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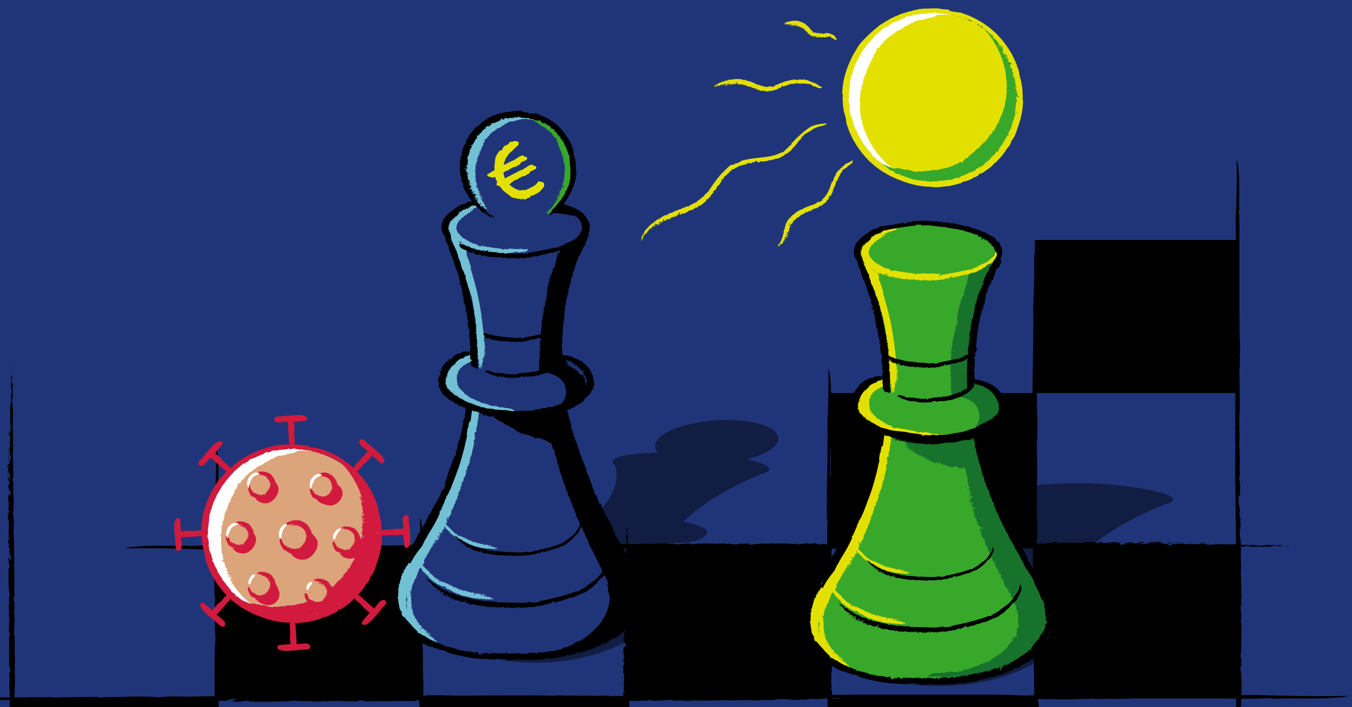

DEFEATING COVID-19
INVESTING IN THE GREEN DEAL

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The Progressive Post

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For a Recovery Plan transforming the European project

by Maria João Rodrigues, FEPS President

All crucial moments in the history of European integration have been like this: a deep crisis, a risk of collapse, and then the invention of a new collective solution. Will it be like that this time again?

When current the legislature began, the European Union already had challenges enough. Then the COVID-19 crisis came, and it has now become a strong catalyst for all these challenges and political choices. There are moments when history moves at higher speed – and this is one of them. The virus is multidimensional and so is the crisis: it set off as a public health crisis, but now it paralyses and hinders economic activities, destroys jobs and incomes, undermines livelihoods, depletes public finances and shakes up our democracies.

After weeks of disarray, the European Union is now articulating its response under the star of a more enlightened vital solidarity among all Europeans. It became clear that the emergency phase would be followed by a deep recession requiring a powerful economic stimulus to avoid a downward spiral of less jobs and decreasing salaries, of less consumption and production. This is the time to design and launch a powerful recovery plan, but with three main caveats:

First, the recovery must be about transforming our future and not just about going back to our past. Creating the conditions for a healthier life, a better relationship with nature and the planet, stepping up the transition to a low-carbon economy in all sectors, making the best of the new digital solutions, rebuilding European supply chains, protecting our strategic assets, strengthening European strategic autonomy, and developing our cooperation with neighbour and international partners.

Second, this recovery and transformation should be for all Member States, regions, and citizens and not just for a few of them, otherwise the existing divergences will create a dangerous fragmentation inside the European Union. Implementing the European Social Pillar everywhere should be a central compass.

Third, this historical breakthrough for the European Union can only be materialised if there is an agreement on the financial means to deliver it. When these are the objectives, – reshaping our development model and overcoming big social divides – the monetary policy and liquidity support are no longer enough. We need to use fiscal policy and develop the capacity of our public budgets at national and European levels.

Making a historical parallel – even if the European proportions are much smaller – in order to overcome the Great Depression of the 1930s, President Franklin D. Roosevelt introduced three main financial innovations: a bigger federal budget, to be financed by federal borrowing in the markets, which should be backed by new federal taxes. **The time has come for the EU to take bigger steps to give a European future to the generations to come.**

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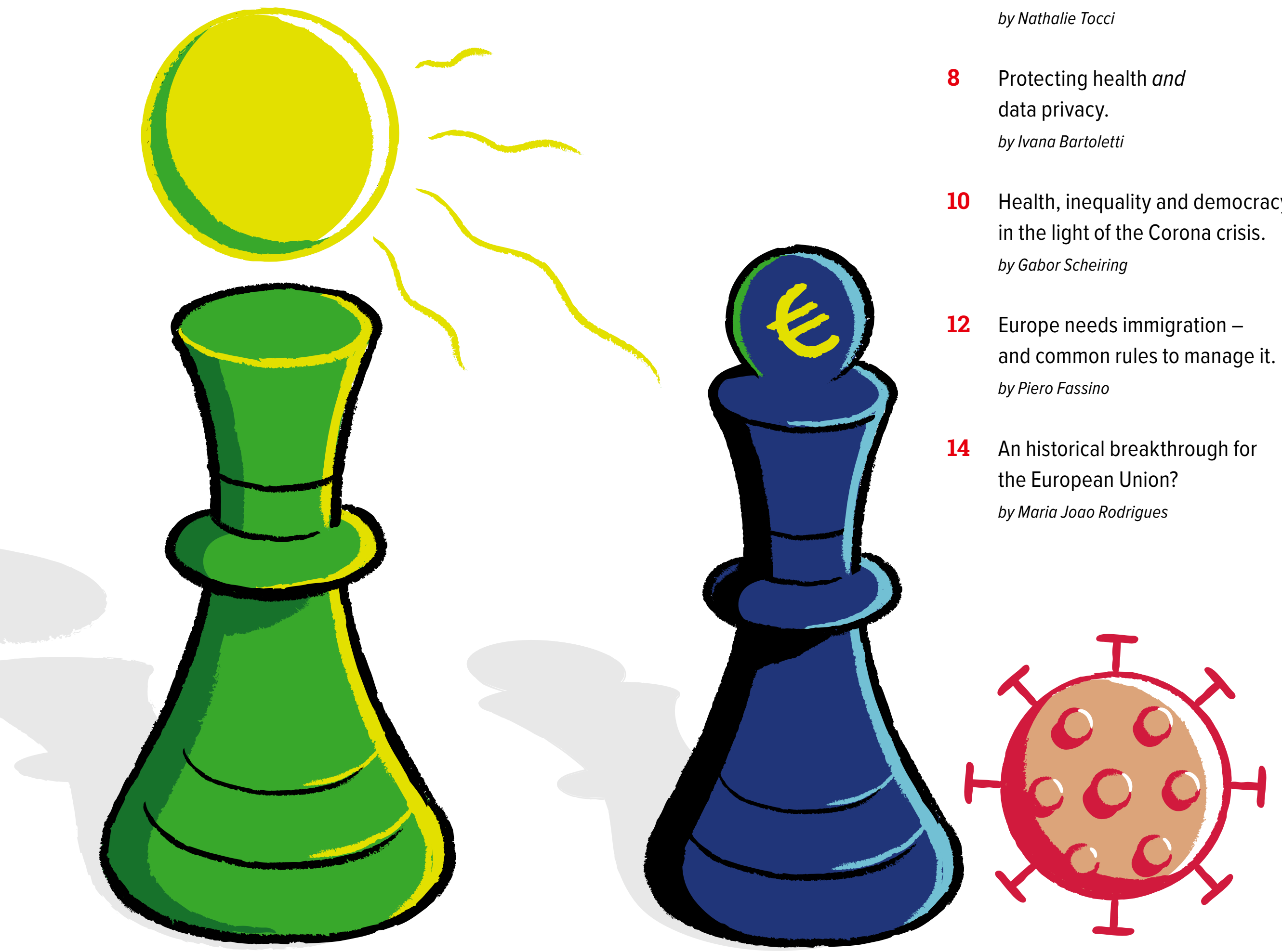

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It is time for the courage to show solidarity!

by Gesine Schwan

The corona crisis has finally exposed the danger of the "private over state" priority practiced in the past thirty years. For a while already, the need to adequately finance public goods had become clear in many places. Now, no reasonable person will contradict that anymore. In view of our European and global interdependences, the same applies to the productive power of solidarity and its sheer need for survival. Both speak for the political and vital importance of basic Social Democratic values.

It would therefore be important as a guideline that Social Democratic responses to the corona crisis clearly reflect these basic values. Social Democrats see freedom, justice and solidarity in an inseparable structural context. We believe that freedom, which knows its responsibility for justice and solidarity, and does not simply focus on individual private interests, leads politics best and in the most sustainable manner.

In the European Union, over the past 15 years, the German Social Democrats (SPD) have often failed to clearly implement this orientation in their de facto policies. That is why we do not have a reputation for being particularly solidary or fair towards our neighbours. Now we have a new chance to prove that reputation wrong.

But this chance received a “bump” right at the beginning when we did not at least prevent the export ban on medical goods to Italy. How serious this stubborn lack of solidarity is – whoever was responsible for it – can be seen in the handwritten “apology” letter from President Steinmeier to the Italian President. Things like that must not happen again.

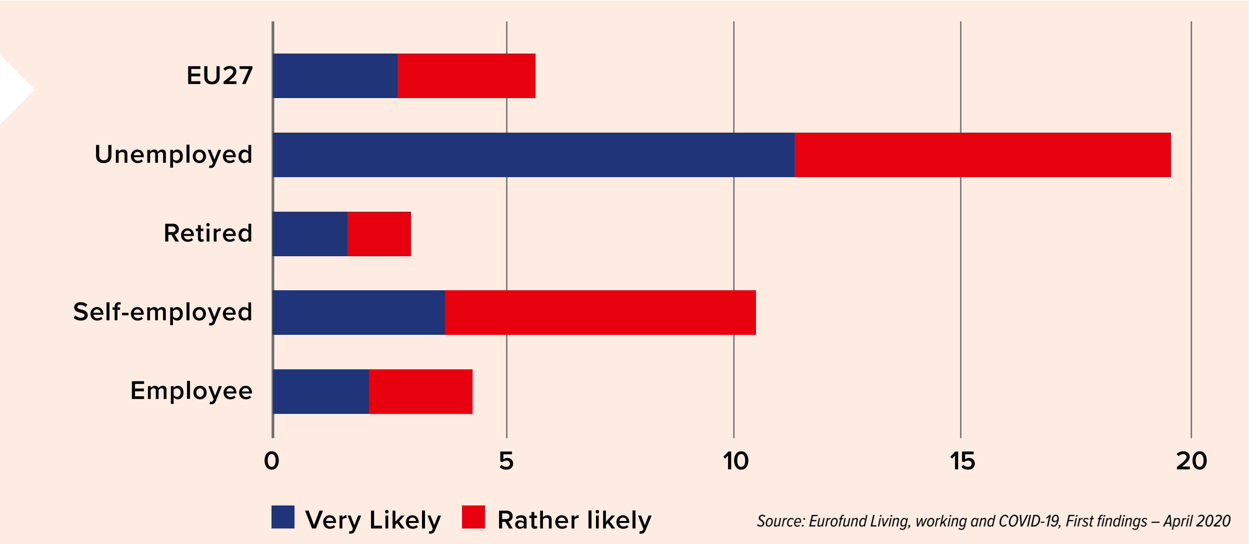
In day-to-day politics, we not only underestimate the long-lasting negative effect of what seems to be our un-solidarity, but above all the great positive opportunities that a clearly solidarity-based policy holds – for Europe’s cohesion as well as for our own political opportunities. However, symbolic gestures only count in the long term if they clearly preclude any interpretation of having been used instrumentally. The prototype for this is Willy Brandt’s “Warsaw genuflection” in 1970, when the then West German Chancellor, Willy Brandt, spontaneously and very surprisingly, knelt in silence for a minute in respect to the victims of the Warsaw Ghetto Uprising. The German aid packages during the martial law in Poland are equally unforgotten there.

As chair of the SPD Fundamental Values Commission, I urge to recognisably show solidarity in the financing of post-pandemic economic reconstruction in Europe, which surely can include criteria for responsible lending and use. These would also have to be formulated for corona bonds.

The use of the European Stability Mechanism (ESM) has – apart from all economic and legal considerations – the disadvantage that for many European countries and societies it at least formally connects to a past with German dominance and to a “reform” conditionality that is psychologically heavily burdened. The imposed “reforms” have, in fact, contributed significantly to the current shortage of public goods in the healthcare system. If German

> *In the long term, symbolic gestures only count if they clearly preclude any interpretation of having been used instrumentally.*

Social Democrats now insist on continuing to follow the logic of the ESM or even refuse to fund solidarity at all, all chances for a new and solidarity-driven start in Europe are wasted. German Social Democrats have a key position here for Europe and therefore also a great



responsibility. With the ESM, at least a radical change in conditionality, if possible, in the sense of sustainability, should be jointly defined at European level.

The central point is that the dominance of German financial policy under Wolfgang Schäuble has humiliated the other Europeans. This must not be repeated. The smaller northern European countries that participated in this would perhaps have acted differently, had the attitude in Germany been different.

It is therefore important that all echoes of the previous know-it-all attitude that repeatedly suspected all others of irresponsibility and which – despite European interdependency – attributed every German success exclusively to her skills and merits are strictly avoided.

> *The dominance of German financial policy under Wolfgang Schäuble has humiliated other Europeans. This must not be repeated.*

This also means that the Germans must help to compensate for the currently poorer economic starting positions, especially for the southern Europeans (for whom we are jointly responsible). This worse starting point after the virus must not lead to worse credit conditions for the reconstruction than for example for the Germans. A corona fund could make this compensation easier. It would also clearly state symbolically: we want to promote Europe together. And it is not even a question of joint debt servicing, but of a guarantee which, given the ECB's announced policy of buying bonds without a cap, would not even become effective.

> *Germany must help to compensate for the currently poorer economic starting positions, especially that of some southern European states.*

A procedure should also be followed for the formulation of the criteria for the use of credit, in which everyone can contribute with their various interests on an equal footing and in which one, first of all, listens to each other! Everyone will have an interest in the fact that responsibility is anchored institutionally or that the infamous "moral hazard" is excluded.

If this is settled, Social Democrats must have the courage to clearly represent solidarity as joint liability – after all, that is the essence of solidarity – and at the same time show its economic and political advantages. They should not again bow to the cheap propaganda – and its petty bourgeois background – against "paying for the debts of others".

In this crisis, we must bravely seize the opportunities of a new, solidary-driven start in Europe.

> *Social Democrats must have the courage to clearly represent solidarity as joint liability.*

Gesine Schwan, President of the Viadrina European University and Chair of the Fundamental Values Commission of the German SPD.

COVID-19 and the uncertain future of the transatlantic bond

by Nathalie Tocci

COVID-19, the global pandemic caused by the coronavirus, will likely become a defining feature of our age. This is not simply because this global crisis will probably have political, economic, and social repercussions reverberating across all world regions for years to come. It is mainly because these consequences may well accelerate the dynamics if not tip outright the balance from one international order to another one.

That the world had exited its unipolar moment, in which the United States dominated world affairs, we have known for a long time. For over seventy years, Washington was the pinnacle of an empire, which was first confined to the "free world" during the decades of the Cold War, and then extended to all corners of the globe with the fall of the Iron Curtain. The European project was born in this context, seizing its crises and transforming them into opportunities, as the decades went by. Likewise, the transatlantic bond, the strongest web of political, security, cultural, economic and social relationships two continents separated by an ocean have ever seen, was embedded within this international system.

This system started cracking as multiple centres of power, starting with China, emerged and a growing rivalry between them took root, amidst weakening values of openness and cooperation. In this context of great power rivalry, the transatlantic relationship has languished. Over the decades, relations between the US and Europe lived through countless ups and downs. But the last four years have seen something categorically different. For the first time, the US has been led by a President that has seen in the EU and its values an adversary, a rival and at times an outright enemy that needs to be defeated.

COVID-19 needs to be seen in this context, which also explains why this global pandemic can trigger an irreversible tipping point in the international system. By magnifying and accelerating both the weakening of the US's global leadership and the structural transformation of the transatlantic bond, COVID-19 may well become the single most important event defining the future of the once called West.

COVID-19 may well become the single most important event defining the future of what once called 'the West'.

When it comes to global leadership, China, originally the bête noire of the coronavirus, may end up as the victor of this global crisis. In part, this is because it was the first to successfully curtail the virus at home through draconian lockdowns that Western countries, beginning with Italy, have grudgingly but invariably followed. True, European countries have closed in a manner attuned to their open political systems. There has not been the massive physical control and manipulation of public information we have seen in China, nor the extensive collection of citizen data to limit contagion that could eventually also be used for other purposes. However, we do not know yet whether our "democratic closure" will prove as effective as China's "authoritarian"

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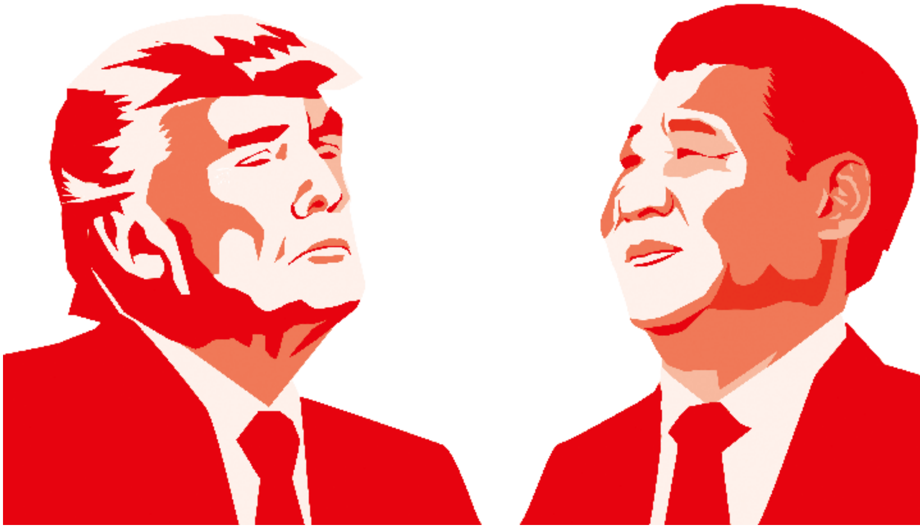

one, and in any case, in our European way we have followed the Chinese model, rather than the South Korean, Taiwanese or Hong Kong ones.

Beijing's display of solidarity stands in stark contrast to Washington's disdain for a "foreign" virus and its unilateral travel ban on its supposedly closest allies in Europe.

Moreover, China's global role in the COVID-19 crisis has made the inadequacy of the former global hegemon – the US – painfully obvious. Beijing's display of solidarity by sending plane and shiploads of protective masks, testing kits, ventilators, respirators and medical staff, as well as its vast global outreach with offers of knowledge transfer, stands in stark contrast to Washington's disdain for a "foreign" virus, its unilateral travel ban on its supposedly closest allies in Europe, its inhuman tightening sanctions on coronavirus-infected Iran, and its pathetic attempts to secure exclusive American rights to a vaccine in development in Germany. So far, China is winning the propaganda war by a wide margin.

The weakening of the US's global leadership will reverberate systemically across the European Union. Here, however, the fate of the transatlantic relationship remains an open question. One path, upon which the former transatlantic partners alas are on, would see the US persist in its global retrenchment, whereby "America first" means "America only" at the cost of all others, beginning with Europeans. It is a path in which from trade to defence, from energy to public health, a vicious cycle would swirl uncontrolled across the Atlantic severing the multiple bonds tying our peoples. On this path there would be no winners in the West, while others across the globe smirk content.

There is another path, however. One in which COVID-19, by highlighting the heinous inadequacy of US governance at home and US leadership in the world, would impact upon domestic political trends and the outcome of the November 2020 presidential elections. It is a path in which a new administration, rising from the debris left by its predecessor, would dedicate itself unremittingly to the arduous task of fostering, perhaps not an exclusive, but a nonetheless powerful global leadership, beginning its work by rebuilding broken bridges across the Atlantic. Were that hand to be offered across the Atlantic, Europeans would no doubt seize it. Because regardless of the sirens of nationalism, populism and closure, the truth is that the European Union is and can only thrive if founded upon cooperation, openness and integration. And in this European endeavour, the transatlantic bond remains key.

Regardless of the sirens of nationalism, populism and closure, the truth is that the European Union is and can only thrive if founded upon cooperation, openness and integration. And in this European endeavour, the transatlantic bond remains key.

