EMBRACING A NEW MULTILATERALISM

The Progressive Post

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James K. Galbraith
Herbert Kitschelt
Cécile Kyenge
Evgeny Morozov
Ann Pettifor
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The Progressive Post

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Our ambition is to undertake intellectual reflection and debate for the benefit of the progressive movement, and to promote the founding principles of the European Union: freedom, equality, solidarity, democracy, human dignity, as well as respect of human rights, fundamental freedoms and the rule of law.

With a focus on EU politics, our crucial interest is the state and future of social democracy. We offer a platform (in print and online) for finding progressive answers to climate change, uneven development and social inequality in a European as well as global context. We invite our readers to explore with us the contradictions of our time and our authors to put forward arguments for peace, sustainability and social justice.

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Moving beyond current multilateralism – and beyond current capitalism

by Maria João Rodrigues, FEPS President

The United Nations is currently celebrating its 75th anniversary. The backdrop of these celebrations however is bleak: some world powers knowingly sabotage multilateralism, and the escalating global crises – health, climate and economic downturn to name just a few – have led to a further deterioration of the United Nations system that was created in the wake of World War II. If it needed a reminder, **the Covid-19 pandemic has made it blatantly clear that our most critical challenges are transnational and can only be addressed through coordinated action**. But the gap keeps widening between our shared challenges and the capacity of global governance to meet them.

With this issue, The Progressive Post wants to congratulate the United Nations on its anniversary, and wants to celebrate multilateralism, but it also wants to seize this unique opportunity to make proposals for rebuilding and reforming the multilateral architecture.

In this issue's *Focus*, our authors explore how this **new multilateralism** could be put together. **An increased role for regional organisations** could make the UN system more agile and efficient – **with an important role for the European Union**, not only in a future architecture of multilateralism, but as a driver in the transition. Citizens should play a greater role, for instance with a **World Citizens' Initiative**, comparable to the European Citizens' Initiative.

Make no mistake: this is a make-or-break moment for international cooperation, and it will probably be a turning point shaping the emerging new global order!

If the Covid-19 crisis has been a hard reminder of how international our challenges are, and thus of how the answers must be too, it also highlights that the current neoliberalism-dominated capitalism is in deep crisis. Similar to the current architecture of multilateralism, today's capitalism is less and less capable of keeping the promises that were its very reason for existence: shared growth and prosperity for everyone. Instead, in its globalised and financialised form, built on shaky foundations of debts and credit, it is pushing the planet's ecosystem to a collapse. The rich are getting richer while the poor are getting poorer.

That is why this issue's *Special Coverage* wants to move **beyond capitalism** and initiate a larger debate on the objectives of economic, environmental, social, digital, and regional policy. The aim is a paradigm-change to overcome the dominant neo-liberal approach.

Our contributions call for **an urgent U-turn towards social and environmental justice**, but they also show that **this can be financed** – and how. And again, citizens need a role here, not least in regional policy, otherwise we **face revenge from 'places that don't matter'**. But citizens need a role in the online arena too, and here we look at citizens' **digital empowerment**, rooted in Social Democratic values: solidarity, cooperation and social justice.

Editorial

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SPECIAL COVERAGE

A too Teutonic talk

EC President Ursula von der Leyen's first speech on the State of the European Union

by László Andor

As we learned from the great British historian Eric Hobsbawm, tradition is something that is invented. The tradition of State of the Union speeches by the European Commission president was invented in 2010, in the wake of the great financial crisis. It has always provided a panorama of EU-policies, sending open or encrypted messages about priorities and concerns and endeavouring to rally parliamentarians and other stakeholders to tackle the key challenges of the time. It also became the annual exercise to highlight the real opportunities and initiatives to move ahead with integration, and in which unfortunate fields the Commission is only aiming managing expectations.

In the year of the coronavirus, the State of the European Union speech (SOTEU) had to tackle the pandemic first and foremost. EU Commission President Ursula von der Leyen took the royal road to thank all frontline workers of Europe, and gave a positive response to the July decision of the European Parliament to create a Health Union. Remember that until recently those who wanted to shrink the Brussels bureaucracy routinely pointed to the health portfolio as one to be culled in the absence of real competences. Now, it is the realm of a real breakthrough.

If a motto were to be found behind von der Leyen's rhetoric, it would be: *"wir schaffen das".* What was said by Angela Merkel in 2015 amidst the dramatic refugee crisis, is now the underlying philosophy of von der Leyen in the

maelstrom of COVID-19: we will cope with this, we will control this, and we will recover even stronger. Objectively, this message is not false, since April, the EU has displayed a host of bold and forward-looking measures. However, while Merkel had already entered the Pantheon of politics for proving her opponents wrong, von der Leyen is still at the beginning of her European journey. Her speech appeared less titanic and more Teutonic than necessary.

With von der Leyen, Manfred Weber and Ska Keller in the roles of the lead speakers, and Michael Roth playing himself at the end (as Europe minister representing the German presidency), this EP-plenary looked like a proxy Bundestag, with visiting southern Socialists like David Sassoli and Iratxe Garcia Perez. The spirit of Wir schaffen das came

through at least on three accounts: when von der Leyen spoke about migration towards the end (to remain true to the origin of the expression), but also when she elaborated on the COVID-19 crisis, and at great length when she outlined the vision, ambition and targets to tackle climate challenge.

The speech was about projecting European confidence, but **a most important undertone was about the German origins of the crisis response on various fronts**. This was more than appropriate when von der Leyen proudly highlighted the newly created instrument, called SURE, providing EU financed loans for the implementation of Kurzarbeit (short-time work) schemes. To convince the audience that the vehicle she is selling surely works, she explicitly referred to her time as

German minister of employment. She even doubled down by extending the sales exercise to the minimum wage (which in reality was only introduced in Germany after she moved from employment to the defence portfolio and the Social Democrat Andrea Nahles took over at Wilhelmstraße).

▶ *If a motto were to be found behind von der Leyen's rhetoric, it would be: "wir schaffen das."*

On the other hand, it was not entirely appropriate to highlight the German connection when the speech come to the question of the rule of law, and von der Leyen invoked Walter Hallstein, the only previous German Commission President (1958-67). While it is true that the word Rechtsstaat (rule of law) was introduced in Germany over two hundred years ago, and that despite contradictory episodes the concept somehow survived in the country of origin, the way Hallstein popularised the term 'community of law' was not primarily about the quality of democracy, and the functioning of checks and balances, within the Member States. It rather was a way to underscore the role of law in the European project, which has been described by political scientists precisely as 'integration through law'.

Where von der Leyen managed to be surprisingly inspirational with an unexpected German reference was the unveiling of the idea of a New European Bauhaus. This should not only appeal to design nerds, but to everybody who is sick and tired of references to the Californian Silicon Valley, supposed to make Europe feel inferior, and aspiring for deregulation and venture capital. The Bauhaus school was indeed a remarkable centre of European creativity in the interwar years, until the Nazis found it too cosmopolitan and evicted the artists first from Dessau and then also from Berlin. László Moholy-Nagy relaunched the project in

Chicago as New Bauhaus and promising a new European edition today might signal the birth of a brand comparable to Erasmus. (It may of course also happen that this becomes a quickly forgotten bon mot.)

With a Europe built out of Kurzarbeit, Rechtsstaat and Bauhaus, nothing can go wrong. Still, reactions to the speech, including that from Iratxe García Pérez, rightly asked the question where the social dimension was. Did the Commission President notice that the coronavirus caused not only a health crisis but also a social one, and that an anti-poverty strategy would be timely?

For sure, the minimum wage is more than a strategic initiative, but the Child Guarantee should not just be left on the roadside. This reductionism was not just accidental. One should not forget that originally von der Leyen wanted Nicolas Schmit to be a Commissioner for Jobs only, and that Social Rights were added to his title at the insistence of the Socialists and Democrats. **This omission is rooted in a certain German ideology, which recognises the importance of EU level employment policy (to the extent it helps feeding the labour demand of the** *Mittelstand* **by boosting mobility), but rejects the EU role in social policy, and in particular in ensuring the access of migrant workers to equal social rights and standards.**

A similar omission or superficial approach could be observed on the question of the rule of law. Von der Leyen clarified that the name of the game is to protect the "money from our budget", without even hinting to the need to protect the people in the countries that are hijacked by aspiring dictators. We have to acknowledge that she went beyond mentioning fraud, corruption and conflict of interest, and added issues concerning the freedom of press, the independence of judiciary, and the sale of golden passports as controversial ones. However, speaking about "prevention" after so many years of degeneration in Hungary and Poland, may

not have been sufficiently convincing for the MEPs, especially for those who already were present during the debates on the Tavares Report and the Sargentini Report.

Von der Leyen's speech was detailed but boring on economics, presenting this chapter as a kind of business plan. The single market is an opportunity, and the free movement must be restored as soon as possible, amended by a new strategy for the future of the Schengen area. **Only after the industrial strategy, the President came to the question of climate**, where everybody expected the announcement of the only concrete target. And it came indeed, with an increased emission reduction target to at least 55%. But don't worry: this will create millions of extra jobs! (Those who think this is a new idea will find that in the 2010 speech the then EC president José Manuel Barroso envisaged 3 million green jobs by 2020). Mentioning that 37% of Next Generation EU spending will serve the Green Deal was an answer to those asking where the money for the necessary investment is coming from since last summer.

▶ *With a Europe built out of Kurzarbeit, Rechtsstaat and Bauhaus, nothing can go wrong. Still, reactions to the speech, including that from Iratxe García Pérez, rightly asked where the social dimension was*

The speech was meant to be strong and detailed on technology, innovation, artificial intelligence, and digitalisation. It spoke about common data collection (especially in the fields of energy and health care) and mentioned a European cloud service. It highlighted the deficits of broadband access in rural areas and, without mentioning China, spoke about the digital sovereignty of Europe. It also stressed that our high-tech should be home made. But interestingly it managed to evade even the

slightest allusion to the social problems created or exacerbated by the platform economy. Similarly, on the Economic and Monetary Union (EMU), it was reassuring that von der Leyen did not forget about the need to complete it. But she stopped at the Capital Markets Union and the Banking Union (implicit support for deposit insurance) and, even with Next Generation EU under her belt, failed to stretch to the question of genuine fiscal capacity. This is certainly not just a hobby horse of the Progressives (and Macron): the President could also consult her CDU friend Reimer Böge, who was co-rapporteur on this matter in the previous European Parliament.

> ▶ *This first SOTEU speech by von der Leyen exposed her as still in transition from a CDU-minister to becoming a genuine EU leader.*

Von der Leyen's first SOTEU speech was detailed but not really striking on global affairs. She managed to condemn isolationism, destabilising tendencies, and self-serving propaganda without mentioning Donald Trump. And she said that the Western Balkans should not just be a stopover on the Silk Road, without, again, explicitly challenging China. With a timely reference to the 75-year-old United Nations, she expressed commitment to the multilateral system, but mentioned the need for reform as well. She expressed desire for de-escalation in the Eastern Mediterranean and for a new partnership with Africa.

A hidden gem of the speech was on the importance of open and fair trade in the world. This apparently was not a slip of the tongue, since von der Leyen stressed that just globalisation is something we cannot take for granted. In this context she said that the mission of the EU is creating prosperity at home while promoting values and standards abroad. By mentioning the Vietnam trade deal

and the role of labour standards there, the President alluded to another important part of the German presidency agenda: addressing the social dimension of supply chains.

Messages in political speeches can be delivered simply by smart sequencing. Arriving to Brexit at the very end was a strong message to Boris Johnson. Affection for the British people was explicitly voiced, together with the concern that Downing Street's behaviour is increasingly likely to lead to no deal, and to aggravate the loose-loose nature of Brexit.

On the other hand, she managed to surprise on the question of racial equality – surely a signal to those who might consider the Brussels bureaucracy inward-looking. Inspired by the Black Lives Matter movement, the President recognised that Europe also has a lot to do in this field. The fight against discrimination can become meaningful by paying equal attention to immigrant communities as well as to segregated Roma minorities. Appointing the very first anti-racism coordinator in order to give this issue priority can be a game changer. An open question is however, why these matters were overlooked last year, when von der Leyen appointed commissioners for justice, rule of law and values, as well as democracy and demography (not forgetting the one that is supposed to promote the 'European way of life').

Since everything is under control, there is no need to invent further fora for discussion, the President may believe. The very lukewarm approach she displayed towards the conference on the Future of Europe (only one positive mentioning, linked to the Health Union) gave the impression of deliberately displeasing the Parliament, as if the speaker just flew in from Berlin. But there is time and room for improvement. Arguably, Barroso's best SOTEU speech was delivered in 2012, when he found himself in competition with the president of the European Council, Herman van Rompuy, to lead the reform of the EMU, as well as with Mario Draghi who caught the limelight and the imagination by promising to do whatever it takes to save the euro. And

Jean-Claude Juncker's best SOTEU speech was in 2017 (when, among other post-Brexit initiatives, he announced the European Labour Authority), following almost three years when the Commission's main preoccupation was to make the work program slimmer and deliver as few initiatives as possible.

This first SOTEU speech by von der Leyen exposed her as still in transition from a CDU-minister to becoming a genuine EU leader. Hopefully, the best of von der Leyen as Commission President lies still ahead. In future speeches she might present less theatrical hand gestures and avoid saying "safe heaven" instead of "safe haven".

László Andor, FEPS Secretary General

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Rethinking economic reconstruction in Europe

by Lukas Hochscheidt, Judith Vorbach and Susanne Wixforth

Only a true paradigm shift can make Europe's economies crisis-proof and address the increasing wealth gaps. The European Union needs to turn away from restrictive fiscal rules, and expand its own resources as well as public investment.

The famous board game Monopoly teaches children the driving principles of modern-day capitalism from the earliest age: to win the game, one must have more than the others. One rule is of paramount importance: when everything goes wrong, you just "pass Go" and the game starts again with new luck and fresh money. However, recreating equal conditions by "passing Go" only works in board games. In real life, rising inequalities end up in wealth accumulation for some and bankruptcy for others. **In Europe, social inequality has been growing continuously since the 1980s. More than half of the wealth in the eurozone is concentrated in the hands of the richest 10 per cent.** At the same time, millions of Europeans suffer from badly equipped health and social security systems, as well as unemployment and poverty. To reduce the deepening wealth gap between Member States, we need to change the rules of European economic governance fundamentally.

LESSONS FROM CORONAVIRUS

The Covid-19 pandemic has shown once more that the EU lacks resilience in times of crisis. The crises of the future – be they economic, financial or pandemic crises – will be European and global phenomena. Even though they do not hit all Member States in the same way, they still weaken the European project as a whole. Europe needs more solidarity: the promise of upward social convergence between Member States must be kept. In addition, the Union must fight inequalities within Member States by creating minimum standards for social security and strengthening the Member States' revenue side. Europe needs more own resources – but it also needs its Member States to finance themselves through **taxation rather than depending on financial markets**.

The architecture of the Economic and Monetary Union remains incomplete. While the monetary integration of the eurozone is fully accomplished, the euro countries still pursue their own fiscal and economic policies. This leads to a race to the bottom in which Member States bargain with lower levels of taxation, social protection and wage costs in order to attract companies. Instead of economic and social cohesion – as pledged by Article 3 of the Treaty on European Union – the neglected question of redistribution inside the Member States translates into decreasing solidarity between them, especially in the eurozone. **Social inequalities and wealth gaps undermine peoples' trust in European cooperation.** More and more Europeans deprived from upward convergence and confronted with increasing poverty and inequality in their own countries are asking themselves, 'why should we support the others before helping ourselves?'

The debate about imbalances between Member States, important as it is, tends to overlap fundamental questions about fair distribution within our societies. The gap between income and wealth is increasing dramatically in many EU Member States. **In Germany, for example, the richest one per cent possesses more than 30 per cent of the overall German private property.** The risk of poverty and the number of poor people is increasing all over Europe. In Germany 15.5 per cent of the population lives in poverty.

FUTURE-PROOF STRUCTURES

To counter this dangerous trend, we need to create resilient and solidarity-based structures which meet two main criteria: the structures must stabilise the Union in times of crisis and consolidate social protection in the Member States.

This dual function could be fulfilled by a **European unemployment reinsurance**

scheme. On the one hand, this mechanism would act as an automatic stabiliser which backs up national unemployment insurance systems in case of major recessions. On the other hand, the reinsurance scheme would sustainably strengthen the Member States' unemployment systems by linking its grants to the condition that national schemes are financed in a robust and solidarity-based way. The temporary Support to mitigate Unemployment Risks in an Emergency (SURE) the European Commission and Council have agreed upon is a first step in this direction but cannot replace the initial idea of a reinsurance scheme: **SURE is entirely based on loans (instead of grants) and it merely protects already existing jobs (by backing national short-time work schemes). An unemployment reinsurance scheme, on the other hand, could act as a macroeconomic stabiliser when unemployment starts skyrocketing**.

Another instrument capable of stabilising and creating helpful conditionality is a common European debt mechanism or, as proposed by the Spanish government, perpetual bonds. Fair conditionality could lead to a new and crucial step of European integration: completing economic governance with criteria for the revenue side, for example in the field of tax fraud and aggressive tax avoidance.

| FISCAL RESTART

Fiscal policy is still the most delicate part of economic governance and needs to be fundamentally reformed. The current fiscal rules are too restrictive and deprive Member States of the necessary leeway to react to the onset of recessions. The rules therefore exacerbate crises instead of preventing them. Now that Member States have been allowed to use the emergency clause to temporarily exit the rules, **Europe needs a fresh start for its economic governance, focusing on sustainable and inclusive growth as well as the fair distribution of wealth**.

▶ *Europe needs a fresh start for its economic governance, focusing on sustainable and inclusive growth as well as the fair distribution of wealth.*

In addition, the instruments described above can only develop their stabilising effects when they overcome the unequal possibilities of Member States to support their economies in times of crisis. These instruments must therefore be financed by European own resources. While there has been some debate on how to generate the required funds – be it through corona-recovery-bonds, perpetual bonds or existing mechanisms like the European Stability Mechanism – the importance of European own resources and therefore fiscal capacities has been underestimated. The proposals under consideration (like single market levy, a simplified VAT, plastic taxes, a carbon border adjustment mechanism, digital taxes, wealth taxes or a common consolidated corporate tax base and minimum tax rate) would not only help fight tax evasion but also open up unprecedented fiscal leeway for the EU.

| PUBLIC GOODS FOR EUROPE

Moreover, the European economic model needs a strategy for public investment. Despite the fact that the Covid-19 crisis has put our economies on hold, problems that we had prior to the pandemic will not disappear once it is over. The recovery measures must therefore clearly address issues such as climate change, digitalisation, increasing inequalities and demographics. **Europe must seize the current crisis as an opportunity to implement comprehensive and transformative public investment.** This is only feasible if we promote crucial investment via a 'golden rule', which would allow Member States to exempt public investment in future-oriented projects – such as the green and digital transformation – from the European fiscal rules. This would

then ensure that all Member States, including those with high debt ratios, are able to make the necessary future investment and contribute to the overarching goals of the EU.

Protecting and creating public goods for all Europeans must be the core of our political reasoning: strengthening social infrastructure, education, childcare, research and development as well as a European agenda for public health crises.

| SHAPING THE FUTURE

The success of these ideas will greatly depend on who is going to be involved in the relevant decisions. As the situation currently stands, the price of an economic recession is once again being paid by those who suffer most from the crisis: workers, young people, and the unemployed. In order for them to have their say in European politics, trade unions need to participate more actively in economic policy decisions. The Conference on the Future of Europe is a welcome opportunity to get people involved from across the continent to enhance solidarity in Europe and to make it more just and resilient. **Changing the European Treaties must not be taboo if that is what is needed.**

Lukas Hochscheidt, Research assistant in the Department of European and International Trade Union Policy at the German Trade Union Confederation (DGB)

Judith Vorbach, Senior advisor for European Policy at the Austrian Chamber of Labour (AK Oberösterreich) and member of the European Economic and Social Council

Susanne Wixforth, Head of unit in the Department of European and International Trade Union Policy at the German Trade Union Confederation (DGB)

A new algorithm for European solidarity

by Maria João Rodrigues

It took a shocking world tragedy. It took the deepest recession since the second world war. It took the prospect of a downward spiral destroying many viable companies and jobs, fragmenting the European single market, and shaking the foundations of European integration. At dawn on 21 July, after the second longest meeting in its history (the meeting in Nice in December 2000 to prepare EU enlargement still being the longest) the European Council, with its 27 heads of state and government, succeeded in defining a new algorithm for European solidarity so that common systemic threats can be appropriately addressed and the way ahead paved for a long-term transformation.

After a long and complex debate involving all European and national political institutions, **this new algorithm for European solidarity features a €750 billion Recovery Fund**, which:

- will be created swiftly to respond to the Covid-19 crisis;

- almost doubles the current EU budgetary capacity as it needs to be robust enough to counter the first wave of the recession, while also taking account of the energetic response from the European Central Bank;

- will operate through the EU budgetary institutional framework, giving the necessary guarantees of monitoring and accountability;

- should be consistent with the long-term priorities already defined by the European institutions: implementing the Sustainable Development Goals, the European Green Deal and the European Pillar of Social Rights;

- can disburse loans or grants, providing conditional redistribution to support the most affected regions, social groups, and countries, as part of the European budgetary capacity;

- will be financed by an EU instrument managed by the European Commission, which will borrow in the markets while benefiting from the high credit rating of the European Union and managing a European deficit that is to be absorbed in the long term. (It will thus resemble the embryo of a European treasury).

What is more, this common issuance of European debt will be backed by raising the ceiling of the EU's own resources, and also by creating new ones – not by charging citizens, but by taxing those who behave as if they are not: pollution with plastics, border carbon tax or taxation of emissions trading system (ETS) allowances; a digital tax and, possibly, a financial transaction tax.

We are thus a very long way from the algorithm of European solidarity that was invented ten years ago during the eurozone crisis. **At that time, the algorithm was to correct countries' behaviour by using the violence of speculative financial markets betting against these countries' debt in order to force them to adopt structural reforms that reduced wages, pensions, education, and social protection.** At the same time, the European Stability Mechanism stood alongside to give the countries the minimum financial support to keep them afloat. Given that this recipe resulted in a double-dip recession for the Europe Union and triggered anti-European reactions in many countries, it seems the lesson has now been learnt not to bring out the austerity recipe again!

> ▶ *Ten years ago, the algorithm was to correct countries' behaviour by using the violence of speculative financial markets betting against these countries' debt in order to force them to adopt structural reforms that reduced wages, pensions, education, and social protection.*

Nevertheless, **there are no perfect agreements, and several shortcomings and inconsistencies remain**:

- the compliance of Member States with the rule of law to benefit from EU funds remains quite ambitious and flawed;

- the principle of rebates for net contributors remains so that they will be compensated, but this blurs the budgetary consistency;

- several European programmes that are crucial for the future of the EU have suffered severe cuts: Horizon, Erasmus, Digital, Child Guarantee, Health, EU Invest, and Just Transition mechanisms. However, the cuts will have to be approved (and thus could be rejected) by the European Parliament using its co-decision competences;

- the higher ceiling of own resources still needs confirmation by national parliaments,

and will certainly be demanded by the European Parliament in order to give its consent to this whole new budgetary effort. New own resources are an indispensable condition for a European budgetary capacity with the necessary ambition.

Many new developments will therefore still be at stake for this new algorithm to become a reality. But what is sure is that European history is currently in the making. A new instrument of European sovereignty is today being invented to enable Europe to better shape and project its future.

Maria João Rodrigues, FEPS President

The EU and Covid-19: what we have learned so far

by László Andor

Now that life has returned to the EU institutions and work has started again after the holiday season, it should be highlighted that the summer had not been wasted. Indeed, the European Council adopted critical, innovative and to some extent revolutionary decisions in July to create an effective fiscal capacity against the recession triggered by the Covid-19 pandemic. The main products of this fiscal capacity are the newly conceived anti-crisis fund (Next Generation EU), and the seven-year EU budget (multiannual financial framework, or MFF) to which the first is attached. These decisions have already been duly scrutinised and celebrated. Here I would therefore like to offer some further general observations regarding the effects of the pandemic on the EU.

CRISES ARE NATIONAL AND RECOVERIES ARE EUROPEAN

The Covid-19 crisis has been another episode showing that practically all emergency and stabilisation mechanisms are located at the national rather than European level. And what is more, this appears to be a rather general flaw in the structure of the European Union, given that in one decade we had to face the consequences of this uneven European construction three times – and each time in a different field.

The first time was with the 2010 financial crisis, the second with the 2015 migration crisis, and the third, most recent, time with the 2020 Covid-19 crisis. All of these crises, however, have succeeded in pushing the EU towards building more emergency and stabilisation capacities, and delivering "de facto solidarity", as the late French foreign minister and EU founding father Robert Schuman called it. Furthermore, these crises have also exposed the EU's focus as being to allow for free movement. Indeed, this is a central component of the single market. And yet while free movement contributes to shared prosperity in 'normal times', **in 'bad times'**, when economic recessions or other types of crisis hit the bloc, the Member States tend mainly to rely on themselves, or bilateral deals. **Border guards return, the profiles of EU officials diminish, and citizens look to their national leaders**.

Generating recovery from these crises, however, requires renewed EU efforts and creativity, and this time the solution has come in a relatively well coordinated and timely fashion. Although there was some initial hesitation, the counter-cyclical response from the ECB has been swift and decisive, especially compared to the previous crisis. The recession caused by

Covid-19 has nevertheless reignited the debate around the economic architecture of the EU, with a focus, once again, on the possibility of common fiscal capacity. In May 2020, the Commission put forward an ambitious two-tier proposal that was, after modifications, adopted by the heads of state and government in July.

Importantly, the EU level response to the labour market crisis emerged even earlier than the budgetary initiative. Already in March, the Commission had put forward a proposal for the creation of a European instrument for temporary support to mitigate unemployment risks in an emergency – an instrument known also by its acronym SURE. Even if this initiative fell short of delivering common unemployment insurance (or at least a reinsurance), it certainly created an effective tool to support short-time work (STW or Kurzarbeit) schemes in the EU Member States.

Once it was understood that many economic and social activities would have to stop in order to eliminate Covid-19, public attention shifted to the rapid rise in unemployment as one of the highest risk factors of the disease. **What Richard Nixon said 50 years ago suddenly became very true: "we are all Keynesians now".** But allowing public deficits to grow well beyond standard ceilings was not enough and nearly all European governments introduced either STW-schemes, or wage subsidies, or new income protection schemes, or a combination of the three.

Based on the 2020 crisis response, one can detect a significant, if not compelling, contrast between the austerity-focused answer to the past eurozone crisis and the current willingness in the coronavirus recession to engage in counter-cyclical policies, with job as well as income protection. And indeed, in the current crisis, progressives can be bolder than in the past because some of the liberal and conservative forces have also adopted or advocated Keynesian policies. Despite this, the progressive governments' strategies have still shown a good degree of diversity across EU Member States.

