

Employment crises, digital transition and territorial context: the case of the European Globalisation Adjustment Fund for Displaced Workers (EGF)

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Abstract

The contribution aims to investigate the different relationships between territory, digitalisation and work.

Within the European Union, there are significant territorial inequalities aggravated by globalisation-related dynamics and the digital transition. Both processes, in fact, entail a territorial polarisation of economic development but also of technological skills, producing deep gaps within the member states.

In this sense, the analysis of an instrument such as the European Globalisation Adjustment Fund aims to shed light on the importance of keeping investing in reskilling and upskilling workers and the local labour context together, in order to understand how to reduce economic and knowledge inequalities.

Keywords: EU social policy; territorial inequalities; European Globalisation Adjustment Fund.

1. Introduction.

The aim of this article is to investigate the relationship between territorial inequalities, digital transition and work.

Specifically, it aims to highlight how the changes imposed by technological innovation lead both to a polarisation of the economy in some areas of the European Union and to a profound impact on workers' conditions and knowledge.

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Therefore, the paper is structured as follows. After this introduction, in the second section, the issue of territorial inequality and how this is linked to the dynamics of globalisation and digitalisation will be explored. The current economic conditions favour cities and regions, which are more successful in integrating themselves into the global market, and which, at the same time, are characterised by having a digitally-related production of goods and services.

In this context, the role played by the European Union will be outlined in the third paragraph. In fact, the supranational dimension not only seeks to invest resources to reduce the digital gap between territories at the economic level, but also aims to reduce the knowledge gap related to the technological transition that penalises those workers who, after losing their jobs, are unable to find a new occupation also due to a lack of the necessary skills.

For this reason, the fourth section will investigate a European instrument that binds together both the territorial and the labour skills dimension: the European Globalisation Adjustment Fund for Displaced Workers (EGF). The latter, in fact, by acting on workers who have lost their jobs for exogenous reasons, including the digital transition, intervenes to support active labour policies aiming to the re-skilling of people, providing them with the necessary knowledge to find a new job within the specific territorial context.

Finally, in the concluding paragraph, we will highlight some European and international interventions on digitalisation and work, which promote both a human-centred approach and life-long learning, necessary to make workers active and not passive subjects of the digital transition.

These dynamics also inevitably intersect with the territorial dimension, since economic redistribution between the different areas of the European Union is also associated with a redistribution of knowledge.

2. Territorial inequalities within the EU. The role of globalisation and digitalisation.

The *Territorial Agenda 2030. A future for all places* published on 1st of December 2020¹ by the Ministers of the EU Member States responsible for spatial planning, territorial development and/or territorial cohesion reflects on the conditions experienced by cities and regions from different perspectives. One of these focuses on the significant disparities that still run across European territories, linked to numerous factors, including globalisation and digitalisation.

Specifically, it highlights how the creation of transnational value chains associated with the fourth industrial revolution is producing a concentration of economic development at territorial level. This determines that “economic and employment prospects are affected by local development conditions beyond the influence of local, regional, national and European decision makers”.²

¹ EU Ministers, *Territorial Agenda 2030. A Future for all Places*, 2020, https://territorialagenda.eu/wp-content/uploads/TA2030_jun2021_en.pdf (accessed 4th of December 2022)

² EU Ministers, *ibid.*, 10.

For these reasons, territorial inequalities are a complex and still highly relevant phenomenon within the context of the European Union and beyond. In fact, numerous studies, promoted by both academics³ and international institutions⁴ have shown that since the 1980s there has been an increase in territorial inequalities within states, while, at the same time, there has been a reduction between nations: even at the beginning of the 21st century, disparities within states have become greater than inequalities between countries.

To give a dimension of the phenomenon we are discussing, the OECD has certified that inequality between regions in Western countries has increased by almost 60% in the 21st century, marking the depth of the problem and the need for a public response to it.

It is also important to emphasise that when we speak of territorial disparities, we are not only referring to economic lags, but these gaps also affect individual incomes, the conditions of workers,⁵ or public services related to education and health: the pandemic itself showed⁶ significant differences within nations on the impact of school closures, as well as on housing conditions and the relationship between types of work and the possibility of contagion, especially in the first phase of the health emergency.