Nathalie Tocci, director of the Istituto Affari Internazionali

Protecting health *and* data privacy

by Ivana Bartoletti

Ethics and privacy are back to the top of the agenda in the middle of the COVID-19 pandemic. The fact that we are talking so much about Zoom's privacy settings now is because we know personal information matters. They are the bedrock of our tech-driven societies, but they are also our intimate information, the details about us that constitute our persona. The challenge is not to pitch privacy vs health, but to find way to protect both.

The COVID-19 pandemic is the largest health crisis to have happened in a new technological and data driven era – one which can still amaze us with news of wonderful creations we can get our hands on today or that are just around the corner. It amazes us for all the wrong reasons too, with its massive power to harm us. The scandal of Cambridge Analytica and others was a deafening awakening for many, showing how our digital infrastructure has gone so wild, unfettered, and unaccountable.

Human rights, transparency, and the rule of law matter in a moment of crisis as much as they matter in our normal life. And not just because the habits developed and corners cut at a time of emergency tend to become a new norm, as Yuval Harari brilliantly explains. But because the dichotomy of emergency versus normal life is not as straightforward as it seems when it comes to COVID-19.

Co-habitation with the virus is going to go on for some time, thus making this pandemic an emergency without an expiry date. This is problematic, because an emergency means that the normal checks and balances are not in place. Hungary for example is accused of using this situation to impose autocracy and undermine democracy by, for instance, taking away funding from political parties.

During and after the COVID-19 crisis, the scale of change is already and will continue to be enormous. Through job losses, in the first place, with automation and robotics likely to speed that up even more. Through disruption to our global supply chains. And with lockdown starting to ease, management of the pandemic will become a daily task for everyone. This will entail giving over our location, our medical information, our movements, in order to allow us to enjoy our shared spaces once again and return to the real economy. But at what cost?

Let's think it through. Technology allow us solutions that were unthinkable during previous similar situations (for example during the 1918 Spanish flu). We are already experimenting with digital contact tracing – which, by flagging contact with someone with COVID-19, could give us some advantage over the virus by forcing isolation at an earlier stage, even if no symptoms are yet shown. And solutions are being developed which allow all this to happen without the need to share details of the individuals involved, thus safeguarding privacy. Discussions are ramping up across all countries.

> *Human rights, transparency, and the rule of law matter in a moment of crisis as much as they matter in our normal life.*

The dichotomy of privacy vs health, as much as privacy vs the economy, is only going to get worse as tech presents solutions to (allegedly) help our return to normality: facial recognition could identify those who should be quarantined and sanction them if they recklessly put

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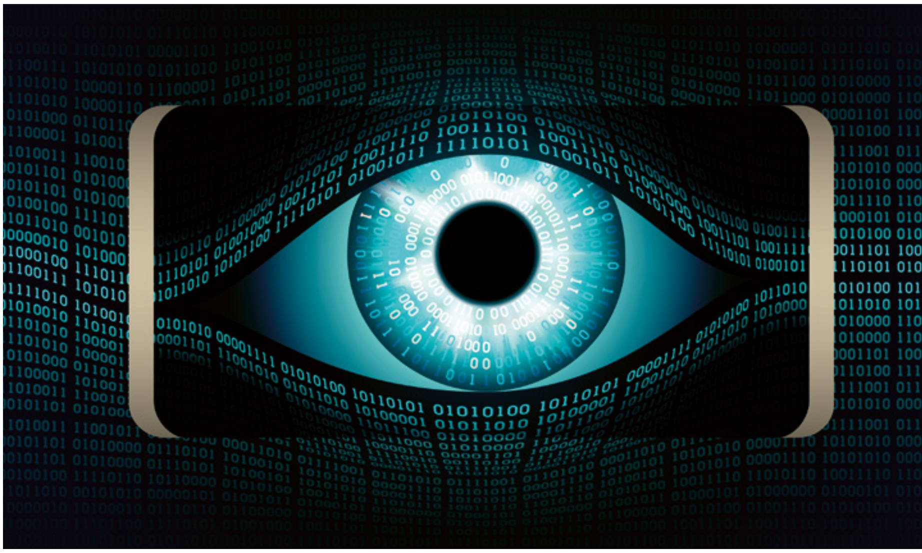

the lives of others at risk; our smart technology at home could identify and report a cough which could reveal that we have the virus. Our temperature could be automatically checked as we enter a building, be it a pub or an office.

The time to get this right is now, as we navigate the emergency with an eye to the future. The most important point is that we must not fall into the trap of pitching privacy vs health. Rather, the key question that we have to ask ourselves is how we can achieve public health benefits without surveillance. There is no doubt that misuse of data is to be avoided, but missed use needs to be avoided too: when we miss opportunities to harvest data that can give us insights and resources to tackle this invisible enemy.

The key question that we have to ask ourselves is how we can achieve public health benefits without surveillance.

The problem is that our response to the new coronavirus is built on the digital landscape as we know it, and that is one where a huge part of our interactions and exchanges online have been colonised for data extraction. No surprise then that people are worried that the current trends of surveillance and datafication could mean that COVID-19 data of today is at risk of being used for much more punitive and negative purposes once the emergency is over. For example, what if insurance companies get access to medical information or our location data gets exploited for other purposes, including marketing?

However, this is also the time to rethink the concept of personal data, moving away from a purely individual right to a collective value. More than anything, this crisis has taught us how interdependent and interconnected we are: our own health depends on someone else's wellbeing. Valuing personal data as a great public asset is the challenge that we have in front of us. We need to think of infrastructures and digital reforms that help us safely harness individual information for the benefit of all. We will be measured on how we are able to create a new narrative about personal data which enables us to move from data extraction to data value.

At this fragile time for society and us all individually, ethics matter more than ever. Being able to create a progressive narrative about the digital matter even more. And the story is not about hindering progress or standing in the path to our freedoms. Quite the opposite: it means that we can leverage the full potential of data and do so responsibly as fully fledged digital citizens.

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Ivana Bartoletti, data privacy and ethics expert, chair of the executive committee of the Fabian Society and author of "An Artificial Revolution: On Power, Politics and AI".

Health, inequality and democracy in the light of the Corona crisis

by Gabor Scheiring

The first phase of the battle against the coronavirus is getting close to its end. However, as John Maynard Keynes warned, it is not enough to win the war, but we need to win the peace too. Already before the current one, Europe was facing a multiplicity of crises, each potentially deadlier than the corona crisis. Only bold, progressive cooperation can save the future of Europe.

The way the economy assigns value to goods, services and work – the process of economic valuation – shows profound imbalances. Several countries at Europe's Eastern and Southern rim saw a steep increase in inequality following the 2008 financial crisis. The gap between the rich and the poor grew the most in Hungary, Italy, and Bulgaria in addition to Luxembourg, but Spain and Lithuania also became more unequal. Several European nations also saw an increase in precarious, atypical, temporary, and part-time employment and a concomitant rise of in-work poverty. Labour market protection was slashed to spur growth and tease investors. Inequality and labour market precarity lead to health problems throughout Europe, and increased countries' vulnerability to health shocks, such as the coronavirus. Some even demanded human sacrifice at the altar of economic production in the face of the corona crisis.

Italy, Greece, Spain, Portugal, Hungary and Latvia saw deep cuts to their health care budgets after 2008. Even worse, in Italy, the number of acute care hospital beds was halved during the past 20 years as the country has struggled to please lenders. However, maintaining a primary budget surplus since the beginning of the 1990s did not help Italy to bring down debt. Austerity and recurring economic crises have killed Italy's growth prospects, which even ended up increasing the country's debt. Health and social care spending cuts since 2010 were linked to nearly 120,000 excess deaths in England alone. In addition to institutional pressure in the form of debt conditionality, the global race to the bottom on taxation is another major factor behind the austerity trap. Taxes on capital have declined in several European countries as governments compete with each other to attract footloose capital. European tax havens– Luxembourg and The Netherlands being the worst offenders – cost billions of lost revenues each year in countries such as Italy, hindering the fight against the coronavirus.

Economic malfunctioning is also linked to ill health structurally. Diseases of despair and the obesity epidemic, which are among the most critical contributors to premature mortality, struck many developed countries even before the coronavirus. The power of big food companies, deindustrialisation, the increased anxiety generated by precarity and reduced predictability, and growing inequalities are major contributors to these chronic health problems.

> *In Italy, the number of acute care hospital beds was halved during the past 20 years as the country has struggled to please lenders.*

The health of people and the health of democracy are intertwined. People left behind in regions struck by diseases of despair, workers facing precarity and the prospect of downward mobility have a higher tendency to support anti-establishment parties. Trump's popularity in health-deprived regions of the US, the high share of Brexit votes in the unhealthiest towns in the UK hit by years of austerity, or the rising popularity of Lega Nord among workers in deindustrialised towns in Italy are cases in point. Strongman politics is on the rise throughout the world – the quality of democracy is declining globally.

▶ *Diseases of despair and the obesity epidemic, which are among the most critical contributors to premature mortality, struck many developed countries even before the coronavirus.*

But political strongmen promising a better life to their voters and 'taking back control' only exploit these same people behind the scenes. That's what Hungary's Prime Minister Viktor Orbán did with his most recent power grab, allowing him to rule by decree without time limit on the pretext of fighting the coronavirus. While most European countries increase public spending to protect vulnerable populations, Orbán uses the crises to pursue his Social Darwinist politics further, suspending the labour code to force workers and employers into 'flexible' solutions, without offering any meaningful assistance to the unemployed.

The government recently ordered hospitals to free up 50% of their beds, sending home thousands of severely ill people. Doctors and hospital directors criticising this measure are muted or fired. Many believe that the government uses the corona crisis to downsize public health to make markets for loyal national capitalists in the private health sector in the long run. Orbán's recent authoritarian move serves to mute the social opposition against these Social Darwinist policies. This is not new: authoritarianism has been a central pillar of Orbán's capitalism since 2010.

However, political bullies like Orbán, Salvini or Trump are not the root cause of today's multiple crises. They are reckless political entrepreneurs who exploit every structural opportunity offered by the crises generated by faulty economic structures. The crisis of economic valuation, the health crisis, and the crisis of democracy have a shared root: the power of big businesses, footloose capital, and the false myth that our societies need more market competition.

Does Europe have a chance? Democratic capability-enhancing developmental states have to be the protagonists in this drama if we want to avoid unnecessary suffering. The most valuable things – public goods such as health, sustainability or inclusive development – cannot be entrusted to the markets. Instead of maximising growth and competition, the goal of economic policy should be to maximise life chances for current and future generations. Instead of the fantasy of trickle-down economics, we need to ensure inclusive growth through progressive income taxation, wealth taxes and new forms of economic democracy.

▶ *Orbán, Salvini or Trump are not the root cause of today's multiple crises. They are reckless political entrepreneurs who exploit every structural opportunity offered by the crises generated by faulty economic structures.*

Nation states cannot achieve these transformations without progressive European cooperation. Although European elites took some baby steps in the right direction, the EU's response to the corona crisis has been dangerously weak so far. Instead of solutions that individualise responsibility at the level of nation states, Europe needs shared debts to fund economic recovery and prevent any further increase in the gap between Europe's Northern core and the Southern and Eastern rims. The EU also needs to curtail the power of footloose transnational capital and parasitic national bourgeoisies by closing European tax havens and curbing the downward race to the bottom on taxation by introducing European taxes. Institutional pressure for austerity has to end, and labour market precarity has to be reduced. Europe also needs to secure at least as much funding for a brave European Green New Deal as it did to save the banks after 2008.

▶ *Europe's conservative elites need to realise that they have to safeguard democratic quality with at least the same vehemence with which they were willing to enforce austerity after 2008.*

And finally, Europe's conservative elites need to realise that they have to safeguard democratic quality with at least the same vehemence with which they were willing to enforce austerity after 2008. Otherwise, nationalist authoritarians will completely derail the dream of a sustainable, free and just shared European home. There is no solution to today's intertwined crises without more European solidarity and more progressive politics.

Gabor Scheiring, political economist and sociologist.

Europe needs immigration – and common rules to manage it

by Piero Fassino

The Italian government has recently adopted a regularisation measure for 200,000 hitherto irregular migrants. The decision was taken for two reasons: on one side to prevent the COVID-19 pandemic from spreading to a population living in precarious conditions, by allowing access to the healthcare system as well as the possibility for health and labour authorities to make sanitary controls and most exposed to the risk of infection; but on the other side it was also to recognise these workers' dignity and rights, freeing them from the exploitation of the black market of low-skilled labour. Recently, the Portuguese government has taken similar steps.

Predictably, the political right and populists have vociferated to what they called a scandal, denouncing an 'invasion of foreigners' and further fuelling an atmosphere of fear and alarm. The hypocrisy of this behaviour is evident. Those who will be regularised did not land in Italy only a few months ago. They are migrants from Ukraine and the Balkans, from the Maghreb, Sahel and equatorial Africa, from Peru and other Latin American countries, who have been in Italy for years, mainly employed in agriculture, housekeeping, the care industry and construction. The political right perfectly knows this, just as they know that those irregular workers perform jobs that not many Italian citizens are willing to carry out.

Even if pushed by the health emergency, the regularisation of those migrants has been a choice of civilisation, which should urge the whole European Union to finally adopt a European immigration strategy. Immigration simply cannot be managed on a country-by-country basis.

▶ *Even if pushed by the health emergency, the regularisation of those migrants has been a choice of civilisation.*

Those who, in recent years, have irregularly landed on the coasts of Italy, Spain and Greece were in reality looking for Europe, which, in their eyes, is a single large territory where they hoped to find the dignity and the certainties that they couldn't find where they were born. Not accepting this evident reality and believing that Europe must raise walls, close ports, and erect barbed wires is an expression of blindness. On the other hand, in recent years, all European countries have absorbed and integrated hundreds of thousands of refugees and migrants without this having caused any risk. In 2019 alone, 300,000 refugees obtained asylum permits in the 27 EU countries – including 116,000 in Germany, 42,000 in France, 38,000 in Spain and 31,000 in Italy.

The demographic dynamics seems to indicate that by the of the century Africa could go from the current population of 1 billion to maybe 4 billion. In the same period, the European population is likely to decrease substantially. Without immigration, and to maintain the current level of growth and prosperity, Europe would need to resort to extreme measures like setting the retirement age at 80 for all European citizens by the end of the century.

This is obviously impossible and, even if it were possible, the competitive gap of such an elderly workforce would seriously penalise Europe compared to much younger continents. In any case, those figures clearly show that Europe needs an additional demographic contribution, which can only come from immigration.

In short, it is urgent for the European Union to adopt strategies and tools to manage migration flows in an orderly, legal, and crystal-clear way. Refugees need a single European asylum system, humanitarian corridors, and redistribution programs in all 27 EU countries. And for economic migrants, within the framework of a Europe-wide strategy, bilateral agreements between European countries and countries of origin are needed for responsibly managed migration flows. The rules for granting citizenship, for training and integration should be harmonised. And since most of the refugees and migrants come from Africa, a Euro-African Migration Compact, as part of the Global Migration Compact, signed by both the European Union and the African Union, would be a valuable tool for shared governance of migratory flows.

> *Figures clearly show that Europe needs an additional demographic contribution, which can only come from immigration.*

> *Guaranteeing dignity and rights to every woman and man is the most effective way to make a society safe. And it is all the more true today, in the face of COVID-19.*

These are rational common-sense objectives which nevertheless encounter resistance and hostility in many governments, concerned about the reactions of public opinion. Of course, we know that those concerns exist. But it's not by fuelling fear and hostility that citizens are reassured. Those who have government responsibilities must free the topic of migration of the fears that are attached to it. And it can and must be done with reception and integration policies that demonstrate the contribution of migrants to the social and economic life of a country, and that also highlight the manifold opportunities that a multicultural society offers.

Guaranteeing dignity and rights to every woman and man is the most effective way to make a society safe. And it is all the more true today, in the face of COVID-19, an epidemic that spreads rapidly in every territory, in every nation, on every continent and can be fought off only if all inhabitants, including refugees and migrants, can benefit from the public health care – for prevention as well as for cure.

Piero Fassino, Vice-President of the Foreign Affairs Commission of the Chamber of Deputies, Italy

An historical breakthrough for the European Union?

by Maria Joao Rodrigues

All crucial moments in the history of European integration have been like this: a deep crisis, a risk of collapse, a new collective solution. Will it be the same this time around?

Source: EC - Audiovisual Service

When the current legislature began, the European Union already had challenges enough: big power games on the global stage, new geo-strategic tensions, weakened multilateralism, digital competition, climate change, increasing social inequalities, a surge of national-populisms, the alarming signal of Brexit. In face of all these, the choices were already clear: either muddle through and risk the fragmentation of the EU back into national entities or push for a qualitative leap with stronger European solutions. Nevertheless, in this last case, another big choice would have to be made between just strengthening the strongest to the lead of the European Union or providing the conditions for all Member States, regions and citizens to improve their lives.

There are moments when history moves with a higher speed, and this is one of them.

Then the COVID-19 crisis came and it has now become a strong catalyst for all these challenges and choices. There are moments when history moves with a higher speed, and this is one of them. The virus is multidimensional and so is the crisis: it started off as a public health crisis, and now it paralyses or hinders economic activities, destroys jobs and incomes, undermines livelihoods, depletes public finances and shakes up our democracies.

The European Union is now articulating its response under the star of a more enlightened vital solidarity among all Europeans.

After several weeks of disarray, the European Union is now articulating its response under the star of a more enlightened vital solidarity among all Europeans. A first package of financial instruments was launched to respond to the emergency of saving lives and saving jobs, including the innovative temporary Support to mitigate Unemployment Risks in an Emergency (SURE) and the powerful ECB bazooka.

Nevertheless, after an intensive debate at all levels, it became clear that the emergency would be followed by a deep recession requiring a powerful economic stimulus to avoid a downward spiral of fewer jobs and decreasing salaries, less consumption, fewer viable companies and – again – fewer jobs. So, a large-sized recovery plan became increasingly necessary. But this intensive debate also led to other two crucial conclusions.

The recovery should be about transforming our future and not just about going back to our past.

First, the recovery should be about transforming our future and not just about going back to our past. Creating the conditions for a healthier life, a better relationship with nature and the planet, stepping up the transition to a low-carbon economy in all sectors, making the best of the new digital solutions, rebuilding European supply chains, protecting our strategic assets, strengthening European strategic autonomy, and developing our cooperation with neighbours and international partners.

This recovery and transformation should be for all Member States, regions, and citizens and not just for a few.

Second, this recovery and transformation should be for all Member States, regions, and citizens and not just for a few, otherwise the existing divergences would create a dangerous fragmentation inside the European Union.

When these are the objectives – reshaping our development model and overcoming big social divides – the monetary policy and liquidity support are no longer enough. We need to use fiscal policy and develop the capacity of our public budgets. And this is now being recognised in the European Union, with the proposal to create a Recovery Fund "Next Generation Europe" to be combined with a re- adapted Multiannual financial framework.

Making an historical parallel with the so called 'Hamilton's moment' in US history is certainly an overstatement: the parallel with the Roosevelt's moment is certainly more accurate, even if the European proportions are much smaller. In order to overcome the Great Depression of the 1930s, President Franklin D. Roosevelt introduced three main financial innovations: a bigger federal budget, to be financed by federal borrowing in the markets, which should be backed by new federal taxes.

▶ *The proposal made by the European Commission involves a relevant increase of the capacity to spend at European level in order to provide not only loans but also grants.*

In fact, the proposal made by the European Commission involves a relevant increase of the capacity to spend at European level in order to provide not only loans but also grants, to be provided according to relevant criteria of redistribution for catching up and convergence: the GDP per capita and the level of public indebtedness. This higher capacity to spend will operate via the institutional framework of the EU budget, involving the European Council, the European Parliament and the European Commission and will be financed by borrowing in the markets, benefiting from the high rating of the EU. Finally, this borrowing by the European Commission will be backed by new own resources: the capacity to raise new tax resources to be coordinated at European level, such as corporate taxation, including digital, carbon and financial taxation. These are indeed the key elements of a new budgetary capacity for the European Union!

This long-waited breakthrough was made possible due to a particularly fortunate combination of forces: a European Parliament where the pro-European voices are strong enough, a timely, bold and coordinated action of progressive actors in all European institutions, a permanent pressure coming from civil society, a Franco-German deal pushed by Social-Democrats and the neutralisation of forces against vital European solidarity such as that of the ruling of the German Constitutional Court against the European Central Bank.

Some difficulties are still to be overcome such as the ones expressed by the "frugal four". Everything depends on the perspective. It might seem that we are just borrowing to lend or to spend. But in fact, with a larger perspective, we are borrowing to invest and to change our collective future. Frugality is certainly a quality, but it is not enough when our common house is in flames.

▶ *Frugality is certainly a quality, but it is not enough when our common house is in flames.*

Let us see how long it will take to be understood over the following chapters. But let us have no doubt: this historical breakthrough for the European Union can only be materialised if there is an agreement on the financial means to deliver it.

Maria Joao Rodrigues, FEPS President

FEPS COVID-19 Response

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In this moment more than ever, policymaking requires support and ideas to design further responses that raise to the challenge of the problem. FEPS contributes to this reflection with policy ideas, analysis of the different proposals and open reflections with the new series of FEPS COVID-19 Response Papers and Webinars.

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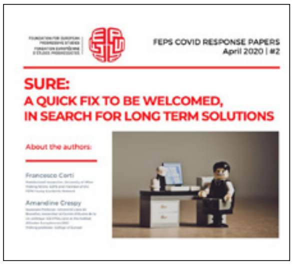

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We can't return to normal because the normal we had was precisely the problem

by Nancy Yuk & Michael Vincent

As the commission has laid out its proposal for an ambitious COVID-19 recovery plan of 750 billion Euro, which rightly prioritises solidarity and action, more than a common debt will be needed to tackle the climate issue. The EU should not, and cannot, afford to forget what Ursula von der Leyen called the EU's "man on the moon" moment back in December 2019, when the Green New Deal was announced.