DOMINANT PARTIES ARE DIVIDED

The one hundred hours of the July European Council exposed deep divisions in all three dominant political families – but they are not divided in the same way. In a nutshell, **the Social Democrats are divided on economic policy, the Liberals are divided on political strategy, and the European People's Party (EPP) is divided on morality**.

The position of the EPP does not require too much explanation. The European Council was about to include a decision on a serious and effective rule of law mechanism as part of the MFF deal, but in the end the language adopted did not go beyond the usual generalities. And the reason for this is that the EPP is unable to sort out its internal divisions on the rule of law question. Consequently, the moderates from the West and the North (the Angela Merkel types)

always end up protecting the corrupt strongmen (notably Viktor Orbán and Boyko Borissov) who keep using EU money to feed their oligarchies and to cement autocratic regimes.

The liberals are meanwhile united against the authoritarian nationalists, but divided on the political strategy of Europe. Emmanuel Macron, the leading centrist head of state, has been fighting for a quantum leap in European integration ever since his election as French president. But on this question his main adversary is another liberal leader with a strong profile – Mark Rutte. The Dutch prime minister seems to be reviving the British approach, but without the weight of the UK (although he is nevertheless successful in finding allies in other political families). Rutte's July performance went beyond mere frugality, and the Liberals of Europe will have to work hard to overcome this polarisation, as the current crisis is bound to bring new debates on further integration.

The Socialist/Social-Democratic family is fairly homogeneous concerning issues connected with social rights, like welfare policy and industrial relations. However, when it comes to economic policy at the European level, there is indeed polarisation. This was displayed in full in July, when three out of the five 'frugal' prime ministers appeared in Social Democratic colours – all of them from the North. At face value,

this was just monkey business. When benefits were on offer in the form of continuing budget rebates, it would have been a mistake to miss out. The reality, however, is that Nordic Social Democrats are either sceptical about joining the single currency altogether, or simply oppose the judgment that is a near consensus in academia. They thus suggest that the EMU in its current form is not sustainable, and that a monetary union would require a significant amount of risk sharing and fiscal capacity.

While work is clearly needed on the internal divide of the Social Democratic family on economic policy, it should not be forgotten that **it has been progressive governments that have displayed some of the best practices during the Covid-19 crisis**. Denmark, for example, under the leadership of Mette Frederiksen, was especially quick to announce a rescue package based on social dialogue. Her Finnish colleague, Sanna Marin, has meanwhile been active in looking for ways to shorten the working week. And when large sectors of the economy required direct subsidies, the more progressive governments (such as those of Denmark and Spain) stood out with additional conditionality in their exclusion of companies headquartered in tax havens, and also in their banning the distribution of dividends to the shareholders of large companies in receipt of public support.

Spain, still haunted by the memory of its devastating 2009-13 financial crisis, is now applying a completely different approach compared with the previous period when it was all about muddling through. The country is now, therefore, implementing a labour reform oriented towards flexibility as well as aggressive internal devaluation. The centre-left coalition government, led by Pedro Sánchez, has launched an STW scheme with very wide coverage, the so-called ERTE programme. It has also introduced a bold basic income model.

Altogether, the Covid-19 health crisis and the resulting economic recession have provided an opportunity for progressive governments to demonstrate their added value, and this has indeed become widely acknowledged, especially in the cases of countries like Finland, Denmark, or New Zealand. Sensitivity to gender aspects of the crisis has been one of the most important features of these countries' outstanding performance. The key has been to implement policies that ensure the most vulnerable members of society have a safety net on which to rely during the crisis. The key has also been to implement policies that ensure **the restart of the economy is done in a way which is fair and with equal distribution**.

THE LOCKDOWN IS ABOUT OUR CIVILISATION

The central element in the anti-coronavirus strategy of European governments has been the enforcement of social (or physical) distancing, and the 'lockdown'. This was at least the case in the first phase of the pandemic, when the spread of the virus had to be brought under control. And in the absence of an effective vaccination, our society has to be prepared for another lockdown (and perhaps another after that). The nature of the various lockdowns can nevertheless differ.

The first lockdown was essentially about saving the health systems of EU Member States by avoiding a sudden rise in coronavirus cases, which would have been unmanageable by the hospitals. Italy actually came close to this kind of hyper-emergency, in which doctors had to decide who received treatment and who should be left with less chance of surviving. Within a few months, the disease was tamed in Europe and health capacities were restored and adjusted, so that a new phase with fewer restrictions was then allowed. However, the virus is now back on the rise after the summer holidays, and the restrictions are beginning anew, with a fresh round of measures.

The second lockdown, which we are all anticipating for the early autumn period, will be different from the first. What is at stake today is not so much healthcare but the education system, and especially primary education. The forced experiment of everyone turning to online teaching and learning in the spring showed that online educational performance is inferior to that of conventional schooling. **Without an effort to partly restore standard forms of education, the next generations will suffer, and inequalities in knowledge and skills will grow enormously.** For a revival of education, there will have to be a sacrifice elsewhere, and this not only needs to be coordinated but also put to debate.

The point, however, is that healthcare and public education are central parts of our civilisation and the European way of life. Nevertheless, it is not the overall consumption levels that will primarily have to be restored after the pandemic, but the systems that support our social cohesion and enlightened values – with equality in the centre. The EU institutions, which are now committed to protecting and even promoting the *European way of life*, need to play a role in forging consensus around this strategy. European coordination can help establish similar policies and similar practices in social behaviour. This will strengthen the legitimacy of crisis response measures. At the same time, it will also improve our chances of surviving the pandemic and of preserving our European civilisation.

László Andor, FEPS Secretary General

FEPS COVID-19 Response

In this moment, more than ever, policy-making requires support and ideas to design further responses that can meet the scale of the problem. FEPS contributes to this reflection with policy ideas, analysis of the different proposals and open reflections with the new FEPS Covid Response Papers series and the FEPS Covid Response Webinars.

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With the groan of a man, George Floyd, humanity shivers with racism, so does Europe

by Cécile Kyenge

The murder of George Floyd has prompted Europe to question its own racism, even if it does not always seem that easy. Racism needs to be understood as an ideology that puts one human group over one or more other groups, with abusive behaviour as a logical consequence. But it also needs to be understood in its singularity, different from parallel themes like migration and exile. To overcome racism, democracy needs to be completed, with guaranteed and equal access to freedom, justice, and equality. Progressives have a role to play here.

Shame came to us, poor humans of the current time, faced with the groans of US citizen George Floyd, yet another victim of an absurd act of police violence which is now covered by the media in real time. A dramatic episode, as surprising as it is predictable, because of the recurrent killings of black Americans by other Americans, certainly vigilant, but white. Faced with such an exhibition of racial animosity, America, Europe, and the rest of the world have remained somewhat dumbfounded, but everything seems to indicate that the macabre tradition is set to continue.

Racism, let us remember again, is an ideology, a behavioural paradigm, based on the theorisation of the superiority of one human group over another, or over several others. I propose this definition in the light of the astonishing conceptual dithering that has recently prevailed in the debates in many Western media. While it

seemed obvious that George Floyd is the nth victim of racism, killed mainly for the colour of his skin, many new commentators but also speakers in many demonstrations across Europe raised parallel themes, like migration and exile, showing themselves de facto incapable of grasping the cruelty of racism in its singularity.

Europe, as we know, has trouble recognising its own racism. But on the old continent too, discrimination and hostility towards blacks is a harsh reality. **As in the USA, racism in Europe is based on a simple and confusing principle: the presumption of guilt.** Like George Floyd, before taking any action whatsoever, the black European also appears to be an alleged culprit, liable to reprimand, reproof and extrajudicial punishment.

On racism, European democracies suddenly discover themselves to be ancient, backward

and negrocidal. It seems easy now to point the accusing finger at the police, naturally prone to violence. Unfortunately, however, historic European racism is much more endemic.

▶ *Europe, as we know, has trouble recognising its own racism. As in the USA, racism in Europe is based on a simple and confusing principle: the presumption of guilt.*

It occurs in many social and institutional sectors. It negatively influences the lives of the more than ten million black residents in Europe, and often also kills them. **The social**

and institutional relationships between these black Europeans and their white fellow citizens often suffer from asymmetry and paternalism particularly prejudicial to the dignity of the blacks of Europe. In our public services, in our schools, in our workplaces, in our real estate agencies, in our banking institutions, in our hospitals and so on, the blacks of Europe have the feeling of being perpetually discriminated against, marginalised, racialised, humiliated, dismissed and stolen – because of the colour of their skin.

▶ *The social and institutional relationships between black Europeans and their white fellow citizens often suffer from asymmetry and paternalism.*

This pandemic dimension of racism unfortunately reminds us that racism is also an economic and historical theory. Rooted in the relations of inequality and exploitation between Europe and Africa, this theory served as a legitimisation framework for the triangular slave trade, for imperialism, colonialism and the coercive appropriation of African resources by a Western elite dedicated to kill. The anti-racist Black Lives Matter demonstrations also demonstrate a good understanding of the close causal link between these dehumanising paradigms of European economic activity of erstwhile and racism, hence the spectacular toppling of statues of former slave traders, such as that of Edward Colston in Bristol, in the south of England.

Admittedly, following the murder perpetrated against George Floyd, and in spite of the measures on social distancing, our public places were taken by storm by many demonstrators, angry with the omnipresent racism. While such initiatives seem to bring hope for a better social tomorrow, the fact remains that **our institutions seem strangely incapable of translating the will of these demonstrators into effective regulations**.

For actors involved in politics like me, a question remains central, but one to which no real answer materialises: how can we make the fight against racism a priority issue in our institutions and in our regulations? The question is even more serious given that that **many European politicians and legislators have shown themselves fond of argumentative racism**.

▶ *This pandemic dimension of racism unfortunately reminds us that racism is also an economic and historical theory, rooted in the relations of inequality and exploitation between Europe and Africa.*

A quick glance at the panorama of ideologies that organise and polarise European political parties displays a mosaic tinged almost homogeneously with supremacism, sovereignism and populism. These political doctrines scarcely hide their close relationship to racism. Unfortunately, they often show up even in allegedly more universalist political discourse.

How can we get out of this? One word is enough: democracy. It is a word that evokes values of freedom, justice and equality. Completing democracy in Europe is to succeed in ensuring that whites, blacks and other citizens can grasp the moral precedence of otherness, and restrict its own racist impulses, which generate desolation, and which can kill. Progressive forces must be on the frontline in bringing this humanist culture into institutions, and into society.

Cécile Kyenge, Ophthalmologist, Italian Minister for Integration (2013-2014), Member of the European Parliament (2014-2019)

Black Lives Matter: a new moment for transformation

by Neera Tanden

The murder of George Floyd has propelled the largest sustained protest movement in the history of the United States. It was the final straw in bringing about widespread, focused, and multiracial opposition after years and years of endemic police brutality, systemic racism, and divisive politics. The sheer scale of it, and the rapid shift in public opinion, has created a sweeping demand for change in order to redress a history of inequality. The US elections in November are a chance to make that change happen and to remove the most racially divisive president in the last century from office.

In cities large and small, Americans have stood up and said enough is enough – the structure of systematic racism must be dismantled. The wave of public feeling has been so powerful that the outcry over George Floyd's death and the unequal treatment of Black people has been felt across the world. Now, other countries are looking to the US for a response and I believe we are finally in a position to push for comprehensive and effective change.

According to a Civiqs poll cited by HuffPost, the support for the Black Lives Matter movement has increased nearly as much since George Floyd's death as it had in the previous two years. In a recent poll, 53 per cent of Americans support the Black Lives Matter movement, while **57 per cent of Americans now agree that police are more likely to use excessive force on Black people, compared to just 34 per cent in 2016**. At the same time, three in four Americans support a ban on police chokeholds and well over half of Americans support eliminating 'qualified immunity', a doctrine whereby officers are protected from being sued over misconduct in certain circumstances.

I do not believe it is an accident that this avalanche of support is happening at a time when we have the most racially divisive president in at least the last century. This is a president who said there were "very fine people on both sides" in the wake of the Charlottesville 'Unite the Right' rally in 2017, who described African nations as "shithole countries", who tear-gassed protestors for the sake of a photo op, and who has tormented and trivialised the push for equality. He is fuelling anger on the streets. Black lives seem to matter less to the police, but they also seem to matter less to this president.

In response, the **US Congress must act, and their first port of call must be to address police brutality**. The Justice in Policing Act of 2020, proposed by the Democrats, is an important start. It sets out common-sense tenets to protect citizens from police brutality and hold police accountable. But if we are really going to act on this shift in public sentiment, we cannot dust our hands clean with a few cosmetic laws related to police brutality. We have to ensure those laws are effective, far-reaching, and actionable, and we have to make sure that they act as a letter of intent for wider, systematic change.

Right now, systematic racism is endemic to the American experience. The typical white family has about ten times the wealth of the

▶ *Access to healthcare for Black Americans is invariably far more inadequate than it is for white Americans. And the fallout from the coronavirus pandemic has shone an even harsher light on the product of those inequities.*

typical Black family. Black Americans are incarcerated at a rate of more than five times that of white Americans. **Access to healthcare for Black Americans is invariably far more inadequate than it is for white Americans. And the fallout from the coronavirus pandemic has shone an even harsher light on the product of those inequities.** In the United States, Black people and Latinx people comprise over half the number of Covid-19 cases. Black people are also 1.7 times as likely as their white counterparts to suffer from diabetes and are 1.4 times more often victims of hypertension – two of the pre-existing conditions most closely associated with a greater risk of death from Covid-19. Systematic racism exists in so many facets of life for Black Americans that it is incumbent upon lawmakers to match the scope of the inequity with the scope of the solution.

In November, we have the opportunity to ensure that the right politicians and lawmakers are elected to enact transformative change. We have the choice between an incumbent bent on division, and a candidate determined to resolve these historical inequities. **Democratic nominee Joe Biden has proposed investing billions in housing to address the affordability crisis disproportionately hurting black Americans. He has also proposed ending redlining** – a practice by which banks and other institutions refuse to offer mortgages to customers in certain neighbourhoods based on their racial and ethnic composition – and other discriminatory and unfair practices in the housing market. Biden has committed to expanding access to healthcare and, when it comes to education, he plans to triple the funding that goes to schools with a high percentage of low-income students, as well as invest in the recruitment of teachers of colour. The differences between the candidates when it comes to racial justice could not be clearer. That is why November presents a pivotal opportunity.

Neera Tanden, President of the Center for American Progress

▶ *In November, we have the opportunity to ensure that the right politicians and lawmakers are elected to enact transformative change.*

What digital future for what Social Democracy?

Between solidarity and technological sovereignty

by Evgeny Morozov

Nothing reveals the existential crisis of the Social Democratic model quite like its inability to get a grip on today's digital society. To reinvigorate itself and society, Social Democracy must embrace a new ambitious project that would not only reveal the true costs and vulnerabilities of neoliberal empowerment (where global digital capitalism is perceived as working in the interests of everyone – while it doesn't do so), but would also offer a vision for its own type of digital empowerment. It's about updating the values that are more common to the Social Democratic project: solidarity, cooperation, social justice.

The once stable and predictable institutional environment – the welfare state, the publicly run infrastructures, the functioning public sphere – where the worker-friendly market interventions were supposed to occur can no longer be taken for granted. The highly financialised social state has become the target of capitalist accumulation, sapping the remaining legitimacy from Social Democracy and making it harder to communicate a plausible narrative about its ability to tame the market.

The digital industry, one of the few to shine in the recent crisis, presents an immense conundrum for the social democratic project. On the one hand, **it is clear that the current regulatory environment resembles the Wild West (in this sense, data is, in fact,** **the new oil)**. On the other hand, because of the central role that the digital industry holds in today's overall model of capitalist accumulation – whereby huge injections of capital, often by state actors, are meant to crush competition and ensure ever-rising valuations, which then translate into dividends – taking on the tech giants means also taking on global capitalism itself.

It is not clear whether Social Democrats can muster up enough legitimacy to even contemplate doing something to this digital goose that lays the golden eggs (at least for some). This is partly due **to the emergence of the new social base – led by consumers and ordinary individual investors – who oppose market regulation, however timid,** **as it threatens their own well-being**, which is today so intricately linked to the constant expansion of the digital industry itself.

Whereas, in the past, this group could be appealed to on the grounds of class solidarity – for example the plight of workers in the Global South should matter to their counterparts in the Global North, even if it means higher prices for some sweatshop-made products – that is no longer an option, partly due to the earlier breathless defence of globalisation by Social Democrats themselves and partly due to the protracted economic stagnation in the Global North itself. When the real wages are no longer increasing, who can blame the workers for turning to cheaper options instead, however unsustainable, and unethical?

While some might still be reluctant to acknowledge its success, **the neoliberal transformation of the past few decades did succeed in splintering the traditional base of Social Democracy**. Two developments are particularly important here: the triumph of the paradigm of consumer sovereignty as the overarching value for the middle classes and the rise of populist financialisation as a means of delivering welfare to ordinary citizens.

This is how **the interests of the middle classes were realigned with those of global capitalism, no matter how rapacious, digital, or financialised**. On the consumer side, the exploitation of couriers and drivers in the gig economy might be appalling but it is an acceptable sacrifice to ensure lower prices on delivered goods. On the financial side, many transgressions – including those that smack of monopoly power, market abuse, and exploitative labour practices – are tolerated as long as they help digital platforms to ensure greater market shares, which, in turn, translates in higher stock valuations, which – in the ultimate utopian stage – generate wealth for the ordinary investors who hold the shares of those firms.

Against this background, the entire Social Democratic project appears more as a nuisance, an obstacle in the path of highly financialised digital capitalism delivering wealth and abundance to the lucky few to consume its products and to invest in its shares. This is not to say that there are no victims in this capitalist fairy-tale – there are aplenty – but they are either elsewhere, in the data and content moderation centres of the Global South, or they are part of the immigrant workforce (for example in the delivery sector) and cannot even vote in national elections. **The classical regulatory project of Social Democracy, at least in the Global North, thus appears as a ghost enterprise, of some appeal to those destitute on its outside but perceived mostly as harmful by its former adherents on the inside.**

Individuals, however, are not the only ones trapped by these lofty promises. Nation states,

which, increasingly, via their sovereign wealth funds, inject huge amounts of cash into the global technology markets, are even more culpable. The Social-Democratic Norway is a case in point: should the global technology markets tumble under the threat of serious regulation, its sovereign wealth fund, a central piece of its revamped welfare state, would tumble with them, not least due to heavy exposure to the digital economy, the only reliable growth sector of the global economy.

▶ *The classical regulatory project of Social Democracy, at least in the Global North, appears as a ghost enterprise, of some appeal to those destitute on its outside but perceived mostly as harmful by its former adherents on the inside.*

To its credit, the Norwegian fund has pushed for ambitious corporate governance reforms in the tech industry but this in itself does not mean much for the sustainability of the underlying business models: the exploitation of workers in the gig economy is, primarily, a function of the profitability imperative – and not of murky and undemocratic governance system behind the platforms. This should serve as a cautious warning against temptations by other European states to follow the Norwegian model in its entirety: it's one thing to use welfare state as a vehicle of (national or regional) industrial and digital policies, but it's quite another to do it in order to speculate on the global market, if only to fill in the gaps in the annual welfare budget, as Norway does currently.

How can Social Democracy move beyond this ghost-like presence in today's digital economy? This will not – and cannot – be done using the old toolbox of regulation. **As long as citizens, the central subjects of democratic**

politics in the Global North, continue seeing themselves as a creative, countercultural mix between consumers, entrepreneurs, and investors – using their mobile apps to order taxis or food or place bets on the stock market via services like Robin Hood, which claim to democratise investment – regulation would always be seen as antithetical to their interests.

A major error made by Social Democrats (of the more critical bent) in their analysis of the neoliberal project was to perceive its promises as empty and unrealistic, never seriously engaging with their content. But empty they were not, as is evidenced by hordes of people, without any explicit right-leaning tendencies, who attest to feeling empowered after their interactions with the digital-financial behemoth that is today's capitalism.

The neoliberal promises were not all talk and the empowerment they brought, at least to some, was not fake. But the promises were quite misleading – in never revealing the true costs of this empowerment, which are usually borne out by the immigrants, the precarious workers, or those in the digital sweatshops of the Global South. Nor is it clear just how sustainable this model can be even for those in the Global North: the environmental toll combined with the aforementioned erosion and commodification of the basic prerequisites and infrastructures of capitalist accumulation makes this model more fragile than we commonly acknowledge.

A SOCIAL DEMOCRATIC DIGITAL EMPOWERMENT

To reinvigorate itself, Social Democracy must embark on an ambitious political journey that would not only reveal the true costs and vulnerabilities of neoliberal empowerment (where global digital capitalism supposedly works in the interests of everyone) but would also offer a vision for its own type of digital empowerment,

rooted in values that are more common to the Social Democratic project: solidarity, cooperation, social justice. This would require rethinking the basic building blocks of the digital society from the ground-up, without any preconceived ideas about what counts as a "platform," what its legitimate role and mode of operation should be, and what kind of relationship it ought to have with the citizenry.

> ▶ *As long as citizens, the central subjects of democratic politics in the Global North, continue seeing themselves as a creative, countercultural mix between consumers, entrepreneurs, and investors – using their mobile apps to order taxis or food or place bets on the stock market – regulation would always be seen as antithetical to their interests.*

Today's neoliberal digital economy, without stating it so explicitly, is quite specific about defining all these relationships in advance – and doing so in a way that cements the role of the market and the price system as the default mechanisms of social coordination. Thus, citizens are conceived as atomised users-consumers, who come online to purchase an individual solution – an app or a digital service – to their particular problem or need. Such needs, while present among other fellow citizens, are tackled on a one-by-one basis, so that the solution – which becomes a commodity – can be sold to as many consumers, in the most profitable way possible.

Government policy, on this dominant logic, becomes all about incentivising more start-ups to build more solutions – that is to commodify more problems faster. The distribution of labour in this model, especially when it comes to innovation, is extremely clear-cut: the bulk of innovative process is to be borne out by the tech enterprises, with some minor innovation on the margins (with user-consumers inventing new "needs" and "problems" and government inventing more ways to channel even more money to the startups).

The Social Democratic alternative to the innovation economy would make none of such limiting assumptions. First of all, it would recognise that innovation is not just the function of industry and production but of life in general – and social and collective existence in particular. As we confront problems in our everyday existence, we constantly innovate – often by reaching out to family and friends. This is not some atavistic feature of a tribal society, as some followers of Friedrich von Hayek might have it, something to be rooted out once the logic of the market penetrates every walk of life. Rather, such problem-solving, especially in its more collective, social forms, is a sign of social progress, not regression, and is to be celebrated and scaled up, not suppressed and be ashamed of.

Our digital infrastructures, from cloud computing to social networking to artificial intelligence, should be geared to amplify such collaborative possibilities, so that, once properly established, they can give rise to sustainable digital public goods that reside outside of the public realm (not

> ▶ *Our digital infrastructures, from cloud computing to social networking to artificial intelligence, should be geared to amplify such collaborative possibilities, so that they can give rise to sustainable digital public goods that reside outside of the public realm (not unlike Wikipedia or free software do today).*

unlike Wikipedia or free software do today). After all, if our needs are similar, there's no reason for us to purchase individual solutions to them – a digital infrastructure, conceived as a public good, would do much better. This should help undermine the centrality of consumer sovereignty for today's citizenship: our creative individual aspirations have to be channelled into non-market outlets that transcend the logic of fulfilling our psychological needs in the ever-abundant marketplace.

> ▶ *It is important to draw a distinction between the technological sovereignty – of individuals, not nation states – conceived under neoliberalism, and the technological sovereignty conceived under the new, revamped, and technologically literate Social Democracy sketched out here.*

Social Democrats would be wise to recognise that digital technologies, examined outside of the capitalist logic that currently restrains their potential, offer a much greater reservoir of political energy, perfect for empowering today's automised individuals, than the market. The promises of ever-greater autonomy implicit in the smart, fully-automated home or a local economy run on 3D printers, liberated from the global supply chains, are not disingenuous; it's just that they are unlikely to be realised within today's capitalist paradigm.

In that sense, **it's important to draw a distinction between the technological sovereignty – of individuals, not nation states – conceived under neoliberalism, and the technological sovereignty conceived under the new, revamped, and technologically**

literate Social Democracy sketched out here**. In the former case, technological sovereignty always ends up as consumer sovereignty, as technologies are there only to serve our ultimate fulfilment in the marketplace: we can choose with what apps and on what conditions – paying with our data, attention, or cash – but the mechanism, that of the market, is always the same.

In the latter, Social Democratic case, technological sovereignty refers to the ability of citizens to chart their own autonomous and independent life path, by using the most sophisticated technologies available, on whatever terms they wish and with whatever balance of market and non-market relations they desire.

Under this model, if young genius developers want to work on applying artificial intelligence to solve humanity's greatest problems, they can choose whether to do it at the level of their neighbourhood, a local cooperative, a citizen association, a university, a library and any other public and collective institution. After all, all of them would have the same access to the same

digital infrastructure, itself a public good. These young developers can, of course, also choose to work in a start-up or a company – the only real option available today, under the neoliberal model – but, in that case, their employer will actually have to pay for using that public infrastructure.

This will not solve all of the problems faced by Social Democracy today. But this will, at the very least, help create a new set of digital public goods while also reinvigorating non-market means of empowering individuals, who, in today's neoliberal environment, can only count on the global capitalism in that respect. **Whatever its benefits in the short term, today's global financial capitalism limits – not enables – the truly revolutionary potential of digital technologies.** It's the most urgent task of the social democratic project to recover it.

Evgeny Morozov, founder and publisher of The Syllabus, a knowledge curation platform, and the author of several books on technology and politics

▶ *Whatever its benefits in the short term, today's global financial capitalism limits – not enables – the truly revolutionary potential of digital technologies.*

Radically transforming the EU economy – and how to finance it

The ecological and social challenges of our time can be met!

by Ann Pettifor

The Covid-19 pandemic has revealed a simple truth: today's model of globalised, financialised capitalism, teetering on a shaky foundation of vast debts and costly credit, cannot deliver human well-being. In order to reverse the course, a safe ecological load has to be fixed – a 'Plimsoll line', like the white line on vessels that shows the most they can carry before compromising their seaworthiness. And, to radically transform the EU economy, finance has to be mobilised. Here is a plan of how to do it.

Today's capitalism cannot tackle climate breakdown and cannot prevent the loss of biodiversity. It considers work as a cost to be minimised, to the detriment of the economy and the social meaning of work.