Economists attribute this uneven development to two different aspects of the European Union: the different institutional framework and budgetary constraints that influenced the ability of national institutions to react to the common shock and, secondly, to the different participation of regional economies in broader production networks.⁷

As we have already noted, the globalisation of the economy, together with technological development, has changed the economic conditions of territories, altering their balance.⁸ In

³ Ex multis Chancel L., Piketty T., *Global Income Inequality, 1820–2020: the Persistence and Mutation of Extreme Inequality*, in *Journal of the European Economic Association*, 19, 6, 2021, 3025-3062; Iammarino S., Rodríguez-Pose A., Storper M., *Regional inequality in Europe: evidence, theory and policy implications*, in *Journal of economic geography*, 19, 2, 2019, 273-298; Smith A., *Europe and an inter-dependent world: Uneven geo-economic and geo-political developments*, in *European Urban and Regional Studies*, 20, 1, 2013, 3-13; Camagni R., Capello R., Cerisola S., Fratesi U., *Fighting Gravity: Institutional Changes and Regional Disparities in the EU*, in *Economic Geography*, 96, 2, 2020, 108-136; Cavanaugh A., Breau S., *Locating geographies of inequality: publication trends across OECD countries*, in *Regional Studies*, 52, 9, 2018, 1225-1236.

⁴ Floerkemeier H., Spatafora N., Venables A., *Regional Disparities, Growth, and Inclusiveness*, International Monetary Fund, 2021; Iammarino S., Rodríguez-Pose A., Storper M., *Why regional development matters for Europe's economic future*, European Commission Directorate General for Regional and Urban Policy Working Paper, 7, 2017; OECD, *OECD Regional Outlook 2016: Productive Regions for Inclusive Societies*, 2016; Odendahl C., Springford J., Johnson S., Murray J., *The big European sort? The diverging fortunes of Europe's regions*, Center for European Reform, 2019.

⁵ See Maresca A., *Il nuovo mercato del lavoro e il superamento delle disegnanze: l'impatto della digitalizzazione e del remote working*, in *federalismi.it*, 9, 2022, 177 ff.

⁶ Stantcheva S., *Inequalities in the Times of a Pandemic*, in *Economic Policy*, 2021, 11-12, which highlighted the sharp inequalities that emerged during the most acute phase of the pandemic at both regional and intra-urban levels. In particular, poorer regions saw higher mortality rates in both Europe and the United States. The author emphasises how this may be related to poor housing conditions, health facilities, as well as pollution in some areas compared to others.

⁷ Cutrini E., *Disparità regionali e cambiamento strutturale in Europa dopo la grande crisi del nuovo secolo*, in Lattarulo P., Palermo F., Omizzolo A., Streifeneder T., Provenzano V. (eds.), *Le regioni d'Europa tra identità locali, nuove comunità e disparità territoriali*, FrancoAngeli, Milano, 2019, 155.

⁸ Ortino S., *Il nuovo nomos della terra. Profili storici e sistematici dei nessi tra innovazioni tecnologiche, ordinamento spaziale, forma politica*, Il Mulino, Bologna, 1999, 119-122; Galgano F., *La globalizzazione nello specchio del diritto*, Il Mulino, Bologna, 2005, 25; Mangiameli S., *Stato, integrazione europea e globalizzazione: le nuove sfide del costituzionalismo*, in *Diritto e Società*, 1, 2020, 12.

fact, there are localised negative spillovers in certain regions and industrial sectors of the European Union, *i.e.* the dynamics of the contemporary economy favour a limited number of large cities, creating ever-increasing and lasting gaps with other areas of the European territory.⁹

This means that certain areas could not effectively tackle the challenges posed by the world market and that certain areas of production have been disadvantaged due to unfair global competition, generated in turn by downward mechanisms in terms of wages and workers' rights.¹⁰

However, it is precisely the inclusion or exclusion from global value chains that characterises EU territories. Specifically, as highlighted by the doctrine,¹¹ it is possible to highlight, on a regional level, four clubs showing as many levels of development and integration into these networks. Hence, it is possible to observe a strengthening of the EU core, while the peripheral countries undergo a strong deindustrialisation; this occurs because global value chains favour the concentration of productive activities, having a deep impact on the distribution of development in the different territories.

Inclusion or non-inclusion in global networks is not, however, a sufficient reason to explain in depth the development or backwardness of certain territories; in fact, the studies cited emphasise how the differences between European regions depend not only on the degree of openness of the markets, but also on the type of activity carried out there.