Whether or not we can meet the 2030 and 2050 climate targets is decided now. Failure to deliver on long-term perspectives and integrate the climate transition into the COVID-19 recovery plan (which includes social transfers, state aid and loans to enterprises) would both be a political and an economic mistake: it would run against the EU's international commitments and increase the cost of the transition by postponing necessary sustainable investments. Moreover, at a time of booming unemployment, the green transition is a unique opportunity to provide lasting, future-oriented jobs, especially for the young generation. Let's also remember that old, so-called "normal" recipes such as rigid fiscal rules and overreliance on markets from the last decade prevented us from financing the solutions to tackle the health and economic crisis, and climate change.

Firstly, the top priority of public finance, over the next decade and beyond shall be investing in our environment to fill the gaps accumulated since the 2008 financial crisis.

If we go back in time, the last decade was the story of missed opportunities, as we did not embrace the necessary reforms in order to prepare for the challenges of tomorrow, which are all interconnected. On the European fiscal rules front, a profound overhaul of the fiscal golden rule to support public investment in green transition will be necessary. Although the budgetary discipline is temporarily suspended due ti the COVID-19 crisis, the current rules were already found lacking well before this crisis. They amplify under-investment in the Eurozone, by forcing expenditure reductions without promoting needed public investments, replacement and maintenance of infrastructures. The collapse of the Morandi bridge in Genoa, the poor quality of the German railways and now the extreme pressure on EU national health systems all exemplify the lack of much-needed long-term investments.

Public expenditures will also have a high social and ecological payoff: not to finance them at a time of historically low interest rates was and would be foolish, as a substantial and lasting increase of public resources is needed, while we are already lagging behind. A massive public and private financial impulse is required for every corner of the Union to insulate buildings, build up infrastructures and e-mobility, make full use of the potential of renewable energies, help farmers embrace the organic revolution and retrain workers who would lose their "brown" jobs...

While all Member States have to urgently address the challenges of climate change, each should have the same level of financial means to meet this collective goal. However, the corona crisis shows that this is not true: Germany announced an exceptional corona public expenditures plan of 156 billion Euro and a liquidity support plan to businesses of 757 billion Euro; Spanish plans amounted to respectively 35 billion Euro and 125 billion Euro... The need for solidarity and a European Recovery Fund to revive the European economy in the short-term quickly became evident.

Nevertheless, as divergences among Member States will tend to increase, turning this short-term fund into a long-term Recovery and Transition Fund will soon become vital so that countries progress towards the climate objectives at the required speed. The 750 billion Euro "Next Generation EU" plan is an interesting step that might push a shift on the conduct of fiscal policies required to fight climate change, but it still has to be approved by the EU Member States, particularly the self-branded frugal four (Austria, Denmark, Sweden and the Netherlands) which already expressed their disagreement, but what is currently on the table would not even be enough.

Secondly, we cannot rely on market mechanisms alone. Higher fuel prices are certainly part of the solution, although they would still be well below the requirements of the Paris Agreement objectives, as the OECD recently showed. But experiences such as the Yellow Vest movement in France also show that social and political acceptance is not guaranteed, in particular if people feel such increases as unfair, while policies strengthening social and political cohesion are lacking.

▶ *We cannot rely on market mechanisms alone*

Proactive, forward-looking policies combining various instruments are needed. For example, a long-term program to insulate residential buildings will require broad communication to explain the purpose and the means. It should come with minimum standards, training for the workforce and supervising administration and subsidies. Cities will have to decide about the adequate mix of public transport, cycle lanes and individual electric cars. State aids – e.g. to the aircraft or car industries – should be conditioned to a strict commitment to the reduction of the carbon footprint. To be effective, similar conditions should be imposed to all companies and agreed at the European level. It is indeed senseless to impose binding environmental conditions to Air France or Lufthansa, or force them to abandon some domestic airlines, just to clear the way for Easyjet to take them over.

Likewise, technocratic initiatives to guide investors are no silver bullet: the "Green taxonomy" – a classification of assets regarding their positive impacts on the climate and the environment – has first to come with a "brown taxonomy", as the transition is not only about topping up brown with green, but also divesting from polluting energies. Such a tool is also subject to intense lobbying. It might promote greenwashing and disincentive risk-taking and innovation, as investors would limit themselves to solutions that have already "passed the test".

▶ *Appropriate governance at every level to steer financial flows matters*

Lastly, appropriate governance at every level to steer financial flows matters. The centrally driven European effort must be supplemented with a bottom-up network of public and private, local and national stakeholders to stick to the needs of the citizens. This could take the form of multi-level stakeholders (national promotional banks, citizen assemblies, regional elected representatives...) under the aegis of a European investment bank for the climate. Those with knowledge of the local context and requirements should be fully involved in decision-making and enforcement. Because of uncertainties surrounding the transition process – for instance, low oil prices in the COVID-19 context could strengthen markets' addiction to fossil energies – this involvement is a pre-requisite for making policies acceptable and adaptive to unexpected and local circumstances.

Day after day, the COVID-19 crisis exposes the huge costs of weak public policies and services as well as the lack of cooperation, coordination, and solidarity. There is still time to mitigate the coming climate change crisis by putting those goals and principles at the centre of our efforts and avoid, as former EU Commission president Jacques Delors recently said, the "mortal danger" of division. Loosening budget constraints to include investments for the future, a long-term public strategy and not only "laissez-faire", with the adequate governance, focused on projects for the citizens are not only key, but our very survival depends on it.

Nancy Yuk, co-founder of Greentervention, an association for the green and social transition.

Michael Vincent, President of Greentervention, financial stability expert.

A new generation pact for a sustainable and resilient European economy

by Nuno Almeida Eça

The corona pandemic had demonstrated some of the fragilities of our current economic system. Like CO2-emissions, the virus does not care about borders. It affects a country independently of its economic situation and it puts at risk the health of all citizens. However, the poorest and the most vulnerable are the ones at higher risk. The pandemic shows how vulnerable the European Union and the Member States are, and how interdependent they are of each other and of the rest of the World. Our economies and our European way of living are severely affected. But today there is a unique chance to rethink our ambitious objectives and to rebuild together a better economy based on renewed principles.

People have been asking for change for the last couple of years. The increased participation in the 2019 European elections was a clear sign that citizens want to be part of the European Union. But they ask for a different governance. Europe should lead in the green and digital transitions. The European Green Deal should be the motto for the European recovery and one of the cornerstones of Europe's recovery from the pandemic. Green recovery is broader than the ecological and environmental dimensions: it is about the well-being of citizens, about transforming the way we live and about building an inclusive and resilient economic growth model. It is more than making changes in technologies and production processes, it is also about speeding up and scaling up our actions on all fronts.

Europe can emerge stronger from the crisis, but it has to do it right. The next Multiannual Financial Framework and the EU Recovery Plan, with a new recovery instrument - Next Generation EU - is included, is an opportunity to get the economies back on their feet by investing in a fossil-free economy and climate-friendly infrastructure that boosts growth, promotes real structural changes in their economies and creates new jobs. The recovery should be forward-looking and not aimed at restoring the pre-crisis status quo. It is an opportunity to renew our economic growth model, to invest in people and our future and to put all efforts on the long-term EU objectives of cohesion, convergence, and competitiveness.

It is clear that public money will not be enough to cover the spectrum of economic activities and Europe shouldn't advocate for financing support schemes for all sectors of the economy in all Member States. The Union should focus on what will really transform the European economy. We need to identify the core competences and build sustainable, innovative and competitive value chains in strategic sectors for a decarbonised and circular economy transition such as clean batteries. That will demand a reallocation of resources, and for that, we need a socially fair and just transition. The transition can only be successful if the green economy is not seen as something in parallel and if we have all on board.

As the main investment tool to promote change, the EU budget must ensure that all the policies respect the “do not harm” the environment principle and that at least 25% of the budget is dedicated to green policies.

The budget must be used to completely transform our energy systems by accelerating the roll-out of renewable energies (and other decarbonised fuels such as clean hydrogen) and charging systems. There are still a high number of buildings in Europe that are energy inefficient, investment improving the quality of buildings will trigger employment and industrial production, and improve the living conditions of Europeans, especially of the most vulnerable.

> *Green recovery is broader than the ecological and environmental dimensions: it is about the wellbeing of citizens, about transforming the way we live and about building an inclusive and resilient economic growth model.*

The current crisis is affecting the way we commute and travel and therefore some sectors, such as the car and aviation industry, are being severely hit. The industry outlook will be different after the crisis, but we cannot succumb to the temptation to support declining industries. The EU support should target solutions that reduce our dependence on the most polluting modes of transport enabling a transition to clean vehicles and ensuring that mobility policies also stimulate new business models. We need to invest massively in sustainable transport infrastructures, improve urban mobility, and complete key European transport network infrastructure.

For a healthier future, we need to accelerate the transition towards circularity to turn Europe more resilient to prevent and protect future shocks and strengthen Europe´s strategic autonomy. A forward-looking economy ensuring Europe´s industrial leadership position demands huge investments on research and innovation namely to support the development and deployment of clean energy technologies. The European Agriculture Policy needs to be modernised towards more sustainable food production methods and small-scale producers, support innovative farming techniques, fight food waste and focus on more organic production, preservation of biodiversity, natural ecosystems and sustainable forest management.

A successful transformation will not only imply the change of policies but also review a great part of the EU governance. The EU budget has been, in recent years, mainly financed by national contributions. The recovery plan will be financed by 750 billion Euro in common debt that the Commission will borrow on the capital markets. Green taxation is a way to pay it back and it is a great opportunity to have fresh money for our future and decrease the burden from Member States. A new EU-wide tax on plastic waste could raise almost 7 billion Euro per year and a revision of the EU Emission Trading Scheme – the EU's carbon market system that allows companies to trade CO2 emissions permits – could generate an average of 10 billion Euro per year.

> *The EU budget must ensure that at least 25% of the budget is dedicated to green policies.*

Next year, the Commission will move forward on its proposal on carbon pricing to prevent excessive carbon leakage. A levy on carbon-intensive industrial products or sectors ensuring that all products, whether imported or produced domestically, are treated the same way would encourage consumers and firms to cut their emissions ensuring the decarbonisation of the economy.

The European Green Deal and the EU budget are instruments of European solidarity. The future negotiations on financing the Union could become the most difficult discussions ever. The European Commission presented an ambitious recovery package with true instruments of solidarity (such as common borrowing), but to have a budget approved we need unanimity.

The pandemic can be a catalyst for a leap forward in the future of the EU integration and this is a moment for its leaders to show their bravery in the negotiations to build a more sustainable and resilient EU Economy. That would not only be a breakthrough in the bloc's integration, but for the entire planet.

> *We cannot succumb to the temptation to support declining industries.*

Nuno Almeida Eça, economic adviser, European Parliament

Can the EU's recovery plan also succeed in advancing green goals?

by Iain Begg

Two themes will dominate EU policymaking over the next few years: the medium and longer term 'green deal' and the much more immediate imperative of an effective response to the COVID-19 economic crisis. Can they be reconciled or does the one risk crowding out the other at a time of severe pressure on public finances?

At one level, the answer should be a resounding 'yes – they can be reconciled!' . A fiscal stimulus is a macroeconomic policy instrument designed to shore-up aggregate demand; precisely how the spending is targeted ought to be a second-order matter. Consequently, projects associated with climate change mitigation or other environmental projects can be just as effective as other forms of spending in boosting demand. However, the details will matter in at least three distinct respects.

The first, and arguably most important, is timing. A fiscal impulse has to act quickly to be effective in restoring aggregate demand during a steep downturn. Cash in the pockets of consumers will do this, but a project that takes a considerable time to move from plans to realisation may take too long. Some, possibly many, of the ambitious projects envisaged as part of the green deal at the heart of the European Commission's work programme and central to the proposals in the recovery package announced on the 27 May by Ursula von der Leyen – to be known as 'Next Generation EU' (NGE) – risk being too slow.

Second, the spending has to target areas of deficient demand and help to avoid divergences in economic activity in different parts of the economy. In parallel, spending which stays within the target economy, rather than leaking to elsewhere, will have a greater impact. That said, expenditure on both climate change initiatives and recovery from the COVID-19 economic crisis is likely to have significant cross-border externalities, promising mutually beneficial effects.

> *Some, possibly many, of the ambitious projects envisaged risk being too slow.*

A third, more subtle, condition for success is whether Keynesian spending can also yield enduring benefits for the economy, including by contributing to economic sustainability – in its widest sense – and resilience against future risks. This notion of, to use a well-known metaphor, 'hitting two birds with one stone' is evident in the Commission's NGE plan which goes to considerable lengths to stress its salience for coming generations. This focus is captured in the sub-title of the Commission Communication: 'repair and prepare for the next generation'. The question is whether the balance between 'repair' and 'prepare' is well-judged.

The recession now affecting all of Europe – and much of the rest of the world – has the unusual characteristic of being a deliberate policy choice aimed at containing the spread of Covid-19. In an initial phase, the policy response has sought to limit the damage caused by the lockdown by supporting business unable to trade, maintaining household incomes and preventing disruption of economic relations. Rent and mortgage repayment holidays, tax deferrals and the many other initiatives are intended to mitigate the scarring effects of the decline in GDP.

The reactions of the Visegrad four will be pivotal.

As the lockdown is eased, the policy emphasis will need to shift rapidly towards more conventional Keynesian policies. Many national treasuries will have used up spare fiscal capacity and some will have increased debt to potentially unsustainable levels, making an additional fiscal boost hard to achieve or risking it being unbalanced. The threat here is of those most in need being least able to afford further fiscal action, and those with the capacity to act being least in need of doing so.

The proposal from the Commission to spend 500 billion Euro through the NGE, in addition to the Multi-annual Financial Framework, undoubtedly puts substantial resources on the table. There will clearly also be pressure on recipients to give priority to climate change initiatives, with a reference to the principle of '25% of the budget spent on climate investments'. However, how much of this will be the kind of short-term spending required to stimulate the economy now is not explained. There is reference to a 'focus on creating jobs in construction, renovation and other labour-intensive industries', certainly the right approach to bolstering employment. But it needs to be reinforced by a criterion of immediacy: small scale projects which generate income now have to be a first priority; and there should be caution about grand green infrastructure projects which take years to materialise.

The combination of the new MFF plans and the grants component of the NGE is around 10% of 2019 EU GDP. Add in the 540 billion Euro for loans to cushion the shock of the COVID-19 economic crisis already agreed by the European Council and the further 250 billion Euro of loans announced in the NGE package and what the EU is proposing amounts to a very large fiscal stimulus. But the MFF is spread over seven years and it is not yet clear how quickly some of the NGE grants can be mobilised and over what period they will be spent.

Whether these plans come to fruition is open to doubt as they will face strong opposition from the 'frugal four' group of net creditors – Austria, Denmark, the Netherlands and Sweden. They published a 'non-paper' in response to the Franco-German proposal which, while acknowledging the need for a rapid collective response, insists that the NGE must be in the form of loans, not grants. They also reiterated their well-known demand for a smaller MFF.

The fact of German backing for the Commission plan is politically crucial and will leave the frugal four looking exposed and out-dated. However, the reactions of the Visegrad four will also be pivotal, especially that of Poland which has reservations about aspects of the green deal and objections to bringing 'rule of law' into the proposals. Other Eastern-European Member States will be uneasy about the expected bias towards richer Southern Member States in NGE spending. Nevertheless, two strong messages should be stressed. First, the EU needs effective action from Brussels to deal with the devastating economic consequences of the COVID-19 crisis. Second, soundly judged EU expenditure can achieve the 'double dividend' of contributing to resolving the economic crisis while also advancing green goas: they are not mutually exclusive.

Iain Begg, professorial research fellow at the European Institute, London School of Economics.

The focus on 'creating jobs in construction, renovation and other labour-intensive industries', is certainly the right approach to bolstering employment. But it needs to be reinforced by a criterion of immediacy.

The path forward is green

by Dan Jørgensen

Humanity is under severe pressure from the coronavirus pandemic, and few are unscathed. Our first priority is always to protect citizens and to safeguard people's livelihoods so that when the storm has passed we can confront the future together. However, the window of opportunity to act on climate change will not stay open for ever. And as politicians, we need to treat societal challenges in a holistic way. Therefore, we need to search synergies between COVID-19 recovery and the Green Deal instead of playing them off against each other. Multilateral cooperation and international solidarity play an essential role here.

As politicians and progressives, we have to show leadership. We have to act with a keen awareness of our responsibility for society in the broadest sense. We have to be mindful not to pursue certain avenues of action just because they used to work in the past.

We have to be mindful not to pursue certain avenues of action just because they used to work in the past.

And while it is crystal clear that our first priority now must be to deal with the immediate threat of the pandemic and the associated economic turmoil, we need to do so in a fashion that takes into account the defining challenge of our time, climate change. Trillions will be unleashed globally in various recovery plans in attempts to kickstart the economy and improve the steadily worsening job situation. In the EU, this needs to happen within the framework of the Green Deal – it was the right economic strategy for Europe before the crisis and will remain so.

Some voices in the EU have called for the abandonment of the Green Deal in order to focus efforts on fighting the coronavirus. In my view, this is not a case of either or. On the contrary. Rather than pursuing solutions to the economic fallout of the corona crisis that undermine our ability to deal with another pertinent crisis, we need to look for synergies between the two. As politicians, we have a duty to treat societal challenges in a holistic manner.

Reverting to the business as usual approaches of the world of yesterday, for example through increased support of fossil fuels, will make it both much more difficult and much more expensive to get back on the right track again. It is not cost-efficient and does not take into account the time sensitive nature of climate change: if we do not act now, we risk the window of opportunity closing. closes. And the repercussions of breaching temperature thresholds will reverberate for decades and centuries.

As politicians, we have a duty to treat societal challenges in a holistic manner.

In the EU, this needs to happen within the framework of the Green Deal – it was the right economic strategy for Europe before the crisis and will remain so.

In the morass of the coronavirus, it is becoming increasingly likely that global greenhouse gas emissions will decline this year. However, like a sick person losing weight, that is neither a desirable nor a sustainable diet for the world. The green transition needs to be fuelled by smart, systemic changes – not depend on emissions dropping due to an economic

downturn. It is, however, an opportunity for a coordinated assault on the emissions curve in the hope of finally bending it.

▶ *The case for multilateral cooperation and international solidarity has never been clearer.*

In the past, for example in the aftermath of the financial crisis, focus on synergies between our common climate ambitions and economic recovery played perhaps too small a role. However, it is important to recognise that we are in a very different situation now than we were then. Not only has the world formally recognised the seriousness of the climate situation and the commonality of the challenge through the adoption of the Paris Agreement in 2015, but the costs of many of the key technological pieces of the green jigsaw puzzle have also plummeted.

Wind and solar is already (more than) able to compete with fossil fuels in many places around the world, and both industries already provide many green jobs with the potential for even more. Other green technologies are on the verge of breaking through, but an investment boost is needed to speed up the process.

While the immediate threat of the coronavirus has forced many of us to – rightfully – focus on national measures to mitigate the crisis, the case for multilateral cooperation and international solidarity has never been clearer. If we take the wrong decisions now, we risk severely hampering our ability as a global community to deal with the immense challenge of climate change. But if we chart the correct course out of this agonising morass, there is a good chance that, when the storm has finally passed, the sun will shine on greener and more resilient societies.

Dan Jørgensen, Danish Minister of Climate, Energy and Utilities

▶ *Not only has the world formally recognised the seriousness of the climate situation and the commonality of the challenge through the adoption of the Paris Agreement in 2015, but the costs of many of the key technological pieces of the green jigsaw puzzle have also plummeted.*

Money for nature: bridging the green funding gap

by Ludovic Suttor-Sorel

The European Green Deal sets a pathway for Europe's transition towards a sustainable, low-carbon, circular and biodiversity-friendly economy. But how to fund this transition? With appropriate incentives and information, a part of the transition can be achieved. Meanwhile, for projects that do provide public value, but which are not financially bankable themselves, public finance must be unlocked. The COVID-19 recovery package could be a timely opportunity to do so.

An increasing amount of scientific evidence shows that human activities are putting the environment under unsustainable pressure, through climate change and by degrading the earth's natural systems, harming biodiversity, and altering fundamental biogeochemical cycles – such as nitrogen and phosphorous cycles.

In response to rising public awareness and unprecedented mobilisations across civil society and youth, European Commission President Ursula von der Leyen presented the European Green Deal in December last year. Recognising that coping with environmental issues is our "generation's defining task", this flagship proposal is expected to set a path for the EU to transition towards a low-carbon, circular and resource-efficient economy, based on the sustainable use of natural resources and including the conservation and restoration of the heavily threatened biodiversity.

While a large part of the Green Deal is about regulations, environmental as well as economic ones, meeting the EU's environmental objectives also requires funding different types of projects: conservation projects, like designating areas as national parks and nature reserves; restoration projects, such as depolluting, re-naturalising soils, or rewilding; and transition projects to adopt sustainable practices, such as switching to renewable energy, resource-efficient and low-carbon emitting industrial processes or less intensive agriculture. All these projects have a cost, but there is a huge funding gap.

BRIDGING THE GAP BETWEEN AMBITION AND REALITY

The funding gap for environmental projects in Europe – estimated at not less than 400 billion Euro per year until 2030 – has proven hard to fill, despite abundant private liquidity. This has a fundamental cause: it is the essence of private investment to focus on financial risks and returns as well as revenue streams, but many of these necessary conservation, restoration and transition projects are simply not financially attractive. Large renewable energy production facilities or resource-efficient industrial plants for example are large scale transition projects with predictable revenue streams. Their risk-return profiles can be attractive to private investors. By contrast, most conservation and restoration projects are of small scale, they require long-term commitment and produce low or no revenue streams. Therefore, it is often difficult to fund them privately.