High rates of return on capital (interest) require ever-rising extraction of the earth's finite assets and the felling of its biodiverse ecosystem. Nature is crowded out by intensive agriculture, mineral extraction and housebuilding linked to expanded transport networks (shipping and airlines) and fuelled by hydrocarbons. These activities have stripped wildlife of habitats and brought societies into conflict with the animal world. More than 30 new disease-causing organisms have appeared in just the last two decades according to globalisation expert Professor Ian Goldin and Mike Mariathasan in their book,

The Butterfly Defect. **The new coronavirus has taught societies across the world that globalisation acts as a passport for pandemics, turning airlines and international journeys into disease vectors.**

The lethality of the virus, and the threat of future pandemics has led to demands for more localisation of economic activity: for a reduction in both national and international flights, for more homeworking and for the reshoring of manufacturing.

And even investor concerns have accelerated demands for divestment in fossil fuels. Such concerns led British Petroleum (BP) on 4 August 2020 to become the first oil supermajor to begin abandoning its business model. It would cut oil and gas production by 40% over the next decade, and dramatically

increase its investments in low-carbon technology. On 5 August, the Financial Times reported that "Peabody Energy had written $1.4bn off the value of the world's largest coal mine, an acknowledgment of electricity generators' permanent shift towards natural gas and wind". On 18 August the world's biggest mining group, the Anglo-Australian BHP "confirmed plans to exit thermal coal" as the company "prepares for a lower carbon future." Analysts at Berenberg Capital Markets said it would be "fairly challenging" to find a market buyer for the coal operations because of growing investor concerns about CO2-heavy assets.

This is the fast-moving context in which the EU Commission president, Ursula von der Leyen, is leading the progress of the Commission's ambitious Green Deal.

There is much to admire about the roadmap and key policies that make up the European Green Deal.

- **Firstly, it has opened up political space across the continent**, and beyond, for debates on how economies can adapt to, and prepare for,climate breakdown and the loss of biodiversity. The debate in Anglo-American economies on the Green New Deal has petered out – buried by the politics of identity, nationalism and protectionism.

- **Secondly**, the Green Deal has set (and the EU is considering raising) ambitious and binding targets for 40% greenhouse gas (GHG) reduction from 1990 levels by 2030; for an increase in the share of renewable energy to 32% and indicative targets for energy efficiency. Subject to further debate, these targets will be enshrined in law.

- **Thirdly**, the priority accorded to the climate crisis provides the Union with off-the-shelf policies and targets that could aid job creation and economic recovery from the coronavirus crisis. Meanwhile the increasingly uneconomic extraction of coal will likely mute Polish and Czech political resistance to the Green Deal.

While these are encouraging developments, **the Green Deal suffers from three weaknesses**.

- **The first is the failure to set specific carbon-reduction, energy efficiency and renewable energy targets for each country of the Union.**

- **The second**, more serious weakness is the pitifully small sums of money allocated for the immense programme of work required for the radical and urgent transformation of Europe's energy, transport and land-use systems. This distinctly un-ambitious fund-raising plan can be explained by the structural flaws in Europe's monetary system, designed to immobilise Union-wide

fund-raising by public authority. Below we propose a plan that could, within existing Treaty-constraints overcome these flaws; one that would create a European safe asset for raising sufficient finance to implement the Green Deal across the Union.

- **The third** weakness of the Green Deal is also structural, and can be located in the growing, and increasingly divisive economic divergences between Member States. This structural flaw can also be addressed, and we do so below.

SETTING SAFE ECOLOGICAL LOADS OR 'PLIMSOLL LINES'

The Green Deal's carbon budget is a Union-wide budget and while GHG reduction targets are binding on Member States, the energy efficiency target is indicative only and targets for renewables, while binding at Union level, are not specified for each member state. Under the Union's governance procedures Member States will have to submit progress reports and Climate Plans to explain progress in achieving these targets. These are bound to be wordy, time-consuming documents that will gather dust

▶ *The new coronavirus has taught societies across the world that globalisation acts as a passport for pandemics, turning airlines and international journeys into disease vectors.*

in libraries. Better if the Commission, having determined the safe carbon carrying capacity of the Union as a whole – the 'Plimsoll line', after the white line that is painted on vessels to show the most they can carry before compromising their seaworthiness – or optimum scale of GHG emissions for the European-wide

economy, could then break down the Union's carbon budget to arrive at 'Plimsoll lines' or carbon budgets for countries, regions and cities. In Britain, physicists at the prestigious Tyndall Centre for Climate Change Research, led by Prof. Kevin Anderson, have developed a low carbon pathway model, SCATTER (Setting City Area Targets and Trajectories for Emission Reduction) for Manchester, by quantifying the implications of the Paris Agreement for the city. This model could be replicated across Europe and if made public, could provide regional and local policymakers with toolkits for measuring the reduction of GHGs and engage activists and citizens in the achievement of ecologically safe 'Plimsoll lines'.

MOBILISING FINANCE FOR THE RADICAL TRANSFORMATION OF THE EU ECONOMY

Perhaps the greatest weakness of the EU Commission's Green Deal is the dearth of finance it is proposed would be mobilised for this transformational programme. The meagre sums proposed can be explained by the inability of the EU Commission to draw on the power and resources of a Central Bank to generate the liquidity needed to finance public investment in economic transformation. Instead the Commission is forced to draw on Europe's existing and limited public and private savings. These include a percentage of the paltry EU budget (barely 1% of the EU's gross national income) plus savings mobilised by the InvestEU Fund and the EU Investment Bank. The EU Green Investment Plan aims to raise €1 trillion over ten years. The European Investment Bank will aim to support €1 trillion of investments in climate action and environmental sustainability "in the critical decade from 2021 to 2030". These negligible sums to be expended over long time periods are entirely inadequate for the scale of transformation needed if Europe is to achieve Green Deal ambitions.

Contrast these sums with the speed and scale of finance committed by the ECB and European governments in March, 2020 and designed to

keep Europe's private and globalised capital markets liquid. The ECB's pandemic emergency purchase programme (PEPP) committed €1,350 billion to bail out the finance sector, and did so almost instantaneously. The interest rate on its main refinancing operations, the marginal lending facility and the deposit facility were quickly lowered to an extraordinary 0.00%, 0.25% and -0.50% respectively. This largesse was supplemented by tax breaks and fiscal spending by member states that drew on present and future contributions (savings) of Europe's taxpayers. The unprecedented ECB interventions were intended to maintain life support for a European finance sector that has been in a comatose state since the Great Financial Crisis of 2007-09. Its lending to these institutions will add to unsustainably high levels of debts owed by financial and non-financial corporations, and will undoubtedly be gambled away on stock markets, on stock buybacks and on other forms of speculation. Green Deal investments, by contrast, could expand both private and public sector activity, and create jobs Europe-wide. **Job creation will both revive the private sector, but also generate the tax revenues needed for repayment of public debt, while at the same time the investment would tackle the climate crisis.**

HOW CAN WE MOVE BEYOND TODAY'S RENTIER CAPITALISM AND BUILD A DIFFERENT AND BETTER EUROPE?

Europe's problems are structural. The Union was built on the two narrow pillars of monetary union and financial integration. Its Hayekian design was intended to 'encase' private capital markets and protect them from the intrusion of democratic states. The recent bailouts prove the dependence of private capital markets on public resources.

The Union's economic foundations are laid on volatile, globalised flows of private, mobile capital – beyond the reach of regulatory democracy. This fact was starkly exposed when the EU General Court rejected the Commission's

attempt to recover €13 billion in back taxes from Apple, whose profits are protected by the tax haven that is Ireland, an EU member state. This is the third occasion on which the General Court has upheld the primacy of mobile, globalised capital over the sovereignty of European regulatory democracy. (The other cases involved unlawful state aid granted to Starbucks by the Netherlands and Belgium's excess profit exemptions granted to multinationals.)

TRANSFORMING THE ESM INTO A NEW DEBT AGENCY ISSUING A EUROPEAN SAFE ASSET

Despite this setback, Italian economists have proposed a plan for issuing a European Safe Asset, that would overcome current roadblocks, and would mobilise large sums of finance for EU projects.

The plan draws on the recent suspension of the Stability and Growth Pact (SGP). Member states are now permitted to spend and go into debt beyond artificial constraints. Nevertheless, this suspension does not solve the problem of financing either new investments or existing debts. As the Italian economist Massimo Amato of Bocconi University and colleagues in several articles, **what is needed is a radical new instrument – a safe asset – that would allow Member States to both raise sufficient finance and service affordable debts**.

▶ *Perhaps the greatest weakness of the EU Commission's Green Deal is the dearth of finance.*

The Amato et al. proposal for a European Debt Agency (DA) would involve the transformation of an *existing mechanism*, the European Stability Mechanism (ESM). With its capital endowment of €700 billion (€80 billion paid

and €620 billion of 'callable shares'), the ESM can now grant direct loans of up to €500 billion to Member States. But the ESM could be transformed, argues Amato, from a fund that lends in the short to medium term, with potentially vexatious conditionalities, into a 'debt agency' (DA) capable of mobilising large quantities of finance on the markets, at advantageous conditions, and stabilising the returns of Europe's public debt by structurally reducing spreads between states. It would do so by providing them with a genuine European safe asset even in the absence of improbable reforms of EU treaties. A European safe asset that would be comparable to that issued by the US Treasury, the Treasury Bill.

The debt agency would receive from each Member State an annual instalment calculated on the basis of its fundamental risk only, anchored to its official rating. The DA would then issue bonds that *filter the market liquidity spread risk* between Member States. It would collect liquid funds in markets by issuing plain vanilla sovereign bonds with finite maturity and use these funds to finance Member States with infinite maturity (perpetuity) loans. The overall flow of annual instalments from Member States, net of legal provisions, would allow the DA to remunerate bondholders at a rate in line with its high credit standing: it will therefore be at most equal to or lower than the fundamental cost for each Member State (corresponding to the returns of the DA's underlying portfolio). EU states could then borrow through an agency that acts as a private entity in interfacing with markets but has the public mission of minimising borrowing costs for the states themselves and possibly also for the debts newly issued by the EU.

Without a eEurozone public and common safe asset, it will be very difficult to break the perverse link between national banking systems and their public debt. From a fund that provides loans in the short to medium term under potentially vexatious conditionality, the ESM can turn into a DA already adequately capitalised with respect to solvency requirements. It would thus be able to collect large amounts of funding in

the markets at advantageous conditions, and to stabilise government bond yields (while structurally reducing spreads) as well as markets and financial operators' balance sheets, in so far as it could provide them with an authentic European safe asset.

The ECB could indirectly support the activity of the DA by using its own instruments to ensure alignment of the new European 'safe asset' yields with the 'risk free' interest rate. These interventions, referring to a common bond that does not imply any kind of mutualisation, would be perfectly in line with the principle of the capital key. The European banking system would benefit from the availability of excellent collateral for its daily activities.

ENDING EUROPE'S GROWING DIVERGENCES

But this is not the only radical reform that could help stabilise the imbalances that have arisen within and across Europe: divergences that

have led to the rise of right-wing, nationalist and authoritarian parties, threatening the lofty purposes of the European Union for peace and unity. As Amato, Fantacci and I have argued here, we know that such divergences can be resolved because Europe has done it before, when the European Payments Union (EPU) was established between 1950 and 1958.

▶ *What is needed is a radical new instrument – a safe asset – that would allow Member States to both raise sufficient finance and service affordable debts.*

The EPU made it possible for each country to finance its current account deficits without relying on the vagaries of capital liquidity provided by international financial markets, by providing a 'clearing centre'. The country's position was

recorded as a net position in relation to the clearing centre itself, and thus as a multilateral position in relation to all the other countries. A quota was set for each country corresponding to 15% of its trade with the other countries in the EPU. Credit and debit balances could not exceed the respective quotas. The system therefore set a limit on the accumulation of debts or deficits with the clearing centre and provided debtors with an incentive to converge towards equilibrium with their trading partners. The EPU also exerted strong pressure on creditor countries which, like Germany and the Netherlands today, failed to raise imports and cut their surpluses.

The result was an extraordinary, export-driven expansion in production, in Germany and Italy in particular, and the liberalisation of trade not only within the EU, but also well beyond. But what was most extraordinary was that this expansion of trade came along with rising employment and welfare in each partner country: the EPU was a part of a superstructure that provided countries with more autonomy to foster an economy led by domestic demand.

A NEW EUROPEAN CLEARING UNION

A modern version of this system could be created today. Better still, it could be introduced without changing the EU treaties. It simply requires enforcing the existing rules and reinterpreting the existing monetary infrastructures.

In the eurozone there is already a clearing house for the precise purpose of optimising the management of payments. TARGET 2 (the Trans-European Automated Real-time Gross Settlement Express Transfer) is a system that is used today to settle cross-border payments individually. Within this system, Germany, together with other surplus countries like the Netherlands, has built up substantial credits and has the highest positive settlement balance. Correspondingly, Portugal, Spain, Greece, Ireland and Italy have built up substantial debits, and therefore have negative settlement balances. These reflect the cumulative balance of payments imbalances between northern and southern Europe that were formerly financed by capital flows from the centre to the periphery, but which have since reverted in the wake of the Great Financial Crisis.

▶ *It is critical that any mechanism is based on the principle of solidarity between northern and southern European countries, and solidarity between sovereign debtors and creditors.*

This accounting gimmick has played a crucial role in saving the system of the single currency. While not solving the problem of large interest rate spreads, the accumulation of positive and negative balances within TARGET2 has prevented the financial turmoil that resulted from the sudden stop of capital movements after the sovereign debt crisis from turning into a currency crisis.

Our proposal is to open a section of TARGET2 – call it 'T2trade' – designed to function, like the EPU, as a source of funding for temporary current account disequilibria, without having to rely on short-term capital movements. **The result would be a new 'European Clearing Union'. For this to work, four measures would have to be adopted:**

- **Firstly**, credit would have to be restricted in 'T2trade' solely to commercial transactions between European countries and to tourism. The idea of restricting certain facilities of the European Central Bank (ECB) to specific kinds of economic transactions is not new. It was introduced with the Targeted Longer-Term Refinancing Operations (TLTRO).

- **Secondly**, there would have to be a limit on the possibility of accumulating positive or negative balances, commensurate with each country's volume of foreign trade. This principle is perfectly consistent with European rules, specifically under the Macroeconomic Imbalance Procedure (MIP).

- **Thirdly**, imbalances could be subjected to symmetrical charges. This option can, and we believe must, take on the form of a political proposal obliging all countries to face up to their responsibility in settling the imbalances in so far as they have enjoyed advantages in accumulating them. It would serve as a reminder to the creditor countries that they too have benefited from the single currency, thanks to the opportunity to export to the countries of southern Europe at a competitive real exchange rate. And it would serve to involve these countries in the adjustment process without having to appeal to their 'kind heartedness'. Moreover, it would be consistent with what the ECB announced in summer 2014 when, after introducing negative interest rates on deposits, it stated that negative rates should apply also to TARGET2 balances.

- **Fourthly**, there should be the possibility of adjusting real, if not nominal, exchange rates, should imbalances prove persistent.

ECONOMIC SOLIDARITY

While there is scope to argue about the specific measures that would need to be adopted to make either Amato's debt agency, or our proposed European Clearing Union work**, it is critical that any mechanism is based on the following political and economic principle: solidarity between northern and southern European countries, and solidarity between sovereign debtors and creditors**, in order to restore a common purpose to the European project. Solidarity not in a moral sense, but in an economic one – of shared responsibility for stability and symmetric distribution of the burden of readjustment. Above all, in a sense of shared responsibility for the restoration of Europe's ecosystem. The Green Deal can only prove truly transformational by basing itself on the solidarity of Member States, determined to work together to tackle the biggest challenges ahead: climate breakdown and biodiversity loss.

Ann Pettifor, director of Policy Research in Macroeconomics (PRIME), author of "The Case for the Green New Deal" (Verso, 2019)

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POLICY PAPER

HOW TO BOOST THE EUROPEAN GREEN DEAL'S
SCALE AND AMBITION

WRITTEN BY
DR RAFAEL WILDAUER,
STUART LEITCH
PROF JAKOB KAPELLER

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PROGRESSIVE STUDIES
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The revenge of the 'places that don't matter'

The rise of populism and how to deal with it

by Andrés Rodríguez-Pose

Populism is on the rise all over the developed world. In many parts of Europe, populist parties have seen their share of votes multiply in recent years. The analysis of these movements often concentrates on the motivations of individual voters. But one crucial factor has largely remained under the radar: the long-term economic decline of numerous industrial, but also small-town and rural, communities across many areas of Europe. If we are to tackle this rise, it is essential to fix the problems of the many places that have increasingly come to believe they 'don't matter'.

In Hungary, in the Netherlands, in France, in Germany, in Italy, in the UK and in many other parts of Europe, populist options have been gaining ground election after election. At times, they may seem to be losing steam, only to come back with renewed strength. Voters of all ilks are becoming dissatisfied and disappointed with a political system that they consider no longer benefits them, and they are thus turning to political options, both to the right and to the left of more established political parties, because these options supposedly offer easy 'solutions' to their problems.

In many ways, populism is becoming mainstream. Parties that not long ago were on the fringes of the electoral system - such as the Rassemblement National (the former Front National) in France, or the Lega in Italy - have either already tasted power (in the case of the Lega) or represent a serious alternative (in the case of the Rassemblement National). Other, younger parties - including Syriza in Greece, Alternative für Deutschland in Germany or Vox in Spain - have made significant electoral inroads and could be knocking at the doors of power in the foreseeable future.

In other cases, populism has impregnated mainstream political parties. That has been the case of Fidesz in Hungary under Viktor Orbán, the Law and Justice (PiS) party in Poland under the Kaczyński brothers, or of the governing Justice and Development Party (AKP) in Turkey under the stewardship of Recep Tayyip Erdoğan. Other traditional political parties have also adopted more illiberal stances to respond to the populist challenge. This is, for example, the case of the UK Conservative Party, which in recent times has gradually abandoned the centre ground to embrace political positions that not that long ago were championed by the UK Independence or the Brexit parties (Figure 1).

Almost everywhere, populism has gone beyond being a force to be reckoned with to becoming one of the main challenges for democratic societies in Europe today. The number of anti-system parties in government has been increasing across Europe and their postulates and positions are increasingly shaping the electoral and political agenda.
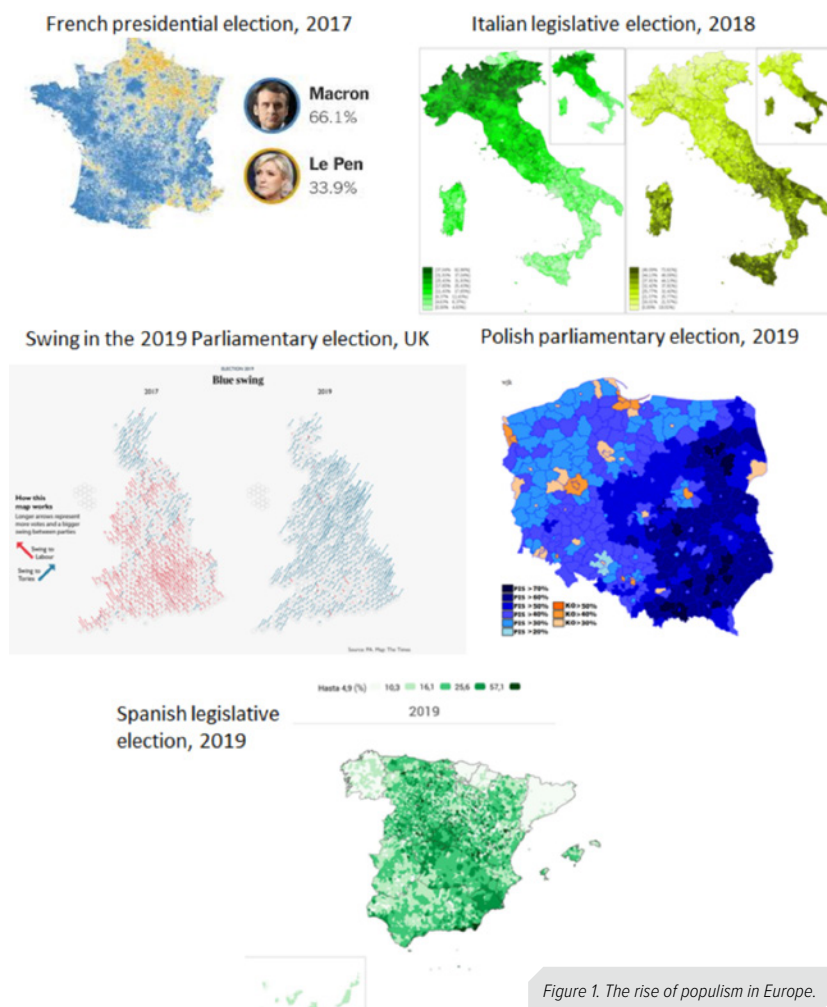
French presidential election, 2017

Macron
66.1%

Le Pen
33.9%

Italian legislative election, 2018

Swing in the 2019 Parliamentary election, UK

Blue swing

2017   2019

How this
map works

Larger areas represent
more votes and a bigger
swing between parties.

Swing to
Labour

Swing to
Tories

Source PA, Map The Times

Polish parliamentary election, 2019

Spanish legislative election, 2019

Hasta 4,9 (%)   10,3   16,1   25,6   57,1

2019

Figure 1. The rise of populism in Europe.

While many of these considerations are indeed important in determining the choice of which party to support at the ballot box**, there is an essential factor that has, to a large extent, remained under the radar when analysing the rise of populism. This is the long-term economic decline of numerous industrial, but also small-town and rural, communities across many areas of Europe and the rest of the developed world**, and the related rise of territorial inequality.

Large cities and capital regions have been doing very well across the developed world. They have been reaping the lion's share of recent economic transformations. Wealth and economic growth are increasingly concentrated in a limited number of hands, living in a limited number of places. Europe is no exception. Over the last three decades, economic activity has flocked to large cities, leading to greater economic polarisation. Figure 2 shows the differences in economic performance across regions in Europe over the last three decades, using just two colours. Regions in dark green are those that in this period have grown above the national average. Light green colours denote those regions that have grown below the national average. **The differences are stark between the so-called 'places that matter' and 'places that don't' - that is, places that have suffered economic and demographic decline for quite some time and that have fallen in between the cracks of development and investment policies targeting either more developed areas or lagging behind regions.** In a country like France, only the Île-de-France region - the region of Paris - has grown above the national average. The remaining 21 French regions have grown below it and in some cases, well below it.

But France is not the exception. It is the rule. Similar patterns are in evidence across many parts of Europe. This is the case, for example, of Ireland, Portugal, Greece, Czechia, Bulgaria, Denmark, Sweden and Finland - and to a slightly lesser extent, Belgium, the UK, Hungary and Romania. In other countries, such
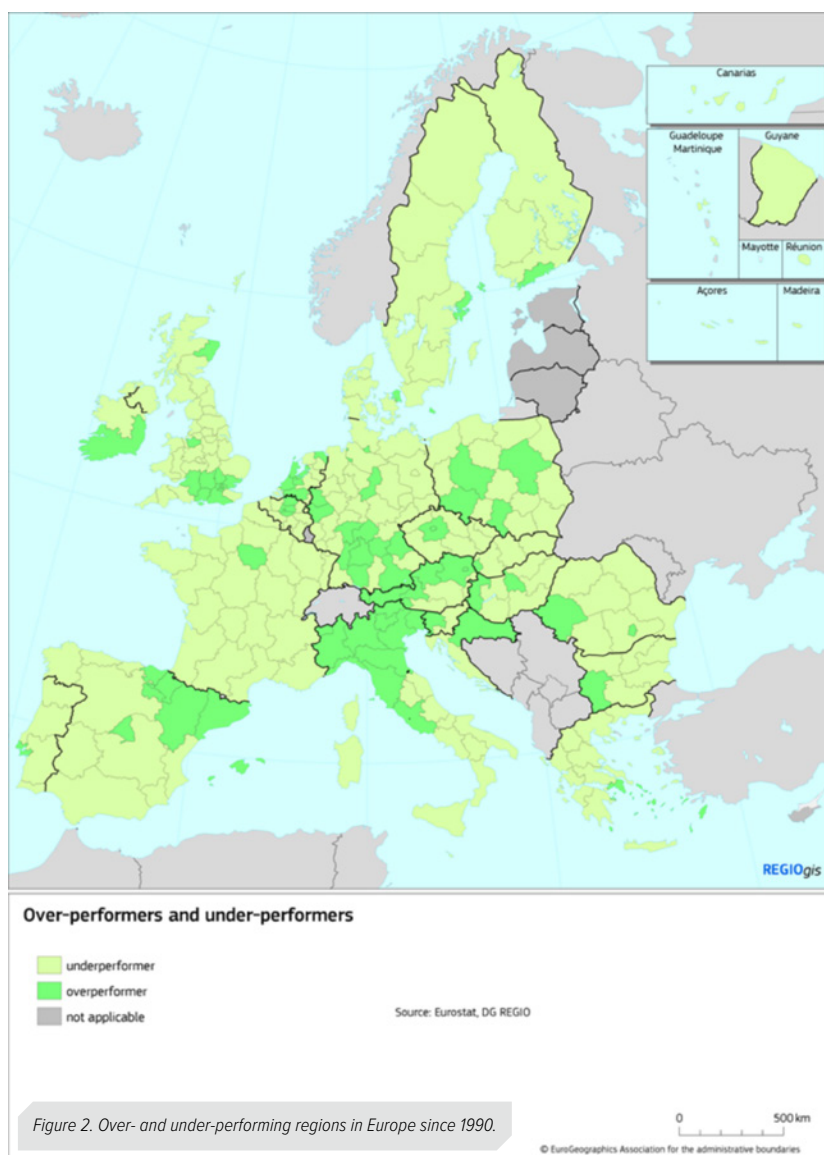
| WHY HAS POPULISM RISEN?

Populism has often been linked with a mounting disenchantment with the economic, social, and political system by individuals who are left behind. Some individual characteristics have been put to the fore as the drivers of this discontent. Populist voters are normally defined by their gender, age, level of education, and type of work they perform or used to perform. According to Goodwin and Heath (2016), populist options at the ballot box are fundamentally supported by "older, working-class, white voters, citizens with few qualifications, who live on low incomes and lack the skills that are required to adapt

and prosper amid the modern, post-industrial economy." These voters are deemed to brandish both cultural and economic reasons to embrace the extremes of the political spectrum. On the one hand, they are considered to be ill at ease in a society that has become more open and multicultural, and that, from their perspective, supports values that are different from the ones they grew up in or were transmitted to them by their parents. On the other, they feel threatened by a more integrated and globalised economy, in which traditional manufacturing jobs have moved or are moving to other parts of the world capable of producing the same type of goods they used to produce at significantly lower prices.