In other words, the intensity of global value chains combined with the type of employment carried out in a certain territory is positioning regional and local realities in four different development paths.

In the first cluster, *i.e.* the one characterised by more favourable economic conditions, there are high value-added productions and a specialisation in information and communication services. Connected to this dynamic, it is relevant to point out that the most economically advanced regions cluster around cities, with particular reference to metropolises and capital cities, which are characterised by this kind of sectors.

This fosters a process of economic¹² and skill¹³ polarisation, which allows the same places to have more opportunities to innovate, strengthening their position, thus increasing the gap with the other territories that are at a disadvantage.

The second club is made up of the regions that have been able to adapt more to economic and technological change, also investing in information and communication services while

⁹ Crouch C., *Identità perdute. Globalizzazione e nazionalismo*, Laterza, Bari-Roma, 2019, 55.

¹⁰ Cfr. Rickard S. J., *Economic geography, politics, and the world trade regime*, in *World Trade Review*, 21, 2022, 369, who writes: "economic geography shapes the distributional consequences of international trade with implications for trade politics and the world trade regime. When industries are unevenly distributed spatially (and factors of production are imperfectly mobile), local labor markets within countries are differentially exposed to rising import competition".

¹¹ Iammarino S., Rodríguez-Pose A., Storper M., *Why regional development matters for Europe's economic future*, nt. (3), 5-21; Cutrini E., nt. (7).

¹² See Goos M., Manning A., Salomons A., *Explaining job polarization: Routine biased technological change and offshoring*, in *The American Economic Review*, 104, 2014, 2509-2526.

¹³ See Stiglitz J. E., Greenwald B. C., *Creare una società dell'apprendimento, Un nuovo approccio alla crescita, allo sviluppo e al progresso sociale*, Einaudi, Torino, 2018.

maintaining, however, unlike the territories in the first group, a good percentage of manufacturing employment.

The third club is the largest in numerical terms and includes Italian, French, Spanish and Czech regions. Again, it is the manufacturing industry that is predominant, however, with a reduction in employment of around 15% compared to only 1% in club 2 regions.¹⁴

The last group of territories consists of many Mediterranean regions, large areas of south-eastern Europe, and is characterised by a strong decline in manufacturing industry and a very low share of employment in information and communication services. Therefore, within the global economy, it is particularly difficult at this time for these areas to try to start a process of convergence with other European territories.¹⁵

3. The European social dimension in the digital transition of territories.

The European Union thus presents itself with a highly fragmented picture in which different territories seem to follow very different development profiles, showing many difficulties in finding ways to intervene in their condition. This inhomogeneity, however, can be dangerous for unity and social cohesion¹⁶ as it is capable of igniting conflict and political polarisation.

Supranational integration is known to be a dynamic and ever-changing process, but it is necessary to ask what the trajectory of this movement is and, at the same time, who it involves and to what extent, specifically when we talk about transitions.¹⁷

If, in fact, some cities and regions have been able to take part to technological innovations and to the world market, other areas have embarked on paths of decline also due to their geographical conformation: for example, rural areas and/or areas that are poorly integrated into global networks.¹⁸

Therefore, social policies implemented both at the national and supranational level are actually crucial to promote a more balanced development within the European Union.

¹⁴ Cutrini E., nt. (7), 150.

¹⁵ COM(2017) 583 final, *The 7th report on economic, social and territorial cohesion*, 2017, 2, where the Commission points out that “as most of the higher GDP per head regions contain a national capital or a large city, they benefit from agglomeration economies while a bigger labour market makes for a better matching of skills. The concentration of activities attracts specialised services and suppliers. Infrastructure investment in transport and ICT generates higher returns, while the spatial proximity of firms produces more innovation and knowledge spillovers”.

¹⁶ In relation to the Italian case, see Claroni A., *Mezzogiorno, banda larga e divario digitale. Profili normativi e questioni aperte*, in *Rivista giuridica del Mezzogiorno*, 35, 1, 2021, 215-236; Sbrescia V. M., *Coesione sociale e sviluppo dell'economia digitale. Dai pubblici poteri europei e nazionali la spinta a favore della diffusione delle reti infrastrutturali di nuova generazione*, in *Rivista giuridica del Mezzogiorno*, 32, 2, 2018, 509-532.

