as income ceilings or universal basic services, can reduce inequality while lowering carbon footprints. For example, the top 10% of EU emitters are responsible for 41% of emissions, more than the bottom 50% combined. Policies targeting these disparities are both socially and environmentally beneficial.
Research conducted within the EU 1.5° Lifestyles project highlights that a synergistic approach — integrating **welfare reforms** with ecological objectives — can address socio-ecological challenges effectively. Two policies emerge as pivotal: **Working Time Reduction (WTR)** and **Universal Basic Services (UBS)**. These strategies aim to promote equity, well-being, and ecological sustainability simultaneously, reducing household carbon footprints (**Policy Brief 1**, **2**) while mitigating social tensions.

FINDINGS

1. **Working Time Reduction (WTR):**
Potential Benefits: WTR can lower consumption by reducing disposable income and shifting time use toward sustainable activities such as caregiving and leisure. Studies show that a 1% reduction in working hours in Sweden led to a 0.8% decrease in emissions.
Challenges: Outcomes depend on local contexts and policy designs. For instance, income reductions linked to WTR must consider fairness, with subsidies for low-income groups to avoid exacerbating precarity. Moreover, WTR will need to be combined with incentives for reducing carbon intensive consumption, to have a sufficient impact on emissions.

2. **Universal Basic Services (UBS):**
Potential Benefits: UBS ensures universal access to essential services such as healthcare, childcare, housing, and transport while promoting opportunities for resource-efficient provisioning for individual and societal needs. Public transport as a UBS example reduces CO_2 emissions by up to 45% compared to private car use. Similarly, energy-efficient public housing decreases both emissions and energy costs for residents. In parallel, UBS reduces social tensions by addressing basic needs and democratizing service provision.
Challenges: USB needs sufficient taxation to be affordable for governments in times of budgetary constraints. It also should be combined with societal dialogue on consumption targets in order not to foster consumption increases.

SUPPORTING POLICY RECOMMENDATIONS

- **Adopt a synergistic policy mix**: Combine eco-social policies such as WTR, UBS, and public transport improvements with high-carbon consumption caps to address interconnected challenges like welfare sustainability, consumption reduction, and industrial transformation.

- **Prioritize supranational and integrated governance:** Establish frameworks that harmonize welfare and wealth distribution mechanisms across countries and sectors, ensuring equitable resource access and alignment with climate goals.

- **Encourage socio-cultural change and civic engagement:** Develop visions of prosperity and wellbeing that emphasize sustainable lifestyles and sufficiency over consumerism. Civic education and participatory governance models, such as citizen assemblies, are key to building public support and multi-stakeholder buy-in.

- **Tailor policies to local contexts:** Design WTR and UBS policies to fit the socio-economic and cultural contexts of different regions, addressing institutional barriers such as concerns over state efficiency or economic stability.

- **Focus on eco-social justice:** Pursue policy efforts to reduce carbon-intensive consumption in tight integration with a focus on social equity in communication and measures (e.g. sufficiently progressive taxation).

ANNEX 5

DETAILED METHODS SUMMARY

The EU 1.5° Lifestyles project adopted a structured, multi-stage methodology to identify, evaluate, and prioritize welfare and business policy options capable of supporting the transition to 1.5° lifestyles. This approach emphasized inclusivity, evidence-based analysis, and the integration of diverse stakeholder perspectives to ensure practical and broadly applicable outcomes.

IDENTIFICATION OF POLICY OPTIONS

The initial step involved a comprehensive literature review, which examined 443 academic and policy documents. These were screened for relevance, leading to the selection of 75 studies that provided insights into welfare systems and business models conducive to sustainable lifestyles. The selected policies were analysed for their alignment with the 1.5°C climate target and their capacity to address socio-ecological challenges such as inequality and carbon reduction.

The literature review informed the identification of six policy options each for welfare systems and business models. These policies were selected based on their prevalence in the literature, relevance to the project goals, and balance in addressing equity, feasibility, and environmental impacts. From these six options the focus was then narrowed to what stakeholders and experts considered most beneficial in terms of welfare and climate impact, political feasibility, and societal acceptance.