Over-performers and under-performers

- underperformer
- overperformer
- not applicable

Source: Eurostat, DG REGIO

Figure 2. Over- and under-performing regions in Europe since 1990.

0   500 km

© EuroGeographics Association for the administrative boundaries

places were for long among the dynamic industrial hubs of Europe, but have recently struggled to cope with industrial, economic, social, and ecological transitions. The rise of trade and automation has hit them hard. The lengthy financial and economic crisis of the late 2000s and early 2010s and the ensuing austerity has ignited a fuse that was already there. And the current Covid-19 crisis, with its emphasis on technology- and skill-intensive activities that can be performed remotely, is only likely to accentuate this division in areas that remain ill-prepared to cope with remote working. No wonder their citizens are becoming disillusioned with the status quo.

Many people in these places are growing tired of waiting for solutions to come from their capitals or from the EU. **They feel ignored by decision-makers, who, based on the dominant theories of economic growth, have either neglected these people or progressively withdrawn from intervention in the places where they live.** The anger is reaching boiling point and the line between expressing discontent at the ballot and outright revolt is very thin, as evidenced by the 'gilets jaunes' (yellow vest) movement in France.

WHAT CAN BE DONE?

The rise of populism in Europe represents a serious threat to a system that, despite all its flaws and need for reform, has provided the highest level of prosperity, the greatest degree of equality, and the longest period of peace that the European continent has ever experienced. **If we are to tackle this rise in populism, it is essential to fix the problems of the many places in Europe that have increasingly come to believe they 'don't matter'.** However, the intervention in these areas has to adopt a different form from what has been the norm in the past. In these places, national and, to a far lesser extent, European intervention has often resorted to the 'easy way out': subsidies and handouts. Social policies are, indeed, needed in

as Italy, Spain, Germany, the Netherlands and Poland, it is the traditionally rich regions that perform better than lagging behind areas.

This rising territorial polarisation - at least within national borders - is driving the inhabitants of places that consider they have been repeatedly ignored by an aloof and distant elite into the hands of populists. When you witness your services decline, your public transport options dwindle, your schools close, your access to health services moved to other locations, and you are repeatedly told that the

place you live has no future and no longer matters, you may be inclined to cry out that 'enough is enough' and opt to rock the boat and shake the tree to make sure your plights are heard.

A 'geography of discontent' or a 'geography of resentment' has been brewing and has become a fundamental driver of the rise in populism. Rural places facing depopulation, losing basic services, and increasingly becoming food or financial deserts are venting their anger at the ballot box. Many of these

places that have for long witnessed decline, where jobs are in short supply, and ageing is rife. Regions in distress rightly receive more support per capita than those that are more prosperous. Governments have also used public employment to soften the blow of employment decline in many areas that are lagging behind. But social policies and the expansion of public employment - in regions such as Corsica, public employment amounts to roughly 50% of total employment - alone are not a long-term solution. They can lead to the creation of assisted and sheltered economies, leaving regions increasingly incapable of fending for themselves and of mobilising their economic potential.

Intervention therefore needs to go beyond 'solutions' that are limited to rises in transfers and subsidies to declining territories. It needs to turn to territorially-differentiated and well-targeted investment. This type of investment also demands moving away from the type of glitzy, mostly large infrastructure-related interventions that have dominated policy in recent decades (big infrastructure mega projects often ending up as white elephants). It needs to directly target the potential of many of these places - for the simple reason that most of these places still hold considerable potential. Big European success stories, like Inditex or Ikea, have not emerged in big cities. They have risen from nowhere in medium-sized cities, such as A Coruña in Spain (Inditex), or rural areas, like Älmhult in Sweden (Ikea). Many of the most dynamic German firms - the so-called 'hidden champions' - are located in towns and rural areas. There is thus considerable latent potential in most European rural and/or declining areas. But firms and start-ups in these places face greater barriers than firms elsewhere in mobilising this potential in terms of connectivity, skills availability, accessibility, or efficient institutions.

There is thus the need to invest better in those places that have remained overlooked by policy in recent years. There is evidence that well-targeted EU regional development

investment has contributed not only to improving the economic prospects of these areas but also to stemming the rise of discontent. As my research with Lewis Dijkstra shows, targeted investments in energy, the environment and natural resources, IT, social infrastructure, and some transport infrastructure have reduced the share of anti-system voting.

We must consequently rethink development intervention, by turning to types of investment that are far more place-sensitive than the blanket, territorially-blind type of policies that have dominated in the past. This would imply ditching the one-size-fits all approaches in favour of investments that are more adapted to the challenges of these territories and more capable of mobilising the potential that is present in almost every place.

This is not just a question of social and political fairness – allowing for a fairer economic, social, and environmental transition – but also an economic necessity. This type of intervention will tap into untapped potential, enabling 'discontented' places to unleash their full economic capacity.

Finding solutions to the rise of populism and the threats it poses to the system will not be easy. But there is a need to start somewhere, and the implementation of carefully targeted, place-sensitive investments is, possibly, the best way to start.

Andrés Rodríguez-Pose, Princesa de Asturias Chair and Professor of Economic Geography at the London School of Economics

The time for a U-turn towards social and environmental justice is now

by Fabrizio Barca

The time for adjustments and tinkering is over. Well before the ongoing Covid-19 crisis, inequalities and social injustice had mounted in most Western countries to a point where they produced widespread resentment and triggered an 'authoritarian dynamic': a rejection of diversity, a call for sanctioning outlying behaviour and for building walls to defend closed communities. The lessons of the past and what we know of the present tell us that those inequalities are likely to rise even further. As in previous modern pandemics and disasters, the economic and social effects are asymmetric and tend to increase existing personal and territorial inequalities. Therefore, returning to the pre-Covid-19 so-called 'normality' – if ever possible – must not be the aim: a U-turn in policy making is indispensable!

Such a U-turn is not just a matter of investing large amounts of resources. It is a matter of rebalancing powers, pursuing social and environmental justice and rejuvenating democracy.

The European Union has the opportunity to play an important role in this U-turn, showing that it can add value to the life of all European citizens, especially the most vulnerable. It should pursue the "harmonious development" that its Treaty promised to deliver.

In the first weeks of the pandemic, a strong EU-wide response came only, as in the past, from the European Central Bank, thanks to its federal nature. But, after much hesitation, an agreement was achieved on a Recovery and Resilience Facility, conceived as an EU-wide and EU-financed tool. It is a remarkable step. It must not be wasted.

The current regulation proposal for the facility states that "Member States wishing to receive support [...] shall submit a plan" which, among other things, "shall set out an explanation" of how it is "expected to contribute to the green and the digital transitions", and how it "strengthens the growth potential, job creation and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis" and contributes "to enhance economic, social and territorial cohesion and convergence". These words must not be hollow!

Drawing from the analysis, vision and strategy put forward by the Italian "Forum Disuguaglianze Diversità" (ForumDD), an alliance of civil society organisations and researchers, I will argue here **that the objective of social and environmental justice should guide the EU in the use of both the Multiannual Financial Framework (MFF) and the new Recovery and Resilience Facility**, and I will present some concrete and actionable proposals. They are inspired and backed by an assessment of the nature and causes of current inequalities and of the impact of the Covid-19 crisis, which is our starting point here.

It is by now widely recognised that **the reduction of economic inequalities within**

countries had come to a halt by the beginning of the 1980s and had been reversed in most countries. In Europe this is shown by any indicator of personal income and (even more so) wealth inequality, and by any measure of regional inequality, as well by the rise in poverty. The non-monetary dimensions of well-being took a hit too. The expectation that inequalities in education, health, housing, mobility and other fundamental services would be progressively reduced by the process of European unification were frustrated in most Member States. At the same time, 'recognition inequalities' were also rising: many social groups – invisible manufacturing or gig-economy workers, teachers, people living in remote rural areas – increasingly felt that their role and views were not recognised and that their aspirations were being ignored by the authorities.

As economist Antony Atkinson argued in his ground-breaking book *Inequality: What Can Be Done?*, there was nothing unavoidable in this early 1980s shift.

▶ *The objective of social and environmental justice should guide the EU in the use of both the Multiannual Financial Framework and the new Recovery and Resilience Facility.*

Three major changes challenged the post-war 'Social Democracy' model. **Globalisation**, while helping to reduce inequalities among countries across the world – a remarkable achievement – weakened the power of organised labour in the West through a major rise in (cheap) labour supply. The rising **digital technology** offered significant long-term opportunities to enhance social justice but had the immediate downside of a major concentration of knowledge. The **fragmentation of society and of the labour process** – reduced labour concentration, offshoring, revival of the putting out system, rise

of pseudo-independent labour, the narrative and reality of more fluid social positions, etc. – made it more difficult for mass parties to represent people. All three challenges could have been met, in order to rejuvenate the existing social model. Their negative effects were instead deepened by a major cultural turn: neoliberalism.

▶ *The reduction of economic inequalities within countries had come to a halt by the beginning of the 1980s and had been reversed in most countries.*

Neoliberalism's general features are clear-cut: markets and corporations are seen as capable of delivering by themselves collective well-being, except for 'imperfections'. Capitalism is considered as the cultural and political institution shaping common sense (individual autonomy, values, denial of reciprocity, etc.) and determining power relations. Labour is not recognised as a collective subject. Class subalternity linked to the control of capital (either material or immaterial) is obscured and so are its relations with racial and gender subalternities. Inequalities are seen as a temporary price to pay in order to allow growth, which eventually 'will sweep away those inequalities'. The state is conceived as the tool for enacting the strategies designed by 'technocrats' and inspired by private corporations. Citizens count by voting, consuming and exerting their freedom to exit – from services, jobs and territories – not by using their voice and participating in a heated and open debate. 'Conflict' is considered evil, rather than the salt of democracy.

Neoliberal culture has inhibited most left-wing parties. By evoking the alibi of a 'liquid society', they have given up creating alliances of social groups and have retreated to a role of 'responsible' policymakers. The power of labour unions has been actively

curtailed. Complexity is tackled by entrusting decision-making to 'experts' and technocrats. Policy choices are presented as technical, as if they were the result of an objective maximisation of 'efficiency', univocally defined, hiding the clear-cut political choices that they embody. Rules and institutions are designed in a 'one size fits all' fashion, as 'space-blind best practices'. They make no use of the knowledge and preferences embedded in the territories and, if anything, are shaped to the needs of people living in city centres: a major cause of the increase in territorial inequalities, affecting people living in most peripheries and rural areas. The bifurcations created by technological change are dealt with as if there were no alternative: this is how the sovereignty over digital platforms came to be entrusted to private corporations. The 1994 Agreement on Trade-Related Aspects of Intellectual Property Rights under the auspices of the World Trade Organization (TRIPS) provided the seal on the process of concentrating knowledge, by giving a much higher stance to the protection of intellectual property rights than to the principle of free access to knowledge. A very illiberal move.

This diagnosis of the origin of inequalities allows us five propositions.

- **First, since inequalities are the result of policy choices, they can be reduced by policy choices.** Social and environmental justice, defined (with the economist Amartya Sen) as "sustainable substantial freedom", or "the capacity to expand the freedoms we have reason to value" and to ensure at least the same freedoms for the next generations, can indeed be pursued. This should be and can be the defining goal of left-wing parties.

- **Second**, this objective calls for a major political and policy U-turn, intervening in the very process of wealth creation (pre-distribution), rebalancing powers and promoting a change in common sense. Labour should be given the tools to negotiate and participate in the firms' strategic decisions. Space for a heated, open and informed public debate should be promoted in order

to allow citizens' participation. A gender perspective should be taken in every policy field. A major investment should be made in the renewal and quality of civil servants, enabling them to promote and govern public debate and to take discretional decisions geared to contexts. The process of knowledge concentration should be reverted.

- **Third**, such a U-turn can be initiated and put into practice at territorial and national level, but it also calls for a major coordinated effort at EU level, in order to achieve the necessary critical mass and to stop a 'race to the bottom' among Member States.

- **Fourth**, this U-turn will meet strong resistance by all those people who benefit from the current state of affairs. There is no one single solution that is good for all. There will thus be the need to cope with different views of the world, which is why conflict, heated public debate and negotiation are the salt of democracy.

- **Fifth**, left-wing parties will therefore need to build social alliances, combining and responding to "a multiplicity of heterogeneous demands" (Chantal Mouffe), to lead and win conflicts. For that to occur, left-wing parties should develop clear-cut proposals through public debate with civic organisations and organised labour, when designing new forms of organisation suitable to our modern society.

The time has thus come to pool together the radical ideas and proposals that have resulted from the mobilisation of civil society organisations, labour and culture which over these years have filled the gap created by retreating traditional parties. Here I'll refer to three concrete proposals put forward by ForumDD.

The first proposal addresses a paradox. A powerful network of about one thousand public research structures exists in Europe, with autonomous budgets financed by coalitions of European countries and with an international management motivated mostly by non-monetary incentives. This network produces technologically advanced open knowledge with agreed objectives, offers opportunities for training, generates and manages freely available big data. But **only a few corporations, by making use of their own research, can truly access this open knowledge in order to produce marketable innovations**. In the fields of health, digital transformation and green transition – to mention the three main examples – consumers therefore end up paying again for what they have already paid for through taxation, while also freely providing their own data to privately owned digital platforms. Furthermore, the creation of strong monopolies or oligopolies produces an unprecedented concentration of knowledge and power, cuts off the rise of new firms, discriminates against people who cannot afford the prices and, in the case of health, puts at risk the very existence of national health systems.

▶ *Neoliberal culture has inhibited most left-wing parties. By evoking the alibi of a 'liquid society', they have given up creating alliances of social groups and have retreated to a role of 'responsible' policymakers.*

Regulation can be improved but it is not enough. As in other turning points of capitalism – the development of world trade in the 17th century, the development of railways and several utilities, the catch-up process of second-comers – **there is a need for state-owned enterprises to come onto the market and compete with the existing private giants**. These international technological hubs, open to the investment of private capital, in the fields of health, digital transformation and green transition, would be able to pursue long-term objectives in line with the mission strategies assigned by the EU. High-level management would prevent short-term political interference, while guaranteeing that these objectives are pursued. Monopoly positions would be eroded, innovative goods and services would be sold at prices covering marginal costs, innovations would be pursued that are not deemed convenient by private monopolies – as is the case for vaccines. Furthermore, the new public corporations would favour a knowledge transfer to clusters of small and medium-sized enterprises (SMEs). All major EU Member States still rely today on a strong core of state-owned national enterprises: an alliance among them could trigger the creation of these hubs.

The second proposal concerns the use of the MFF and the Recovery and Resilience Facility and addresses the nature of national plans for their implementation. There is a great risk of a 'bastard-Keynesian' solution: most of those funds being injected into the economy through unconditional subsidies to firms and persons or through unconnected, ready-made infrastructure or training 'projects'. Both uses fail to respond to the need for a radical change and would even fail to reproduce pre-Covid-19 'normality'. Providing liquidity to good firms hit by the crisis, as well as to people who lack the means to reach the end of the month, is of course necessary - and even more so if further lockdowns become necessary. This is the task of the temporary Support to mitigate Unemployment Risks in an Emergency (SURE), designed by the EU. But this is only a precondition and it can be misused if no radical overarching strategy exists. **As for 'projects', they are obviously what any plan finally boils down to, but first there must be a strategy**. Investing in fast-spending 'projects' that each public administration has ready in their drawer leads nowhere: while providing construction workers and trainers with some short-term oxygen, it does not respond to people's aspirations and to the need for change. It rather increases the profits of those with more power to push forward 'their own' projects.

The purpose of national plans should rather be to promote a rebound towards environmental and social justice. Efforts should be concentrated in the marginalised areas of Europe – such as inner and rural areas, city

peripheries, deindustrialised areas – where the endogenous market and democracy reactions to the crisis cannot suffice**. Offering people living in 'places that don't matter' an alternative to the authoritarian dynamic, turning their anger into a push for social advancement, removing the obstacles to their creativity, are primary objectives today.** And even more so as the Covid-19 crisis is producing adjustments in consumer preferences – for example, towards health and social care, better and life-long education, decent housing, locally produced food, short-distance tourism, and flexible mobility – that can trigger new entrepreneurship, and the redrawing of their life plan by workers and entrepreneurs. EU resources should be used to unleash these "animal spirits" ("a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities", as John Maynard Keyenes described them in his book *The General Theory of Employment, Interest and Money* – and to improve the quality of public services geared to people's aspirations. For this to happen, a 'place-based approach' is needed.

▶ *Only a few corporations, by making use of their own research, can truly access the open knowledge that was publicly financed to produce marketable innovations.*

In a place-based approach, open-ended guidelines, with general objectives and conditionalities, are issued at national level, coherent with EU-agreed priorities, while implementation is left to 'places' through integrated strategies produced by means of a participatory process with all stakeholders and citizens. This approach has been tried with success all over Europe and it has proved to be more effective when the choice of place boundaries – alliances of small municipalities or sub-sections

of metropolitan areas – is endogenous to the policy process. The existence of common objectives, of homogeneities and complementarities, of the willingness to work together, can be judged by the national authorities that run the plan and assess the territorial strategies.

▶ *Offering people living in 'places that don't matter' an alternative to the authoritarian dynamic, turning their anger into a push for social advancement, removing the obstacles to their creativity, are primary objectives today.*

The third proposal concerns the rebalancing of labour power. It draws from the experience of 'works councils' operating alongside the board of directors in the companies of some EU countries, and develops it by taking into account the need for both labour and environmental perspectives to have a greater weight in firms' strategic decisions. The specific proposal prepared for Italy calls for the following steps: creating – first experimentally, then by law – labour and citizens councils in medium-sized and large firms or for SME districts; electing representatives of the entire vertically integrated production system, including precarious workers; electing citizens representing environmental and consumer interests;entrusting the Council with different powers (to be informed, to make alternative proposals, to veto) according to the issue at hand. In **this way, the main stakeholders would not be 'consulted' here and there, but could debate among themselves. The technical quality and strength of their collective action would improve; stable and precarious labourers would be reunited and would have a chance to reconcile their views**; and labour and environmental perspectives would not clash ex-post but would search for solutions ex-ante.

Every EU Member State has its own social and labour arrangements, that must be taken into account. The EU could thus elaborate recommendations promoting country-specific institutional arrangements that favour territorial cooperation among stable and precarious workers; promote a heated, informed and open debate at territorial level among labour and holders of environmental and consumer interests; raise the technical competence of these stakeholders; and introduce firms' duties in reacting to or adopting stakeholders' assessments and decisions.

These are just three concrete examples of the U-turn in policymaking that Europe needs today. Many other concrete proposals have been developed by ForumDD – such as on steering the green transformation in favour of the most vulnerable people, and on levelling the field for youth in wealth inheritance – as well as by many other 'social alliances' that have sprouted up across Europe. The time has come for these ideas to be brought together in a concerted effort.

Fabrizio Barca, Italian Minister for Territorial Cohesion (2011-2013), member of Forum Disuguaglianze Diversità

The 75ᵗʰ anniversary of the United Nations: the urgently needed reforms and their enemies

by Mario Telò

The Covid-19 crisis has shown the dramatic discrepancy between the scale of the current transnational challenges (public health, climate change, security, financial stability, extreme poverty, sustainable development, terrorism...) and the weakness of global governance. This gap was visible even before the pandemic, but became much more evident in early 2020. Simply defending the past multilateral legacy is no longer a serious option for any progressive force. Instead, this unprecedented crisis should provide an opportunity for a large mobilisation of social and political actors, experts, states, and regional organisations for a 'new multilateralism'.

A precondition for this 'new multilateralism' is realistic reform of the current institutional framework and governance. But progressive forces also need to be aware of the vast and diverse field of adversaries and obstacles that stand in the way of this political priority.

Firstly**, nationalism is coming back in its worst forms – running counter to both natural and social science, which show the transnational characteristics of our common challenges**, first and foremost of public health. The national civic feeling of common belonging that has been shown during the pandemic is a powerful resource not against multilateral cooperation but in favour of it. The nation is indeed compatible with multilateralism,

provided that inward-looking, exclusive and aggressive nationalism is fought and defeated.

Secondly, the new multilateralist alliance that is in the making, notably the EU, and the dynamic UN reform programme of António Guterres, is jeopardised by the return of power politics among major players on every continent – notably the US, which most supported the UN's foundation in 1945.

Thirdly, there is unprecedented confusion and disarray regarding the way out of the UN's crisis. On the one hand, managerial and minimal adjustments are proposed by actors defending the status quo and power logics. On the other hand, a multitude of utopian projects are

emerging, arguing in favour of a radically new UN, based on a new treaty. According to Article 108 of the UN Charter, however, amendments to this treaty are extremely difficult because they must be adopted by two thirds of the members of the UN General Assembly, and ratified by two thirds of the members of the United Nations including all five permanent members of the Security Council.

We must be very clear: **the challenge of a courageous and effective UN reform can be neither about cosmetics, nor about dream worlds**. The multiplication of wonderful designs and utopias for UN reform may be worse than useless, even counterproductive, because they emphasise the contrast between perfect ideal

constructions and the current reality, and this could provoke resignation and defeat. Instead, what is needed, is a very large mobilisation and commitment for gradual, concrete and feasible reforms. Everybody must be aware that the current five permanent members of the UN Security Council are divided over almost everything, with a single exception: they are ready, with the sole possible exception of France, to veto any treaty reform .

That is why progressive forces must rely on already existing dynamic trends which clearly go beyond a mere continuity with the past. **Progressives must courageously address the UN's efficiency gaps, and its current representation – and legitimacy – deficits, with new ways of parliamentary and citizen participation.**

How could radical innovations be brought about successfully in the main policy fields – from public health (by reforming the currently weak World Health Organization) to security, peace, sustainable development, trade, human rights protection and gender balance? The critical factor will be the capacity of the reformers to detail not only *what to do*, but primarily *how to improve the efficiency and legitimacy of UN agencies*. The main objective must be reforms of the modes and levels of governance, and this will affect the UN institutions and their decision-making process.

▶ *One of the top priorities is an enhanced role for democratic regional organisations.*

One of the top priorities, which must be asserted by the EU, is an enhanced role for democratic regional organisations. These could function as a multilevel complement to the necessary central coordination of the UN. The EU would of course need to look for alliances and convergences in this endeavour.

Unlike in 1945, regional organisations (such as the EU, ASEAN, African Union, and MERCOSUR)

| UN Secretary-General António Guterres

already exist today and represent consolidated actors on every continent. Regional organisations combine the decentralisation of the UN system with a certain containment of power-politics. They are also able to limit nationalism and disintegration, while offering a third way between Western-centric universalism and post-colonial relativism. Even without a UN Treaty reform, they can be recognised and supported by the UN system, through their inclusion in the decision-making process. The previous UN secretary-generals, Boutros Boutros-Ghali and Kofi Annan, started this profound change of the early unbalance in the UN between the regional and global level of the multilateral governance system. Their endeavours may eventually be finalised by the innovative leadership of the current secretary-general, António Guterres, supported by political resolve, competent expertise, and courageous measures to build a multi-layered post-hegemonic multilateralism.

Another urgently needed reform is for more and variously binding modes of governance. This could be consensually achieved along the lines of two already existing methods: (1) the 'Open method of coordination', a soft law method of governance, based on peer review, best practice, and the multilateral surveillance of member states' practices by a central council (a method successfully applied by the International Labor Organization and by the EU's 2000-2020 modernisation strategy); and

(2) the 'COP 21 review methods', which ensure regular enhanced monitoring of the follow-up or multilateral arrangements on fighting climate change by participating member states. These reforms would address the scandalous deficit in multilateral policy implementation by many member states, while taking national diversities into consideration.

The EU is not an arrogant normative model. However, it is expected by many actors on all continents to play a driving role in reviving and strengthening the multilateral system. Both the internal practices and external policies of the EU, beyond both Eurocentrism and Euroscepticism, could play a key role. **Why are there such expectations towards the EU? Because, as the most sophisticated regional multilateral entity, the destiny of the bloc itself is existentially linked to the future of the new multilevel multilateralism that is in the making.** This new multilateralism will be an appealing blend of EU values and, in the words of EU High Representative for Foreign Affairs Josep Borrell, it will speak an innovative, realistic, "language of power", when addressing a fiercely competing world.

Mario Telò, Professor of International Relations and Jean Monnet Chair at the Free University of Brussels, Professor at University Guido Carli (Rome) and University of Macau, Visiting Professor at China Foreign Affairs University (Bejing) and Fundação Getulio Vargas (Rio)

Making the UN more inclusive and democratic

by Jo Leinen

The United Nations is celebrating its 75th anniversary this year. Secretary-General António Guterres has invited everybody to discuss and propose measures for "renewing and strengthening" the world organisation. Notably, a UN Parliamentary Assembly and a World Citizens' Initiative could increase its democratic base.

Many papers and debates around the United Nations' 75th anniversary (UN75) focus on reform of the existing UN institutions: the role and power of the Secretary-General, the efficiency of the General Assembly, and above all the reform of the Security Council. All of this is important, but it is not enough. Business as usual does not reflect the many changes since the creation of the UN in 1948, nor does it reflect today's global challenges. UN reform needs fresh ideas and a new footing.

A MORE DEMOCRATIC UN WITH A NEW UN PARLIAMENTARY ASSEMBLY (UNPA)

The UN Charter begins with the promising words "We the peoples". However, no clause can be found in the document that specifies a means by which ordinary people can play a role in the organisation's deliberations and decision-making.

The bodies of the UN are occupied by officials who are appointed by the executive branches of national governments. Given the many challenges with direct effect for the citizens, this is no longer sufficient. The intergovernmental

order has failed again and again because of egoistic interests and veto positions. **Global problems need global politics, and global goods need global institutions.**

A United Nations Parliamentary Assembly (UNPA) would, for the first time, give elected representatives a formal role in global affairs. The proposal has been around since the 1920s, when the League of Nations was set up. As an own body, the UNPA would directly represent the world's citizens and not national governments.

An UNPA could be established without changing the UN Charter. It could be created with a decision of the UN General Assembly under Article 22 of the Charter, as happened years ago with the establishment of the Human Rights Council.

The UN would evolve from what many believe to be a generally inefficient talking shop into a viable and vibrant democratic body. Initially, states could choose whether their UNPA members would come from national parliaments, reflecting their political spectrum and gender equality, or whether they would be directly elected. Starting as

a largely consultative body, the UNPA would have the right of information on all UN matters and action, the right to scrutinise the budget and spending, and it would of course serve as a platform to discuss relevant global problems and make proposals. The UNPA could create committees – for example, a committee on Human Rights, Peace and Security, which would monitor the implementation of the Sustainable Development Goals or inquire about tax havens and money laundering. The assembly would act as an independent watchdog of the UN system, and as a democratic reflection of world public opinion.