¹⁷ Passalacqua M., *Green deal e transizione digitale. Regolazione di adattamento a un'economia sostenibile*, in *Analisi Giuridica dell'Economia*, 2, 1, 2022, 27-62.

¹⁸ *Ex multis* Scott A. J., *Città e regioni nel nuovo capitalismo. L'economia sociale delle metropoli*, Il Mulino, Bologna, 2011; Giglioni F., *Nuovi orizzonti negli studi giuridici delle città*, in Alvisi C., Donati D., Pavani G., Profeti S., Tubertini C. (eds.), *New Policies and Practices for European Sharing Cities*, Il Mulino, Bologna, 2019; Carloni E., Piñeiro M. V., *Le città intelligenti e l'Europa. Tendenze di fondo e nuove strategie di sviluppo urbano*, in *Istituzioni del federalismo*, 4, 2015.

Supranational institutions have always had the aim of rebalancing the gaps that inevitably arose within the European context;¹⁹ thus, a form of supranational redistribution between territories has been attempted, even if economic evolution seems to have been only minimally actually influenced by this type of policy.

From the jurist's point of view, territorial development cannot be seen exclusively from a market perspective, through policies that enable more and more regions to be competitive at an international level, but it is necessary for the public subject – understood in a broad sense – to protect the legal assets in each territory, bearing in mind how such wide gaps become real obstacles to the realisation of both individuals and the places in which they are located. In this regard, there has been talk in doctrine of spatial justice²⁰ to emphasise the importance of not only a market-oriented but also a solidarity-oriented perspective in the creation and implementation of European funds.

At the same time, it is evident that the coexistence of such different regional, urban or rural realities requires the legislator to make an additional effort in terms of regulatory sensitivity; in particular, it is necessary to try to avoid more and more one-size-fits-all solutions and to prefer instead place-based public interventions that can actually try to support local potential.

On this point, the European Commission, in its recent *8th Cohesion Report: Cohesion in Europe towards 2050*,²¹ emphasised both the territorial differences in employment and how these are also related to the digital dimension that workers and territories possess.

Regarding the first point, it was stated that the employment rate for the most developed regions at European level was around 76%, while for the least developed regions the figure was around 66%.²² As already emphasised, these data must be seen related with the actual ability to grasp the different aspects of the digital transition; in this sense, the role of schooling, as well as that of continuing education, is crucial in order to provide workers the skills necessary for the new labour market. This principle is also enshrined in the European Pillar for Social Rights, art. 1,²³ and in the *European Skills Agenda for sustainable competitiveness, social fairness and resilience*, drafted with the aim of putting in place regulations and policies to follow up on the Pillar itself. In this Agenda, it is emphasised that already today Europeans

need digital skills in life and at work: in some job categories, more than 90% of jobs require specific types of digital skills. [...] Moreover, 40% of new jobs were created in

¹⁹ For a historical reconstruction see Golino C., *L'intervento pubblico per lo sviluppo economico delle aree depresse tra mercato e solidarietà*, Giappichelli, Torino, 2018.

²⁰ About spatial justice see Harvey D., *Social Justice and the City*, Johns Hopkins University Press, Athens, 1973; Lefebvre H., *La rivoluzione urbana*, Armando, Roma, 1973. While on the application to European cohesion policy see Jones R., Moisis S., Weckroth M., Woods M., Luukkonen J., Meyer F., Miggelbrink J., *Re-conceptualising Territorial Cohesion Through the Prism of Spatial Justice: Critical Perspectives on Academic and Policy Discourses*, in Lang T., Görmar F. (eds.), *Regional and Local Development in Times of Polarisation. New Geographies of Europe*, Palgrave Macmillan, Singapore, 2019.

²¹ COM(2022) 34 final, *On the 8th Cohesion Report: Cohesion in Europe towards 2050*.

²² COM(2022) 34 final, *ibid.*, 136.

²³ The article maintains how “everyone has the right to quality and inclusive education, training and life-long learning in order to maintain and acquire skills that enable them to participate fully in society and manage successfully transitions in the labour market”.

digitally intensive sectors between 2005 and 2016. However, the rapidly growing demand for digital experts cannot be met. For example, there is a gap of 291,000 professionals in cybersecurity.²⁴

However, if we cross these data with those relating to basic digital knowledge in the European Union, it emerges that the gap between those who live in cities and those who live in rural areas is deep and significant.²⁵ In this sense, a particularly negative sign is the lack of convergence between regions with respect to the digital skills acquired over the past ten years, once again showing the trend towards polarization of the contemporary economy in certain areas of the European Union.