> *Meeting the EU's environmental objectives also requires funding different types of projects: conservation; restoration; and transition.*

To scale up private finance for nature, the EU has launched two main initiatives. The first is the Sustainable Finance Action Plan, which mainly aims to put reliable information on environmental, social and governance factors at the disposal of investors in order to facilitate sustainable investment. This includes the EU taxonomy which defines what precisely a sustainable economic activity is, but also updated rules on non-financial reporting that govern how companies report on the sustainability of their activities. It also includes disclosure obligations for financial professionals and a set of labels and standards that indicate which financial products support sustainable activities (like the Ecolabel for financial products, or the EU Green Bond Standards). This agenda could be complemented in the future, but for the moment, the focus still is on improving information flows, not on making projects more bankable.

> *The funding gap for environmental projects in Europe – estimated at not less than 400 billion Euro per year until 2030 – has proven hard to fill, despite abundant private liquidity.*

The second EU initiative is the European Green Deal Investment Plan, which among other things provides a framework for blended finance, where public money is used to make projects more attractive for private investors. The cornerstone of this plan, the InvestEU programme, works by taking risks onto the public balance sheet through guarantees, and by providing technical assistance to project promoters. It is useful for some projects that are perceived as too risky, or ill-designed, and would otherwise not go ahead. But the use of the InvestEU is limited to projects with sufficient revenue streams – which rules out, again, many conservation and restoration projects.

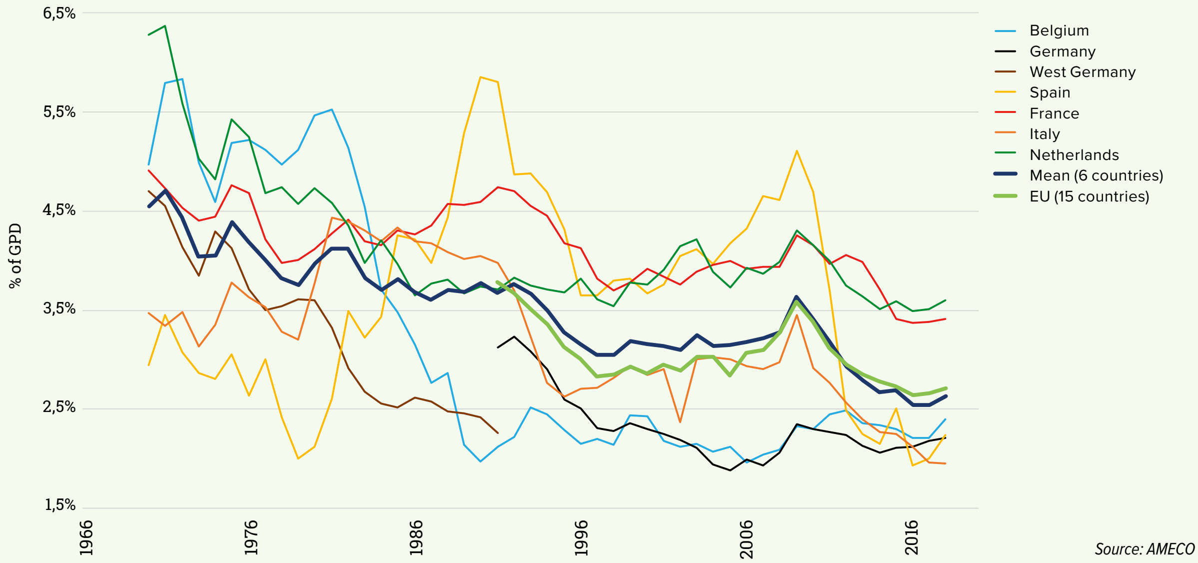
Probably the most effective way to create incentives for a significant redirection of capital towards sustainable economic activities is to shift profitability away from unsustainable activities via appropriate economic instruments. This was the idea behind the EU's recent pledge to "ensure effective carbon pricing" (as part of the Green Deal) and to "promote tax systems and pricing that reflect environmental costs, including biodiversity loss" (in the EU Biodiversity strategy 2030). These are certainly positive developments, but questions remain whether the EU will be able to overcome the reasons that prevented it from effective pricing of environmental damage in the past – such as the EU's limited competence over Member States' tax policies, or ill-calibrated cap-and-trade schemes.

All these tools point to the right direction, but they will not bridge the gap for projects that generate no stable revenue streams. For these projects which do provide public value, but which are not financially bankable, public finance must be unlocked.

UNLOCKING PUBLIC FINANCE FOR NATURE

Public sector investment has the freedom and scale to address nature-loss in ways that private finance cannot. But in Europe, public investment is constrained by many factors – such as the EU fiscal framework, tax evasion, tax competition, limited resources at the EU-level –, and, as a proportion of GDP, it has been declining for decades.

PUBLIC INVESTMENT (General government gross fixed capital formation)



Source: AMECO

The European Commission recently proposed a new EU budget of 1,100 billion Euro attached to a recovery package of 750 billion Euro, 'Next Generation EU'. A tenth of this additional amount will be dedicated to programs partly related to the Green Deal, such as InvestEU, the Transition funds or the second pillar of the Common Agricultural Policy. But with an EU budget still likely to provide environmentally damaging subsidies, it remains unclear how this budget could respect its green oath "do no harm". A better tracking of the use and environmental impacts of public investment is needed now more than ever.

▶ *Better tracking of the use and environmental impacts of public investment is needed now more than ever.*

The bulk of this recovery package will be a new 'Recovery and Resilience Facility' of 650 billion Euro of grant and loans, for which Member States will have to design their own tailored national recovery plan based on investment and reform priorities identified as part of the European Semester – which guides and coordinates national economic policies. However, the modalities of the European Semester still need to better align with the EU's environmental goals. Adopted nearly one decade ago in the wake of the financial and Eurozone crises, the EU Semester is mostly built upon macroeconomic and fiscal indicators (such as unemployment, public and private debt, trade balance, etc.) and procedures that may result in sanctions (excessive budget deficits and macroeconomic imbalances).

While the EU Green Deal opened a momentum for aligning the EU Semester with environmental concerns, it still appears limited to adding some environmental indicators instead of fully integrating the EU's environmental objectives. The proposal to exempt green public investment from the calculation of Member States' deficit could be part of the discussion. While there is no consensus yet for such a "green golden rule", the rapid suspension of fiscal rules during the COVID-19 crisis showed that accounting rules are not an objective in themselves and can be treated with flexibility.

Finding the money to tackle the emergency of nature-loss will need a fresh mindset that looks beyond yesterday's markets-only approach and combines public and private financing. Climate change and nature-loss are far bigger threats to human wellbeing than COVID-19. But the response to this global pandemic shows what can be done when there is a will to tackle a crisis.

Well-directed private finance can help businesses to become more nature-friendly and regulators can do a lot to encourage this. But policymakers should not expect too much: private finance is at best a partial solution. It is viable only when there is a source of revenue and many nature projects do not provide one, even if the bring immense value to the economy and the environment.

Public finance will be needed at a scale that calls for national as well as EU budgets to invest directly and alongside private capital. As it oversees them, national public investment could benefit from a better alignment of the EU Semester process with environmental goals.

While the investment will be far less than the cost of responding to the COVID-19 crisis, bridging the green funding gap could and should be part of the EU's post-corona recovery plan, both at the EU and the Member States level. If we miss this opportunity, we will burden the next generations not only with debt to be repaid, but with the much heavier burden of the environmental crisis.

Ludovic Suttor-Sorel, research and campaign officer, Finance Watch

▶ *National public investment could benefit from a better alignment of the EU Semester process with environmental goals.*

Time to abolish the dogma of Member State competence!

by István Ujhelyi

The cross-border spread of the new coronavirus and its global threat perfectly illustrate that there are challenges that can only be addressed as a community that stands united.

It is unacceptable that, in certain regions of the EU, a citizen has lower chances of survival than in the Western part of the Union.

The cross-border spread of the coronavirus and its global threat perfectly illustrate that there are challenges that can only be addressed as a community that stands united. In some Member States of the European Union, there is a trend of anti-EU outbursts, a forced emphasis on the independence of Member States and severance of community solidarity. However, the current healthcare crisis proves that only in a more integrated system, only through cooperation and strongly clinging together can we provide real answers to the problems we face.

This, in turn, must lead to a review of the level of competences of the Member States and, at least, in some areas, the need for a minimum of compulsory integration. Let us look at healthcare, the organisation and operation of which the EU treaties leave to the Member States. Of course, one cannot expect the same level healthcare to be provided to a Swedish and, for example, to a Hungarian EU citizen, as the economic differences do not allow for it. Nonetheless, this is what should be strived for. However, it is unacceptable that, in certain regions of the European Community, a European citizen has lower chances of survival than in the western part of the Union. According to the European Health Consumer Index, the Eastern European region comes last in this regard: Hungary, Romania and Bulgaria are lagging behind in terms of quality care, and the differences are striking.

The tragic situation of Hungarian healthcare is well illustrated by the fact that, for example, in Hungary the number of amputations carried out is three times the number in the EU. The reason this figure is so high is that it is simply "worth it" for the system. Hospitals do not receive as much financial support for reconstructive vascular surgery as they do for amputation. But we can bring even more shocking data: today, more people are dying of hospital infections in Hungary than in car accidents. This is simply incomprehensible in the heart of Europe. Cancer figures are equally alarming: in the Central and Eastern European region, mortality rates of tumour related diseases are massively above the EU average each year with Hungary as the tragic record holder, where, according to Eurostat, 345 out of 100,000 people die of cancer.

> *In order to achieve real and lasting results in healthcare, we must cross certain boundaries, certain fossilised European dogmas. Such is the sacred cow of Member State competence.*

The European Commission and its president, Ursula von der Leyen, have presented an important and forward-looking initiative in the fight against cancer, but 'Europe's Beating Cancer Plan' can only be a milestone on a much longer journey. In order to achieve real and lasting results in healthcare, we must cross certain boundaries, certain fossilised European dogmas. Such is the sacred cow of Member State competence, which no one dares to question or even rethink at a minimal level. Although it is high time to do so. Perhaps there is no debate among EU decision-makers that the right to physical and mental health is a fundamental human right for all European citizens. Nor can it be a particularly substantive debate that health is an investment in human capital, social and economic development, which contributes significantly to the protection of human rights and human dignity. That is why the European Community has a vital interest in investing in people and investing in healthcare, as it is a guarantee not only of economic sustainability but also of peace in society.

The situation around the coronavirus has also perfectly demonstrated the need for health systems that are strong, resilient, functional, well-managed, responsive, accountable, integrated, but above all, human-centred and deliver quality service. All this requires a competent healthcare workforce, backed up by appropriate infrastructure and legal frameworks and adequate funding. And while we are at it, let us be clear: health systems in Europe are in complete imbalance. From Hungary alone, more than 7,000 doctors and an even higher number of healthcare professionals have gone to work in another EU country in the past ten years. Although the rate of medical emigration has slightly decreased in recent years, at least ten physicians leave Hungary every week. This is more than alarming! According to the professional chambers, almost 24-25 thousand nurses are missing from the Hungarian healthcare system currently. The number of nurses is far below the OECD average: while in Hungary there are slightly more than six nurses for a thousand inhabitants, in Germany it is exactly double.

> *While in Hungary there are slightly more than six nurses for a thousand inhabitants, in Germany it is exactly double.*

It is telling that there are currently are thousands of vacant doctor and even more medical professional positions in Hungary, which clearly and literally endangers medical care throughout the country. So it is a very valid question as to how long we are still to allow such severe imbalances in health systems to escalate, that is, how much longer will we leave the organisation and management of healthcare to Member States alone? It is a serious misunderstanding if EU Member States that are able to provide a more prosperous economic and social environment believe that they are not affected by the poor state of healthcare in the Eastern European regions. A solid foundation is needed, a minimal guarantee that balances out the fragile systems.

> *There is a need for a 'European Minimum Healthcare Service' which sets out the minimum service to be provided in each Member State.*

The European Pillar of Social Rights, adopted in Gothenburg, was an important milestone in progress, and details of this pillar must now be expanded and implemented. The European Community is based on solidarity and mutual benefits. In line with this, it is time to start a new era and surpass some of the dogmas that are said to be carved in stone. Climate emergencies, healthcare problems, and refugee issues are all challenges that can only be addressed by common and comprehensive solutions. The only way to achieve this is through deeper integration and setting minimum common standards. This is why, for example, there is a need for a 'European Minimum Healthcare Service' which sets out the minimum service to be provided in each Member State. Just a tiny hole on our common boat is enough to let the water slowly turn it to its side and eventually sink the sailboat. There is no use thinking that such a monstrous construction can withstand everything.

István Ujhelyi, Member of the European Parliament since 2014

The coronavirus crisis exposes the systemic exploitation between the EU's West and East

by Elena Zacharenko

The coronavirus crisis starkly highlights the true value of care work, its gendered and regionalised nature, and the scarcity of its supply in an economy which fails to recognise these factors.

On 26 March, only a couple of weeks into the introduction of border closures across the EU in attempt to contain the spread of the coronavirus, the Czech and Austrian governments have come to an agreement that Czech care workers will be able to resume commuting to Austria for work. On 30 March, based on a similar agreement, two planes have brought Romanian care workers to Vienna. These exceptions, made at a time when European governments are trying to reduce individuals' mobility to limit the spread of the virus, highlight how crucial East-Central European (ECE) care workers are to the functioning of the health and broader care systems in core EU countries – estimates for Austria alone suggest that 80% of the care workers in the country come from East-Central Europe.

German numbers appear to be even higher and nursing associations warn that by mid-April, up to 200,000 people who need it will no longer be able to be cared for at home. The care workers who have been providing these services, the vast majority of whom come from Poland, Slovakia and other ECE states, have returned home or are unable to cross the borders closed due to the coronavirus crisis. The contingent of 75 Filipino nurses who have been recruited to meet the surge demand in professional healthcare are hardly able to provide a long-term solution, never mind the ethical implications of bringing an even cheaper, even more precarious workforce from even further afield, who may at the end of their assignment bring the disease back to their country and its weak healthcare system. At a time when the elderly most need a strong and resilient care workforce, we see that the economy which has been providing this at the expense of imported, undervalued, underpaid and predominantly female labour does not pass the test.

While they have been closing the care and health provision gap in Western EU countries for decades, migrating ECE workers have been deepening the same gap back at home. Poland provides a stark example: it is the country with the fewest doctors per 1000 inhabitants in the EU – 2.4 (the EU average is 3.4). According to estimates, in 2015 around 10% of Polish doctors emigrated, mainly to the UK and Germany (2.9 and 4.3 doctors per 1000 inhabitants respectively). The same trend is visible with regards to the nursing profession – the average age of a nurse working in Poland is above 50 years in East-Central Europe, where life expectancy and mortality continue to be worse than in the West, this reality spells disaster for healthcare systems should the spread of the coronavirus continue at its current rate. There are already reports that despite the region being comparatively less affected than many Western EU countries, patients with clear symptoms of respiratory distress are being denied access to hospitals, at times resulting in death. There are simply not enough staff, not enough personal protective equipment, laboratory capacity

At a time when the elderly most need a strong and resilient care workforce, we see that the economy which has been providing this at the expense of imported, undervalued, underpaid and predominantly female labour does not pass the test.

> The coronavirus crisis makes plainly obvious the futility of measuring gender equality by official employment rates, because of the substantial segments of labour market that are invisible due to their semi-informal nature.

or hospital beds to meet the demand – even without an unprecedented crisis such as the one we are currently in.

A COMBINATION OF FACTORS

For instance, in Poland, subsequent governments' low levels of public investment into healthcare, resulting in low staff pay, lack of adequate facilities and resources certainly plays a central role. On the other hand, Western governments' explicit efforts to attract a care workforce to address the needs of their ageing societies are a substantial pull factor for healthcare workers' migration. The niche is so lucrative, that outside of Warsaw a private company has set up a campus providing doctors with intensive language and soft skills courses preparing them for jobs in the healthcare systems in Western European countries.

Some ECE governments have tried to bridge these gaps in the same way their Western neighbours do: by extracting care labour from even poorer countries. Just last year, the Polish government has introduced simplified pathways for Ukrainian doctors' degrees to be recognised in an attempt to address the shortages within its own system. However, applying the logic of outsourcing to care labour can only be successful to a limited degree, as it endlessly replicates the same model, placing countries and social groups engaged in these exchanges into a power hierarchy based on economic and labour market capacity. The (predominantly female) care workers who migrate to fill a care gap in another country create one in their own, which in turn needs to be filled by the labour performed by another (again likely female, and certainly poorer) employee or member of their family, and so on. The care workers in such dire demand in Austria and Germany have long been closing the care gap in those countries while creating one within their own counties' economy and in their own families. As the numbers of patients suffering from COVID-19 grows in the Czech Republic, or as extra staff are needed to look after elderly people to replace those who have been taken ill, the lack of the individuals who are crossing the border to Austria on a daily basis might begin to be felt very painfully.

ALSO A GENDER ISSUE

The coronavirus crisis makes plainly obvious the futility of measuring gender equality by official employment rates, in view of the substantial segments of labour market being invisible due to their semi-informal nature. The work of cross-border female care workers is often not captured by statistics, although it enables the labour market participation of women in receiving countries. This may create an illusion of emancipation for women in core EU countries but leaves gender inequality fundamentally unaddressed. The absence of men in the performance of care work, either as unpaid care givers in their own homes, or as underpaid care migrants, is indicative of what can at best be termed distorted emancipation.

Replicating Western European approaches in ECE by extending the care chains from further into the east and south is not the solution; nor should ECE countries be lectured on a lack of European 'solidarity' for failing to supply care workers to the West in this time of crisis. Massive investments into all social sectors are needed across the EU, and in the ECE in particular, to address these cross-border care dependencies and the regional inequalities that make them possible. Solidarity would be funding these through a collective mechanism such as jointly issued corona bonds, although this idea is currently being opposed by the Western European countries that benefit from perpetuating these regional inequalities. Crucially, both the remuneration received, and the social status of care work must be raised across the EU for the predominantly female workforce in this sector to be recognised as indispensable in our ageing and mutually dependent societies.

Elena Zacharenko, Policy and Advocacy Consultant

Highway to health?

by Agnieszka Januszczyk, Bence Hamrak, Benedict Stefani, Cristina Pricop and Dominik Hertlik

Reconciling freedom of movement and social cohesion in the European health sector

Can we preserve freedom of movement in the European Union (EU) and ensure at the same time that those who “stay home” are not left behind? Or, more precisely, can we ensure that the mobility of health professionals does not come at the expense of social justice? Freedom of movement is a double-edged sword: it enables EU citizens to take advantage of job opportunities abroad, but it also leads to problematic labour shortages, exacerbating social inequalities across the continent.

The last decades have witnessed a major increase in the migration of health professionals within Europe, accelerated by the EU 2004 and 2007 enlargements. According to a study by the European Commission Doctors and nurses have been in the top three most geographically mobile professions in the EU for two decades, typically migrating from East to West.

In the meantime, access to healthcare remains an issue in Europe, in particular for the most vulnerable and deprived people. The range, quality and cost of state-run health services differ significantly between and within EU Member States. Moreover, according to an OECD study, in many Central and Eastern European Countries (CEECs), health care is increasingly offered on a private, self-financing basis, and is thus only accessible to those who can afford it.

HEALTH PROFESSIONALS' MIGRATION AND THE EUROPEAN UNION

Facing politically uncertain times, the EU must pay attention to the adverse social effects of free movement on Member States with net migration losses. The outflow can also fuel Eurosceptic sentiments, as the EU is blamed for bleeding the life out of these “weaker” Member States. In Hungary and Romania respectively, almost 40% and over 50% of the population is worried about emigration, and – according to a recent survey – half the Poles and Hungarians think that citizens should be prevented from leaving the country for long periods.

Disparities in access to health services across the EU stand in stark contrast with core EU principles of justice and solidarity, and the aims of social justice and protection that are laid down in the articles 2 and 3 of the Treaty on the European Union. For sure, there are legal limits to what the EU can do: whereas it is competent to adopt measures related to the free movement of workers, it only has supportive competence in health matters and cannot regulate or directly allocate funds to national health care systems. Nonetheless, the Charter of Fundamental Rights states in article 35 that “everyone has the right of access to preventive health care and the right to benefit from medical treatment”. This provision, which should guide EU policies and their implementation, has been recently reinforced by the European Pillar of Social Rights (EPSR) which defines the principle of “timely access to affordable, preventive and curative health care of good quality” for all of its citizens.

This study is based on a comparative case study of Hungary, Poland and Romania, countries with high outflow of qualified personnel and serious deficiencies in their healthcare systems. They spend less on healthcare than the EU28 average and their net migration of health workers is negative. Furthermore, their citizens have significantly shorter life expectancy than the average EU28 citizen.

As matters stand, there is a gap between the expectations laid down in core EU documents and the reality of health inequalities in Member States, which affect more vulnerable people disproportionately. Freedom of movement, as it currently operates in the healthcare sector, further widens this gap and therefore undermines the EU's social cohesion objectives.

HEALTH PROFESSIONALS' MIGRATION AND SOCIAL INEQUALITIES

In CEECs, emigration is one of the main causes of human resources shortages and structural deficiencies, which affect people's equal access to healthcare.

What's worse, the lack of qualified health professionals primarily and disproportionately affects deprived, poorer regions. Public healthcare is the most affected, as it struggles to retain its staff. The more affluent can secure access to faster and more extensive treatment by switching to private care and out-of-pocket (OOP) payments. That leaves the poorer, most isolated and marginalised groups without adequate care or with extended (and sometimes lethal) waiting times.