Alternatively, the UNPA could be created through a new international treaty. To enter into force, the treaty would have to be

▶ *The UN Charter begins with the promising words 'We the peoples'. However, no clause can be found that specifies a means by which ordinary people can play a role in the organisation's deliberations and decision-making.*

ratified by a certain number of countries across the continents. Rights and functions with regard to the UN would be confirmed through a cooperation agreement adopted by the UN General Assembly.

The Appeal for a UN Parliamentary Assembly is now supported by numerous NGOs, more than 1,500 parliamentarians, a number of national parliaments, the European Parliament and the Pan-African Parliament.

A WORLD CITIZENS' INITIATIVE (WCI)

Citizens should have a voice in the UN. In a globalised and connected world, many problems have a direct effect on people everywhere on the planet.

▶ *Global problems need global politics and global goods need global institutions.*

Many studies and surveys prove that humans have similar feelings, aspirations and expectations: living in peace, having a healthy environment or a decent job. These basic needs cannot be expressed on the global stage because they are blocked and fragmented by other interests and power games.

A World Citizens' Initiative would be a dynamic new instrument to put proposals from citizens of all continents and many countries on the agendas of the UN General Assembly and the Security Council. The experience of the European Citizens' Initiative (ECI) and lessons learned from it could be the starting point for debate.

▶ *With a United Nations Parliamentary Assembly, the UN would evolve from what many believe to be a generally inefficient talk shop into a viable and vibrant democratic body.*

The WCI would have an organising committee that is geographically representative. This committee would register citizens' initiatives and open the procedure for collection of support. Proposals would only be eligible if they are in line with the purposes of the UN as laid out in Article 1 of the UN Charter.

A WCI would qualify within 18 months after registration if it has collected a certain quorum of signatures in representative parts of the world. Robust digital tools could facilitate the collection of support. Verification would be undertaken based on random samples, residency information and date of birth.

A successful WCI would be automatically placed on the agenda of the General Assembly (UNGA) or, depending on the proposal, on the agenda of the Security Council (UNSC). It would oblige the UNGA or the UNSC to draft a resolution in response, and to vote on this resolution. States would be required to publish an explanation of the vote, whether they vote in favour of the resolution or not. This would create transparency for world public opinion and for global citizens.

A World Citizens' Initiative in a reformed UN system could be created without changing the UN Charter. Like an UNPA, a WCI could be established under Article 22 by a vote of the General Assembly. **Global politics could then start a more citizen-centred agenda and would have a human face. This would improve the credibility of the UN enormously, helping to guarantee its survival.**

Jo Leinen, Member of the European Parliament (1999-2019), President of the Union of European Federalists (1997-2005)

Strengthening the EU's role in the UN Security Council today

by Nico Schrijver

One of the hallmarks of the EU's Common Foreign and Security Policy is constructive and effective multilateralism. The United Nations serves as one of the principal platforms of EU foreign policy, including the protection of the EU's values, fundamental interests, security, independence, and integrity. The EU's performance, visibility and effectiveness on the world stage could be much improved by allocating a permanent seat on the Security Council (UNSC) to the EU in its own right, alongside four other regional organisations. Obviously, such reform will not materialise in one big bang and should most likely result from a number of incremental steps taken over several years.

The reform of the United Nations by expanding the membership of the Security Council has reached stalemate. On several occasions the member states of the United Nations have been close to an agreement which would have involved adding both a number of permanent and non-permanent members divided among the major regional areas of the world. In 2005, Kofi Annan tabled two options: one model would have seen six new permanent seats and three elected/non-renewable seats added, while the interesting second model would have added eight semi-permanent seats with a four-year renewable term and one non-permanent/elected seat. Both models would lead to a total of 24 seats on the Security Council. As a result of pushback from the medium powers in particular (like Indonesia, Pakistan, Italy and Mexico), an agreement floundered in 2005. In the following years, what looked like almost a consensus faded away.

In retrospect, one might argue that these proposals essentially aimed at reforming the 20th century United Nations, which is very much based upon the Westphalian interstate order and fails to take into account the increased role of international organisations, regional institutions, civil society and business in the contemporary world.

In the 21st century, the challenge is to make a leap forward, similar to that taken by the founders of the United Nations in 1945 by moving away from the suffocating unanimity rule of the League of Nations. In our era, this could best be done by allocating a role to the principal new regional organisations, in addition to the current five permanent members (China, the US, Russia, France and the UK) plus Brazil, India and Japan as (semi-)permanent members.

Qualifying regional organisations would include the African Union, the European Union, the Organization of American States, the Organisation of Islamic Cooperation and ASEAN. Although their level of cooperation and integration varies, they are all firmly established organisations capable of making a contribution to the maintenance of international peace and security and to the other purposes of the United Nations. Within the specific regional organisations, each should be free to decide whether to vest the Security Council seat with the constituent principal organs of the organisation concerned, or to opt for a rotating presidency of member

▶ *Today, the challenge is to make a leap forward, by moving away from the suffocating unanimity rule of the League of Nations. This could best be done by allocating a role to the principal new regional organisations.*

states supported by the secretariat of the organisation – which may bring some desirable permanency. In the case of the EU, the European Commission or alternatively the EU High Representative for Foreign Affairs and Security Policy could represent the bloc.

Obviously, this change would require amending the UN Charter, particularly Articles 4 (UN membership) and 23 (composition of the Security Council).

An expanded Security Council of 25 members, composed of the current 10 elected members plus two additional elected members (12 in total), the current five permanent members (P5) plus Brazil, India and Japan (8 in total) and representatives of five regional organisations (5 in total), would be instrumental in enhancing the representativeness and legitimacy of the Security Council as the world's most important political organ in the field of peace and security.

Effectiveness and efficiency could be protected and effectuated by not expanding the number of veto-holding powers beyond the current P5 and by incrementally qualifying their veto right by applying more strictly the rule that a party to the dispute shall abstain from voting, by requiring at least a double veto in case of decision-making on serious international crimes (the French-Mexican proposal), and – in due course – by applying further restrictions such as 'one veto is no veto'.

▶ *For most parts of the reform debate, a strengthening of the EU presence in the UNSC has been monolithically associated with a single EU seat or an additional EU seat for an EU Member State.*

INCREMENTAL STEPS TO ADVANCE THE ROLE OF THE EU IN THE SECURITY COUNCIL

Spyros Blavoukos and Dimitris Bourantonis observe that "for most parts of the reform debate, a strengthening of the EU presence in the UNSC has been monolithically associated with a single EU seat or an additional EU seat for an EU Member State, proposals still not feasible politically 20 years after they were first launched in the early 1990s". Meanwhile, bit by bit – indeed, slowly rather than expeditiously – the EU's performance and representation on the Security Council has taken shape. The Maastricht Treaty already envisaged a coordination of EU policies with its Member States serving on the Security Council. The Lisbon Treaty added the High Representative to this.

Article 34 of the Lisbon Treaty provides "When the Union has defined a position on a subject which is on the United Nations Security

EXPANDED SECURITY COUNCIL READY FOR 21ST CENTURY					
Regional area	Number of states	Current P5	Proposed new permanent seats	Proposed two-year elected seats	Total
Africa	54	0	1.5 (AU and 0.5 OIC)	4	5.5
Asia and Pacific	53	1	3.5 (India, Japan, ASEAN, 0.5 OIC)	3	7.5
Europe, North America and Oceania	52	4	1	2	7
Latin America and Caribbean	34	0	2 (Brazil, OAS)	3	5
Total	193	5	8	12	25

Council agenda, those Member States which sit on the Security Council shall request the High Representative be invited to present the Union's position." Occasionally, EU Member States are strongly represented on the UN Security Council, as in 2018 when – in addition to France and the UK – Poland, Sweden and the Netherlands served on the Council. After Brexit in 2020, such numbers will probably no longer be achievable.

In this regard, it is important to note that **the EU's presence within the UN has improved considerably in recent years**. First of all, through the Lisbon Reform Treaty, the EU itself gained legal personality. Secondly, a few years ago and after a painstaking process, the General Assembly (UNGA) agreed to vest the EU with observer status in the General Assembly. Obviously, much can still be improved but this depends on more coordination and, if possible, concerted action by the EU itself and its Member States.

▶ *The 21st century is no longer only a world of states. Next to national states and global governance, we are witnessing an increasingly multilateral regionalism.*

Thomas Mayr-Harting, former Head of the EU Delegation to the UN in New York, reports that the EU takes the floor at the Security Council approximately 30-35 times per year, both on actual peace and security conflicts (Middle East, Afghanistan, Africa, Iran) and in thematic debates on the protection of civilians in armed conflict, the role of women in peace and security, and strengthening peacekeeping operations. One of the few examples in which the EU Ambassador really spoke on behalf of the High Representative was related to the Iran Nuclear Deal.

The EU Treaty provisions remain mostly in the realm of coordination. While **coordination is certainly important, it is also very much only the start of enhancing the EU position in the Security Council and its affairs**. More challenging, and no doubt more difficult to achieve, is coherence in terms of adopting meaningful common positions on policy issues of substance, not just the lowest and often vague common denominator.

Such EU concertation could be fostered by (in ascending order):

- coordination among EU Member States serving as a member on the Security Council, including France (as the only remaining permanent member) and the elected members;

- overall coordination among EU states on issues before the Security Council;

- coordination among EU Member States serving on the Security Council and the principal EU institutions (the European Commission, the European Parliament and the European Council with and through the High Representative of the Union for Foreign Affairs and Security Policy) on issues before the Security Council;

- seeking to arrive at common positions on issues before the Security Council;

- seeking to arrive not only at common positions but also at a truly 'European' position on issues before the Security Council;

- presenting and voicing such 'European' positions on the Security Council itself through the High Representative or the UN Delegation Ambassador as his representative.

The 21st century is no longer only a world of states. Next to national states and global governance, we are witnessing an increasingly multilateral regionalism. It is timely no longer to seek to expand the Security Council with national states but rather with the representation of regional institutions. Obviously, as the most advanced regional organisation, the European Union should be one of these.

Apart from the big reform issue of a seat for the EU on the Security Council alongside four other regional organisations, the EU's performance, visibility and effectiveness on the world stage, could be much improved by fostering a number of small incremental steps taken over a period of a number of years. These should be aimed at action from strengthening coordination (through seeking to achieve common European positions on issues before the Security Council) to voicing such European positions on the Security Council itself through the European Commission and the EU High Representative or the EU Ambassador as his representative. This would not only strengthen the EU's role in today's world but the Security Council as well.

Nico Schrijver, Professor of Public International Law, Leiden University (NL)

Regional organisations and UN reform: towards Multilateralism 2.0

by Luk Van Langenhove

Chapter VIII of the UN Charter foresees a role for regional arrangements in global governance of security, especially in the peaceful settlement of disputes. The Charter though also foresees a clear hierarchy between the global and the regional levels: any enforcement action that involves a regional organisation can only be organised under the authorisation of the UN Security Council. Our proposal however is to engage in a process of networking the UN with regional organisation as a stepping-stone to Multilateralism 2.0.

Since the time when the UN Charter was drafted, the world has become more and more regionalised, and today a considerable number of regional and sub-regional organisations are active around the world, making important contributions to the stability and prosperity of their members. But these regional organisation (RO) are not necessarily what the drafters of Chapter VIII had in mind. For many regional organisations, the main mandate is not peace and security, but trade and economic cooperation. Nevertheless, **some ROs such as the EU or the African Union have in common with the UN the fact that they are intergovernmental organisations with some ambitions in the area of peace and security**.

There have been several attempts to connect the global scope of the UN with the endeavours of regional organisation. But **political reality has always been a spoiler for any form of co-operation or division of labour**. Only since the end of the cold war has there

been room for a re-vitalisation of Chapter VIII. For some, Chapter VIII is to be regarded as an opportunity to **reform the UN without changing the Charter**, with the prospect that it could make the UN more inclusive and might help in raising the capacities and resources of the UN.

Meanwhile, other developments have opened new possibilities for enhanced collaboration between the UN and regional organisations. The first of these developments is the changing nature of security threats. **The initial ambition of the UN was clear: avoiding or stopping armed conflicts between states. Today however, that ambition is much wider and includes different aspects of human security such as fighting climate change or pandemics.** This opens the door for enhanced collaboration and coordination.

The second development is the **changing nature of governance**. From a concept guided by the principles of sovereignty and

subsidiarity, governance has evolved to a system of networked actors that have various statehood properties. According to Anne-Marie Slaughter, the future is a "network mindset" that replaces the old "chessboard" emphasis on states, sovereignty, coercion, and self-interest, with the web's orientation toward connections, relationships, sharing, and engagement.

The added value of the regional organisations to global governance is straightforward. On the one hand, **there are the cultural affinity, shared history and deep ties that make regional organisations better placed than**

▶ *Political reality has always been a spoiler for any form of co-operation or division of labour between the UN and regional organisations.*

▶ *The initial ambition of the UN was avoiding or stopping armed conflicts. Today however, it is much wider and includes fighting climate change or pandemics.*

the security threats are different (for example, climate change, pandemics, scarcity of resources, and biodiversity). The growing awareness of the threats due to the current weaknesses of multilateralism, together with the opportunities related to the regionalisation and networking of the world, are creating the political possibility for change. The key issue in reforming the UN is that it has to find a way to create a balance between the UN's responsibilities and its representation of people on our planet. Such a complex balance cannot be found in reform proposals that are merely based upon nations as the sole building blocks of multilateralism. **States have to adjust to a world where other units of governance, from the vey local to the global level, will have statehood properties.** This creates a complex level of governance called multi-level networked governance. Two of the key questions are what should be tackled at the global level and what should be left to regional organisations; and what kind of interactions are needed between the actors.

A more structured relationship between the UN and regional and other intergovernmental organisations needs to be developed, which guarantees greater coordination and cooperation in both policy and action. It is time to re-think the relationship between the UN and the ROs, both inside and outside the canvas of Chapter VIII, and to work towards a new networked partnership based upon equality.

▶ *There are the cultural affinity, shared history and deep ties that make regional organisations better placed than the UN to grasp local situations.*

the UN to grasp local situations** on the condition that there is a legitimation and that impartiality is preserved. On the other hand, there is a possibility of burden-sharing. The enduring scarcity of resources for UN activities (such as peacekeeping) could be remedied by cooperation with regional organisations. But this does not mean that regional organisations are to be regarded as entities that are there to serve the UN. They are also autonomous actors with their own agenda, and in that sense, they have to be regarded as equal to the UN.

TALKING AND WALKING THE PARTNERSHIP

In an attempt to forge partnerships between ROs and the UN, the secretary-general Kofi Annan called in April 2003 for the UN and regional organisations to "redouble their efforts" to ensure international peace and security. But the gist of this and other messages has mostly been that regional organisations should work for and in the UN and that it should be clear that regional organisations can only act under a mandate by the Security Council – not exactly a partnership on equal footing. This process has culminated in the adoption of Resolution 1631 (2005), which clearly states that it is the Security Council that invites regional organisations to place their capacities in the framework of the UN.

Most attempts, however, at forging partnerships between the two entities, at first glance, look more like streamlining the presence of ROs within the UN structure than a real networking. If the latter is to be achieved, then the UN needs to be prepared to go further than consultation and looking at how regional organisations implement Security Council decisions.

AMBITIONS RE-VISITED

When the UN was set up in 1945 it had 51 members. Today there are 191 members, and

Advocating the role of regional organisations in the UN is not new, but a new start is needed based upon a clear conception of the added value of the process to the Security Council, to the relevant UN departments, to the Ros, and to the member states.

The proposal here advanced is to engage in a process of **networking the UN with ROs as a stepping stone to Multilateralism 2.0**. This process should be guided by a series of **principles** and a clear **vision** of why this networked partnership is necessary. It should also be guided by a set of **operational steps** to realise the proposal

PRINCIPLES

Principle 1. The UN and ROs should play complementary roles in facing all global challenges including international peace and security.

▶ *States have to adjust to a world where other units of governance, from the vey local to the global level, will have statehood properties.*

Principle 2. Although for traditional peace and security issues, the primacy of the Security Council needs to be preserved at all times, the coordination and cooperation between the UN and the ROs can be organised without such a hierarchical relationship for all other global issues.

Principle 3. Pragmatism is key. A new partnership should be built on the comparative strengths of each organisation. Geographical proximity and close historical, economic and cultural ties amongst members of regional organisations lead to a potentially better understanding of the root causes of regional

conflicts and thus to developing peaceful solutions to them. Similarly, regional organisations are perhaps best placed to operationalise policies to deal with global problems.

THE ADDED VALUE

The raison d'être of such a networked interaction could be to create:

- a **forum of trust-building** between the different regional organisations and the UN at the highest level in all its agencies. In some cases, the UN can also provide **legitimation** to interventions from ROs;

- a **mechanism of learning transfer** from one case to another. Regional organisations can provide the UN and other ROs with **insights** from on the ground;

- a **knowledge hub on regional capacities**. While some ROs can deliver **military capacity** to the UN, there should be increased collaboration between the United Nations and regional organisations in order to **maximise efficiency of cooperation and coordination** in all domains of the UN, in particular through exchange of information, and sharing experience and best practices.

Strengthening the relationship between the UN and regional organisations should be done in the spirit of a networked governance structure and geared towards all human security problems.

The cooperation between the UN and regional organisations should contribute to enlarging the UN from an intergovernmental organisation to an open organisation where all relevant actors for peace and security can meet. This not to say that the Security Council needs to be transformed as from tomorrow. But expanding it into a hybrid platform with a mixed membership is perhaps feasible: partly countries, partly regional organisations.

A final word on how to implement such a reform process is that it can only be done by an actor that operates within the UN and that is a power itself outside the UN. Of all the ROs operating today, only the EU seems to have the capacity and the capability of driving the process. But does the EU, and thus also its Member States, want to use soft power to be a change agent in the UN? In this context it is good to remember that the UN and the EU both have their roots in the thinking about a future governance structure after the second world war. And as Winston Churchill famously said: "There is no reason why a regional organisation of Europe should in any way be in conflict with the world organisation of the United Nations. On the contrary, I believe that the larger synthesis will only survive if it is founded upon coherent natural groupings."

Luk Van Langenhove, Research Professor, Institute for European Studies at the Vrije Universiteit Brussel

What should be done about the United Nations?

by Maria João Rodrigues and Conny Reuter

The global health, climate and economic crises have led to a deterioration of the world order as we knew it. The gap between current global challenges and global governance is widening and weakening the multilateral system. A new, fair, and inclusive multilateralism for the 21st century must be invented.

The discussions at the 75th UN General Assembly (UNGA) on the reform of the UN architecture represent a unique opportunity to rebuild the multilateral system. This debate, however, is taking place amidst an intense confrontation between those who are against international cooperation, those who want to keep it as it is and those who want to change it. This is a make-or-break moment for international cooperation, and it will probably be a turning point in shaping the emerging new global order.

What will the new global order be like? In fact, there are three possible basic scenarios. **A first scenario would feature a fragmentation of the current global order and the emergence of a polycentric structure with zones of influence**, including the new ones connected with China. These different poles and zones of influence may be tempted to become more inward-looking and exploit a weakened multilateral system to meet their own goals. So far, this seems to be the most likely one.

A second possible scenario would be characterised by a sort of Western revival, particularly if the current political situation in the US is reversed in the upcoming presidential elections. If this may not imply a change in the US attitude to trade, it could certainly bring a new American approach to the fight against climate change, to the promotion of human rights standards, as well as to an American re-commitment to the UN system. Nevertheless, as the balance of power has radically changed in today's world, this Western revival would probably co-exist with the first one.

A third possible scenario would be the renewal of international cooperation with a multilateralism for the 21st century. The chances for its success depend on building a large coalition of forces involving willing states, regional organisations, civil society actors, and also active citizens around the world, even under authoritarian or anti-multilateral political regimes. The European Union is now on the path to developing stronger instruments of European sovereignty in the budgetary, economic, social and environmental fields, and it should aim at asserting itself as a fully-fledged political entity with a vital interest in defending and updating a multilateral system at world level, and in building up a global coalition of allies.

The COVID-19 pandemic is a sad reminder that our most critical challenges flow across borders and can only be dealt with through coordinated action. Our interconnected problems demand interconnected solutions and to do so, we need a new, fair and inclusive multilateralism, which is not only more effective but also more legitimate.

To start with, several emblematic measures are needed:

- The vaccines against Covid-19 and pandemics to be attributed the statute of vital global goods with universal access;

- A new Social Contract, ensuring universal access to health care, education and social protection and environmental quality for all citizens;

- Recovery plans that protect companies and jobs and are aligned with UN Sustainable Development Goals, and new sources of taxation, notably digital, financial, carbon and wealth taxes;

- A worldwide commitment to fully implement the Paris Agreement on climate change and share the costs of our global commons of biodiversity, forests and oceans;

> ▶ *We also call for an updated UN system that reflects the political and social composition of today's world and that ensures a more coherent and consistent global governance.*

- Access to digital literacy and internet connections to become generalised, basic social rights to be established for all platform workers in the world and common international standards that frame the use of big data and artificial intelligence;

- Compulsory mainstreaming of gender balance in all public policies and budgets.

We also call for an updated UN system that reflects the political and social composition of today's world and that ensures a more coherent and consistent global governance. Only by ensuring a stronger set of UN competences for norm-setting in the health, social, environmental, digital, and migration arenas, can we tackle global challenges. Interactions between the UN system and other multilateral organisations, notably financial and trade organisations such as the World Bank, the IMF and the WTO, and organisations at regional level need to become more systematic.

We should also explore setting up an inter-parliamentary network, composed of representatives from national parliaments and regional organisations, as an additional consultation body and as a space for regular exchanges on the global agenda. Last but not least, we should promote a Global New Deal aimed at building a more democratic, fair and sustainable order in different fields, starting with health, social and climate.

*This text was originally published on **euractiv.com***

Maria João Rodrigues, FEPS President

Conny Reuter, Global Coordinator of the Progressive Alliance

On the eve of the UN 75th General Assembly, the Foundation for European Progressive Studies (FEPS) and its partners unveiled a proposal for a New, Inclusive and Fair Multilateralism.

HR/VP Josep Borrell, Nobel Laureate Joseph Stiglitz and Special Adviser to the UN Secretary-General Fabrizio Hochschild-Drummond were some of the influential political and academic figures who participated in this conference.

Find the Policy Report, the video of the conference and much more at: www.fepsunitedfor.eu

Salvador Allende: his ethical, social and democratic legacy

by Marcela Ahumada

Fifty years ago, on 4 September 1970, the socialist doctor Salvador Allende won the elections and became President of the Republic of Chile. In the middle of the Cold War, for the first time in Latin America, a socialist came to power through elections, democratically and in freedom.

Fifty years later, taking time to reflect on the political and democratic legacy of this moment that marked Chile and the world is a necessary part of the process of redesigning and strengthening the progressive project – a project that still today seeks to build fairer, more egalitarian and deeply democratic societies to be able to tackle the current new challenges and those of the future.

The main characteristic of Allende's Popular Unity process and its electoral triumph was the leadership and tenacity of Allende himself in **building a political project that had the full participation of all parts of society**.

His political project sought tirelessly to link the two worlds of politics and civil society. The participation of civil society and its various organisations (such as mothers' associations, neighbourhood councils, unions and parties) was an essential element in creating and implementing a government programme that reflected the country's social needs. For the first time in Chile's history, the people felt part of a social and political project on the basis of equal opportunities and conditions. **Allende governed with the people and for the people, and for this reason, he became affectionately known as "comrade President".**

▶ *"Democracy and freedom are incompatible with unemployment, with homelessness, with lack of culture, with illiteracy, with disease", Salvador Allende.*

"We are carrying out this revolutionary transformation by deepening the democratic regime, respecting the pluralism of our political organisation, within the legal order and with the legal instruments that the country has given itself – not only maintaining but expanding civic and social, individual and collective freedoms." For Salvador Allende, the structural transformation programme had to respect the existing democratic institutions unreservedly. However, it also had to transform the insufficient representative liberal democracy into a social democracy that would assure citizens of basic social rights – work, remuneration and decent pensions, universal health and education, women's and children's rights. **"Democracy and freedom are incompatible with unemployment, with homelessness, with lack of culture, with illiteracy, with disease. How can we deepen democracy? By giving more jobs to the people. By better redistribution. By building more houses. By giving more education, culture and health to the people"** (first anniversary of the government, 4 November 1971).

Allende's political legacy was also his tireless work for the unity of the left, respecting its different nuances and always processing differences with transparency. His government's programme was not only a technical and bureaucratic list of public policies. It was a long-term strategy to endow the left with a solid political project that would address the social, economic and cultural demands for structural change. This would be done sustainably and over time, using a language accessible to everyone.

At the start of Allende's presidency, the Popular Unity programme contained a list of the first 40 measures of great impact. When read today, they are still surprisingly relevant: "No more fraud with the prices of pharmaceuticals; housing leases at fair prices; social security for all; fair pensions; milk for all the children of Chile; a new economy to end inflation; maternal and children's clinics in all towns; no more taxes on staple food". These are just a few examples of what was on the list.

Allende leaves a democratic and ethical legacy that needs to be rescued and treasured by all progressives. In recent decades, in various regions of the world, our democratic systems have been hit by criminal dictatorships, fanatical right-wingers, populism and strong nationalisms that have led to the degradation of our social fabric and to a division of the left.

▶ *Allende leaves a democratic and ethical legacy that needs to be rescued and treasured by all progressives.*

Fifty years later, Allende's legacy calls us to work in unity and collaboration to combat the tremendous inequalities that the neoliberal model generates by further enriching the representatives of big capital, forgetting the majority of the population who claim dignity of treatment, equal opportunities and real participation in formulating and implementing public policies aimed at satisfying their needs.

It is essential that we unite again, imagining new ways to articulate the social and political dimensions, and to deepen our political systems, with more and better democracy, seeking the common good rather than the individualism that has permeated our societies in recent decades. We crave a return to a collective approach to enrich each other with

a better policy that does not exclude anyone and in which we are all part of the same project, following the great example that Salvador Allende bequeathed to us.

| Salvador Allende at a political rally (Santiago de Chile). Salvador Allende Foundation Documentation Center

Marcela Ahumada, Executive Director,
Salvador Allende Foundation

Salvador Allende: respect for the world

by Juan Somavía

When Salvador Allende entered the General Assembly of the United Nations, a very exceptional thing happened: there was huge, spontaneous applause from the delegates, who rose to their feet. At the end of his speech, the president of Chile was again cheered at length with a persistent standing ovation. This only happened once again, with Nelson Mandela, after his release.