Therefore, it is important to ask how the European system can intervene with its own instruments in order to provide the necessary skills to workers who are affected by globalisation and the digital transition.²⁶

In this sense, the analysis of the European Globalisation Adjustment Fund for Displaced Workers aims to provide an example of an instrument that brings together the different aspects investigated so far: territory, work and digital transition.

4. The European Globalisation Adjustment Fund for Displaced Workers (EGF): a European legal and financial tool for workers and territories.

The European Globalisation Adjustment Fund for Displaced Workers (EGF) is an instrument of the European Union established by Regulation 1927/2006, created with the precise task of helping “redundant workers find new jobs, the EGF co-finances active labour market policy measures implemented by Member States. It supplements national labour market measures in case of sudden collective redundancies, [...] by providing more personalised and targeted approach to the most vulnerable redundant workers”.²⁷

The investment is made with the co-financing of the Member State and with a minimum threshold of redundancies, which was initially set at 500 redundancies; these can refer to a single company, but also to a production sector established in a certain geographical area. Compared to the structural funds, this is therefore a one-time solution aimed at avoiding employment shocks, but deliberately lacking an overall and lasting vision, as in the case of cohesion policy.²⁸

This instrument connects different institutional levels, as an economic crisis at the local level is managed with the participation of the national and supranational level. This instrument can be activated at the request of a Member State or a region, outlining the

²⁴ European Commission, *European Skills Agenda for sustainable competitiveness, social fairness and resilience*, Bruxelles, 2020, 12.

²⁵ COM(2022) 34 final, cit., 150.

²⁶ See Garofalo D., *Rivoluzione digitale e occupazione: politiche attive e passive*, in *Il Lavoro nella Giurisprudenza*, 4, 2019, 336.

²⁷ COM(2019) 415 final, *On the activities of the European Globalisation Adjustment Fund in 2017 and 2018*, 3, 2019.

²⁸ Giardinieri G., *Il Fondo europeo di adeguamento alla globalizzazione fra potenzialità e scarso utilizzo*, in *Rivista del Diritto della Sicurezza Sociale*, 13, 1, 2013, 79-100.

importance of flexible multilevel governance capable of dialogue along the entire institutional chain.

Moreover, the EGF aims at modelling solutions and actions on territorial issues, trying to reintegrate workers, trained with the necessary new skills, into the market, paying particular attention to the dynamics and rules of the local context in which it is set.²⁹

This is exemplified by the case of the town of Trollhättan in southern Sweden, where the Fund

stepped in to provide €5.4 million to help 1,350 workers made redundant by Saab and 16 of its suppliers. Since then, the town has fought back and reduced the unemployment by a quarter despite the layoffs. Unemployment today is even lower than it was before, dropping from 16 to 12 %. The success is a credit to a strong entrepreneurial spirit within sectors like building, transport and aerospace. Many new companies have started and they employ around 1,000 people. Those who were laid off by Saab were offered the possibility to study without losing their unemployment benefits, so many took the chance to train for a new career.³⁰

As in the given example, the EGF was most often used to provide training for workers who had lost their jobs by focusing on skills to get them back into the labour market or, alternatively, by giving them knowledge in the area of self-entrepreneurship. Specifically, as time went by, it became increasingly evident how crucial digital skills were becoming, in order to reintegrate people who had been expelled from the labour market.

Another significant aspect related to the EGF is that it does not replace unemployment benefit, but rather complements it, helping workers both economically and in terms of reintegration into work.

The ability to adapt and tailor it to the specific case is certainly the hallmark of this instrument, which has enabled the institutions of the Member States to create training packages adapted to the needs of the workers taking into account their professional requirements, the conditions of the local or regional labour markets and the actual possibility of finding new employment.³¹

The EGF, therefore, has been able to intervene in large-scale redundancies through interventions that were modelled on the workers and the local context, often succeeding in achieving better results than the so-called standardised packages provided by national regulations.

As underlined, the EGF is relevant not so much for the amount of resources it moves, but for the theoretical framework behind it; in fact, the idea is to maximise the impact of public intervention in that particular context where an employment shock is devastating for workers and territories.

