

# From Vulnerability to Resilience: Lessons from the Cost-of-living Crisis

Public hearing on 'Leaving the crises behind – Measures for a resilient, cohesive and inclusive European economy'

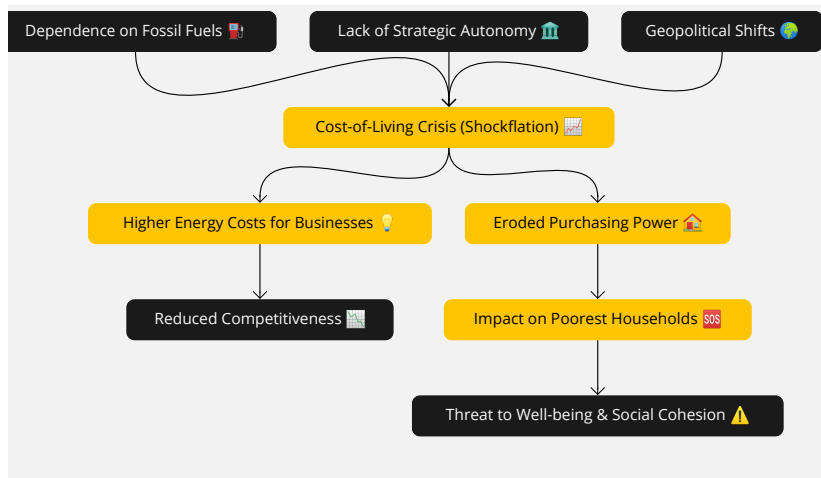
**Mattia Ricci**

Joint Research Centre  
European Commission

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# The cost-of-living crisis originates from vulnerabilities and amplifies vulnerabilities



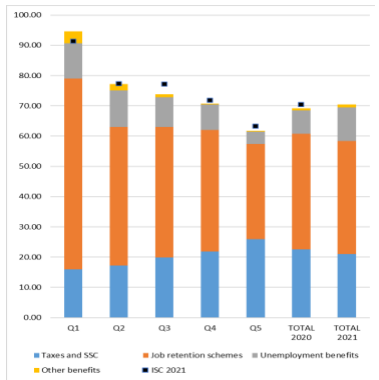
# The search for a holistic approach

- Addressing root causes through energy independence and strategic autonomy in the face of geopolitical shifts.
- Strengthening social safety nets through emergency relief measures and automatic stabilizers.
- Policies should be designed accounting for constraints - particularly of strained public finances.
- Understanding inter-dependencies to align climate, social and economic goals.

# Designing relief measures: some lessons learned from recent research (incl. JRC)

- 1. Inflation impact is complex and heterogeneous:**  
Highlighting the need for country-specific impact analyses to identify impacted population (Chafwehé et al., 2024)
- 2. Provide targeted income support:** Untargeted measures are cost-ineffective and can bolster aggregate demand and second-round price increases (Amores et al., 2025, Arregui et al., 2022).
- 3. Do not distort the marginal price:** Incentivizing necessary adjustment in demand. E.g: natural gas-price brake in Germany (Arregui et al., 2022, Zettelmeyer et al., 2022).
- 4. Indexing Taxes and Benefit:** Regularly adjusting minimum incomes, pensions, tax deduction and brackets to prevent real income erosion (Abela et al., 2025, Leventi et al., 2024, Almeida et al., 2025)

# Insights from the SURE's Ex-post Assessment



- **Timely Activation**  
to cushion income shock.
- **Targeted Support**  
to reach vulnerable groups.
- **Coordinated EU action**  
to avoid EU divergences.

*Income stabilisation, SURE beneficiary Member States, 2020 (JRC data based on EUROMOD)*

# Conclusions

- The cost-of-living crisis highlighted the interconnectedness of economic, social, and environmental dimensions.
- A holistic approach addressing social safety nets, energy independence, and economic resilience appears essential to manage future shocks.
- Emergency relief measures may be more effective if accompanied by structural reforms aimed at reducing underlying vulnerabilities.
- Reducing inequality and poverty is not only a social imperative but also a strategy for resilience: societies with smaller gaps and stronger social contracts are better able to weather crises.

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