Allende's UN standing ovation was on 4 December 1972, after he had had two years in power and was being beset by clear efforts to prevent his government's normal development, despite his party gaining more and more voters in the successive elections of local authorities. Powerful external and internal interests tried to impede Allende's election at all costs and to destabilise his government. The Church Committee report of the US Senate (1976) describes in detail the alliance between the Nixon government and important leaders of the Chilean oligarchy. **Allende was considered a dangerous example for countries in Latin America and the Third World, who could seek to imitate the Chilean example.**

"I come from Chile, a small country, but where today all citizens are free to express themselves as they prefer, with unrestricted cultural, religious and ideological tolerance, where racial discrimination has no place." The UN General Assembly was confronted with a true international leader and felt a connection with him. **"We, the underdeveloped countries, condemned to second-class realities, always subordinate. This is the model that the Chilean working class, by imposing itself as the protagonist of its own future,** has resolved to reject, seeking instead an accelerated, autonomous and own development, by revolutionising the traditional structures."

▶ *Today, Allende would be fighting for a great effort of international cooperation of all countries to cope with the pandemic.*

The minutes of applause were not just for the speech; they were directed at the human being standing in front of his audience, and at his innovative ideals. **A doctor and socialist politician who throughout his life had fought to give dignity to the people and make Chile a just society in democracy, pluralism and freedom.** The applause was a great symbol of solidarity. A way of saying, "President, we are with you."

And this is perhaps one of Salvador Allende's main international legacies: solidarity with the struggle of the Chilean people. During his government there were multiple examples of political and popular support, as well as support from the unions. After his death, a huge condemnation of the civil-military coup in Chile erupted, triggering a spontaneous reaction of solidarity with the recovery of democracy and human rights in the most diverse parts of the world, particularly in Europe. Allende's tragic death gave rise to enormous respect due to its historical consequences and the incentive it created to open the doors to thousands of exiles.

At the UN Assembly, he stated that Chile was "a country that [...] has never deviated from the fulfilment of its international obligations and now cultivates friendly relations with all the countries of the world**. It is true that we have differences with some of them, but there are none that we are not willing to discuss with, using the multilateral or bilateral instruments that we have subscribed to.** Our respect for treaties is invariable."

The principle of people's self-determination was at the heart of Allende's international vision, along with national autonomy and a solid system of cooperation between equals.

▶ *"We, the underdeveloped countries, condemned to second-class realities, always subordinate. This is the model that the Chilean working class, has resolved to reject."*

Chile had a great role in strengthening these principles during Allende's mandate, not only at home but also by establishing relations with China, Vietnam, and countries of the Soviet bloc. **Those were visionary decisions, given that today the axes of geopolitics and the global economy are moving towards Asia Pacific.** Furthermore, Chile's adherence to the Non-Aligned Movement under Allende established a new space for political cooperation.

In the international arena, Allende's government displayed the greatest energy and creativity in the United Nations and in development issues. Here, some examples:

• UNCTAD III was held in Chile with the participation of a hundred countries to advance the main problems of trade and development in the Third World, with support from the international community. The conclusion of this session reflected many of the values of the Chilean government represented. Allende was clear: "We must replace an expired and profoundly unjust economic-commercial order." **Years later, this inspired the UN proposals for a new international economic order.**

• Allende promoted the concept of **'ideological pluralism'** as the foundation of unity in the diversity of Latin America.

• The United Nations Economic and Social Council unanimously accepted the Chilean proposal for the UN to **study the economic and political impact of transnational corporations**. The proposal was based on the intervention of US companies like the manufacturing giant ITT and the mining company Kennecott in Chilean politics.

• Chile strongly supported the rejection of the French nuclear tests at Mururoa.

• Under Allende, Chile participated in the Environment Conference in Stockholm in 1972, which opened the way to sustainable development.

• Chile was an active member in the efforts that led to the recognition of the People's Republic of China as a legitimate member of the UN.

• When the Convention on the Law of the Sea began in 1973, Chile maintained that the sea beyond national jurisdiction should be the common good of humanity.

Perhaps the most lasting sign of respect for Salvador Allende in the world is the fact that **for millions of people he is still a source of inspiration**. This finds expression in the numerous streets, squares, schools and hospitals, for example, that all bear his name and that will be there for generations as testimony to his life.

Today, with his multilateral conviction and in the face of the terrible Covid-19 pandemic that plagues the world, the doctor Salvador Allende, former Minister of Health and creator of the Chilean public health system, **would be fighting for a great effort of international cooperation of all countries**.

We have an urgent obligation to strengthen the multilateral institutions, to modernise them and open a space for citizen presence typical of participatory democracy. The challenge is clear, and it is possible to meet: save lives today, but also tomorrow.

Juan Somavía, former Director of the International Labour Organization

Urban development in Allende's Chile: going up!

by Genaro Cuadros Ibáñez

At the time of Salvador Allende's election victory on 4 September 1970, Chile was experiencing accelerated urbanisation that was deeply unequal. Confronting the housing deficit, and providing access to urban services and facilities would be one of the challenges of Allende's Popular government. With creativity and involvement of the people, President Allende tackled innovatively the same kind of problems that we still face today.

Salvador Allende and his Chilean path to democratic socialism featured a 40-measure programme, the mobilisation of a generation of new innovative professionals and workers committed to transformation – and it enjoyed the admiration and collaboration of a generation of the world's left. The combination of popular wisdom and technical innovation pushed Allende from the 36.6 per cent that initially supported him to 44.2 per cent shortly before his ouster. Halfway through his mandate, there was an unprecedented explosion of creativity and popular energy, the echoes of which persist in Chile to this day.

Democratic and pluralistic leadership, as well as his ability to listen, were the hallmarks of the comrade president for the benefit of the effectiveness and creativity of his government. **Today they would call it 'effective horizontal leadership'**. This was well embodied by the team formed by the prime minister Héctor Cortez – himself an experienced construction worker –, and by the architect Miguel Lawner, who together were responsible for implementing Allende's programme in the urban and housing sphere.

Chile at that time was a country in the process of modernisation, undergoing accelerated urbanisation, with 8.8 million inhabitants, 75 percent of them living in cities and 27 percent concentrated in the capital. In other words, it was a deconcentrated territory and a more homogeneously inhabited one, but with low rates of human development.

▶ *With creativity and involvement of the people, President Allende tackled innovatively the same kind of problems that we still face today.*

Shortly before Allende's election victory, the Ministry of Housing and Urbanism had been created (1965), as had the first Metropolitan Plan of Santiago and various public entities to implement social housing policies. But construction was stagnant due to a lack of public land and a still developing incipient industry.

The infrastructure networks did not cover all parts of the working classes equally, accumulating a housing deficit of 600,000 homes as a result of rural-city migrations. These migrations had generated land seizures in the urban peripheries, with settlements emerging like callampas-mushrooms in the forest after the rains.

The Allende government programme recognised this with five concrete measures, seeking to fully address the challenges: "**Carry out the remodelling of cities and neighbourhoods, with the aim of preventing the expulsion of modest groups to the periphery**, guaranteeing the interests of the inhabitants of these remodelled sectors, like small businessmen who work there, ensuring 10 per cent of occupants in their future location".

To achieve its objectives, numerous real estate projects were launched to relocate these popular camps. A Russian-inspired industrial prefabrication system was installed that reinvigorated the nascent public and private industrial production – a unique experience in Chile's history. The so-called 'operación sitio'

| Santiago de Chile, 1971.
Salvador Allende Foundation
Documentation Center.

was also deployed to regularise land tenure and access to the network of basic infrastructures such as water, electricity, and sewerage. But this was just the beginning!

Large remodelling projects were expanded to densify the country's urban centres with the participation of the residents. ¡Vamos para Arriba! (Let's go up!) was the most innovative of the socialist government's initiatives to incorporate the working classes into well-located vertical neighbourhood dynamics. According to the 1970 census, only 7 percent of households lived in apartments in the capital Santiago de Chile, while today they represent 17.5 per cent. At the end of 1972, the country had exhausted the available construction materials and reached a historic peak in the construction of houses, which would only be resumed two decades later by the democratic governments.

Today that political programme is still in force, having been transformed into a public policy of the state – a step undertaken by the coalition governments led by the socialist President Michelle Bachelet. However, **Chile's cities are the most unequal among the OECD countries, with Santiago in a prominent position. This is due to the neoliberal interventions of the dictatorship of Augusto Pinochet** that ousted Allende in a coup in 1973 and that liberalised the ownership of urban land, pushed settlers towards the periphery and subsidised the offer, generating a large speculative real estate industry.

The entire world today faces similar challenges, but of different proportions. High levels of socio-spatial segregation, a housing deficit in the main capitals of the world, providing houses for tourists, but not for residents. **A socialist city agenda cannot avoid conflictual topics such as setting rental prices, or establishing quotas to control the speculative phenomena of global capitalism, the environmental effects on cities, the living conditions of its inhabitants, the governance of speculative processes and the increase of sustainable urban density.**

The coronavirus pandemic threatens the idea of the concentration and density of cities right across the world, reminding us that the consumption of natural soil, as well as the unlimited growth of city-regions fed by the investment market, are an environmental danger that puts our survival at risk. A parsimonious use of land and natural resources requires strong governing, both of cities and global capitalism. These were already great challenges for Latin America in the 1970s, and Salvador Allende knew how to meet them.

Genaro Cuadros Ibáñez, Teacher of Urban Planning at Diego Portales University (Santiago de Chile), Salvador Allende Foundation

▶ *¡Vamos para Arriba! (Let's go up!) was the most innovative of the socialist government's initiatives to incorporate the working classes into well-located vertical neighbourhood dynamics.*

Roma Integration: civic equality or ethnic empowerment?

The EU at risk of becoming the stepmother of an orphan people

by **Martin Kovats**

By imagining Roma as a distinct and coherent transnational ethnic minority and policy object, the EU's Roma policy feeds the ethno-nationalist idea that they do not belong to the state's nation. The policy is a wedge driven between Roma citizens and their national states, turning them into an 'orphan people', taken care of only by a 'stepmother country': the EU. The new EU framework needs to break that circle and return to the principle that national authorities equitably serve ALL their citizens.

The *EU Framework for National Roma Integration Strategies up to 2020* "seeks to make a tangible difference to Roma people's lives" by "putting an end to the exclusion of Roma" – in other words, to raise living standards and promote equality of opportunity by directing resources and attention on the basis of Roma identity.

But **is the aim to strengthen social cohesion by reducing inequalities, or is it to politicise Roma identity as a medium for change?** This distinction is rarely considered as it is generally assumed that not only are these aims not mutually incompatible, but that they are actually complimentary. The logic of the Framework is that tangible improvement can be made through targeted Roma policy initiatives.

However, both the history of Roma politics and the experience of the Framework itself show that this assumption does not hold. State socialist assimilation policies produced impressive social and economic gains while rejecting the politicisation of Roma identity. In contrast, the post-communist period in central and south-eastern Europe has been characterised by mass impoverishment combined with the unprecedented promotion of Roma as a distinct political identity, in terms of both Roma activism and Roma policy.

It is not possible to measure the effectiveness of the Framework in bringing about "tangible improvements". This is not because of any lack of quantitative data on Roma, but because of their inconsistency due to the ambiguity of Roma identity and different methodologies. There is general agreement among academics and activists that "the EU Roma Framework [...] fails to achieve its goals in all policy areas", as Martina Matarazzo and Violeta Naydenova write in *Post-2020 EU Roma Strategy: The Way Forward*, and **the European Commission (EC) itself recognises that "progress in Roma integration has been limited since 2011**" and that "employment did not improve in any statistically significant way".

Despite the underwhelming impact on the living conditions and life chances of some of the continent's most vulnerable people, the EC's 2018 evaluation claimed that the Framework has demonstrated the EU's added value by putting Roma on agendas, with the development of dedicated governance structures and processes and through the use of Cohesion funds, and "that without it Roma issues would receive less attention". Undoubtedly, the Framework has stimulated the production of much more Roma-focused governmental activity, both within Member States as well as among EU institutions. In fact, with the Framework overseeing the Roma policies of all Member States (as well as those of candidate countries), the EU has established an integrated European Roma governance process. **The EU has become the lead political institution, not only in terms of public policy commitments, but also as a key provider of funding for Roma projects, bringing together stakeholders and symbolic commemorations.**

WHO IS RESPONSIBLE FOR ROMA?

The EU has accreted political responsibility for an area over which it cannot ensure delivery. The Framework has allowed extensive poverty and exclusion to continue, while at the same time publicly presenting Roma as fundamentally different from their fellow citizens. Rather than countering, this reproduces a process that has been unfolding in post-communist states since the 1990s. In addition, the EU's involvement creates additional complexity when it comes to accountability. In becoming the political lead on Roma issues, the Framework's key message that Member States are responsible for the social and economic inclusion of ALL their citizens (and legal residents) has been drowned out. This creates a perverse incentive for governments to undertake only limited activity to comply with the minimal standards for National Roma Integration Strategies (NRISs) to satisfy their accountability to the EU, while activists and advocates blame the EU for inadequate regulation, and demand more intensive Roma governance at the European level.

The fundamental flaw in the Roma policy discourse lies in the lack of accountability within Member States, which itself reflects the civic weakness of Roma people (individually and collectively) to influence domestic authorities and institutions. **Despite the historically unprecedented rise of Roma political activism over the last 30 years, it has not been possible to mobilise the required extensive public and private investment in key Member States to provide sufficient jobs, adequate housing or equitable public services.** The low priority of Roma encourages discrimination as a means of rationing resources. Roma policy is meant to overcome material obstacles to inclusion, but by failing to achieve this it reinforces prejudiced perceptions of Roma as a burden on society, encouraging both physical and social segregation. Accountability to the EU is expected to, but cannot, compensate for the lack of civic accountability among national authorities.

This rejection of Roma within home societies is compounded by the EU's endorsement of the idea that Roma constitute a distinct and coherent transnational ethnic minority, policy object and political community. This appears to legitimate the ideology of exclusion by endorsing majoritarian ethno-nationalist thinking that Roma do not belong to the state's nation and therefore have a lesser status within the nation's state. The Roma Framework sets European institutions on the path to taking ever greater responsibility for Roma through the development of targets, tools and processes for Roma governance. **The strategic political risk is that continued failure to reduce social and economic inequality within Member States will lead the EU to become the stepmother country of an 'orphan people' – effectively a capitulation to racism and an abandonment of the aspiration that national authorities equitably serve all their citizens, regardless of ethnicity!**

REDUCING INEQUALITIES

The EU has to decide how it will take forward its commitment to Roma. The first Framework has shown that it lacks the legal or political authority to compel key Member States to adopt effective social policies. Indeed, it may even have made things worse by presenting a patronising or prejudicial image of Roma difference without strengthening social cohesion by reducing inequality. While nominally seeking to increase the accountability of domestic authorities, the first Framework has effectively undermined it by setting low standards and expectations for national governments.

The real lesson of the Framework until now is that effective policy will only come about where it matters – in the Member State institutions and societies – when there is sufficient domestic political accountability. **The next EU Roma framework therefore needs to maintain the focus on quantitative reductions of inequality in Member States, but also enhance the quality of citizenship through supporting research, debate, transparency and accountability within states** (rather than at the European level). Difficult as the situation is, the argument for Roma inclusion must be won within Member States and societies. Otherwise, not only will poverty and exclusion, racism and violence continue but, as ethnic divisions intensify, the EU will be expected to take on even greater responsibility for Roma from national governments, which will effectively facilitate and institutionalise racism and exclusion.

Martin Kovats, Special Advisor on Roma issues to the EU Commissioner for Employment, Social Affairs and Integration (2010-2014)

The EU Roma policy
Background and functioning

The EU's direct involvement with policy specifically directed towards Roma was a response to changed political conditions arising from the eastward enlargement. The post-communist transition had a devastating effect on Roma communities in central and south-eastern Europe, wiping out the gains of two decades of integration policies, producing high levels of unemployment, poverty and exclusion, which remain to this day. Roma also became targets of nationalist politics (such as the denial of citizenship in the Czech Republic), racism (including pogroms and murders) and discrimination.

During the EU accession process, candidate countries were required to set out a process for addressing Roma issues. These processes built on actions already being taken by national governments across the region. However, the main driver for bringing together Roma policies on a transnational basis was the Decade of Roma Inclusion (2005-2015), an initiative of the World Bank and George Soros's Open Society Institute.

The EU also become embroiled in concerns about the migration of Roma from east to west, initially as asylum seekers and then as workers. Notably, the Berlusconi government declared a 'Nomad Emergency' in 2008. The first Barroso Commission organised the initial European Roma Platform and published 10 *Common Basic Principles on Roma Inclusion*. However, **it was not until a public row between European Commissioner for Justice Viviane Reding and the French government over the discriminatory treatment of Roma EU citizens that the Commission committed to a comprehensive approach towards Roma**.

The *EU Framework for National Roma Integration Strategies up to 2020* was launched in 2011, requesting all Member States to come up with national plans for delivering improvement, known as National Roma Integration Strategies (NRISs). **To make the Framework relevant across the EU, the European Commission (EC) adopted a very broad definition of who should be considered Roma, including not only east Europeans or Romani speakers, but also indigenous western communities such as Spanish Gitanos, UK Gypsies and Scottish as well as Irish Travellers.** The target group was further enlarged due to the objections of some Member States (notably France and Germany) to a specific ethnic policy, so allowing NRISs to include actions for addressing the needs of other vulnerable groups too.

The NRISs focus on four policy areas: education, employment, housing, and health. Due to the lack of comparable baseline data only one specific target was set: to ensure that all Roma children complete at least primary school education. The other targets were to reduce the gap between Roma and the rest of the population. Each member state government has a National Roma Contact Point to oversee the delivery of its NRIS and to work with the EC, which includes the take up of social funds, access to which became conditional on having an NRIS. The EC reports annually on the Framework and organises biannual European Roma Platforms for stakeholders.

The Commission is not the only EU institution involved with Roma. The Framework is supported by a 2013 Council recommendation which provides "guidance to Member States in enhancing the effectiveness of their measures to achieve Roma integration and strengthen the implementation of their national Roma integration strategies". The European Parliament has taken an active interest. As well as debating the EC's annual report on the Framework, it has adopted more than half a dozen resolutions since 2011. Other institutions engaging with Roma policy issues include the Committee of the Regions, the European Economic and Social Committee, the Fundamental Rights Agency, the Court of Auditors and the European Court of Justice.

In putting Roma on its agenda and into its workstreams, the EU institutions have integrated Roma issues into their own operations, allowing for them to be discussed across the bloc. At the same time, the EU (primarily through the Framework) has integrated all explicit Roma policy actions across Europe (including candidate countries) into a specific, ethnic governance structure overseen by the Commission.

The EU's role on Roma is more than the sum of its social policy parts. **In its politicisation of a Roma identity, the EU endorses a particular ethnographic and ideological vision of a unique transnational ethnic minority that requires special, transnational political management.** The symbolic significance of this conception of Roma for the European project is also seen in the formal celebration of International Roma Day (8 April) and the marking of European Roma Holocaust Memorial Day (2 August).

Two main ways have been used to quantify the impact of EU Roma policy: compliance with the Framework (production of NRIS), and a vaguely worded "tangible improvement" in the circumstances of Roma people – in other words, closing the gap between Roma and the rest of each country's population. In terms of the former, the EU Roma policy has been very successful, ensuring that Roma are explicitly included in governmental agendas across the EU. In most of its annual communications on the Framework,

▶ *Measuring the impact on the lives of real people has proven immensely difficult at the European level.*

the EC has reported on the number and type of national commitments, identifying, according to the latest figures for 2017, 883 actions, of which 480 were explicitly targeted at Roma.

Measuring the impact on the lives of real people has proven immensely difficult at the European level. Despite an explosion in Roma-related research over the last couple of decades, there is a lack of complete or consistent data relating to the wide variety of the diverse communities defined as Roma for EU policy processes. The Framework encourages policy on an ethnic basis, but there are considerable differences between member state governments as regards the status of 'Roma', and as regards the governments' capacity and commitment to ethnic data collection. **Roma policy also contends with the legal and ethical challenge of public authorities attributing a subjective, and often prejudicial, identity when it is the right of the individual to choose their own (ethnic) identity.**

Consequently, the EU lacks a meaningful baseline against which to set targets or measure progress. Indeed, the Framework has compelled the EU to produce its own Roma data, commissioning surveys from the Fundamental Rights Agency (FRA). Carried out in 2011 and 2016, the results formed part of the EC's own assessment of the Framework and have been widely quoted in the policy discourse. However, these results do not tell us much about the Framework's impact, not only because they are four years old, but because the surveys were only carried out in nine Member States! What they do show is that over the first five years of the Framework, the FRA could identify only slight improvement in six of 16 policy areas.

For the Framework's mid-term review, a qualitative stakeholders survey showed similar ambivalence, with most respondents not seeing any improvement in any policy area. Despite emphasising the positive, **the Roma Civil Monitor's 2020 report on the Framework could not find any significant improvement in any of the target policy areas**. In preparing for the renewal of the Framework later this year, the EC has not undertaken any impact assessment as "expected impacts strongly depend on the level of commitment to Roma equality and inclusion agreed to by the Member States" and "carrying out an impact assessment in the area of Roma equality and inclusion is confronted with serious limitation in terms of ethnic data collection".

The complexity of Roma identity and the attempt to apply it to groups of people for political purposes and in accordance with institutional needs means the EU faces immense challenges to authoritatively quantify the impact of its own policy. This has two implications. First, weak data mean weak accountability, further limiting the influence EU institutions can have on the actions of Member States. Second, a great deal of time and effort can be spent on devising special Roma reporting templates, data collection tools, guidance etc. to achieve administrative coherence.

One solution to the data problem could be to formally identify all Roma people (to establish an EU Roma register) and then monitor what happens to those people. The racist implications of such an idea are obvious, but also illustrate that the next Roma framework has to find the right balance between the interests of prescriptive ethnic policy and the needs of people who require stronger citizenship to secure equitable treatment from their national authorities.

FLAG

EU MEMBER STATE
■ **Average estimate used by the Council of Europe**
● **Estimate as % of total population**

FRANCE
■ **400 000**
● **0.62%**

Figures on Roma population

Producing figures about the Roma population in the European Union is a complex problem. As Elena Marushiakova and Vesselin Popov describe on the following pages, many ethnic identities are often indistinctively lumped together under the concept of 'Roma'. In addition, there are divergences between what is called the emic and the etic perspective in anthropology and behavioural sciences: who perceives themselves as 'Roma', and who is labelled as such by others.
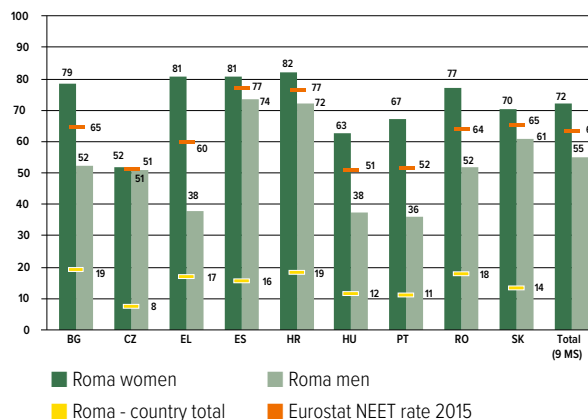
Nevertheless, the existence of Roma policy requires some conception of the size and circumstances of the target population. The EU takes the core 'fact' that there are 10-12 million Roma in Europe, six million in the EU, from national Roma population estimates published by the Council of Europe. However, those figures aren't based on any scientific survey, but represent guestimates that almost always exceed the findings of specific surveys and are far higher than the number of people who self-identify as Roma in censuses.

The Roma population estimates in the map should be understood as discursive details rather than objective reflections of social reality. Similarly, the scale of the disadvantages that the EU Roma Framework seeks to address is illustrated in the charts. However, these headline statistics of deprivation do not tell us about the conditions of Roma in Europe as they relate to only nine out 27 Member States (Bulgaria, Czech Republic, Greece, Spain, Croatia, Hungary, Portugal, Romania, Slovakia). In addition: these most recent figures we used are from 2012 and 2016.

PORTUGAL
■ **52 000**
● **0.49%**

SPAIN
■ **750 000**
● **1.63%**
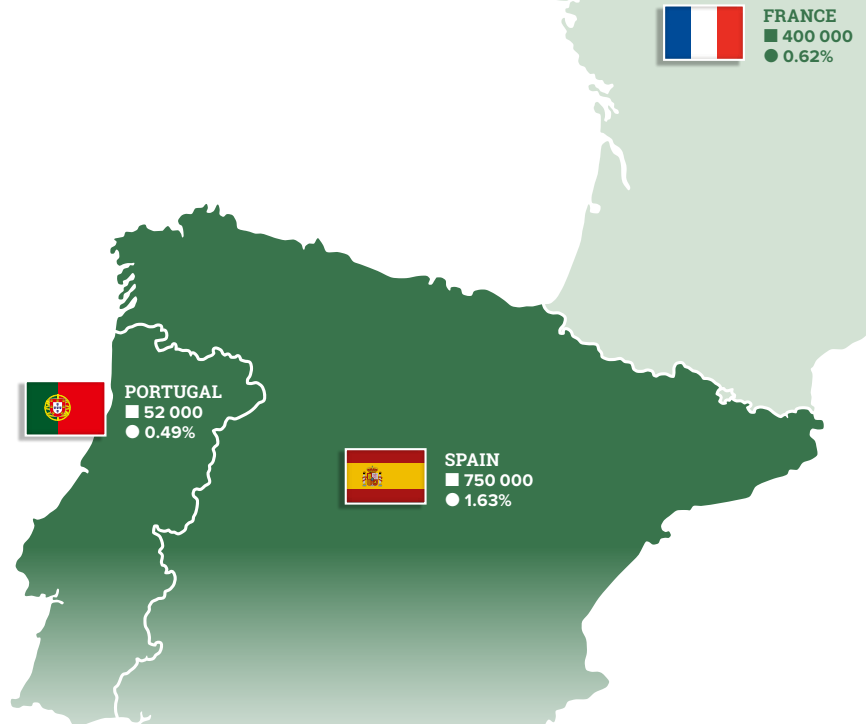
## An average of 63% of Roma aged 16-24 are NEETS (Not in Education, Employment, or Training), in 9 EU Member States

Young Roma aged 16-24 years neither in work nor in education or training as their main activity, by EU Member State (%).
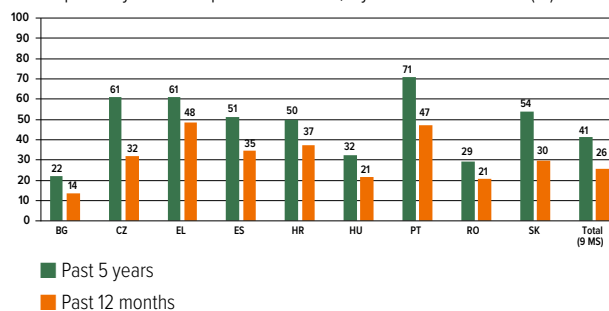

Legend:
- Roma women
- Roma men
- Roma - country total
- Eurostat NEET rate 2015

POLAND
- ◼ 32 500
- ● 0.09%

BELGIUM
- ◼ 400 000
- ● 0.62%

CZECH REPUBLIC
- ◻ 200 000
- ● 1.90%

SLOVAKIA
- ◻ 490 000
- ● 9.02%

GERMANY
- ◼ 105 000
- ● 0.13%

AUSTRIA
- ◼ 35 000
- ● 0.42%

HUNGARY
- ◻ 750 000
- ● 7.49%

ROMANIA
- ◻ 1 850 000
- ● 8.63%

SLOVENIA
- ◻ 8 500
- ● 0.41%

CROATIA
- ◻ 350 00
- ● 0.79%

ITALY
- ◼ 150 000
- ● 0.25%

BULGARIA
- ◻ 750 000
- ● 9.94%

GREECE
- ◻ 175 000
- ● 1.55%

In the 8 surveyed EU Member States, 80% of Roma live below their country's at-risk-of-poverty threshold

At-risk-of-poverty rate (below 60 % of median equivalised income after social transfers) of Roma, compared with the rate of the general population in 2014 (EU-SILC), by EU Member State (%).