Policy Options Identified

Welfare Policies

- **Working Time Reduction (WTR)**: Policies aiming to reduce standard working hours through shorter workweeks, reduced daily hours, longer vacations, or earlier retirement.
- **Job guarantees**: Programs offering work opportunities at a living wage, prioritizing jobs in sustainable industries to address unemployment and inequality.
- **Universal Basic Services (UBS)**: Public provision of essential services, including healthcare, education, housing, and transport, designed to meet basic needs equitably and sustainably.
- **Energy-efficient building renovation programs**: Initiatives targeting the most energy-inefficient buildings to reduce emissions and energy costs, especially for low-income households.
- **Free public transport**: Policies subsidizing or eliminating fares for public transport to reduce private car use and associated emissions.
- **Income ceilings**: Measures to cap or regulate high incomes, aiming to reduce luxury consumption and promote equitable resource distribution.

Business Policies

- **State-enforced choice editing**: Regulatory measures limiting or banning high-emission products and services to drive sustainable consumption.
- **Voluntary choice editing**: Industry-led initiatives to phase out unsustainable products and services, such as single-use plastics or high-emission foods.
- **Direct or indirect subsidies for low-carbon choices**: Financial incentives for consumers or businesses to support the adoption of sustainable products and practices.
- **Higher taxes on resources and pollution**: Taxation aimed at reducing resource depletion and emissions while funding sustainable solutions.
- **Tax incentives for low-carbon R&D**: Policies encouraging innovation by providing tax benefits for research into sustainable technologies.
- **Public procurement for low-carbon products:** Mandating environmentally sustainable criteria for public sector purchases to drive market demand.

PRIORITIZATION AND EVALUATION

The prioritization of these policies was conducted through a Delphi process involving experts from Germany, Hungary, Latvia, Spain, and Sweden. This iterative method engaged a diverse group of stakeholders, including policymakers, academics, business representatives, trade unions, and civil society organizations. The experts evaluated the desirability and feasibility of each policy option through three rounds of surveys combined with in-depth focus group discussions.

In the Delphi process, participants rated policies on a Likert scale to assess their desirability (from "very desirable" to "very undesirable") and feasibility within specific timeframes (2030, 2040, 2050, or beyond). These quantitative evaluations were complemented by qualitative discussions, which explored the reasoning behind stakeholder preferences, potential barriers, and enabling conditions.

Focus groups were carefully structured to ensure a diversity of opinions. Participants were divided into subgroups to discuss different policy initiatives in detail before reconvening in plenary sessions to share insights. This approach facilitated a robust exchange of ideas and helped capture nuanced perspectives on each policy's implications.

ANALYSIS OF CONNECTIONS

The data from surveys and focus groups were analysed in two stages. First, the quantitative results were aggregated to identify trends in desirability and feasibility across countries. Second, qualitative data from focus group discussions were coded thematically to identify common barriers, enablers, and cross-cutting concerns. This analysis revealed recurring themes such as the need for equity in policy design, the role of state intervention versus individual autonomy, and the importance of sufficiency measures to reduce overconsumption.

DEVELOPMENT OF FINAL RECOMMENDATIONS

The final recommendations emerged through an iterative refinement process that integrated stakeholder feedback and scientific evidence. The recommendations emphasized a synergistic approach, advocating for a cohesive policy mix that combines welfare reforms with business model innovations. They also highlighted the importance of tailoring policies to local contexts, fostering civic engagement, and addressing systemic barriers to implementation (**Policy Brief 4**). By combining rigorous analysis with participatory stakeholder engagement, the EU 1.5° Lifestyles project provided actionable insights and a roadmap for aligning welfare and business policies with the 1.5°C climate target.

FURTHER READINGS

Brizga, J. et al. (2023) "1.5° Welfare and Business Models: Summary Report" EU 1.5° LIFESTYLES (Policies and tools for mainstreaming 1.5° Lifestyles) - Deliverable D5.2. https://onepointfivelifestyles.eu/sites/default/files/attachment/2024-01/1.5%20project%20deliverable%205.2%20_V2.pdf

Brizga, J. et al. (2023) "Scenarios for 1.5° welfare systems and business models." EU 1.5° LIFESTYLES (Policies and tools for mainstreaming 1.5° Lifestyles) - Public Summary of Deliverable 5.1. https://onepointfivelifestyles.eu/sites/default/files/attachment/2023-06/D5.1_Final_accepted-1-6.pdf

Mamut, P. et al. (2024) "From responsibility ping-pong to shared responsibility for 1.5° lifestyles? Examining European stakeholder perspectives." Consumption & Society, p. 1-22. https://doi.org/10.1332/27528499Y2024D000000039

ABOUT US:

The EU 1.5 LIFESTYLES consortium includes ten research partners (universities, research institutes, enterprises and NGOs) from **Germany, Finland, Hungary, Latvia, Netherlands, Spain and Sweden.**

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