²⁹ See Cernat L., Mustilli F., *Trade and labour market adjustments: what role for the European globalisation adjustment fund?*, in *Intereconomics*, 53, 2, 2018, 79-86.

³⁰ European Commission, *Reflection paper on harnessing globalisation*, Brussels, 2017, 21.

³¹ Giardinieri G., *Il Fondo europeo di adeguamento alla globalizzazione come strumento solidaristico dell'Unione*, in *Rivista del Diritto della Sicurezza Sociale*, 16, 3, 2016, 544-545.

Precisely for these reasons, the focus is on how the individual worker can relate to his labour market, while at the same time being given the opportunity to acquire new skills that can be better spent in productive activities immersed in global value networks.

From a regulatory point of view, the EGF saw a first broadening in its scope in 2009, to limit the employment damage resulting from the global economic crisis.³² Subsequently, the 2014-2020 programming envisaged a further expansion in order not to limit the EGF to the contextual economic situation of that period, but to open up the use of the EGF for any possible future financial crisis.³³

Measures instead in favour of small and medium-sized enterprises were approved in 2018 with Regulation (EU, Euratom) 2018/1046, which allowed the instrument to be used when the need was demonstrated in a EU region. A year later, a further amendment was foreseen in the event that the UK and the EU failed to reach an agreement following the activation of Article 50 TFEU and the consequent willingness on the British side to withdraw from the supranational project; this, in fact, would have entailed possible economic repercussions on many companies that have deep trade relations with the UK.³⁴

During the 2014-2020 period, the EGF performed well, as witnessed by both the Commission's Interim Reports,³⁵ and in the *ex-post* evaluations.³⁶ Specifically, it was emphasised that this instrument was indeed able to support workers expelled from the labour market, albeit in different ways between the different Member States, also increasing attachment to the European project.³⁷

The labour reintegration rate has been estimated at around 60%, although it must be considered that this actually hides a very wide range, ranging from 18% in some countries, against 94% in others.³⁸ These data exemplify, once again, the very wide economic-territorial differentiation which European instruments have to contend and which radically change their implementation and thus their effectiveness.

These reasons led the European Commission to a new reform of the EGF for the European Multiannual Financial Framework 2021-2027.³⁹ There is, in fact, an increase in the budget and a broadening of the necessary preconditions for EGF intervention. Specifically, EU Regulation 2021/691 envisages the possibility of using this instrument also in cases of redundancies of workers, whether employed or self-employed, due to the digital transition, automation, as well as the ecological transition towards a low-carbon economy, as well as the historical dynamics more closely linked to globalization.⁴⁰ This, therefore, highlights the key

³² Regulation EC 546/2009.

³³ Regulation EU 1309/2013.

³⁴ Regulation EU 2019/1796.

³⁵ See COM(2019) 415 final, *Report from the Commission to the European Parliament and the Council on the activities of the European Globalisation Adjustment Fund in 2017 and 2018*, and COM(2021) 486 final, *Report from the Commission to the European Parliament and the Council on the activities of the European Globalisation Adjustment Fund (EGF) in 2019 and 2020*.

³⁶ Ludden V., Jansen L., Attström K., Landes F., Gelibolyan K., De Hek P., van der Toorn A.J., *Study supporting the ex post evaluation of the European Globalisation Adjustment Fund (2014-2020)*, Lussemburgo, 2020.

³⁷ Ludden V., Jansen L., Attström K., Landes F., Gelibolyan K., De Hek P., van der Toorn A.J., *ibid.*, 83.

³⁸ Ludden V., Jansen L., Attström K., Landes F., Gelibolyan K., De Hek P., van der Toorn A.J., *ibid.*

³⁹ About the relevance of reforms see Claeys G., Sapir A., *The European globalisation adjustment fund: Easing the pain from trade?*, Bruegel Policy Contribution, 5, 2018.