	BG	CZ	EL	ES	HR	HU	PT	RO	SK	Total (8 MS)
At-risk-of-poverty rate of Roma below the national 2014 threshold	86	58	96	98	93	75	n.a.	70	87	80
At-risk-of-poverty rate of general population in 2014 (EU-SILC)	22	10	22	22	19	15		25	13	

■ At-risk-of-poverty rate of Roma below the national 2014 threshold
■ At-risk-of-poverty rate of general population in 2014 (EU-SILC)
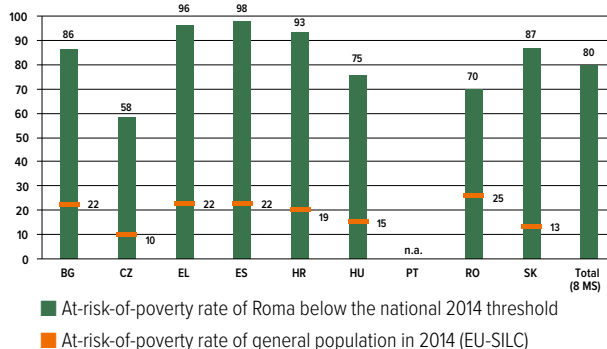
41% of Roma felt discriminated against because of their ethnic origin at least once in the past five years, 26% in the last year

Overall prevalence of discrimination based on Roma background in the past 5 years and past 12 months, by EU Member State (%).

	BG	CZ	EL	ES	HR	HU	PT	RO	SK	Total (9 MS)
Past 5 years	22	61	61	51	50	32	71	29	54	41
Past 12 months	14	32	48	35	37	21	47	21	30	26

■ Past 5 years
■ Past 12 months

Who are the Roma?

European Roma policy and definitions

by Elena Marushiakova and Vesselin Popov

There is an EU Roma policy, but its intended beneficiary – Europe's Roma minority – is hardly definable. Decades of publications by the Council of Europe and the European Union mainly show conceptual dithering, the various national terminologies do not make things clearer, and many groups' own conceptions of ethnicity add another layer of complexity. The lack of a consistent definition thus raises the question of whether European Roma policy is doomed to failure, as its target is not clearly defined.

In both academic and policy circles, the question *Who are the Roma?* has been asked many times during the last few decades. European institutions and organisations have made numerous attempts to develop at least a working definition of Roma for policy purposes, but this has resulted in differences in both the umbrella term used and criteria for inclusion. For more than 30 years, the Council of Europe (CoE) has been actively involved in defining 'Roma' as a European political issue, republishing almost the same authoritative book on the subject but with three different titles – *Gypsies and Travellers (1987); Roma, Gypsies, Travellers (1994); Roma in Europe (2007)*. In its 2012 *Descriptive Glossary of Terms Relating to Roma Issues*, the following institutional definition appears: **"The term 'Roma' used at the CoE refers to Roma, Sinti, Kale and related groups in Europe, including Travellers and the Eastern groups (Dom and Lom), and covers the wide diversity of the groups concerned, including persons who identify themselves as 'Gypsies'"**.

Yet three years later, the Committee of Experts on Roma issues at Council of Europe (CAHROM)

added more communities to the list: "a) Roma, Sinti/Manush, Calé, Kaale, Romanichals, Boyash/Rudari; b) Balkan Egyptians (Egyptians and Ashkali); c) Eastern groups (Dom, Lom and Abdal)" as well as administratively defined communities "such as Travellers, Yenish, and the populations designated under the administrative term 'Gens du voyage'".

The definition of 'Roma' used in the European Union is no clearer. In 2010, the EU's Fundamental Rights Agency noted that: "The term 'Roma' is used as an umbrella term including groups of people who share more or less similar cultural characteristics, such as the Roma, Sinti, Travellers, Ashkali, and Kalé".

The 2011 *EU Framework of National Roma Inclusion Strategies* meanwhile postulates: "The term 'Roma' is used [...] as an umbrella which includes groups of people who have more or less similar cultural characteristics, such as Roma, Sinti, Kalé, Gens du voyage, etc. (later extended to 11 named groups) whether sedentary or not. It also includes Travellers, without denying the specificities

and varieties of lifestyles and situations of these groups".

Whether (for policy purposes) 'Roma' should be the collective label and which communities should be included is further complicated by the fact that European countries have adopted a variety of 'official' forms – for example, 'Sinti und Roma' in Germany, or 'Romi, Aškalije i Egipćani' (Roma, Ashkali and Egyptians) in Serbia. Furthermore, in Spain, the term 'Roma' is not used at all (other than in translation) while until recently, the pinnacle of Roma representation in Hungary was the Országos Cigány Önkormányzat (National Gypsy Self-Government). Curiously, 'Roma' is often perceived as a term from the English language, which translates the local nomenclature.

This inconsistency does not simply reflect ethnographic diversity, as none of these definitions contain criteria according to which all the named communities fall under a common (and de facto political) category. Their selection could be almost

random ("groups of people who share more or less similar cultural characteristics"). Some parts of a definition refer to lifestyle (nomadic or sedentary). However, this is really a pseudo-criterion, qualified by the observation that the actual lifestyle does not matter ("whether sedentary or not").

▶ *Public presentations of EU policy always underline that Roma are the European Union's largest ethnic minority.*

The division of the general 'Roma' category into two components, 'Roma and Travellers', does not make things clearer either. While the 'Travellers' criterion is straightforward – referring to communities that lead (or have led) a nomadic lifestyle, it remains completely unclear by what criteria the communities designated as 'Roma' are selected.

Paradoxically, the EU is unwilling to apply a criterion of ethnic origin for Roma as the object of its only ethnic policy. However, the **public presentations of EU policy always underline that Roma are the European Union's largest ethnic minority**. Extensive ethnographic evidence demonstrates that many of the communities targeted by European Roma policy are descendants of Medieval migrants from the Indian subcontinent and it is this common origin on which communities construct a sense of shared identity (even though some of these communities expressly deny an Indian origin). Nevertheless, the adoption of a criterion of origin, would not solve the EU's definition dilemma and would exclude many western (nomadic) communities – for example, Travellers, Yenish, Gens du voyage and Abdal.

A majority of those categorised as 'Roma' use this concept also as their own identity – as an *emic* identity, one seen from within a social group. But many others have different own identities. For them, 'Roma' is an *etic* identity – one that is applied from the outside, from the perspective of the observer.** EU Roma policy has not led to the displacement of non-Roma 'Roma identities' and the broad application of the term 'Roma' does not lead to serious conflict between communities due to the complex way in which they manage identity (which is not only multidimensional but always contextual) and allows for the acceptance of a universal Roma identity as a political category, at least by Roma activists and advocates.

European institutional Roma definitions also fail to recognise the importance of identity-hierarchies, including civic national identities. This level of identity is especially relevant today when many 'Roma' from eastern European countries have migrated to western European countries. A significant number of migrants remain invisible for European Roma policy, and are treated as EU citizens, until they are targeted as a detached migrant community with specific problems, thus becoming categorised as Roma and targets of Roma policy.

▶ *The current division of competencies means that it is up to each Member State to provide its own interpretation of Who are the Roma? for policy processes.*

The ambiguities of the European definitions of Roma indicate a preference for discursive inclusion over evidence-based clarity in a context where the first Framework has had little impact on reducing inequality or exclusion. Further attempts to formulate new definitions are to be expected, with different options being possible:

• a further enrichment and refinement of the term 'Roma' as an ethnic category, which enhances its significance for identity politics

• a return to the combination of 'Roma and Travellers' (which is a de facto temporary compromise of the various criteria in building the definitions)

• a transition to a socio-political category like 'RT... etc.' (by analogy with 'LGBT... etc.') and a further development in this direction.

However, none of these options will lead to a successful European Roma policy, as they do not provide an answer to the two main questions:

• what this policy should be – mainstream (civic-based without excluding or stigmatising 'Roma') or focused on ethnic specificity, and therefore de facto identity politics

• who is responsible and accountable for Roma policy – the EU or Member States?

But even if answers could be formulated, **the current division of competencies means that it is up to each member state to provide its own interpretation of *Who are the Roma?* for policy processes**. The Framework has shown that not knowing 'Who is Roma?' has not proved an impediment to the formulation of EU Roma policy. At the political level, further discussion is meaningless and could go on indefinitely. The reasons for the failure of the European Roma policy must be sought

Elena Marushiakova, Research Professor at the University of St Andrews (Scotland), president of the UK-based Gypsy Lore Society

Vesselin Popov, Historian, University of St Andrews (Scotland)

EU Roma Framework: listening first!

The post-2020 EU Roma policy: how to avoid future failures

by Iulius Rostas

The current EU Roma Framework runs out this year – but despite almost a decade of policy activity, not much improvement has materialised. A new framework is in the making – and only actively listening to Roma people could provide a chance of making it better this time. The very existence of an explicit EU Roma policy entails an obligation to involve Roma people in the processes. For that to happen, a large-scale bottom-up process is required.

The European Union's first *Framework for National Roma Integration Strategies* **(2011-2020) has failed to deliver the promised "tangible improvements" in the lives of some of the most disadvantaged people in Europe and has even contributed to racism and further exclusion.** A report of the Open Society Foundations states that "although there are a number of achievements since 2011, the EU Roma Framework [...] fails to achieve its goals in all policy areas, including discrimination". The Roma Civil Monitor 2020 summarising findings by more than 90 non-governmental organisations and individual experts from civil society in 27 EU Member States reveals a similar picture, with significant policy shortcomings and drawbacks in different areas of the EU Framework.

To ensure that the European Commission does better when the Framework is renewed later this year, we need to examine the shortcomings of the present one. **One of the most significant has been the limited involvement of Roma people in the development and delivery of the Framework itself** and its associated National Roma Integration Strategies (NRISs) in the Member States. The Framework has also suffered from unreliable data, inadequate problem definition and lack of regulation.

During the EU enlargement process, countries from central and eastern Europe with significant Roma populations were required to produce written commitments towards their demographically significant Roma minorities to demonstrate compliance with the Copenhagen Criteria. National Roma policies were developed further as part of the voluntary Decade of Roma Inclusion, which also included some west European states.

As Roma have become the focus of specific policies, one of the major challenges facing academics and policymakers has been how to conceptualise the Roma for policy purposes. **The depth and spread** of prejudiced opinions about Roma that is evident throughout Europe, combined with the manifest overrepresentation of Roma among the poorest and most marginalised**, clearly indicate the consequences of how Roma are defined and presented by political institutions.

The difficulty in understanding *who Roma are*, discussed by Elena Marushiakova and Vesselin Popov, is reflected in ambiguous and incoherent definitions of the Roma used by European institutions. Both the Council of Europe and the European Commission (EC) have used their authority to impose definitions of Roma that suit their institutional needs rather than reflecting social reality. **Despite the aspiration to support Roma, putting together such socially and culturally diverse communities under an umbrella term – which happens to be the name of just one of those groups – deprives communities of agency and is akin to a form of colonialism** by targeting groups without any democratic process of self-definition.

Even though the Roma Framework is the EU's only ethnic policy, the EC has been unwilling to adopt an exclusively ethnic definition of Roma. This institutional ambivalence has direct impact on the quality of policy as shown by the vague 'official' estimate of the number of Roma in Europe, but also the lack of disaggregated Roma data to inform the development and monitoring of policy initiatives.

The perception of Roma applied by policymakers not only relates to who is targeted, but also how 'Roma issues' are defined. **The current framing of Roma as a vulnerable group leads to a definition of mutually reinforcing problems that Roma are facing: social exclusion, poverty, discrimination in education, employment, housing and health.** Such a framing is not only reductionist but also misleading. As a consequence, some experts argue, the EU Framework, "addresses the situation of Roma as an 'integration' challenge to be tackled via socio-economic policies, and not as historically-rooted 'antigypsyism', to be tackled via Rule of Law and transitional justice measures".

The prejudicial public presentation of Roma could be avoided by listening to Roma people. The very existence of an explicit EU Roma policy entails both a practical and moral obligation to involve Roma people in policy processes, but Roma participation must mean more than inviting a handful of English-speaking advocates to Brussels. To build trust and social solidarity between communities and authorities, past discrimination and oppression need to be acknowledged and those who are the subject of policy initiatives need to be empowered to express their preferences, define their interests and negotiate their priorities in relation to other groups and institutions.

Roma activism and advocacy has grown significantly in recent decades. In each country there are Roma organisations that have implemented projects and programmes and there is a growing number of Roma graduates, some of them from world-class institutions. There are Romani Studies programmes at different universities and Roma professors and scholars, there are

different platforms for knowledge production and debates, a number of Roma artists, theatre groups and even a European Roma Institute for Arts and Culture. Roma youth have established several transnational networks for activism, including alliances for specific thematic areas such as women's rights, combating antigypsyism, and Holocaust commemoration. These developments should be kept in mind while designing policies towards Roma. These groups have the knowledge and capacity to define the problems faced by the Roma and to articulate the collective interest of Roma.

A central aim of the Roma Framework is to raise the priority within public authorities across the EU of improving the situation of Roma. Yet despite the EC actively encouraging Member States to utilise Structural Funds, the limited investment in and impact of the NRISs show that the voices of Roma remain marginal in the competition for resources. **The next framework therefore needs to ensure that the Roma's voice is heard during the process of allocating resources for different societal problems at all levels: EU, national and local.**

The next EU framework must aim to set a mechanism for giving the opportunity to Roma to define their interests and negotiate their priorities. Such a mechanism should set rules for Roma women's representation at all levels based on parity. The process should start at a local level, where local authorities, Roma organisations and informal community structures, including experts, should invite all Roma groups to deliberate. Thus, all voices would be represented and not only those of certain groups of Roma. Moreover, the priorities would be contextualised and not imposed from above without considering the needs and particular situations of the various local communities. In this way, the diversity among Roma would not only be respected, but also represented. In addition, such a process would provide those groups that are now categorised under the umbrella term 'Roma' with an opportunity to decide whether or not they accept to be part of the larger 'Roma' category .

Those representing Roma at local level could delegate representatives for regional and national deliberations on Roma policies. At regional and national level, the authorities should make sure that also those minorities among Roma whose identity is stigmatised and whose voices are not heard – such as LGBTIQ-people, persons with disabilities, or persons living with HIV – are represented. An intersectional approach to Roma policies would thus be made possible. These forums of deliberation should hold regular meetings. Transparency, equality, inclusiveness, civility and accountability to the local communities should govern the work of these forums.

The EU should make sure that such a mechanism is in place in each member state and that it is functioning. Furthermore, the EU could establish such a deliberative forum itself, to make sure that its policies receive input from Roma. The EU could also provide support to Roma groups to make sure that they can participate equally in this setting. In addition, the EU could bring expertise, provide financial instruments to Member States, ensure coordination among Member States, and among multiple levels of governance, of the issues faced by Roma. The EU should also ensure that Roma participation is not limited by citizenship, so that Roma who are on the territory of another member state would not be excluded.

Such an EU policy would not only benefit Roma, but all EU citizens. The EU will have to adapt its institutions and agenda to ensure more equality, social justice and respect for the rights of each human being.

Iulius Rostas, Visiting Professor at the Central European University and the National School of Political Science and Administration (Romania)

"The decline of the centre-right has been at least as prominent as that of the centre-left"

Interview with Herbert Kitschelt, by Tarik Abou-Chadi

The Duke University professor Herbert Kitschelt is one of the most influential contemporary scholars of political parties. He is particularly well known for his redefinition of the competitive space for political parties in western Europe. In this interview, he discusses his 1994 book, *The Transformation of European Social Democracy*, where he analyses how a second dimension of political preferences became politicised from the late 1960s, and how this affected party competition, especially for Social Democrats. Progressive parties indeed struggled to integrate the new demands of activists, especially – but not only – surrounding environmental issues. Many of the core questions raised in Kitschelt's book remain relevant even 25 years later.

Tarik Abou-Chadi: *The core argument in your book is that the demand side of political competition has changed in post-industrial societies. What are the main drivers of this change?*

Herbert Kitschelt: The main driver of the change has to do with the occupational structure, with an expansion of what is summarily referred to as the rise of the service sector, the decline of manual blue-collar labour, and especially the rise of highly skilled non-routine professional occupations. The other driver is the change in family structure. This interacts with the occupational structure because a critical catalyst for the demand-side changes was the full access of women to higher education, and the access of women to the expanding job market, especially in the sociocultural professions. This changed power relations in families and put a whole range of issues on the agenda that were not traditional bread and butter questions for political parties. And this contributed to a new profile of preferences.

T A-C: *How have these changes specifically affected political preferences?*

HK: My main argument is that it has opened up a second dimension of preferences, a new set of issues that on the level of preferences – but not necessarily on the level of how they were bundled in political parties – cross-cut distributive questions. I would call them questions of political and social governance, and questions of how individual autonomy should structure social and political institutions; how individuals should be able to bring themselves in and articulate their differences, their different lifestyle concerns, and their concern for collective goods that affect their projection of a good life in society. These are all questions that were not part of the debates that structured much of post-World War II politics, until the 1960s and 1970s. 1968 was, in many ways, a movement around these questions of expression, governance, individual autonomy, more so than – as it appeared at the time – a revival of conventional Marxist thinking about class and property and redistribution.

T A-C: *The politicisation of these issues has led to pressure on established parties to re-adjust their positions to stay electorally relevant. Can you elaborate a little more on this argument?*

HK: You had a generation of young activists who articulated these demands, first in protest events and social movements, but who then looked for a political outlet. And so they went looking for political parties they could enter. Many of these activists were also interested in economic redistribution, so a natural catalyst for these demands became the existing Social Democratic parties. All across the western hemisphere, there was a wave of entrants into these parties in the late 1960s and throughout the 1970s, to see whether the dominant coalitions of these parties could be recast to accommodate these interests. An early, very visible incarnation was the Democratic Convention in the United States in 1968, where a traditionalist was nominated, Hubert Humphrey – but there was a giant uprising of young grassroots activists against the traditional operating mode of the party. All across the western hemisphere, Social Democrats had to come to terms with that and it was a very difficult internal struggle. Many of these new activists then left to do their own thing, which created for Social Democrats – for the first time since the 1950s, since the decay of the then still existing communist parties – competition with other challenger parties that also embraced redistributive interests, but plus other agenda items that were not the natural territory of Social Democratic parties.

T A-C: Why was it so difficult for Social Democratic parties to integrate these interests and these people?

HK: I think in the 1970s and 1980s it was primarily because the working class – a traditional less-skilled manual core constituency of the party – did not perceive these as high priority items. The kinds of redistributive interests that were articulated by these two different types of constituencies began to diverge, in addition to the fact that a second dimension, with libertarian governance interest, was being asserted by the new entrants and challengers of the party establishment, that the older generation could not stomach. The crystallisation point in the 1970s and 1980s was clearly the question of ecology. The nuclear power conflict, for example, was a conflict that often pitted trade unions against new social movements.

T A-C: As a result, "left-libertarian challengers" emerged in many west European countries, most typically Green parties. Social Democrats really were in a dilemma. What is this dilemma of Social Democratic parties?

HK: The dilemma is that you cannot simply incorporate new interests without paying a cost. There is no free lunch. Once you have salience of the second dimension, you are facing a trade-off. If you prime this and you take a position on this, you are likely to demobilise and lose traditional core voters. And the question then is: how far can you go in accommodating new interests? At what point will you lose fewer existing core voters than adding new voters by modifying your agenda? This is something that Social Democratic parties have had to address with trial and error. You find quite stark contrasts in the election outcomes among these parties, which have to do with the ways that different parties explored and acted on this new challenge.

T A-C: Another party family that has been increasingly relevant for studying party competition in a post-industrial society is the radical right. How does the radical right fit into the framework that you just described?

HK: I think of them as a mirror image. Many of these people are just the opposite of what the new left-libertarians stand for: right authoritarians, with a characteristic socio-demographic profile, people who have been alienated from the left at least once on second-dimension politics, and maybe even twice, if they also opposed redistributive demands. The question of how radical right parties come about has a lot to do with the strategising of the main moderately conservative and progressive parties – typically, the Social Democrats on the one side, and Christian Democrats and conservative parties on the other. The more they converge on the economic dimension (for reasons that have to do with questions of the development of the welfare state, as well as the increasing implausibility of a dramatic socialist economic planning alternative), the less high are the stakes to vote on that dimension. This releases people to vote on the second dimension, on which they see starker differences between political parties.

T A-C: Against the backdrop of your book, how would you evaluate the Third-Way strategies of Social Democratic parties in the 1990s?

HK: My book never uses the notion of the Third Way. I did not envision that Social Democrats would have to embrace a strategy of market liberalisation, if that is part of what is identified with the Third Way strategy. I anticipated that many of the redistributive themes and demands of Social Democracy, like state-regulated sectors, and a generous, encompassing and redistributive social welfare state, would all be fine with the new constituencies. The question was rather to supplement it with the second-dimension agenda. What the Third Way does is to rethink the position of Social Democrats on the governance of the economy with implications to restrain economic redistribution. I still think this is an add on or a separate step that Social Democrats started undertaking in the second half of the 1990s. I'm even not sure how fair it is to describe this as a 'third way'. I think the conventional description of the Third Way is that it is a market liberalisation perspective of social democracy in light of the persistent defence by Social Democrats of the welfare state, even in times of slow economic growth.

T A-C: How do you evaluate the consequences of these policies on electoral outcomes?

HK: Once we are in a two-dimensional space and we have multiple parties, there are no more equilibria. Many Social Democratic parties face multiple trade-offs nowadays. They have essentially a choice between competing for the median voter and a variety of outbound strategies to try to prevent or to regain voters that are on the verge or that have already made the step to more radical parties – either parties that are more radical on the second dimension, like ecology parties, or on the first dimension, like new socialist parties.

If the Social Democrats go toward the ecologists as an outbound strategy, they are likely to lose very much of their conventional lower-skilled, blue-collar and clerical support. And if they go toward a more conventional redistributive strategy, with an emphasis on protecting pensions and unemployment (which are probably the two most important concerns for these

constituencies) then the Social Democrats are likely to lose the support of their newer potential supporters. They could also just let people drift to the left, knowing that, whether it's the ecological or whether it's the redistributive left, none of these new parties can form coalitions with parties of the political centre-right and the right spectrum, and they could try to move toward the centre, becoming a wishy-washy centrist party with mildly leftist economic views and a political governance commitment. That appeals to some voters, but it will be a great electoral sacrifice.

T A-C: A little more than 25 years after your book came out, is there something in it which you would say still very much holds today?

HK: The fact that there is a second dimension. The second dimension in European election studies since 2009 has progressively become a more important determinant of vote choice. The other thing that still holds today is, of course, the trade-offs that Social Democracies face. These trade-offs, in light of the additional socio-economic problems that have intensified since the 1980s, have only become starker, and they have ultimately led to a differentiation of the left party spectrum. There are some Social Democratic parties that, to a large extent, can preserve their status as the dominant party of the left and that can also claim to dominate executive office in the appropriate coalition. We now know that Social Democrats have shrunk everywhere and become just one player in a leftist field. In that sense, you could almost say that the subsequent development shows the limits of political choice.

T A-C: What would be a thing where you think, I got that completely wrong?

HK: What we have seen since the 1980s is a much stronger articulation of the question of how issues and dimensions gain salience. This is something I did not pay enough attention to. Moreover, I thought that, in terms of party competition, the two preference dimensions could essentially still be collapsed by political parties in one main dominant dimension, running from left-libertarian to right-authoritarian. While this is still a little bit the case, I think since the 1980s

the landscape has become much more complex and much more two-dimensional even in terms of party competition, if not three-dimensional, depending on how we think the questions of immigration and citizenship play out. I think there's lots of work to be done on the side of articulating a proper behavioural theory of party competition that goes beyond a still fairly traditionalist view of spatial party politics.

T A-C: I feel the book is quite optimistic about the potentials for Social Democratic parties: you say there is the opportunity to forge new alliances that can be successful in changing socio-economic context conditions. Now we have seen the strong decline of Social Democratic parties, however, are you still optimistic?

HK: No, with regard to the present, I'm not terribly optimistic that Social Democrats can resolve the trade-off that appeared with the new second dimension by asserting a new hegemony as a label. I'm optimistic in the sense that many of the Social Democratic concerns – a baseline of social equality, respect and autonomy and reciprocity among all citizens, and that this has to be socio-economically guaranteed – have been embraced by a number of other parties. In many ways, Social Democracy has become a victim of its own success, and it is not by accident that Social Democratic parties have often declined the most in the places where, over the decades, they have become most successful in implementing their ideas of welfare state.

Currently, the most successful Social Democratic parties are on the European periphery: in Portugal and in Spain. And Portugal for sure is not a trailblazer of a contemporary knowledge society and advanced welfare state. I think Social Democracy is a ladder. To use a metaphor from Ludwig Wittgenstein's Tractatus Logico-Philosophicus, it's a ladder which people climb up and then they throw it away.

T A-C: Another current narrative is the idea of reviving Social Democracy with more authoritarian positions on the second dimension, and especially with more restrictive positions on

immigration, sometimes labelled the 'Danish strategy', which seems to be very prominent among Social Democrats themselves. What is your take on this strategy?

HK: It's another trade-off. If you go down that route, you may at the margin gain some voters back that you lost in the past, but I'm sceptical that it will be a lot. I think once people are gone, many of them will not return. It may be a justifiable strategy if those few people that you want to gain at the margin happen to include the median voter-puddle in a democracy, in a way that no government can be formed against you. But this will come at a cost: Social Democrats will not win votes from that as a party, they will only increase their bargaining leverage. The Social Democrats in Denmark lost votes in the most recent election, but they gained bargaining power because no government can be formed against them.

T A-C: Do you think Social Democrats with that strategy could then still be the leading party in that left coalition in the long run though?