In addition, emigration catalyses endemic labour shortages, thereby further worsening the performance of health systems. It reduces already scarce resources, puts pressure on training and recruitment, or shrinks capacity. It does not only spur inequalities in home countries, but further increases existing structural differences in resources and expenditure between home and host countries, which are already the primary driving forces of emigration. These circular dynamics set off a deadly spiral.

THE REGIONAL DIMENSION: HUMAN RESOURCES SHORTAGES

The availability of health personnel varies greatly across the EU. According to the OECD, whilst in 2018 the EU28 average was 3.6 per 1000 people, it was only 3.2 in Hungary, 2.4 in Poland, and 2.8 in Romania. When accounting for “health and social employees per 1000 citizens”, these disparities become even more obvious. Hungary and Poland employ 30 and 25, whereas Germany, the UK and Austria reach 68, 60 and 51 employees in the health and social sector. There are also significant regional differences within CEECs. For instance, in Hungary, there are 3.5 times more health professionals per inhabitant in the capital Budapest than in deprived and poorer regions. These inequalities directly impact patients' experiences with the public healthcare system. For example, waiting times for a hip replacement vary from 104 days in the UK, to 120 days in Hungary and 444 days in Poland (OECD 2018).

Labour shortages in healthcare and social exclusion go hand in hand in Romania and Poland, as illustrated by the strong correlation between the number of available doctors per 100.000 capita, and the regions where people experience social exclusion.

INCREASING OUT-OF-POCKET SPENDING

The inability of the public health sector to cover the health needs of these countries' population results in a growing reliance on private healthcare, which is harder to secure by poor and marginalised groups. OOP payments represent 30% of total healthcare spending in Hungary, 23% in Poland and 21% in Romania, all exceeding the EU28 average of 18%. The group most adversely affected by OOP payment are citizens on low income, as testified by the “catastrophic spending” indicator; falling ill can push them into poverty. Around 11.5% of Hungarian households and 9% of Polish ones are affected by catastrophic spending, compared to the EU18 average of 5%. The vast majority of citizens affected by catastrophic spending in Hungary come from the poorest 20 percent of the population (almost 80%).

IMPACT ON VULNERABLE GROUPS

Health inequalities disproportionately affect vulnerable groups, in particular Roma, less educated, and elderly people, who typically dispose of lower incomes, live in more deprived rural areas, and have greater health needs.

All these groups experience more unmet health needs than the average population. In Hungary, this is the case for 15.4% of Roma, and 12.6% of those who only attained elementary education, compared to 7% for the average Hungarian population. In Romania, the percentage of Roma people who do not seek medical treatment when they need it is 42% compared to the national average of 25%.

Elderly people typically require more healthcare than younger people (Kroll and Lampert 2013) and are thus particularly affected by health personnel shortages and rising private expenditure, as their pensions are not adjusted to increased costs. Unmet health needs in Poland strongly increase with age and it is estimated that over 30% of elderly people experience catastrophic expenditure.

▶ *Doctors and nurses have been in the top three most geographically mobile professions in the EU for two decades, typically migrating from East to West.*

WHAT MAKES HEALTH PROFESSIONALS LEAVE?

The main factors influencing physicians' decision to move are similar for Hungary, Poland and Romania.

As survey data from Hungary show, salaries, working environment, and living conditions are the main considerations for around 65-70% of doctors considering emigration. Other factors are the state of the healthcare system, career opportunities, management issues, workload, social status, family reasons, “wanderlust” and language learning.

The largest study inquiring into the preferences and plans of medical students in Poland found that almost two thirds of respondents estimated the likelihood of emigration at 50%. As main pull factors, respondents mentioned higher salaries, better working conditions, new experiences, and professional stability. Only 27% of respondents assess the working conditions in Poland positively.

In a survey conducted on Romanian emigrated doctors, respondents listed working conditions, performance-based promotion, equipment, opportunities for career development, and prestige of the profession as the main conditions for returning.

In another study, a majority of respondents (52%) indicated that although securing satisfactory wages was possible in Poland, it requires significant overtime work and combining parallel jobs, which in turn causes anxiety, fatigue and diminished job satisfaction. Needless to say, the difficult working and employment conditions of the Polish health workforce result in dissatisfaction and increasing frustration among medical professionals.

In the case of Romania, the first message that future doctors get during their university years is that they either accept to be moulded by the “system”, its customs and hierarchies, or that they should consider leaving. Young graduates question the possibility of change or the fairness of the sacrifices required from them. When asked about the general situation of the Polish healthcare system, one interviewee described it as “hopeless”, and that only a “shock-therapy” of a deep reform could cure it. The desire for real structural change is also strong in Romania, which is facing difficulties in developing the healthcare infrastructure it sorely needs because of its struggling economy. The insufficient technological infrastructure and supplies combined with poor resources allocation and mismanagement take its toll on patients and doctors alike.

Just like the young doctors protesting in Bucharest in 2017, their Polish colleagues highlighted the stress and fatigue they face due to simultaneous hospital overcrowding and shortage of doctors. One of the interviewees recalled that although she finds overnight shifts extremely stressful as one doctor is responsible for as many as 170 patients, she feels pressured to take extra shifts as otherwise there would not be enough staff to cover the schedule.

Systemic inefficiencies combined with high emigration of health professionals expose the remaining staff to higher stress which in turn creates a further push towards emigration.

REAL STRUCTURAL DEFICITS PUSH DOCTORS TO MIGRATE

All available data confirm that doctors' motivations towards emigration respond to real structural deficits - in both resource and management - in the CEEC's health systems.

To start with, there is a large wage gap between physicians in Western Europe and the CEECs, even when adjusted to local purchasing power. The adjusted average monthly remuneration in Germany, the United Kingdom and Austria, is almost triple that of Poland, Romania and Hungary.

Mismanagement and inefficient planning lead to unnecessary work for doctors, due, for instance, to avoidable hospital admissions. For example, admissions for asthma and chronic obstructive pulmonary disease (COPD), are high in CEECs, even though these are conditions which could be treated at primary care level. The OECD34 average for these conditions is 237 per 100.000 population, whereas Hungary admits 428. Romania, Poland and Hungary all score very badly on avoidable hospital admission for the five most common chronic conditions (respectively second, third and sixth worst).

Health workers feel discouraged by the lack of necessary instruments and supplies needed for adequate treatments. In all three countries, equipment such as magnetic resonance (MRI) units and computed tomography (CT) scanners are very scarce: 4 MRI units per one million inhabitants in Hungary, 5.9 in Romania and 7.9 in Poland in 2016, which are the worst rates in the EU. The same is true for CT scanners. While Poland, with 17.3 scanners, is closer to the EU28 average of 22.3, Romania and Hungary only have 12.6 and 8.9 scanners - the lowest number in the EU.

Problems arising from the emigration of health professionals have, so far, been mostly tackled at national and local levels, and often in an ad-hoc manner. In light of the complexity of the factors which drive migration and the interconnectedness of EU Member States, these are, logically, insufficient. We thus recommend a more comprehensive policy strategy, which integrates EU actors and processes into addressing both the root causes and adverse social effects of CEEC's braind rain in the health sector.

As our report clearly shows, freedom of movement, by facilitating doctors' emigration, indirectly exacerbates health inequalities. The CEECs however did not, and sometimes cannot, tackle both the causes and consequences of health sector emigration effectively. Therefore, the EU has a legal and moral obligation to mitigate social injustice which result from, or are amplified by, policies which are central to European integration (i.e. the internal market).

TOWARDS A NEW EU EXECUTIVE AGENCY?

We propose to transfer the "health" activities of the Consumers, Health, Agriculture and Food Executive agency, formerly the Public Health Agency (CHAFEA) into a new, fully-fledged agency, the European Health Agency (EHA). This transformation would enhance planning security and testify to the importance of social justice in healthcare in the EU.

> *Salary increases seem the most intuitive way to tackle the brain drain.*

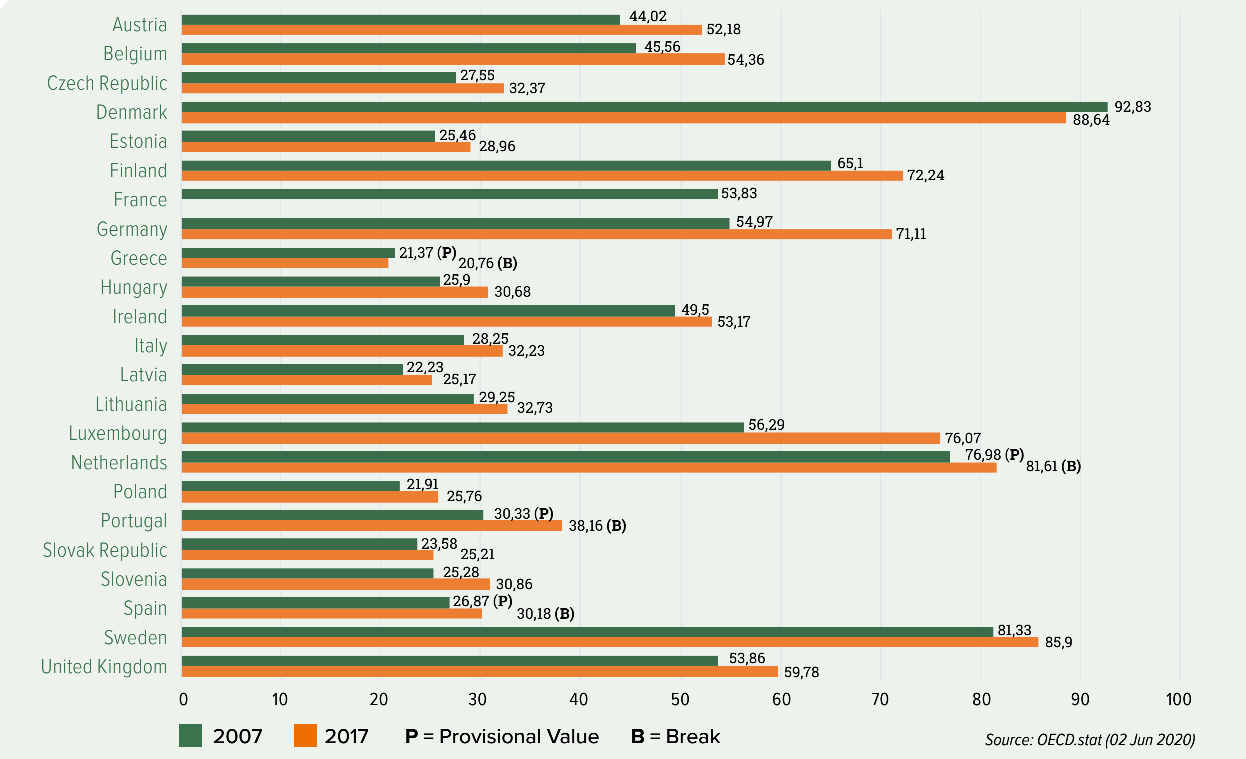
The EHA should be equipped with the necessary competences and funding to exercise its core functions. Some of these can be realised almost straight away, where political will and resources can be harnessed for that purpose, whilst others require Treaty amendments. With that in mind, we suggest that, in the next round of Treaty reform, the protection and improvement of human health should be changed from a supportive (Art. 6 TFEU) to a shared competence (Art. 4 TFEU).

Salary increases seem the most intuitive way to tackle the brain drain. This, for the time being, should be done on a national or institutional level; however, in the long run and after an amendment of the Treaty provision, we can envision an EU-wide policy on health professionals' wages.

While the proposal of an EU-wide minimum salary (adjusted for living costs) has not been met with universal enthusiasm, it may be more politically feasible to introduce it within the medical sector. The lack of human resources in the health sector is ever-more visible and politically relevant in Member States, and the impact on state budgets more limited than that of a universal minimum salary.

Agnieszka Januszczyk, Bence Hamrak, Benedict Stefani, Cristina Pricop and Dominik Hertlik
Members of the Department of Political Science of the Central European University, Budapest

Dataset: Health Care Resources - Total health and social employment / Density per 1 000 population (head counts)



Does Europe care about care?

by Barbara Helfferich

The EU's new gender strategy finally puts care work more solidly at the centre of our economic activity

'At a snail's pace.' That was the conclusion of the latest Gender Equality Index, which measures and compares the progress on gender equality in the European Union. The pay gap still stands at 16 per cent in Europe, while the gender pension gap hovers around 36 per cent. Not to mention other issues such as the entrenched gender-based violence or the persistent under-representation of women in governments and parliaments throughout Europe.

Successive EU equality engagements and programmes have made but a small dent to inequalities, gaps and gender-based discrimination that women experience across Europe. As a matter of fact, over the last 10 years, gender equality issues have suffered a considerable backlash compounded by the financial crisis and the rise in populism in Europe.

> *As a matter of fact, over the last 10 years, gender equality issues have suffered a considerable backlash compounded by the financial crisis and the rise in populism in Europe.*

The new European gender equality strategy (2020-2025), which was launched by the European Commission on 5 March – just before International Women's Day –, clearly sets out to change that. While its topics, including work-life balance, are not new, the approach differs considerably from that of its predecessors. In particular, it recognises and addresses the structural nature of gender inequalities and discrimination and focuses, unlike the previous strategies, on care as a central issue.

DOES EUROPE BEGIN TO 'CARE'?

At the European Union level, working women spend around 22 hours per week in unpaid work; for men this is only nine hours. Even in the most egalitarian countries in the world such as Norway and Sweden, women do at least 20 per cent more unpaid work than men, who may help in the household but do very little care otherwise. The International Labour Organization (ILO) estimates that we need 209 years to close the world's gender care gap in unpaid work if we continue at the current pace.

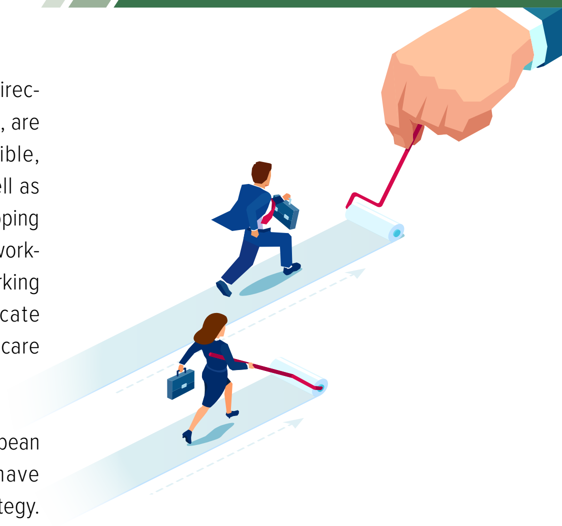
It appears that the European Commission wants to act faster, specifically on care, by linking other important policy areas such as taxation and social protection systems to care issues. Its new strategy states that policies 'should not perpetuate structural gender inequalities based on traditional gender roles in the realms of work and private life', while adding that it will address the inequalities built into some national tax and benefit systems and their impact for second earners.

Likewise, renewed attention is paid to the persistent gender pay gap and its root causes, one of which is related to women's often invisible and unpaid work, much of it spent on caring activities as part-time workers or while using career breaks because of caring responsibilities. Another new and laudable aspect of the strategy is its scope, which includes consideration for carers in less populated regions, as well as single parents – most of whom are women.

> *The International Labour Organization (ILO) estimates that we need 209 years to close the world's gender care gap in unpaid work if we continue at the current pace.*

A MIX OF LEGISLATION, MONIES AND TARGETS

Working parents across Member States are entitled to a range of types of leave, the most common being maternity, paternity, parental leave and leave for children who are ill. But up until last year, there were no EU rules for



minimum standards for care of the elderly or other family members, whilst only a few Member States grant some type of leave for this reason and even fewer compensate for the possible loss in salary.

The new strategy encourages Member States to be more ambitious about their leave provisions and proposes transferability of care leave between parents, which has proven to be another important factor impeding the uptake of parental responsibilities by fathers. This remains a major challenge. The new EU work-life balance directive, approved last year, already addressed these issues, in particular the low uptake of paternal responsibilities. For example, it provides for a minimum right for fathers to take ten days of paid paternity leave.

The new strategy proposes a number of concrete measures to address the gender care gap, pointing first and foremost to the importance of the proper transposition and implementation of the new work-life balance directive. It also commits the Commission to propose new European targets for the provision of early childhood education and care arrangements for children, also by procuring more investments from the different European Funding mechanisms.

TOWARDS AN ECONOMY BUILT AROUND CARE

Member States, willing or not, will have the responsibility to transpose the work-life balance directive into national legislation. The new European strategy has already called upon them to be more ambitious and go beyond the minimum standards of the directive. Furthermore, and equally important, are considerable investments into accessible, affordable and quality child-care as well as elderly care facilities and services. Developing these services is also a tool to improve work-life balance for working parents and working carers, especially women, who dedicate almost twice as much time than men to care for their children.

> *Member States, willing or not, will have the responsibility to transpose the work-life balance directive into national legislation.*

Important civil society actors like the European Women's Lobby (EWL) and COFACE have expressed their support for the new strategy. They are particularly happy to see that care is given its due attention in the new strategy. The programmatic focus on care is a starting point to build towards a bolder framework, pushing for what they call a 'Care Deal for Europe'.

> *How the EU will take care of care will also be a fundamental to address some of the bigger future challenges such as the demographic shift and the future of work.*

Gender equality issues have certainly gained in importance at the European level; at least more than what can be said for some Member States. The European Union, despite its obvious shortcomings, has done much to anchor and promote equality in Europe. We can only hope that the latest strategy is not only window dressing, but the beginning of serious effort to address the challenges of structural discrimination and gender inequalities – for women of all colours and backgrounds. If that is the case, it can really contribute to a more equal and just and sustainable society.

How the EU will take care of care will also be a fundamental to address some of the bigger future challenges such as the demographic shift and the future of work. Incremental policies to address care issues will ultimately not suffice. The EU's new gender strategy, however, is pointing in the right direction by offering some important building blocks to put care more solidly at the centre of economic activity. With that, we can, hopefully, move towards what can be called a reproductive economy built around co-operation and care, rather than competition and inequality.

This article contributes to a partnership between FEPS and the Friedrich Ebert Foundation analysing the EU Gender Equality Strategy by taking a closer look how care work and jobs interplay with the achievement of a feminist Europe.

Barbara Helfferich, independent researcher and consultant on gender and co-founder of the European feminist think tank Gender Five Plus.

Women's and LGBTQ+ rights: authoritarian's ugly face revealed during COVID-19

by Caroline Hickson

Europeans need to fight two viruses, simultaneously and equally vehemently: the new coronavirus, a biological virus attacking our bodies, and the political virus which is attacking our fundamental rights and our democracies.

The diverging responses to the COVID-19 crisis by the governments of different EU countries powerfully highlight how authoritarianism rhymes with a wilfully blind approach to gender equality concerns such as the protection of sexual and reproductive autonomy and safety. Authoritarian governments around the world are using the coronavirus emergency to consolidate their influence, and Europe unfortunately makes no exception. Populist governments like those in Poland and Hungary have cynically leveraged the pandemic to cement their own power and to gag the opposition. With public demonstrations prohibited, they used this perfect time to silence opposing voices.

It is telling that after using the crisis as a pretext to grab unlimited and indefinite power by proclaiming a state of emergency, on March 31, the Hungarian government namely submitted a bill to parliament that, would make it impossible for transgender people to legally change their gender. The law was adopted on May 19th. Similarly, on April 15th, after continuous past attempts to push for abusive legislation curtailing women's reproductive autonomy, institutionalising hate against LGBT+ people and criminalising people with HIV in Poland, two bills were discussed in the parliament on the very same day the ruling Law and Justice Party sought a constitutional change to extend the president's term: one to ban abortion care and another one that exposes "people who promote underage sex" to prison terms up to three years. This is part of a move to ban sex education by labelling those who teach it as paedophiles and LGBT+ activists. Even though in the Polish case civic resistance, digital and offline, temporarily pushed off the bills, we need to question seriously the underlying reasons that explain why such attacks on highly vulnerable groups are taking place precisely during the COVID-19 crisis. These attacks on women's reproductive autonomy and LGBT+ rights are part of a bigger strategy far more complex and dangerous than a simple gender backlash.

Gender roles are a key ingredient in the national identity rhetoric reinvented and promoted by populist and right-wing ideologies. The fight against gender and women's rights is promoted by populist and right-wing ideologies, which not only run against gender equality and women's rights but also against the European Union's most fundamental principles, putting European values and our democratic rule of law-based political and social order at risk.

On April 29th, EC Vice President Vera Jurova, announcing the infringement procedure against Poland over the judicial reform, stated that the "virus can not kill democracy". But attacks on democracy in authoritarian states are not limited to elections and judges, they also target

> *We need to question reasons why such attacks on highly vulnerable groups are taking place precisely during the COVID-19 crisis.*

the health, safety and lives of women and minorities. This must not go unrecognised and unchallenged. This wider strategy threatens to dismantle democracy in Europe and spills far beyond these two countries.

▶ *A global supply chain crisis threatens: shortages of contraceptives, condoms, anti-retroviral drugs, and other necessary supplies for sexual and reproductive health are forecast.*

While these outright political attacks on women and minority groups grab the headlines, in many other EU countries, COVID-19 is also exacerbating an already ongoing silent erosion of sexual and reproductive rights such as the persisting refusal to provide abortion care by medical professionals on grounds of conscience becoming a serious barrier due to the lack of adequate regulation or the many cases of violence and abuse during maternal health procedures in complete denial of human dignity. According to a recent survey by IPPF EN, 94% of family planning centres reported a decrease in the number and frequency of services and outreach activities since the outbreak of COVID-19 and 78% of clinics and community care points have been closed.