⁴⁰ Art. 2 of Reg. UE 2021/691.

role played by the EGF in limiting the most negative effects of the diverse and multifaceted transitions affecting our society, even with respect to the most advocated proposals for intervention, in fact “given the importance of skills required in the digital industrial age and in a resource-efficient economy, the dissemination of such skills shall be considered to be a horizontal element for the design of coordinated packages. The need for and level of training shall be adapted to the qualifications and skills of each beneficiary”.⁴¹

Another piece that makes up the new puzzle of the European strategy with respect to this instrument is the reduction from 500 to 200 workers expelled from the labour market, necessary to activate the Fund.⁴² Finally, an administrative simplification has also been implemented, which should lead to a better use of the instrument and make it more efficient.⁴³

The EGF, therefore, fits into the territory-institution relationship in a particularly interesting way. It recognises the difficulties of a territory of the Union due to exogenous causes, thanks to the activation of local or national authorities, in a perspective that we could define as bottom-up. In this way, the Fund is particularly interesting because it is able to place itself in a place that is under strain due to the dynamics of globalisation, ecological and digital transition, trying to adapt to provide expertise both with respect to the market in general and to local needs.

In this way, institutions, embedded in European governance, coordinate themselves, not according to a fragmented division of competences, but through a unity of intent governed by the principles of subsidiarity and solidarity, because “of the scale and effects of unexpected large-scale restructuring and because the EGF is an expression of solidarity across and between Member States, assistance can be better delivered at Union level”.⁴⁴

For these reasons, it will be interesting to see how the EGF will be implemented in the 2021-2027 programming period, in order to understand whether the various changes made to the initial set-up were actually able to solve certain knots and whether, at the same time, this type of European intervention can also have a positive impact on other interventions. In particular, understanding how supranational legislation can effectively translate into effective instruments at territorial level is not only of interest to cohesion policy; in this sense,

⁴¹ Art. 7 c. 2 of Reg. UE 2021/691.

⁴² Art. 4, c. 2 of Reg. UE 2021/691, which maintains how “in the case of major restructuring events, a financial contribution from the EGF shall be provided where one of the following circumstances applies:

(a) the cessation of activity of at least 200 displaced workers or self-employed persons, over a reference period of four months, in an enterprise in a Member State, including where that cessation of activity applies to its suppliers or downstream producers;

(b) the cessation of activity of at least 200 displaced workers or self-employed persons, over a reference period of six months, particularly in SMEs, where all operate in the same economic sector defined at NACE Revision 2 division level and are located in one region or two contiguous regions defined at NUTS 2 level or in more than two contiguous regions defined at NUTS 2 level provided that there are at least 200 workers or self-employed persons affected in two of the regions combined;

(c) the cessation of activity of at least 200 displaced workers or self-employed persons, over a reference period of four months, particularly in SMEs, where all operate in the same or different economic sectors defined at NACE Revision 2 division level and located in the same region defined at NUTS 2 level”.

⁴³ Art. 15 of Reg. UE 2021/691.

⁴⁴ COM(2018) 380 final, *Proposal for a regulation of the European Parliament and of the Council on the European globalisation adjustment fund (EGF)*.

we can say that the EGF is certainly an instrument that attempts to maintain a focus on the local context, even though it is constructed as a solution to the employment crises resulting from globalisation.

Hence, we can see the challenge for legal systems to face the challenges posed by globalisation, trying to outline sensitive responses at a territorial level. In this sense, the difficulty of certain areas of the EU to compete on a continental and global level, as well as the digital and technological transition continually challenge legislators to adapt their instruments to both the different spatial contexts and the new economic dynamics.

In conclusion, the EGF certainly represents a temporary means by which the European legislature seeks to intervene in contextual crises, but at the same time it has the capacity to focus on the most challenging issues for both territories and workers.

5. Final Remarks.

The capacity and speed of public intervention are, therefore, fundamental qualities, in order to respond to the different challenges that territories and workers will have to face in the near future. To do this, the aspect of knowledge distribution is crucial, especially when referring to the context of digital and technological transition. Indeed, knowledge is characterised as a public good with positive and pervasive externalities: any public intervention that reduces the skills gap is useful and is characterised by numerous positive effects, both direct and indirect. At the same time, however, the propagation of knowledge may concentrate and not expand because, even though we live in an interconnected and global world, linguistic diversity, infrastructural shortages and physical distance are major obstacles to the dissemination of information, creating major and deep disparities even within the same regions.⁴⁵

Therefore, for these reasons, the state should set itself the task of implementing not only an economic redistribution, but also a redistribution of knowledge, especially in the digital sphere.

The latter can certainly be declined as a form of long-term planning through investments in the material and immaterial capital of the territories, but, in reality, it can also be effectively translated into short-term responses to deep and localised shocks. It is precisely in this direction that the EGF goes, which stands as an important tool for providing the necessary knowledge to workers who have lost their jobs, also due to the digital transition, to reintegrate into the labour market.