HK: I don't think so. I think that the terrible choice for Social Democracy is in a way a collective action problem. Either they maximise their vote as a party by competing mostly against parties on the economic and the political left – but that will shrink the left bloc and it will deliver the collective bad of not having access to the median voter-puddle (there's no single median voter in a two-dimensional space) and it will probably entrench centre-right, sometimes in alliance with far-right, governments – or (with clenched teeth) they compete for this middle morass, this middle muddle, but then they are destined to lose votes. This is not going to be pleasant. We have seen this in the performance of the German Social Democrats, the Austrians...

T A-C: Is there a similar dilemma for the mainstream right?

HK: Yes, I would say so. I find it strange that to this very day there hasn't really been a counterweight to all these studies about the centre-left by studying the erosion and decline of the centre-right. The decline of the centre-right

has been at least as prominent as that of the centre-left. Just think of what happened to Christian Democratic parties around the world. The German Christian Democratic Party is the sole leftover holdout of the centre-right, still claiming hegemony over the right-wing bloc. Consider what happened to the Dutch, the Belgians..., and you see a similar trade-off on the right as well.

T A-C: *And how can we then describe that in terms of socio-structural trade-offs?*

HK: If centre-right parties ally with radical right parties, they are in danger of losing a lot of their 'Bildungsbürgertum' (established, economically conservative voters – but in terms of political governance and civil liberties – centre or centre-libertarian voters). They will get cold feet to buy into this agenda, particularly when it comes to restrictions on immigration and counteracting multiculturalism, and also other cultural restrictions that may come with a more forthcoming radical right strategy. I think the United States is the 'exhibit A' when it comes to that. There we don't have a coalition with a radical right party but rather a capture of the conventional centre-right party by radical right forces.

T A-C: *In a new research project, you use a simplified way of describing the socio-structural base for these transformations, having one dimension that is income, and another one that is education. How does this allow us to understand politics in the post-industrial societies and the knowledge economy?*

HK: In order to do long-term studies of political realignment, we need three types of information. We need some demographic variables, we need the policy preferences of people, and we need vote choice. These three things found together in surveys have really only existed since the late 1990s. My co-author Philipp Rehm and I decided that income and education, and the interaction between the two, can give us some simplification. Income is a predictor of where people stand on distribution and redistribution. Education predicts positions on both dimensions. If you have a high-level education, you are against redistribution, but you are certainly for libertarian political governance.

You can come up with a typification of four groups. You have low education-low income – these are mostly blue-collar workers but not entirely as there is a low-skilled personal service and clerical contingent there and also a small business contingent. Then you have low education-high income. This is a declining group that used to consist of skilled workers, particularly in small companies, and many traditional small business or petty bourgeois people. They are not redistributive, and they are also traditional authoritarian, whereas the former group – low education-low income – are redistributive, but traditional authoritarian. Then you have a group that did not exist 50 years ago – high education-low income people. This group has now – depending on the country and the survey you are looking at – grown to between 15 per cent and 25 per cent of the population. The strongest plurality in this group is socio-cultural professionals. Another important characteristic of this group is that women are somewhat over-represented in it. This is, in our simplified terms, the most important constituency for left-libertarian political appeals. Then you have a fourth group: high education-high income people. This is essentially the business-finance-tech professionals with market-oriented economics and libertarian governance concerns. These are the people who are likely to defect from moderate conservative parties if they drift toward the radical right.

But the argument of this work is essentially that the old core groups, the low income-low education on the left side, and the high education-high income on the right side, have now become swing groups – whereas the anchors of the two blocs have become high education-low income people on the left side (libertarian and redistributive), and low education-high income people on the right side. One interesting insight this generates is that it is wrong to say that the working class is the core of the radical right. The working class may be over-represented in the radical right, but the group that is most strongly represented in the radical right are actually relatively high earning people with low skills, who down the line face this problem of status decline, both in economic as well as in a more cultural, status sense, and

who are yearning for the return of a society that belongs to a bygone era. These are the types who want to make America great again.

T A-C: *Confronted with a global pandemic that is going to change a lot of our politics, do you see potential new coalitions?*

HK: Reading the tea leaves, I think that the question of lockdown or not will be mapped on the main line of the existing divide – with left-libertarians opting for lockdown, even though, on the face of it, this is an authoritarian regulation and a restriction of an individual choice. By contrast, the position to open up and return to free market transactions is going to be typified and projected on the right.

I read someone saying that we will have an increase in inequality in the coming 18 months, which under other circumstances would happen in 20 years. The winners of this process are mostly professionals, people who can work from home. There's already a group of economists at the University of Chicago, who have come up with a measure of the percent of people who can work at home without infringing their earning capacity by country, by state, even by metropolitan area. The highest rate in Europe is in Sweden, with 58 per cent working from home without problem; the lowest is in Greece with 42 per cent. I think this is a division that will articulate divides also within the left and that makes it more likely that less skilled people move off to the radical right.
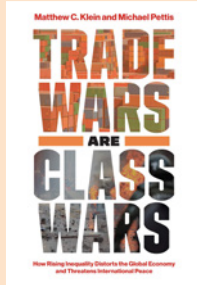

Herbert Kitschelt, Professor of International Relations, Duke University, North Carolina

Tarik Abou-Chadi, Assistant Professor in political science at the University of Zurich, Centre for Democracy Studies Aarau

Trade wars are not people's wars

by Alvaro Oleart

Matthew C. Klein and Michael Pettis

"Trade Wars are Class Wars"

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Yale University Press, 2020

Understanding the processes and causal mechanisms that determine our world is the first step towards making good policy. **Matthew C. Klein** and **Michael Pettis**'s book, *Trade Wars are Class Wars*, is an important contribution to current debates about trade and globalisation. The main argument of the book is that "rising inequality within countries heightens trade conflicts between them". While trade conflict is often portrayed as a clash between countries, in reality it is rather "a conflict mainly between bankers and owners of financial assets on one side and ordinary households on the other – between the very rich and everyone else". The book challenges the dominant understanding of trade policy, arguing that "the distribution of purchasing power within a society affects its economic relations with the rest of the world". Trade conflicts between countries cannot be understood without an analysis of the internal dynamics of these countries.

Following a Hobsonian and Keynesian perspective, Klein and Pettis argue that as the wealthy do not spend similar proportions of what they earn compared to lower- and middle-income groups, countries with high degrees of inequality suffer from underconsumption and underinvestment domestically, and therefore need to find consumers abroad. The rise of globalisation in the last 30 years has exponentially increased the interconnection between countries. Global value chains are now the norm, as finished mass products are made with components from different countries. Money travels the world at the speed of light. The profits of exports that take place in higher tax countries are shifted towards subsidiaries in tax havens, which earn unreasonably large profits. In this globalised context, the measurement of trade in goods and services has to be accounted by savings, investment and capital flows across countries, not only by imports and exports. The book's comprehensive analysis points to the huge interconnectedness between countries, and how their fate is inextricably linked.

These ideas are developed at length in the first three chapters. The next three chapters focus specifically on the evolution of China, Germany, and the US over the last 30 years. While these three countries have different histories, the ideational framework laid out by Klein and Pettis works well to explain their economic trajectories. Capitalism needs consumers to continue functioning and absorb the production. Without a demand that meets the supply, either the supply will have to decrease or be exported abroad. China's rise as a global trade leader has taken place at the expense of its own citizens, as its "high savings" model means that Chinese households consume a lower percentage of the Chinese output than any other major economy in the world. The US is in a similar situation, but for different reasons. Its unsustainable financial system attracts (too much) financial capital, destabilising capital flows across the world, while refusing to redistribute wealth within the US through a strong safety net and higher taxes on the rich. The US is therefore becoming dependent on consumers abroad rather than on its internal demand.

For the EU, Germany's case is particularly relevant. The German government was the main actor behind the budget limits agreed in the Maastricht Treaty (1992), the subsequent Stability and Growth Pact (1997), and more recently the austerity that followed the eurozone crisis. The German minister of finance during the latter episode, Wolfgang Schäuble,

was so focused on the 'black zero' rule, by which the budget is balanced and the government does not need to borrow, "that staffers in the finance ministry dressed in black and posed in a big circle to wish him farewell when he retired after the 2017 federal elections". This political stance led Germany to an excess of savings, as wealth concentrated in the hands of the few at the expense of the many. Far from benefitting the average German, the obsession of the German government with 'balanced budgets' has only increased inequality within Germany (and the EU as a whole) and dramatically reduced the average purchasing power of its own citizens. This has also limited the EU's trade policy: as the purchasing power of middle- and lower-income groups is reduced, production has to be either reduced or allocated elsewhere.

THE POLICY IMPLICATIONS OF
T*RADE WARS ARE CLASS WARS*

The conclusion of Klein and Pettis's book is relatively simple: "To end the trade wars, end the class wars". As the inequality between and within countries is connected, the deepening of unregulated globalisation reinforces it. Rather than cooperating in building global labour and environmental standards, the increasing inequality within countries gives them incentives to instead compete with each other and push for lower wages, weaker environmental and labour regulations and lower taxes in order to attract investment and fight for consumer markets.

Paradoxically, in spite of the skilful structural analysis of trade and global capitalism from a

▶ *The conclusion of Klein and Pettis's book is relatively simple: "to end the trade wars, end the class wars." As the inequality between and within countries is connected, the deepening of unregulated globalisation reinforces it.*

political economy perspective, the book does not offer structural solutions, and leaves the reader wondering how class wars can end. Klein and Pettis suggest addressing the "twin problems of income inequality and the world's unhealthy dependence on the US financial system" through a new Bretton Woods agreement that would reform the global financial system, increase taxes on high earners and on inheritance, and introduce higher minimum wages and stronger social safety nets, which ought to result in a redistribution of wealth.

While these policy proposals go in the right direction, the structural problems of global capitalism described in the book, and its inherent tendency towards accumulation of wealth, remain unaddressed. Individual governments' actions and a new Bretton Woods agreement are unlikely to mitigate class wars across a globalised world. As Dani Rodrik argues in *The Trilemma*, in an already globalised economy it is no longer possible to have both democracy and national sovereignty. One ought to choose. A renewed Bretton Woods agreement seems to be an attempt to reconcile deep economic integration, democracy and national sovereignty, instead of imagining new or reformed global institutions that are able to

enforce measures such as a global wealth tax or the elimination of tax havens. Additionally, if trade wars are indeed class wars, what are the social forces and transnational coalitions that can put pressure on governments to effectively address the increasing inequality between classes?
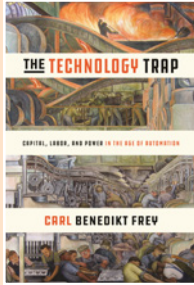
Understanding trade wars as class wars requires thinking differently about trade. *Trade Wars are Class Wars* makes an excellent case for it.

Alvaro Oleart, Postdoctoral Researcher at Vrije Universiteit Amsterdam

Automation: a boon or bane for workers?

by Justin Nogarede

Carl Benedikt Frey

"The Technology Trap: Capital, Labour and Power in the Age of Automation"

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Princeton University Press, 2019

The economic historian **Carl Benedikt Frey** is perhaps best known for his estimation back in 2013 that 47% of all jobs in the US were at risk of being substituted by computers. Last year, he followed suit with a book, in which he looks at the history of automation and its social and political consequences, before predicting what it means for the future of work. His ***The Technology Trap: Capital, Labour and Power in the Age of Automation*** can be read as a call to policymakers to take the losers of automation seriously. If anything, the coronavirus crisis has made this 2019 publication even more relevant. The lockdowns will likely accelerate automation in the workplace, and in the wake of the resulting economic decline and rising unemployment, questions around jobs and automation will become more politically fraught than they have been up to now.

In his book, Frey takes issue with an economics profession that often relies on an ahistorical and simplistic view of technological progress – namely, that it allows us to do more in less time, and that everyone will be better off. That may be true in the long run, but when Frey looks at the history of industrial

revolutions, he notices that new technology can either enhance workers' skills and make them more productive, or it can outrightly replace them and push them into lower-paid jobs. In the latter case, the so-called 'friction' or adjustment costs can easily span multiple generations, leading to economic hardship for workers, and ultimately social and political upheaval. He fears that if left unaddressed, the not-so-short-term losers of automation may end up blocking new technologies and hence undermine the long-term prosperity of society as a whole. This, then, is the technology trap.

One might think that it is unlikely that workers would rage against the machine in this day and age. But Frey shows how exceptional today's pro-automation consensus actually is. For instance, average incomes in Spain hardly increased between the 1st and 18th centuries! Such stagnation had of course many reasons, but as Frey makes clear, outright opposition to new technology played an important role. For centuries, powerful guilds opposed innovations that could make their members obsolete. Fearing political upheaval, the ruling class usually sided with labour and

banned the application of new technologies in the workplace that risked replacing workers. As late as the start of the 19th century, the Emperor of Austria, Francis I, blocked the construction of new factories in Vienna, and banned the importation of new technology. He was by no means the only one.

Why then, did the industrial revolution take off in the UK? Frey shows how the rise of a new commercial class made all the difference. Unlike the landed aristocracy, they had an interest in technological innovation to increase profits, and also possessed the necessary political clout in Parliament to push for it. It also helped that the British were locked in international power struggles and empire-building, which convinced other domestic elites that holding back technological innovation would leave the UK more vulnerable and in a worse position to defend its interests abroad. Workers did oppose the introduction of spinning jennies, power looms and other technologies that threatened their livelihoods, as they saw their living standards deteriorate from roughly 1760 to 1840. But they lacked political power and so the riots against the introduction of new machinery were ruthlessly repressed. For

instance, as early as 1769, Parliament introduced the death penalty for the destruction of machinery, and Luddites were routinely hanged. But, as Frey notes, unlike the Luddites during the Industrial Revolution, today's workers have the right to vote.

For the immediate future, Frey seems rather gloomy. In his view, the wave of labour-enhancing technologies, which paved the way for a large middle class in many western countries over the course of the 20th century, has come to an end. Since the 1980s, workers' wages have stopped rising in tandem with productivity growth. According to Frey, the main reason is that many inventions of the computer revolution serve to automate exactly those types of routine, mid-skill jobs that were performed by the middle class. In his words, "computer technologies have shrunk the size of the middle class, put downward pressure on unskilled workers' wages, and reduced labour's share of income." And after reviewing technological developments in the field of artificial intelligence, he expects the trend of labour-replacing technology to continue, perhaps for decades, with unfortunate consequences for low-skilled workers, especially those without a higher education. Although Frey focuses on the US, this phenomenon of labour market polarisation has also been observed for many European countries.

The book offers a rich account of the history of automation, but for a book that looks at the political implications of technology, the treatment of technological innovation itself feels remarkably apolitical. This holds especially for the chapters discussing the industrial revolution and developments since then. For Frey, technology is either labour enhancing or replacing, and the consequences for workers are vastly different. But can we ascribe such labels to technology, outside a given social and economic context? At times, he admits that there are many other factors at play in determining the fortunes of workers, such as education levels and labour market institutions (collective bargaining, minimum wages, etc). And yet, he considers that the rising incomes for workers in the West in the 20th century can best be explained by technology itself. Similarly, for Frey, the negative outcomes for workers since the 1980s are mainly the result of labour-replacing computer technology, and to some extent globalisation. But what about the deregulatory agendas in many countries, the decline in trade union membership, and the financialisation of the economy?

Moreover, because Frey treats technological innovation as a given, his policy suggestions come across as unduly narrow. If indeed technology is a deus ex machina, then policymakers can only try to dampen the resulting inequalities as best they can, with retraining initiatives, relocation vouchers, and income support schemes. But is that really all that policymakers can or should do? Early on, Frey quotes the historian Jane Humphries, and notes that during the industrial revolution in the UK, "manufacturers were well aware of the advantages of inventing in ways so 'as to bypass artisan practices and controls and so sap resistance to change.'" In other words, the nature of innovation was not given, but actively shaped by people who had an interest in hiring children instead of skilled adults because children were both cheaper and easier to control. Hence, the nature of 'technological progress' is part of a struggle for power. Is it a coincidence, then, that the moment the UK started to restrict child labour from the 1830s onwards, things started to improve for workers?

There are economic historians, such as Carlota Perez, who have underlined the importance of public policy in the shaping of industrial revolutions. The New Deal would be an example of that in the past. Today, the Green Deal looms large. For Frey, such interventions cannot really be considered, because technology is exogenous to his model. But discussing the implications of artificial intelligence for workers, without considering who is shaping the technology – currently less than a dozen global firms – makes for an incomplete picture.

Justin Nogarede,
Digital Policy Adviser at FEPS

The pandemic and capitalism

Will we learn from this crisis that our present precarity capitalism must be brought to an end?

by James K. Galbraith

Albena Azmanova

"Capitalism on Edge: How Fighting Precarity Can Achieve Radical Change Without Crisis or Utopia"

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Columbia University Press, 2020

Once in a long while a new book comes along that challenges prevailing patterns of progressive social and economic thought in a way that is both deep and far-reaching, yet still evidently originating from within the critical left, so as – potentially – to prove persuasive to thoughtful and open-minded progressives. **Capitalism on Edge** is such a book.

The author, **Albena Azmanova**, a reader of political and social thought at the University of Kent in the UK, develops a synoptic treatment of the modern history of capitalism, which resolves into roughly four phases. The first, called *liberal or laissez-faire capitalism*, ran from the mid-19th century to the 1930s and featured the clearing out of the remaining legal vestiges of feudal hierarchy – such as slavery and the legal subordination of women – and in some cases also associated protections such as guilds, so that free labour and free capital could make their way through free markets. This system collapsed in the 1930s after the Great Depression. It was replaced, in Western democracies – in the United States during the New Deal and in Europe after 1945 – by **welfare state capitalism**, featuring regulation, social insurance, strong trade unions, and large, stable, national industrial corporations.

Welfare state capitalism succeeded for a generation; it tamed some of the tendencies toward crisis in capitalism while remaining sufficiently dynamic – and allowing sufficient personal liberty – to outlast the socialist and communist challenges from the revolutionary East. But it eventually fell prey to discontents, from both radicals and reactionaries. Azmanova observes that the successes of welfare state capitalism blurred the convention lines of class conflict in the West, through the emergence of a significant professional class and the diffusion of nominal ownership of capital assets, giving a large share of the population the perception of an ownership stake in the system. The security and community of the welfare state fostered the youth rebellions of the baby boomers – and these in turn brought on the reaction. Rising inequality imposes social discipline on the insecure.

The next phase was **neoliberalism**, which took hold after the stagflation of the 1970s and combined free trade with privatisation, deregulation, and fiscal austerity, relieved by bouts of tax-cutting and easy money, all contributing to a vast rise in inequalities. This system was justified by the necessity of "competitiveness" and defended with Herbert Spencer's old Social Darwinist clarion call: "There is no alternative." Neoliberal policies did not dismantle the welfare state all at once – many parts of it lasted a long time and some are still with us – but they undercut the accepted legitimacy of those policies and institutions, and spawned an intellectual reaction that moved onwards, not backwards, largely accepting the free-market critique of Roosevelt and Keynes and embracing the core tenets of the neoliberal view.

Neoliberalism received a shock at the dawn of our century with the bursting of the dot-com bubble and then 9-11, and an even bigger one with the financial crisis of 2007-2009. All this gave rise to a backlash from the left, at least in Western countries. This movement is characterised by the trope of exclusion of certain groups from the general prosperity, inflected

by a group consciousness and a politics of identity. The left in short became neoliberal in its core commitments. It no longer sought fundamental reform of the capitalist system, still less its overthrow. Instead the "progressive" view – as personified across the globe by luminaries ranging from Paul Krugman to Thomas Piketty – is to seek redistribution within the system, an economics combining growth with opportunity. Opportunities are to be delivered by education, affirmative action, anti-discrimination enforcement, and similar measures, plus a reorientation of the tax burden toward the ultra-wealthy in the name of social justice. Social entrepreneurship and self-help are other aspects of this worldview.

These measures aim to make neoliberal austerity – an ideology lent protective cover by calls for "fiscal responsibility" – more balanced and more fair, and to curtail the most egregious consequences of capitalism, including environmental injustice, extreme poverty, and differential life expectancy, so that they do not fall so heavily on people of colour or other marginalised groups. But those in the neoliberal left do not dispute the system itself. Nor do they question its success at delivering the goods in the form of material sufficiency and of incessant, seductive novelty in the experiences of consumption. Acceptable politics therefore resolves into a tussle between Hillary Clinton 2016 and Elizabeth Warren 2020, between "America is already great" and calls for wealth taxes and anti-trust regulations, to make capitalism work (somewhat) better than it actually does. To people with this perspective, Bernie Sanders and Jeremy Corbyn were beyond the pale.

▶ *The crucial divide within economies dominated by precarity is between a minority ensconced in a diminishing set of safe career paths or sufficient wealth not to bother worrying about that, and a majority living in persistent anxiety over the costs of health, housing, education, the quality of public services and other formerly ordinary attributes of middle-class life.*

Meanwhile, Azmanova argues that capitalism itself has moved on, leaving its neoliberal phase behind and the global left-neoliberal critique and prescriptions largely dangling in mid-air.

Precarity capitalism, Azmanova argues, is our fourth phase and has become the new face of the old system. Its main trait is not growth or competitiveness but instability, and its dominant form of inequality is not of income or wealth but of security and self-confidence. The crucial divide within economies dominated by precarity is between a minority ensconced in a diminishing set of safe career paths or sufficient wealth not to bother worrying, and a majority living in persistent anxiety over the costs of health, housing, education, the quality of public services and other formerly ordinary attributes of middle-class life. And to this, one might add the overarching fear of ecological limits, manifested mainly as climate change.

For a long time, left critics, including this reviewer, held to a view that crises would eventually breed a new politics, restoring elements of decency and authentic democracy to the social structures of the West. First Naomi Klein and now Azmanova have demolished this notion; Klein by showing in her 2007 book The Shock Doctrine how crises are manipulated – and even fostered – to generate neoliberal outcomes, and Azmanova by pointing out the consistent resilience of post-crisis capitalism. This has been at no time so evident as after the Great Financial Crisis of 2007-2009, which appeared, for a time, to be on the verge of bringing down the whole system. We face, Azmanova says, not a crisis of capitalism but a "crisis of the crisis of capitalism".

The shifting political paradigm that Azmanova describes is becoming more and more apparent. Donald Trump spotted it in 2016. And he won the presidency by placing himself, if only rhetorically, at the head of a revolt of the insecure, of people whose world no longer offered stable middle-class employment in regions enriched by the taxes paid by industrial corporations and their workers. To his followers, Trump offered a return to national capitalism under national control – an illusion, but one with resonance and bite. One could also see the Azmanova impulse in the youth movement that swept Bernie Sanders forward in 2016 on a platform of a $15 minimum wage, Medicare for All, tuition-free public college, and the Green New Deal – a quartet uniquely effective in speaking to the insecurities of the youngest voting cohort. One can see here why Sanders could not break through in 2020; his approach could not reach the older set who have spent their lives imbibing the neoliberal tropes.

Azmanova traces the defect of modern capitalism to its root: the predominance of the quest for competitive profit, which has of course been the leading feature of the system, its life force, since its beginning 500 years ago.

What is needed is a reversal of a canonical late-20th century error: conflating economic success with shareholder value, devil take the hindmost. That prescription was avidly advanced by economists in the 1970s and 1980s, such as Milton Friedman and Michael Jensen, and avidly promoted thereafter by tycoons and CEOs. Its fatal flaw was time-inconsistency: what maximises the stock price on any given day bears no relation to the requirements of maintaining the firm, nor to the production of economic value over time. It is, rather, what fosters predatory finance and executive larceny – the Western equivalents of nomenklatura privatisation, which turned much of Eastern Europe over to oligarchs after autocratic socialism collapsed.

There is perhaps one thing that Trump and his cohort have grasped that would usefully complement the agenda of solidarity, sustainability,

social insurance, and countervailing power that emerges from this book. And that is that the failure of the neoliberal model to deliver on its promises of growth through competitiveness and "tough love" for ordinary workers and the poor is not due solely to the fact that it handed Anglo-Saxon capitalism over to predators, thugs, and fraudsters posing as financiers. It is also due to actual existing competition from better-performing systems. We must consider the fact that Anglo-Saxon money-manager capitalism is not the only economic system out there in the world today. There are alternatives. And not only that: experience shows us that the alternatives are superior, both in delivering competitiveness and in improving living standards and reducing extreme poverty, as well as in retaining the capacity to respond to an extreme crisis, coming, for instance, from the biosphere.

A mixed economy featuring corporations with long-time horizons, stable relationships with their bankers and countervailing power was never wholly dismantled in Germany, in Scandinavia or Japan, and it took root in Korea, where it survived several severe financial shocks that would have demolished it in Europe or North America. These serve as the prime examples of successful resistance within the West to untrammelled exercise of financial power.

And there is China. The Chinese state, which prizes above all autonomy, predictability, and social stability, and if not always firm control of its banking sector, has the willingness to override that sector's autonomy whenever necessary. China is no democracy, and modern China was built on many epic disasters, including the famine and Cultural Revolution, none of which appeal as models. But that it is a functioning society capable of mobilising to meet vast challenges has never been clearer than in recent days. And one can say the same of South Korea, and perhaps of Japan, while in Europe Germany is, so far, the best prepared to handle the coronavirus crisis.

What is the source of this resilience? It is not, of course the leadership of a Communist Party,

which does not exist in Korea or Japan or Germany. What these societies share is that over four neoliberal decades they maintained their large industrial corporations as going concerns in line with national strategies, along with their productive base and social organisation; they did not give everything over to the market. And over those decades, put to the test against the neoliberal corporation dominated by Wall Street, there is no doubt which side won out.

In the crisis now upon us, the issue before the Anglo-American side is whether the reality of our situation will now sink in. Will we recognise, in time, the need to mobilise all our resources, to socialise our health system and keep the supply chains open until the virus can be contained? Will we realise that when this is done, life will not be what it was before, and that a vast reorganisation of economy and society will be necessary? Or will the neoliberal ideologues in control succeed in squelching that debate – which they are trying to do, at this writing, by focusing on bailouts and stimulus in the belief that somehow the bubbles now bursting can be re-inflated in a few months? Will we remain mired in illusions of growth, with or without equity and inclusion? Or will we now finally displace those illusions, with a new wave that understands the nature of precarity capitalism and what must be done, as Albena Azmanova has so ably set forth in Capitalism on Edge.
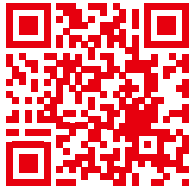
This is a shortened version of a review published earlier in Democracy Journal.

James Kenneth Galbraith, professor at the School of Public Affairs and at the Department of Government, University of Texas (Austin)

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Avenue des Arts, 46
1000 Brussels - Belgium
+32 (0)2 234 69 00
info@feps-europe.eu
www.feps-europe.eu