▶ *The sad relationship between fundamental rights for women and weak democratic societies shows its ugly face under COVID-19.*

Even the countries that have taken positive measures to ensure that women's needs are met during the current crisis have done so under pressure from strong social movements. France has extended access to medical abortion, contraception, and protection from gender-based violence, while the UK and Ireland have expanded telemedicine and authorised medical abortion at home.

But in many other countries, such as Germany, Italy, Romania, Austria, Slovakia and Lithuania, pre-existing barriers have greatly increased. Due to overwhelmed healthcare and restrictions to the freedom of movement, women are experiencing increased difficulties in accessing contraceptive care, detection and treatment of sexually transmitted infections and screening for reproductive cancers has been halted. Childbirth experiences are being disrupted. Many care-providers have had to close facilities or reduce staff or services. A global supply chain crisis threatens; shortages of contraceptives, condoms, anti-retroviral drugs, and other necessary supplies for sexual and reproductive health are forecast. Many authorities, including amongst the more progressive, have thereby failed to acknowledge access these services as 'essential services'. In Portugal, planned parenthood organisations namely reported that they are no longer permitted to offer screening services by the Ministry of Health due to lack of personal protective equipment. Despite the life and health-preserving nature of sexual and reproductive healthcare, it has suffered restrictions in most countries, like in Slovakia, where even hospitals have stopped performing abortions.

The sad relationship between fundamental rights for women and weak democratic societies shows its ugly face under COVID-19. Access to sexual and reproductive rights is the litmus test of gender equality in the EU. That is why we call on the EU to support Member States in their efforts to maintain the provision of these essential services, through funding and sharing of best practices. Any EU action aiming to support the strengthening of health systems or promote public health must include sexual and reproductive health, as an integral part of health. Women's rights groups, shelters for survivors of domestic violence, and organisations working for sexual and reproductive health and rights, play a key role in realising human rights and protecting the health and safety of those who are most in need. Sufficient, flexible, and continued financial support from the EU and its Member States to civil society remains essential.

▶ *Too few governments stand up for women and minorities.*

Moreover, when designing its Recovery Plan and a revised proposal for the Multiannual Financial Framework, the EU must continue to prioritise funding allocated to gender equality, women's rights including sexual and reproductive health and rights (SRHR), human rights, and support to civil society organisations to address the disproportionate impact this crisis will have on women and vulnerable groups. The EU, as the biggest development aid donor, also needs to continue prioritising global solidarity, including the strengthening of health systems and universal access to SRHR as part of a Universal Health Coverage.

Progressive Europeans should be aware that these worrying developments in the field of sexual and reproductive health and rights constitute a fundamental threat to our common interest. Too few governments stand up for women and minorities and take the essential measures necessary to protect them, their health, and their rights. In these unprecedented times, it is progressive EU leaders' role to do everything in their power to protect people's health and lives, to respect women's rights and dignity, and to work towards a more equal, just, and safe Europe for all.

Caroline Hickson, regional director of the International Planned Parenthood Federation European Network (IPPF EN)

Gender pay gap and pension gap in Europe

The average **gender pay gap** in Europe is **15.7%**. This is the difference in average gross hourly wage between men and women across the economy.

The average **gender gap in pensions** in Europe is **30.1%**. This measures the differences in pensions between women and men (65 years or over).

Below you find the **gender pay gap** (Eurostat, 2018) and the **gender gap in pensions** (Eurostat, 2018) in percentages per state.

Austria
Pay gap : 19,6
Pension gap : 38,7

Belgium
Pay gap : 6
Pension gap : 24,9

Bulgaria
Pay gap : 13,5
Pension gap : 26,5

Croatia
Pay gap : 10,5
Pension gap : 29,7

Cyprus
Pay gap : 13,7
Pension gap : 38,2

Czech Republic
Pay gap : 20,1
Pension gap : 13

Denmark
Pay gap : 14,5
Pension gap : 7,4

Estonia
Pay gap : 22,7
Pension gap : 1,1

Finland
Pay gap : 16,3
Pension gap : 23,3

France
Pay gap : 15,5
Pension gap : 29,7

Germany
Pay gap : 20,9
Pension gap : 37,4

Greece
Pay gap : 12,5 (2014)
Pension gap : 24,6

Hungary
Pay gap : 11,2
Pension gap : 15,5

Ireland
Pay gap : 14,4 (2017)
Pension gap : 27,6

Italia
Pay gap : 5
Pension gap : 32

Latvia
Pay gap : 14,1
Pension gap : 17,7

Lithuania
Pay gap : 14
Pension gap : 16,5

Luxembourg
Pay gap : 4,6
Pension gap : 43,3

Malta
Pay gap : 11,7
Pension gap : 42,3

Netherlands
Pay gap : 14,8
Pension gap : 39,6

Poland
Pay gap : 8,8
Pension gap : 18,2

Portugal
Pay gap : 16,2
Pension gap : 31,4

Romania
Pay gap : 12,2
Pension gap : 27,2

Slovakia
Pay gap : 19,4
Pension gap : 8,2

Slovenia
Pay gap : 8,7
Pension gap : 13

Spain
Pay gap : 14
Pension gap : 32,4

Sweden
Pay gap : 12,2
Pension gap : 27,2

United Kingdom
Pay gap : 19,9
Pension gap : 34,2

Source: https://www.equalpayday.be/europa/

Gender pay gap: The venom is in the tail(s)

by Jana Besamusca

The persistent gender pay gap is increasingly difficult to explain. In the past, it was mostly due to women's lower educational qualifications and shorter work experience. Today however, only about a third of the gap is due to women working in lower paid occupations or sectors. As knowledge is empowering, the EC's European Gender Equality Strategy 2020-2025 aims for pay transparency as a tool for tackling the pay gap. To address all cross-cutting pay inequalities however, the Gender Equality Strategy would do well to focus on four current issues on the European agenda: decent wage floors, working time, the predictability of working time, and public procurement.

Major societal changes have transformed the role of women in Europe since the establishment of our welfare states. When the European Coal and Steel Community was established in 1952, female labour force participation was between twenty-five and forty per cent in most European countries. In my own country, the Netherlands, about 25% of women were employed, and married women reported spending an average 70 hours per week on housework. Marriage bans in the public sector were still in place (they were abolished in 1955). In 2020, women outperform men in education and have doubled or tripled their labour force participation. Women work more, more hours and more years. Today, we can see women lead governments, public institutions and firms, even if those who do are still the exception.

Women's lives and roles have undergone a major transformation since the establishment of European political cooperation (and certainly vastly outpaced behavioural adaptations observed in men during the same time period). These changes occurred largely without abandoning care responsibilities. Nor were they accompanied by equal rewards in the labour market. In fact, motherhood is now one of the largest impediments to women's job retention, wage growth and promotions.

True, legislation has brought entitlements to equality in nearly all areas of life and most EU Member States have invested in childcare institutions. However, labour markets still uphold male standards. In her seminal book *Divided Devotions*, Mary Blair-Loy famously explains how our beliefs that committed workers work around the clock clashes with the constant availability expected of a good mother. Forms of work that negate the male good worker standard, like reduced hours or performing tasks associated with care giving (professionally or at home), are invariably associated with lower pay, promotions, and prestige.

> *Motherhood is now one of the largest impediments to women's job retention, wage growth and promotions.*

Reflecting women's advancements in the world of paid work, scholars have acknowledged that the persistent gender pay gap is increasingly difficult to explain. Where older research would show that women's lower pay was primarily due to their lower educational qualifications and shorter work experience, this is less true today. Using the 2014 Structure of Earnings Survey, which surveys establishments in the EU Member States, Eurostat estimated the existence of an unexplained pay gap of 11.5% and an explained pay gap of 5.1% (adding up to a 16.6% pay gap): only about a third of the gender pay gap is due to women working in lower paid occupations or sectors.

European Commissioner Helena Dalli issued a communication on the 2020-2025 gender equality strategy which appears to be aimed at addressing that reality. In the area of employment, it spearheads two initiatives: a legislative proposal on binding measures on pay transparency by the end of 2020 and a re-launch of the 2012 proposal for gender balance on corporate boards.

PAY TRANSPARENCY AND GENDER PAY GAP

In the press conference presenting the European Gender Equality Strategy 2020-2025, Commissioner Dalli described the yet undefined binding pay transparency instrument as a first step towards tackling the gender pay gap. She suggests that knowing the size of the gender pay gap in firms will lead to actions that bring about reductions of its size. In this regard, the Commission follows the lead of countries like Iceland, France and the UK, who have come to the same conclusion. UK firms with over 250 employees have already had to submit six different measures of their gender pay gap to be published on the public Gender Pay Gap Service site, with smaller employers expected to follow suit in the coming years. France requires firms to submit (preferably bipartite) gender equality action plans annually. The much talked-off Icelandic law from 2018 addresses pay equity (equal pay for comparable work) by requiring all firms employing over 25 workers to get certificates from expert auditors to prove their pay management systems are in accordance with ISO standards for equal pay for work of equal value.

EU Commissioner Helena Dalli described the yet undefined binding pay transparency instrument as a first step towards tackling the gender pay gap.

By necessity, pay transparency focuses on gender pay gaps within firms: firms report on their own pay practice, are (potentially) held accountable for how they reward their own employees, and are blamed and shamed for failing their female employees when they underperform. There are good reasons to focus on firms, particularly with a view on effectiveness. Legally, companies can be required to pay women and men the same wages when they perform the same (equal pay) or equivalent (pay equity) jobs or tasks within the same (mother) company at the same level of experience. This makes well-implemented pay transparency measures a potentially powerful tool, if largely dependent on employers' cooperation.

Pay transparency, however, also has a number of limitations, which are solidly within the realm of the public policy. First, firms aren't prevented from hiring primarily female secretaries and male managers and are within their rights to pay the managers more than the secretaries. Second, pay transparency cannot fix the fact that our societies pay engineers more than teachers and notaries more than nurses. Since few enterprises employ workers covering such broad occupational groups, this kind of pay inequity is addressed on the level of the labour market as a whole. Third, much of the overall gender pay gap is found between firms: women and men who work in the same occupations can still have jobs for different employers in the same or different sectors, one of which may pay higher than the other.

Finally, research into the gender pay gap increasingly focuses on its tails, where the gap is largest. Hence women in low-wage occupations and those at the top experience relatively larger disadvantage compared to their male peers than those in the middle. To be truly intersectional, as the strategy claims to strive for, actions towards closing the gender pay gap must target hurdles faced by low-wage workers as well as high-paid professionals. To address these cross-cutting pay inequalities, the Gender Equality Strategy would do well to make full use of the equality task force it aims to establish. Especially, I would suggest focusing on four current issues on the European agenda: decent wage floors, working time, the predictability of working time, and public procurement. Al these issues have the potential to help both male and female workers, but can be expected to benefit the latter more, thus potentially contributing to the closing of the gender pay gap.

To address these cross-cutting pay inequalities, the Gender Equality Strategy would do well to make full use of the equality task force it aims to establish.

MINIMUM WAGES AND DECENT WAGE FLOORS

The von der Leyen Commission has promised to deliver a proposal on the establishment of a fair minimum wage or wage floors for all workers in the Union. This pledge is critical, as women are significantly overrepresented at the bottom of the wage distribution. In a recent article, a team of researchers shows that the introduction of a national minimum wage in Ireland in 2000 increased the wages of 17% of female workers and closed the country's gender pay gap among lowest paid workers. Increasing wages of the lowest paid workers not only addresses the wage gap where it is relatively large, it also has the potential to alleviate poverty and is in line with broader aims to decrease income inequality in our societies. What is more, if the strategy is successful in its aim to close gender gaps in employment participation, the greater inclusion of low educated women in the labour market is actually likely to increase the gender pay gap unless steps are taken to address income inequality more broadly.

WORKING HOURS

A second field the task force on equality should concern itself with are developments in working time. A recent article in the Harvard Business Review describes how professional workers in the (admittedly more extreme) US context are penalised for not working ever more extreme hours in terms of career progression; top management positions were reserved to employees who ascribed to the "70 hour week lifestyle". In a recent complaint to the labour inspection, scientific personnel at Dutch universities indicated structurally working between 12 and 15 hours per week more than stipulated in their contracts. While the Working Time Directive clearly requires that workers who refuse to work over 48 hours per week (in Member States where that is even allowed) should not be negatively affected, refusals to partake in structural overtime do affect career progression, especially for professionals. While refusing the previous European Parliament's call to revise the working time directive, the Juncker commission did acknowledge flaws in implementation were to be addressed. This Commission should ensure that connections to the gender pay gap are included in any further action.

TRANSPARENT AND PREDICTABLE WORKING CONDITIONS

Working time also affects the bottom of the wage distribution, especially as regards its predictability. The 2019 Directive on transparent and predictable working conditions does not include any references to gender, parenthood, or wage gaps. Nevertheless, it is extremely relevant for precarious workers, many of whom are parents and have to plan both their paid and unpaid work schedules. Crucially, article 33 provides that *workers should have the possibility to refuse a work assignment if it falls outside of the reference hours and days or if they were not notified of the work assignment in accordance with the minimum notice period, without suffering adverse consequences for this refusal*. EU Member States will have to transpose the directive on transparent and predictable working conditions by 2022. This offers a window of opportunity to address the situation of low-paid women (and men), who are much more likely to work rotating shifts and fragmented part-time hours, which are detrimental to enrolling children in childcare.

PUBLIC PROCUREMENT

Finally the European Gender Equality Strategy already mentions that "the Commission's guidance on socially responsible public procurement will fight discrimination and promote gender equality in public tenders." It should, however, go beyond that. Public procurement procedures go to the heart of the underpaid care sector, which is responsible for a large share of the gender pay gap. In its free market attempts to stimulate freedom of goods and services, the European Union has materially contributed to a race to the bottom in public services. Public tenders exacerbate a focus on the cost of care services to municipal budgets (or tax payers) at the expense of quality and working conditions. In the guidance on socially responsible public procurement, the task force on equality has a real opportunity to show its teeth and improve the wages and working conditions of a vulnerable group of women and migrant workers.

Jana Besamusca, Postdoctoral researcher at the University of Amsterdam, Department of Sociology

▶ *The 2019 Directive on transparent and predictable working conditions provides that workers should have the possibility to refuse a work assignment if it falls outside of the reference hours and days without suffering adverse consequences for this refusal.*

The EU minimum wage initiative in times of COVID-19

by Sacha Garben

A few months ago, the new European Commission boldly announced its plans to deliver an EU minimum wage legal measure within its first 100 days in office. The COVID19 crisis is likely to affect not only the schedule of this high-profile initiative, but the very political appetite for it. Yet, the COVID19-induced economic downturn presents a litmus test for Social Europe, and more specifically the European Pillar of Social Rights (EPSR), as well as – arguably – for the minimum wage initiative.

Indeed, this unexpected pandemic will show whether we have learned from past mistakes made in the previous crisis, where the austerity measures rolled out across Europe created the social and democratic deficit that precisely the EPSR and the minimum wage initiative were meant to counteract.

In times of profound uncertainty for employers and workers, the preservation of employment is logically everyone's first priority. Not every sector of the economy is currently suffering from the containment measures, as for some the forced changes in consumer behaviour increases business and opportunities, but the majority certainly is. That raises the question whether we can 'afford' social protection in these challenging circumstances. But just as EC President Ursula von der Leyen rightly pointed out that this is not a 'fair weather Union', social and employment rights are not only for the good times – on the contrary, they should show their worth precisely in times of trouble.

Social and employment protections, especially at EU level, are set at a 'minimum' level, a level that we consider non-negotiable for normative, economic and practical reasons (and that we would like everyone to go well beyond). Economically vulnerable groups are already likely to be hardest hit by the COVID-19 crisis in many different ways. We need to protect them beyond the idea that 'any job will do for now'. In recent years we were finally able to overcome the cynical approach to social protection that considers that anything that benefits businesses and growth will also automatically also benefit workers through some trickle-down effect and the mere possibility for them to just have a job, no matter how precarious, uncertain, low-quality and low-paid it may be. We decided we were better than that. Europe's citizens demanded the EU to do better than that. The result of that enlightenment was, first, the European Pillar on Social Right (EPSR), and second, a range of new social initiatives at EU level – such as the one on minimum wage.

Already before the COVID-19 outbreak, the initiative proved contentious. One of the central points of uncertainty and debate revolves around the much-contested question of legal competence in this field. Under the principle of conferred powers, the EU only has the capacity to enact legislation where it has been attributed the power to do so by the Treaties. This means that the EU always needs to base itself on a specific authorising provision in the Treaties that grant it the power to act and describes the procedures and other conditions attached. This is called a legal basis. Some would argue that the EU does not have a legal basis to adopt a minimum wage Directive.

> *In times of profound uncertainty for employers and workers, the preservation of employment is logically everyone's first priority.*

This is because under Article 153 of the Treaty on the Functioning of the European Union (TFEU), the EU's main social legal basis, the issue of 'pay' is “excluded from its provisions” (paragraph 5). Apparently, it seems to prevent the EU from adopting, on this particular legal basis, a binding EU measure that directly fixes the level of minimum wages in the Member States.

However, the current approach in EU law is that if there is insufficient ground for action on one legal basis, this does not preclude the use of another legal basis, as long as the conditions of that second provision are genuinely fulfilled. This is for instance how the EU was able to legitimately adopt a range of protective directives on tobacco products and their advertisement, even though the Treaty only authorises the EU to adopt incentive measures concerning tobacco that do not entail the harmonisation of Member States' laws. The EU instead used the legal basis related to the internal market, and the Court of Justice ultimately gave it the green light to do so, as long as the conditions of the use of the internal market legal basis are fulfilled.

▶ *Article 175 of the Treaty on the Functioning of the European Union may offer an alternative route to adopt a fully-fledged minimum wage directive to diminish the social and economic disparities that are hampering a harmonious development of the Union in both economic and societal terms.*

As such, under the current interpretation of EU law, it is very well possible to argue that the minimum wage measure could be adopted based on another Treaty provision. This alternative could potentially be found in the oft-overlooked social legal basis of Article 175 TFEU on economic, social and territorial cohesion. An important part of the rationale of introducing an EU minimum wage is to decrease the social and economic inequalities between different parts of the EU, to promote upward social and economic convergence and a more harmonious development of the Union. Economic and social cohesion is a so-called “shared competence”, which means that “the Union [...] may legislate and adopt legally binding acts in that area” (Article 2(2) TFEU). More specifically, Article 174 TFEU states that “in order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion”. The following article (175) continues that “if specific actions prove necessary outside the Funds and without prejudice to the measures decided upon within the framework of the other Union policies, such actions may be adopted [...] in accordance with the ordinary legislative procedure”. Thus, if Article 175 TFEU was used, it would entail Qualified Majority Voting and, importantly for the European Parliament, co-decision.

A textual interpretation of Article 175 TFEU, in conjunction with Article 174 TFEU, does not in principle seem to oppose the adoption of a minimum wage directive, if it was designed so as to significantly strengthen the Union's economic and social cohesion and thus genuinely diminish disparities between Member States. It would be imperative that a rigorous and systematic impact assessment accompanies the proposal. This assessment should, through data and reasoned projection, provide sufficient grounds and reason for the Court of Justice of the European Union to accept, if the directive were to be challenged afterwards, that the way in which the directive sets minimum wages for the EU genuinely (and not incidentally or purely indirectly) contributes to social and/or economic cohesion and the Union's harmonious development. The assessment should perhaps not just focus on the measure's reduction of disparities but also on taking the sharp edges of wage-competition that has distorted the internal market as can be seen from the Posting-saga, as well as producing upward socio-economic convergence. The fact that such a measure would protect workers in all Member States does not necessarily seem to be a problem, as long as it can clearly be shown that in doing so, the measure significantly contributes to social and/or economic cohesion.

Thus, as I have argued recently together with Ane Aranguiz, Article 175 TFEU may offer an alternative route to adopt a fully-fledged minimum wage directive to diminish the social and economic disparities that are hampering a harmonious development of the Union in both economic and societal terms. However, it seems that the formidable hurdle of legal competence is no longer the main challenge that the initiative faces in the dramatically changed post-COVID-outbreak landscape. For the reasons outlined above, however, it is precisely now that we need to push for social standards and protection, so that we come out of this current crisis better (or at least less bad) than we came of the previous one. This will be crucial for the social legitimacy of the Union and to contain EU scepticism and populism more generally.

Sacha Garben, Permanent professor at the Legal Studies Department of the College of the College of Europe and on leave from the European Commission. The views expressed are entirely personal.

Squaring the circle with EU action on minimum wages is more urgent than ever

by Amandine Crespy

In January 2020, the European Commission launched a formal consultation of social partners in view of proposing an EU “framework” ensuring “fair minimum wages” across the EU. The proposal instantly triggered vivid protest, notably from Scandinavian unions. While no one can underestimate the difficulties involved the conception of a legitimate and effective EU framework on this issue, societies are in serious need of action at EU scale to tackle poverty, the devaluation of work and atone economies.

As the measures adopted to contain the coronavirus will bring about a deep recession across Europe, it will be crucial to not repeat the mistakes of the past. In response to the 2008 financial crisis (and the ensuing debt crisis), the decrease in wages, the pressure for further decentralising of collective bargaining and the debasing of social rights across the board have been the main game in town. This has made our societies more vulnerable in the face of the new sanitary and socio-economic crisis. The adoption of an EU instrument for guaranteeing minimum wages would send the right signal, namely that the European Union shall not be a main driver of social regression this time. Health and long-term care sectors are particularly affected by the low wage problematic. Beyond one-off bonuses foreseen by some governments, an increase in minimum wages to reach decent levels would be welcome to recognise, on the long term, the heavy responsibility these workers are bearing in – among others things – the fight against the coronavirus.