Placing the condition of workers at the centre of future legislation is one of the objectives also put forward by the International Labour Organisation, which in 2019 emphasised the importance of having a human-centred approach to technological transformation, which can effectively guarantee a life-long learning right.⁴⁶

⁴⁵ Boschma R. A., *Proximity and innovation. A critical assessment*, in *Regional Studies*, 39, 2005, 61–74.

⁴⁶ ILO, *Work for a Brighter Future – Global Commission on the Future of Work*, Geneva, 2019.

However, it has been pointed out that people are more inclined to update their skills when they are guaranteed a form of income; for these reasons, it is crucial that tools such as EGF remain complementary to more traditional forms of income support.⁴⁷

Furthermore, the Declaration states that the challenge arising from life-long learning must concern not only policy makers, but also all social organisations such as trade unions and companies, which in various ways can contribute to workers' knowledge and "specifically, it stresses the need to ensure that education systems are responsive to labour market tendencies, to address current and predicted skills gaps, and to achieve better work-life balance".⁴⁸

Also, the European Union with the *European Framework Agreement on Digitalisation* (EFAD) has pointed out the need to have a joint approach about the digitalization in order to better tackle the opportunities and the issues posed by this transition. In particular, the document identifies four different challenges, the first one is "Digital skills and securing employment" and is related to the risk of obsolescence of some jobs. Accordingly, EFAD promote investments in re-skilling workers in order "to intercept and anticipate the digital transformation in the world of work and to secure a long-term employment, filling competence shortages".⁴⁹

Furthermore, a human-centred approach is affirmed also in the *European Declaration on Digital Rights and Principles for the Digital Decade*,⁵⁰ proposed by the European Commission at the beginning of 2022.⁵¹ More specifically, in relation to the Digital education and skills, the European institutions commit to "giving everyone the possibility to adjust to changes brought by the digitalisation of work through up-skilling and re-skilling".⁵²

Finally, these aspects intersect with issues of territory. Indeed, the world has not become flat, as was prophesied,⁵³ but rather globalisation and technological progress increasingly contribute to creating a new geography of work,⁵⁴ in which economically highly developed areas connected to universities and research centres are created,⁵⁵ while others remain in an increasingly disadvantaged position and lack the knowledge and skills necessary to embark on a path of innovation and growth in the global scenario.⁵⁶

⁴⁷ ILO, *ibid.*, 30 ff.

⁴⁸ Potocka-Sionek N., Aloisi A., "Festina Lente": *The ILO and EU Agendas on the Digital Transformation of Work*, in *International Journal of Comparative Labour Law and Industrial Relations*, 37, 1, 2021, 44.

⁴⁹ Battista L., *The European Framework Agreement on Digitalisation: a tough coexistence within the EU mosaic of actions*, in *Italian Labour Law E-Journal*, 14, 1, 2021, 110–111.

⁵⁰ COM(2022) 28 final, *European Declaration on Digital Rights and Principles for the Digital Decade*.

⁵¹ Cianci L., *Dichiarazione europea sui diritti e i principi digitali: quid pluris?*, in *Diritto pubblico comparato ed europeo*, 24, 2, 2022, 383.

⁵² COM(2022) 28 final, Chapter 2 of the *European Declaration on Digital Rights and Principles for the Digital Decade*.

⁵³ See Friedman T., *The world is flat, A Brief History of the Twenty-first Century*, Farrar, Straus and Giroux, New York, 2005.

⁵⁴ See Moretti E., *The New Geography of Jobs*, Mariner Books, Boston, 2012.

⁵⁵ Related to this differentiation, the data about the presence of young graduates within a region is also significant: in fact, it has been argued that a one percentage point increase in the graduate population can translate into a 0.2 % growth in GDP: Od Odendahl C., Springford J., Johnson S., Murray J., Murray, nt. (4), 15.

⁵⁶ Quintarelli S., *Capitalismo immateriale*, Bollati Boringhieri, Torino, 2019, 126.

Therefore, the challenge for national and European legislators will be to understand not only how and what digital knowledge needs to be passed on to workers, but also how to get it out of the territorial contexts where it originates, through tools that are able to grasp global issues, but with a sensitivity to their places of application.

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