▶ *The adoption of an EU instrument for guaranteeing minimum wages would send the right signal, namely that the European Union shall not be a main driver of social regression this time.*

PRINCIPLED AND DEFENSIVE POSITIONS

The grounds for an EU action are tangible. There is a widely shared – and well documented – diagnosis that an important share of wages is too low in Europe. This brings about problems in terms of inequalities (since wages and income have grown for the better off), poverty, including rampant in-work poverty, and detrimental persisting imbalances among EU countries.

▶ *There is a widely shared – and well documented – diagnosis that an important share of wages is too low in Europe.*

From the outset, the European Commission made clear that the initiative would by no means try to impose the introduction of statutory minimum wages where they do not exist, because minimum wages stem from collective bargaining. Yet, the Nordic unions' responses, which have been vocal in expressing resistance, very much focused on this fear.

Immediately, the Danish, Finnish, and Swedish unions have felt under attack of a threatening EU bureaucracy wanting to destroy their (highly performing) systems of collective bargaining. It is striking, though, that the argument against EU action is first and foremost one of principle.

In an op-ed published on EU Observer right before the formal launch of the consultation, Therese Svanström, the president of the Swedish Confederation of Professional Employees (TCO) wrote: “Most importantly (...) is the fact that the EU lacks legal competence in the area of wages”. Thus, rather than convincing arguments about why precisely EU action would be bad, the piece primarily reflects a fear of losing control and a defensive stance claiming that “well-functioning systems for collective agreements simply cannot be ordered from Brussels”.

▶ *If a consensus could be found on bailing out indebted countries and extend the intervention scope the ECB, why not on tackling poverty through minimum wages?*

While competence-creep certainly raises legitimacy issues, one can only admit that EU integration is a dynamic process. From jurisprudence to the initiatives from the Delors Commission, permissive interpretation of EU law provisions is part of the EU's DNA especially (if not only) in the social realm. When the financial crisis hit, the course of action which prevailed relied on an intrinsically political logic. It is a shared diagnosis that EU action is needed to tackle a particular issue which provides the grounds to act, not the exact wording of the treaties. If a consensus could be found on bailing out indebted countries and extend the intervention scope the ECB, why not on tackling poverty through minimum wages?

While more open to EU action, the response of the European Trade Union Confederation (ETUC) to the Commission's consultation document focuses mainly on how to strengthen collective bargaining. Such a defensive position is well understandable, given that the EU's actions over the past decade have more contributed to weaken than strengthen national collective bargaining. Insofar, the EU seems to be going one step forward, two steps backwards, fuelling legitimate bitterness and distrust. However, it is not realistic to hope that this initiative can (or should) tackle the structural problems which have been underlying the weakness of collective bargaining in many European countries for a long time. This ought to be addressed in a separate initiative.

DEFINING MINIMUM REQUIREMENTS, NOT SETTING WAGES

Rather than seeking new competence to intervene in wage setting, the EU needs to focus on the objectives in terms of coverage (decreasing the percentage of workers who are not entitled to the minimum wage) and level (most probably expressed in percentage of the median wage). This could take the form of a framework directive asking Member States to choose their own path to achieve those objectives: either through a statutory minimum wage, through collective bargaining, or a combination of both. While discussions tend to focus on the level-dimension, coverage is also key in preventing poverty. As rightly pointed by the ETUC, multiple exceptions and exemptions contribute to maintain numerous categories of workers in poverty – ranging from young people to platform workers, home workers or seafarers.

> ▶ *The EU needs to focus on the objectives in terms of coverage (decreasing the percentage of workers who are not entitled to the minimum wage) and level (most probably expressed in percentage of the median wage).*

> ▶ *A strict non-regression clause should be introduced in the Commission's proposal to ensure that the EU minimum standard does not drive national norms downwards.*

Furthermore, Svanström hypothesises that "what goes up, might come down", implying that the EU could use the framework to lower wages in times of crises. Yet, the history of EU social policy rather teaches us that EU regulations are always minimum standards. This has two implications. First, EU standards cannot be used to lower national standards. Second, what is already a minimum cannot be lowered. In turn, wages have been substantially lowered at the national level as a result of the recession, whether the unions supported it or not. In fact, research shows that where the EU does not have minimum requirements and protective regulations in the social realm, other dimensions of EU integration (linked to pro-market policies) will more easily affects social conditions.

Twenty-two EU countries currently have a minimum wage under 60% of the (gross) median wage (the benchmark recommended by the ILO). An EU framework could matter a great deal for those countries, creating political pressure and institutional incentives to improve wage conditions and even, in the medium run, create upward convergence.

The fact that the framework will most likely be irrelevant for the remaining six countries which have higher levels of minimum wages is not a good reason to reject it. A strict non-regression clause should be introduced in the Commission's proposal to ensure that the EU minimum standard does not drive national norms downwards. This non-regression clause could have an additional time dimension, ensuring that, even in times of recession, the threshold could not be violated.

Furthermore, the ETUC's position is in some respects ambiguous. In its contribution, it forcefully claims that any EU action "needs to fully respect and safeguard systems of collective bargaining which work well" and that "any specific criteria and wage setting mechanisms must only apply to statutory minimum wages and to the role of public authorities in fixing and enforcing them, not to wages set through collective agreements". Yet, what the ETUC document does not say is what happens when collective bargaining does not work so well.

Among those six countries where minimum wages are decided by collective agreements, only three (Denmark, Italy and Sweden) reach the benchmark of 60% of the gross median wage, while the three others (Austria, Cyprus and Finland) remain below. In such cases, then, why would a mandatory EU benchmark not be seen as a tool for unions to strengthen the union's negotiating position and set minimum wages which are an adequate tool to prevent poverty? In turn, as far as states with statutory minimum wages are concerned, the ETUC is right to point out that an EU framework should ensure that unions' participation in the negotiations are not merely symbolic.

THE HARD LAW VS. SOFT LAW DILEMMA

If we can agree that the currently highly concerning situation regarding wages is worth engaging with a positive intervention, this does not solve the "how" problem. With which kind of policy instrument can come up with that could be able to accommodate the diversity of wage setting systems across Europe and keep its promise of not harming subsidiarity?

While hard law is always the best way to ensure compliance, it is not sure that the Commission will be able to overcome the legal and political hurdles. It has been oftentimes underlined that Article 153 on social policy explicitly excludes pay from the EU's regulatory competences. If not impossible, the search for alternative legal basis in a gesture of legal creativity seems tricky and will be hotly debated.

If the Commission fails to gather sufficient support for a legislative breakthrough, it will have to rely on soft law. In that regard, the reference to the European Pillar of Social Rights leaves to door open two both paths, but tends to put more emphasis on the second best, non-binding option. In that case, a Council recommendation could be the chosen instrument. Anchoring it into the European Semester would have the advantage of setting up a surveillance mechanism through which slow convergence could be promoted. But, as we know from all socially rooted recommendations of the European Semester, compliance and implementation tend to be low.

▸ *It has been oftentimes underlined that Article 153 on social policy explicitly excludes pay from the EU's regulatory competences.*

Thus, the consultation of the coming months will be crucial for the Commission to find the right balance between legitimacy and effectiveness. As Europe is facing yet another recession and its possible ensuing steps towards social regression, it is important to draw the lessons from the past and remember that social actors at the national level (including unions) are particularly vulnerable and, what is more, they are so in a way which is unequally distributed among Member States. Hence, it is key the EU is able to establish social safeguards which do not only rely on political actors' goodwill.

Against that background, it is important for all progressive actors to remember that one cannot continuously call for a more a social Europe and end up vetoing tangible initiatives as soon as they are on the table.

▸ *The consultation of the coming months will be crucial for the Commission to find the right balance between legitimacy and effectiveness.*

Amandine Crespy, Associate Professor, Free University of Brussels and Visiting Professor at the College of Europe.

If it ain't broke, don't fix it!

by Laust Høgedahl

Even though the intentions of the EU Commission for a European Minimum Wage are noble and well-intentioned, the consequences for the Nordic labour market models can be far-reaching. Based on past experiences, the opposition is therefore well-founded.

Agreements on wages and working conditions need to be settled as close to where the work is.

I am the proud owner of an old Swedish sailboat with an equally old Swedish inboard diesel engine. A simple design, yet steady and reliable. I teach and do research within the academic field of industrial relations at Aalborg University, Denmark. So, obviously, I am not a trained marine mechanic (nor an expert on EU policy processes), yet, I felt the urgent need to do some modifications to my inboard engine. I will get back to the result later.

To the point: in January 2020 the European Commission launched the highly anticipated formal consultation with the social partners ahead of advancing a policy proposal to ensure 'fair minimum wages' across EU Member States – one of the Commission's '100 days in office' initiative. The proposal immediately trigged a strong response from the Nordic countries - Finland, Sweden and Denmark - who, along with Austria, Cyprus and Italy, are the only EU Member States without a minimum wage set by law.

The Nordic opposition has not gone unnoticed. In a contribution to the Social Europe website, Amandine Crespy characterises the 'defensive stance' from Scandinavian trade unions as 'emotional' without 'convincing arguments about why precisely EU action would be bad'. But the Nordic opposition against any legal interference in wage settlement is not a reflexive, emotional answer but rather one based on past experiences with EU regulation on labour market issues. EU legislation based on mainly individual rights shaped by case-law collides with the long-standing Nordic tradition of collective bargaining as the main form of regulating the labour market.

The Nordic opposition against any legal interference in wage settlement is not a reflexive, emotional answer but rather one based on past experiences with EU regulation on labour market issues.

UNDERSTANDING THE NORDIC OPPOSITION

First, it is important to understand that the opposition against EU regulation in terms of wages are not only found among Scandinavian workers and their trade unions but equally among employer associations and politicians (left and right). Second, social partners in the Nordic countries have past experiences with EU regulations on labour market issues that cause scepticism even when political guarantees are given by Brussels. This is the case for example with the Working Time Directive.

Collective agreements conducted at sectorial level in the Nordic countries are in many regards very informal and broad, leaving room for interpretation at the local level. The idea is that agreements on wages and working conditions needs to be settled as close to where the work is conducted as possible. This gives a high degree of flexibility creating strong cooperative adaptation to changes in international markets - an important ability for small open economies like the Nordic countries.

Some companies in the private sector are not covered by collective agreements in the Nordic countries. Seen from an EU legal perspective, these areas must be missing important regulations securing rights for workers. However, research shows that these areas with no collective agreements are for the most part not missing minimum wage floors or provide a low quality of work. In fact, one of the reasons why the collective bargaining coverage in Sweden and Denmark is not higher is that many employees in the private sector with a higher education prefer individual wage settlement. In terms of employees with a low level of education research also shows that collective agreements often have 'spill-over effects' to the uncovered labour market.

▶ *Areas with no collective agreements are for the most part not missing minimum wage floors, nor do they provide a low quality of work.*

Companies without collective agreements will often refer to the wage levels set within sectoral agreements in the face of competition to attract qualified employees.

WAGE SETTLEMENT IS A COMPLICATED MATTER

Wages and wage settlement are key features in any labour market. Yet wage formation is a relatively complicated process in most countries involving both negotiations and regulations. The 27 EU Member States have found hugely different solutions to labour market regulations including wage settlement. These differences are deeply rooted in historical traditions, institutions, and practices - many of which date back to the early industrialisation in the late 19th century, creating different industrial relations systems, as a consequence.

In most EU countries, the minimum wage is determined by legislation in the form of a statute or a regulation. However, there are great differences in the way this process works. In most EU Member States, the social partners are consulted but the level of involvement varies a great deal. In some countries, the level is set on the basis of bargaining between the social partners (Belgium, Estonia and Greece). In other countries, the level is set through tripartite arrangement (Bulgaria, Poland and Slovakia), where the governments decide if the social partners fail to come to an agreement. Additionally, in some EU Member States the minimum wage is adjusted on the basis of automatic indexation. In the Nordic countries, minimum wages are set by collective agreements at sectorial level negotiated voluntarily by the social partners with little or no intervention from the state.

▶ *In the Nordic countries, minimum wages are set by collective agreements at sectorial level negotiated voluntarily by the social partners with little or no intervention from the state.*

WHAT IS THE BEST WAY TO SECURE A HIGH MINIMUM WAGE?

Looking at the wage structure and wage levels, research clearly shows a rather compressed wage structure in the Nordic countries. Blue collar workers with low levels of education in the Nordic countries have rather high wage levels compared to other EU Member States. The share of employees with low wages – those earning less than two thirds of the national median wage – is rather low as a consequence.

In the OECD Outlook 2018, Denmark is the top performer in Earnings Quality. Research findings connect this wage equality with independent, collective bargaining conducted voluntarily by strong social partners. Research also clearly shows that wage systems based on collective bargaining reduces the number of persons with lowest wages compared to a statutory minimum wage system.

IF IT AIN'T BROKE, DON'T FIX IT

Back to my inboard diesel engine. It did not go well. I managed to short-circuit the electric system. The lesson learned: if it ain't broke, don't fix it. Wage settlement in the Nordic countries is based on sensitive compromises and negotiations between employers and employees with very little intervention from politicians. This has been the blueprint for the Nordic labour market models for more than a hundred years and the output in terms of performance is well documented.

Laust Høgedahl, Associate Professor in Industrial Relations, Centre for Labour Market Research (CARMA), Aalborg University.

EU minimum wage – why now?

by László Andor

Ten years after the launch of the Europe 2020 strategy, we can observe that poverty has not been substantially reduced, but on the other hand, inequality has been on the rise in many EU Member States. The lack of adequate minimum wage increases, or coverage, is part of the problem. The establishment of the statutory minimum wage in Germany (2015) is a major step forward from an all-European point of view, and the time has come to make a decisive step forward regarding minimum wage coordination to foster cohesion and convergence. Besides boosting aggregate demand and the purchasing power of working people, EU level action would need to help to stamp out controversial practices that have been recorded in the past decade (minimum wage reduction in times of fiscal adjustment, generational discrimination, not providing full minimum wage for public workers, etc.).

The minimum wage has proven to be an effective tool in the fight against poverty. Economic benefits have also been demonstrated in the countries where it was introduced. Whether the European Union should be responsible for setting the minimum wage is a critical question. Due to the diversity and uneven development levels of EU Member States, defining an EU minimum wage in absolute terms (a single minimum wage expressed in euros applying in all Member States) is a flawed concept. On the other hand, an EU intervention to help social partners and governments in Member States defining and maintaining a decent wage floor is possible, and it would represent a major step forward.

> *Economic convergence is not coupled with social convergence.*

WHAT WENT WRONG WITH WAGES?

Wages and wage-setting represent an area where the EU has no direct competences but in various ways the issue has gradually come under EU influence too. Already in 1996 the EU ruled that posted workers must receive at least the minimum wage of the country where they actually work, and more recently EU legislation gave them the same level of remuneration that applies to all workers in the host country.

There are, however, negative examples as well. Ten years ago, the EU crisis response put pressure on Member States towards a decentralisation of wage-setting mechanisms, triggered disruption of pre-crisis collective agreements, and even a downward adjustment of the minimum wage (in Greece). This came in addition to a longer-term trend of a declining wage share in a number of countries.

The question therefore is what EU minimum wage coordination would mean in the context of the Single Market and the Economic and Monetary Union (EMU). The two dimensions have different implications, but they are equally important.

Within the EU Single Market, countries with uneven productivity levels and diverse welfare systems are interconnected. It is mainly among the so-called new Member States (those who joined in 2004 or after) where wages are not only lower in absolute terms, but minimum wage levels are also well below average. Trade unions in these countries are rather weak to fight for better salary dynamics, or for a different growth model. This means that economic convergence is not coupled with social convergence, which creates a material basis for social dumping notwithstanding the significant progress in legislation on posted workers. Insufficient wages are among the reasons of large-scale emigration and population decline.

Concerning the EMU, the need for wage coordination has been highlighted by Olivier Blanchard, Andre Sapir and others. In the absence of exchange rate adjustments, decoupling between productivity growth and wages has contributed to major imbalances. When surplus countries are reluctant to increase wages, while deficit countries are instructed to reduce them, the outcome is detrimental for the community as a whole. The decline in wage share, resulting in sluggish aggregate demand and absence of "wage inflation" even became a headache for central bankers, and calls for reorientation of macroeconomic policy thinking. Protection of minimum wages by the EU can play a role in that.

Finally, the consequences of low or absent minimum wages on the gender pay gap should also be highlighted. Since women are overrepresented among the low earners (e.g. in retail or health sectors), if minimum wages are lagging behind the average, the gender pay gap tends to be greater. And we know there are very few practical tools today to reduce the gender pay gap. Greater wage transparency, which is on the agenda of the European Commission, will not suffice alone.

CALLING FOR EU ACTION

How to facilitate upward wage convergence and a coordinated wage rise is the central question today, and some concrete proposals have already been outlined. For example, in order to counter the above negative trends, European trade unions launched a campaign for a European Wage Alliance in 2018. This campaign already pointed to an EU role regarding the minimum wage. Esther Lynch, ETUC Confederal Secretary said: "Minimum wages are far too low", and she continued: "The EU should set a target date for statutory minimum wages to reach at least 60% of the median wage, and then living wages."

> *Besides boosting aggregate demand and the purchasing power of working people, EU-level action would need to help stamping out controversial practices that have been recorded in the past decade.*

However, the deadline without a mechanism would not have the slightest chance of produce the desired outcome. What should the mechanism be? For example, agreement could be sought on a guaranteed wage floor in each country, based upon a coordinated approach towards minimum wages at EU level and ensuring that the levels are set above the poverty threshold and represent decent pay for the work undertaken.

To define the desired level, one can take a "living wage" approach, and follow the definition given in the European Pillar of Social Rights (EPSR), which says that "adequate minimum wages shall be ensured, in a way that provides for the satisfaction of the workers and his/her family". A more concrete definition is possible as a percentage of some relevant wage level: median or mean for example. Defining a goal at 60% of national median wage is most frequently observed.

Besides boosting aggregate demand and the purchasing power of working people, EU level action would need to help to stamp out controversial practices that have been recorded in the past decade (minimum wage reduction in times of fiscal adjustment, age discrimination, not providing full minimum wage for public workers, etc.). On the other hand, it should provide encouragement to maintain and develop collective bargaining, as a best practice of wage setting in Europe and beyond.

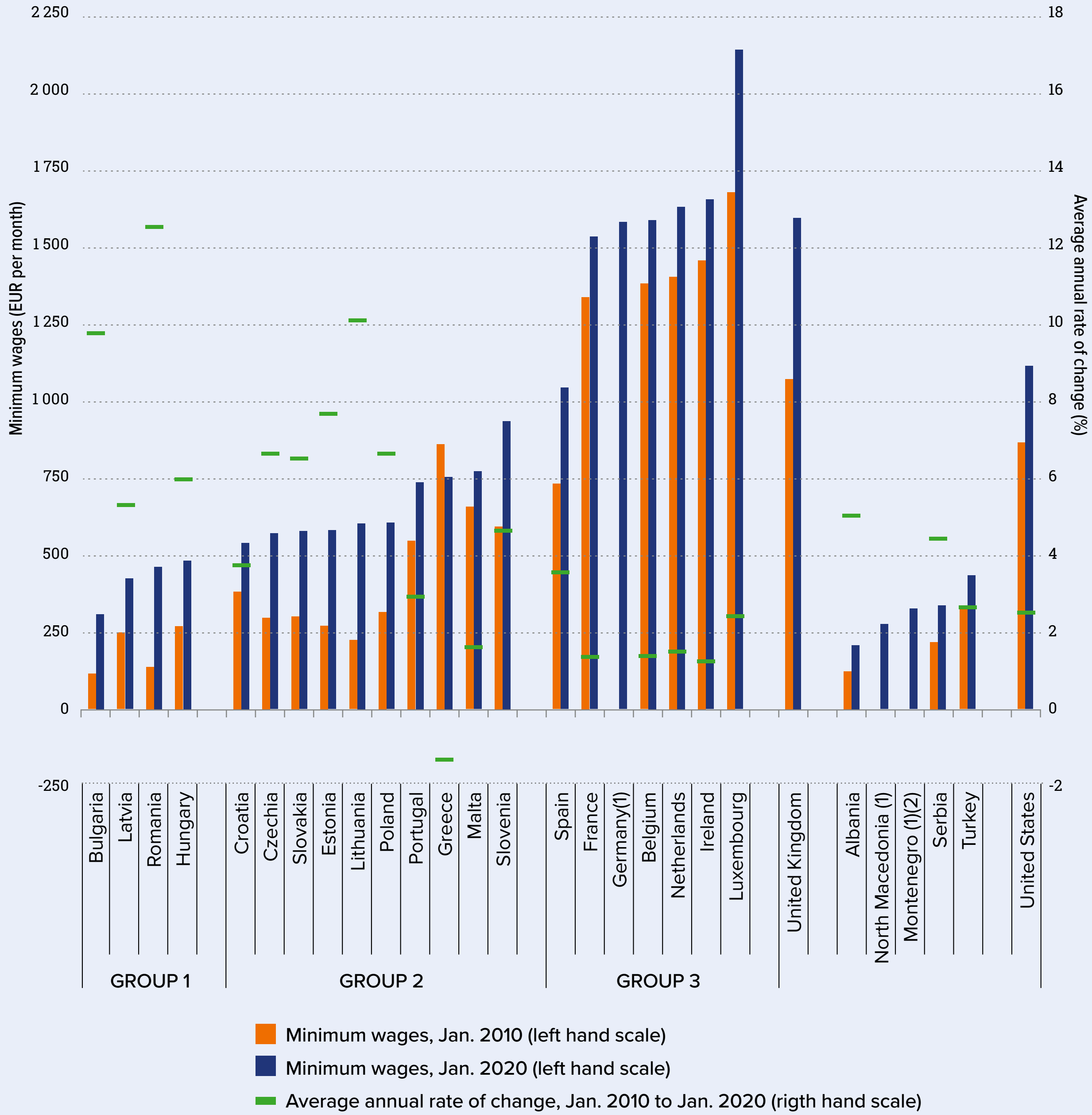
SCEPTICS – AND WHY THEY ARE WRONG

While there are clear arguments in favour, there are also various concerns around the idea of minimum wage coordination by the EU. First of all, some may question whether there is a legal base at all for progressive intervention. Others may fear that by moving further into wage coordination, the EU would limit the autonomy of national economic policy making. And it has also been suggested that minimum wage coordination would substitute trade unions, and eventually weaken them.

> *Another typical Brussels agony is that a small step towards uncharted territory would put the EU on the slippery slope, and in this case, it would open the door to an avalanche of ideas in the field of income policy.*

Minimum wages, January 2010 and January 2020

(EUR per month and %)



Note Denmark, Italyn, Cyprus, Austria, Finland and Sweden : no national minimum wage

(1) January 2010 and average annual rate of change not available

(2) July 2018 instead of January 2020

Source: Eurostat (online data code: earn_mw_cur)

Concerning the legal base, it is clear that references to general EU goals (solidarity) or even the Social Charter ("dignity in working conditions") would be insufficient. According to Sacha Garben and Ana Aranguiz, an oft-overlooked social legal basis can be found in the Treaty on the Functioning of the European Union (TFEU) on economic, social and territorial cohesion. Article 175 of the TFEU may offer a route to adopt a fully-fledged minimum wage directive to diminish the social and economic disparities that are hampering a harmonious development of the Union in both economic and societal terms. "The main advantage offered by Article 175 TFEU, as compared to the other contending alternative legal basis found in the flexibility clause of Article 352 TFEU, is that it allows the EU to act through the ordinary legislative procedure rather than requiring unanimity while maintaining a social focus."

Some might fear that EU intervention in minimum wage setting would bring further limitation to the autonomy of economic policy making. However, the current rules in economic governance function as an open invitation to wage restraints and to solve all problems by containing or reducing workers' incomes in times of crisis. This would indeed be a limit, and arguably a more sensible one than self-imposed debt ceilings that prevent badly needed public investments even when the interest rate would be zero.

Another typical Brussels agony is that a small step towards uncharted territory would put the EU on the slippery slope, and in this case, it would open the door to an avalanche of ideas in the field of income policy. In this case the point is that the further proposals that would help stabilising incomes and protect workers from poverty are already on the table. Most importantly, an unemployment reinsurance initiative is being prepared by two EU commissioners, while experts are discussing further possibilities (guaranteed minimum income, universal basic services, helicopter money from the ECB etc.). And after the crisis experience and the decade long wage stagnation, there is no neutrality option for the EU. If it does not act in favour, it will be seen to be against rising wages and income stability, with unpredictable political consequences.

FAST FORWARD TO A SOCIAL UNION

This debate on wages and minimum wage coordination by the EU would not have been possible just a few years ago. The EU only started to advocate national minimum wages in the 2012 April Employment Package, which was followed by the first tripartite exchange of views on wage setting (1 February 2013). Somewhat later, and to some extent thanks to encouragement by the EU, the largest EU Member State, Germany, introduced a statutory minimum wage in 2015, following the return of the Social Democrats (SPD) into the Grand Coalition led by Angela Merkel.

The search for an adequate EU role on incomes is linked to the effort to correct the economic governance mechanism, but also the need to make the EPSR real. The debate has been moving relatively fast, maybe exactly because it became so obvious in the aftermath of the recent economic crisis this is a crucial component of a viable European Union that can meet the expectations of the citizens and reinforce the European Social Model.

The search for an adequate EU role on incomes is linked to the effort to correct the economic governance mechanism, but also the need to make the EPSR real.

László Andor, FEPS Secretary General

Res Publica Europae – a European Union of the citizens

by Jo Leinen

Ulrike Guérot

*"Why Europe Should Become a Republic!
A Political Utopia"*

J.H.W. Dietz Nachfahren, May 2019

Guérot analyses the crisis of the European Union with profound criticism and shrewd observation. "The blueprint for Europe is missing," she notes. The way to a "Res Publica" with transnational democracy is blocked by the nation states and their selfish interests. Therefore, Europe is not prepared for the major challenges such as the financial crisis, migration or, currently, the corona crisis. In its current constitution, the EU itself is the crisis. The disappointment of people however results in flaring populism and nationalism.

The book sees itself as an alternative to the renationalisation and depoliticisation in the EU. In a digression, Guérot explicates the 2000-years-old history of the "Res Publica", from Plato, Seneca and Cicero to the works of the French Revolution. The "Res Publica" is always based on the common good. That is what is missing in the EU. The European single market and monetary union are not able to create the common good for its people. The EU is skewed to liberalism, which makes those who are already stronger even more powerful. It guarantees property rights – but not labour rights. Guérot denounces the hypocrisy of liberalism: there is, she says, formal freedom, but no real freedom. The social embedding of European politics is missing and the gap between the rich and the poor is only widening.

> *Europe is not prepared for the major challenges such as the financial crisis, migration or, currently, the corona crisis. In its present constitution, the EU itself is the crisis.*

"The words shape the thinking," Guérot writes. The deficits of EU's are quickly excused by calling it "sui generis" entity and by saying that "multi-level governance" does not produce better results. With the project of a European Republic, Guérot wants to rethink Europe and rekindle a desire for Europe. Her long-term vision is the realisation of the European Republic, to be proclaimed on May 9, the European Day of 2045.

"Without a constitution, everything is nothing" – the quote is attributed to James Madison, at the time the United States were founded. The citizen is the sovereign in a republic. The community of citizens decides on the foundations and direction of politics in a republic. There is equality before the law for all citizens, political equality in elections and rights to social participation. In the EU, the policy guidelines are set by the European Council, which is neither controlled by the European Parliament nor by the national parliaments. A real European political area and a real European democracy cannot be created this way.

In her blueprint for the "new EU", Guérot goes beyond well-known patterns of thought and argues that democracy must be re-founded beyond the nation state. In the 21st century, a territorial reorganisation comes in sight.

Guérot proposes that regions and metropolitan areas should form the basis of membership in the EU. Their representatives must be given

> *"Without a constitution, everything is nothing" – the quote is attributed to James Madison, at the time the United States were founded.*

a seat and a vote in a new EU parliamentary system. This new European Parliament will make decisions for the European citizens' more easily and efficiently than the current EU system, with the strong position of the nation states and their far-reaching veto power. This European "Res Publica" would not only provide IBAN numbers for money transfers, but also, for example, an ID number of all citizens in the European republic, a European social security number or a European tax number. These citizens-centred decisions would strengthen people's sense of community and solidarity. Liberalism, including the internal market, would be tied to the common good.

This European "Res Publica" would not only provide IBAN numbers for money transfers, but also, for example, an ID number of all citizens in the European republic, a European social security number or a European tax number.

The "citoyenneté européenne" needs a common language of understanding in order to enable deliberation on all common topics in the same language and in direct exchange. The education systems in the EU should therefore promote bilingualism.

The youth is for Guérot the greatest hope for the realisation of this idea of a "Res Publica Europae". The young people want to have a say and will not accept false authorities or technocracies. The question, however, remains how a Europe-wide movement for this "Res Publica" will emerge. How to overcome the opposition of the many bureaucracies? The populists scream, "we are the people", Guérot therefore calls upon the political centre of the peoples of Europe to reply to them: "We are the Res Publica Europae!"

The subtitle of the book is deliberately called "A Political Utopia": it is an attempt to see things differently and to present an innovative European social design. The idea of a "Res Publica Europae" has found numerous supporters and followers in Europe.

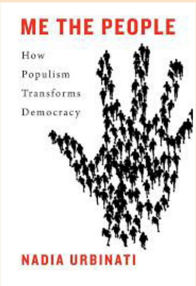
Ulrike Guérot's ideas should be discussed at the "Conference on the Future of Europe" which the European Parliament and the European Commission are promoting. This conference should not be given up. Rather: because of the current poly-crises, a new consensus about the future of the EU and continent is more urgent than ever. Should the Member States try to stall this debate, then the time for a grassroots democratic movement comes, to take the EU's future in its hands. Progressives of all countries will be there – and they will participate.

Ulrike Guérot's ideas should be discussed at the "Conference on the Future of Europe" which the European Parliament and the European Commission are promoting.

Jo Leinen,
Member of the European Parliament (1999-2019)

Populism as a reflection on our democracies' shortcomings

by Josef Weidenholzer



Nadia Urbinati

"Me the People"

Harvard University Press, August 2019

The past few years have been marked by an unprecedented increase in the weight of populist parties. In many countries, they are now setting the tone of the debate. Not only are they shaping these countries' domestic politics, they also have disruptive effects on the international order. This process has come like an avalanche. The tendency is global and, from a historian's perspective, almost epochal.

> *Nadia Urbinati explains the current populist hype primarily from the shortcomings, rigidities, and genuine weaknesses of representative democracy.*

With the increasing popularity of populist politics, the number of scientific attempts to explain them increased too, without, of course, providing fully satisfactory answers to the many people, who are so eagerly trying to understand the destructive force of the phenomenon.

Too often – and quite understandably – one was alternatively guided by singularities based on the charisma of a particular leader, phantasms of national special paths, a reduction to reactions of economically disadvantaged people ("deplorables") or the fixation on ideologically oriented debates. All of these have often been accurate observations, which, however, neither help to explain the phenomenon in its entirety nor provide building blocks for a counterstrategy.

Nadia Urbinati's "Me the People" stands out against this backdrop because her lucid work does not only consider the complexity and interdependence of the phenomenon. Rather, the author tries to explain the current populist hype primarily from the shortcomings, rigidities, and genuine weaknesses of representative democracy. For too long, its problematic areas had not been addressed. The status quo, in a certain tradition of Francis Fukuyama, had been exalted as the final and ideal state.

This hubris obscured the dangers resulting from the dynamics of the political process in (western) democracies, specially at a time when in technologically highly developed market economies traditional party-democracy had increasingly transformed into audience democracy.

> *The former Austrian populist leader Jörg Haider may serve as a European prototype for the sudden appearance of the populists on our political stages.*

The former Austrian populist leader Jörg Haider may serve as a European prototype for the sudden appearance of the populists on our political stages. Suddenly he was there and swirled the seemingly static but self-satisfied political landscape. He managed to frame the issues of the debate, had continuously rising approval rates and became a fundamental threat to the established political world. The morea people fought against him, the stronger the movement he had started became. Not even his accidental death put an end to the hauntings.

This phenomenon has existed for over three decades and has paralysed Austrian politics. All strategies were tried: combat and exclusion as well as tactical arrangement and appeasement.

FIGHTING POPULISM NEEDS UPDATED DEMOCRACIES

Even the EU sanctions after Haider's party entered a government coalition were unsuccessful. They even had an opposite effect and started serving as a textbook example for other right-wing populists in Europe. For populists, to exist against a smart-aleck outside enemy – like the EU in this case – has since been highly stylised into a common national rallying cry.

The Austrian example shows: Every counter strategy falls short when it only combats populist tendencies or when it even tries to make short-sighted tactical deals. **Populism is not a foreign thing that comes from outside, it is rather a reflection of our democracies very own shortcomings.**

Self-criticism is therefore appropriate. The whining epic of many political speeches distracts from the fact that current representative democracy is by no means an unchangeable construct. It was created under different historical, geographical, and cultural conditions, was fought against with fierce resistance and often remained inadequate because a lot of things could not be implemented.

Nadia Urbinati convincingly succeeds in placing the emergence of modern populist movements in this very broad context. She is not only familiar with their widely differing forms worldwide – from right to left – but she is also familiar with the state of the debate on democratic theory. In the thought tradition of Norberto Bobbio, she prefers a "proceduralist vision of democracy". The focus on procedural rules is not only committed to guaranteeing individual freedom, but also enables a modulable framework that allows for the participation of individuals.

The starting point and root cause of all populist tendencies is the accusation of not being heard by the established representatives. This mood, which can be found worldwide, is certainly often justified, especially in the digital age, where the understanding of space and time has fundamentally shifted. To successfully stand up to populism, to prevent it from ultimately destroying democratic achievements – as tendencies can be seen in some Member States of the European Union – is to attack its roots. This book does not provide direct instructions for how to do this. But it shows that there is only one way to do this: to expand the democratic space in terms of the principle of discourse and to update the rules on which it is based.

There were many problems even before the Corona crisis: social inequality, gender discrimination, racism, global imbalances, and resource depletion. But the problem is more acute now: we should not leave it up to the populists to shape the reflection on the profound experiences that people all over the world are going through during these weeks.

Josef Weidenholzer,
Member of the European Parliament (2011 – 2019)

The starting point and root cause of all populist tendencies is the accusation of not being heard by the established representatives. This mood, which can be found worldwide, is certainly often justified, especially in the digital age.

Changing everything – and how to

by Olaf Bruns

Ann Pettifor

"The Case for the Green New Deal"

Verso, September 2019

With the battle of ideas in full swing on how to try to spend our way out of the COVID19-induced economic meltdown, the question arises what kind of economy we actually want, and how to get there. The British economist Ann Pettifor's *"The Case for the Green New Deal"*, even though published half a year before the new crisis hit, takes a radical stance that seems even more urgent now than upon release.

The globalisation of the financial world and its destructive consequences on society and nature has been Pettifor's domain for decades. She enjoys the dubious honour of having been one of the few economists to foresee the 2008 collapse of the financial system in her 2006 book *"The Coming First World Debt Crisis"*.

The crisis that took off in 2008 was also the breeding ground for the Green New Deal – almost a decade before the idea was taken up by US Representative Alexandria Ocasio-Cortez and long before it resurfaced, Europeanised but somewhat truncated of its radical and social implications, as the European Green Deal of the European Commission (EC).

While the stock markets went red all over the world in the late noughties, Pettifor organised a series of meetings of economists and environmentalists in her living room. The challenge was to imagine, out of the rubble of a financial meltdown, how to build an economy in which ecosystems and human dignity are not external factors, but the very foundation. The result: the first draft of the Green New Deal – an obvious tribute to US President Franklin D. Roosevelt's "New Deal" which is one of the major sources of inspiration.

> *The question whether the economy needs a green transformation should not even deserve much debate.*

The question *whether* the economy needs a green transformation should not deserve much debate. It has been repeated over and over: according to the UN's Intergovernmental Panel on Climate Change, we have about a decade left to limit global warming to 1.5 degrees Celsius.

However, the steady flow of scientific studies pointing to the looming catastrophe shows we're everything but on track: according to the EC's Copernicus Climate Change Service, 2019 was Europe's hottest year ever measured. Climate change continues unabated: the US National Centres for Environmental Information found that 2020 is already on course to be hottest year since records began.

If we go beyond the 1.5°-limit, every additional half degree will significantly worsen the risks of drought, floods, extreme heat, and poverty for hundreds of millions of people. Sea levels rise more dramatically than expected and could reach an additional meter by the end of the century. The US National Academy of Sciences expects one billion (!) people to live in insufferable heat within 50 years, and the World Bank counts on over 140 million climate migrants by 2050.

"We are facing extinction", resumes Pettifor. And it's not only climate change: in the wake of the COVID-19 crisis, the link between wildlife habitat destruction and an increasing spread of viruses has increasingly become clear. The staggering evidence is that the unfolding environmental crisis will dwarf any other global challenge experienced by mankind – including the current one.

Pettifor is fully aware that it might be too late to avert it. Surrendering however would be nihilism.

If you want to change the world, you have to control the money flow.

To conceptualise the economy in another way, we need to understand, she argues with a reference to the pioneer of ecological economics Herman Daly, that "human economy is a subsystem contained by a delicately balanced global ecosphere". An alternative could be to abandon the Holy Grail of growth and to adopt, instead, an economic and ecologic equivalent of the Plimsoll line – the white line that is painted on vessels to show the most they can carry before compromising their seaworthiness. The defining point would thus be: how much economy can the ecosystem Earth carry?

But where environmental groups and parties have long concentrated on behavioural change, where lately the idea of taxing CO2 emissions had gained traction, and where the current debate on post-COVID19 recovery plans focusses on whether or not to sprinkle bail-outs with some green conditions, Pettifor begs to differ, and radically so: "if you want to change the world, you have to control the money flow."

"Credit", she writes, "is the main driver of economic expansion and consumption. It has stimulated the extraction of fossil fuels through industrialisation, urbanisation, motorisation and the growth of (...) consumerism by the affluent classes." It is easy credit that drives the economy above the ecological "Plimsoll line". Instead of mere tinkering at the margins by easting vegetarian, cycling or even taxing carbon emissions, the solution would be to stamp out that easy access, and today's convoluted cross-border supply chains it creates, which are fuelling our consumption binge that pushes the planet to the brink.

Credit is also, she adds with a reference to James K. Galbraith, what fuels our "psychologically grounded desires: "wants" that do not originate in the person of the consumer" but which are "contrived by the process of production". Doing away with many of those could be more liberation than privation.

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Shorter supply chains are certainly something that resonates today, after not only European have been rubbing their eyes when discovering their incapacity to quickly produce a simple artefact as a face mask. The debate about opposing "localisation" to globalisation however is around since the early 2000s – but Pettifor digs out a less well-known essay of the economist John Maynard Keynes – on whom much of her work builds – from as early as 1933, where he argues for minimising rather than *maximising* the "economic entanglement among nations. Ideas, knowledge, science, hospitality, travel – these are the things which should [...] be international. But let goods be homespun whenever it is reasonably and conveniently possible, and, above all, let finance be primarily national."

Nationalised finance and *"homespun goods"* are a leitmotiv for Pettifor's vison of a more sober, more humble and self-sufficient economy: "countries like Britain should cultivate their own green beans and sew their own clothes." And what might help to squeeze the economy into the limits of the ecological Plimsoll-line is also a way to free the Global South from its subjection to the Global North: "they should not rely on poor countries draining [their] water tables in order to grow green beans/ red roses/ tropical fruit for richer countries."

The upside of that self-sufficient Plimsoll-line economy is the opportunity to steer capital flows towards the investments in people, in green social, health and education infrastructure and in the creation of millions of jobs – for example in renewable energy, zero-carbon public transport, upgrading buildings for energy efficiency, building "smart" distributed power grids to provide affordable clean electricity to all and reorganising the food system.

Opposing the current trend towards increasing automatisation, she warns, "the Green Deal economy will be labour intense."

The point however are qualified jobs – jobs that provide a decent income, meaning and community involvement. Jobs after all, to throw in a bit of philosophy, that break with what Karl Marx described as alienated labour, and which adhere to Immanuel Kant's imperative that a person should be treated "never merely as a means to an end, but always as an end."

"WE HAVE TO CHANGE EVERYTHING"

In order to make finance work for the people and the planet however, it needs to be understood as a "public utility, the same way as a sewage system", one that would be nothing without states' backing, *ergo* that of tax-payers, and one that needs to be dragged out of the shadows of the "invisible hand" of private interests, back into the bright light of democratic oversight.

> *Can the capital flows be wrestled from the control of private interest, back to democratic oversight and tamed in a way that they serve the people and the planet?*

It is, after all, about taking back control. But taking back control from the real superpower – the financial markets – not from an imagined superpower in Brussels.

The towering question of course is: can it be done? Can the capital flows be wrestled from the control of private interest, back to democratic oversight and tamed in a way that they serve the people and the planet?

It has already been done before, Pettifor answers: when President Roosevelt, in the very Saturday night of his inauguration, began the process of taking the US off the gold standard. "By Monday morning (...), he was well into the dismantling and transformation of the "barbaric relic" that was the globalised financial system." By doing so, the Roosevelt administration subordinated global market force to a democratically elected government – hence: the people.

Pettifor does not conceal that Roosevelt's landslide victory gave him practically a free hand, that global markets did not concede defeat without a fight and that eventually they managed to back in charge. Her point however is precisely that overwhelming market power is no fatality, and that it can be domesticated with – lots of – political will.

That is where we stand today. Again, the rubble of another economic meltdown is piling up. The temporary fall in air pollution and CO2 emissions because of global lockdowns is by no means a structural reduction and the looming ecological disaster has not receded a single inch. But there is some political will. In a recent survey, the pollster Ipsos has found vast majorities in most industrialised countries to back prioritising climate change in the economic recovery from the COVID-19 crisis, and in many countries, despite the crisis, citizens are against recovery actions that might harm the environment.

And the good news is, as Pettifor said in a recent interview with the Flemish news magazine *Mondiaal News*: "there is a plan now" – a green and social transition can be done, and it can be financed. The bad news: it needs to be done – it will not come about by itself. And for it to be done, an unprecedented mobilisation will be required to transform people's leanings into political action. The Green New Deal, post-COVID19, is about fighting the easy-looking fall-back solutions like throwing unconditional bailout money at the aviation or the automotive industry. It is about using the bailout money for gaining democratic oversight on industrial decisions.

But as Pettifor closes: "where there is no struggle, there is no progress."

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Olaf Bruns,
deputy Editor-in chief of the Progressive Post

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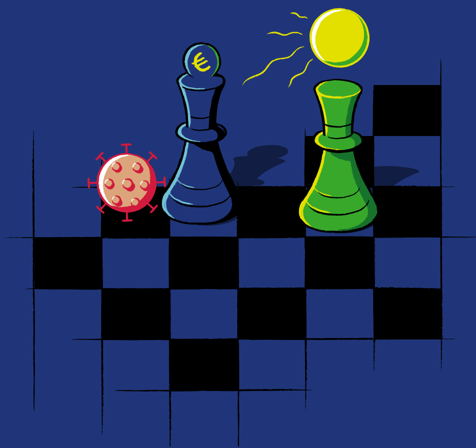

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