PROGRESSIVE YEARBOOK 2022



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FOREWORD

Left turn of the tide?

The FEPS *Progressive Yearbook* has become a tradition, and we are proud to introduce this third edition. Our annual publication is now close to the heart of the progressive political family in Brussels and reaches out to a broad readership in Europe and beyond.

This third edition is launched at a very special moment. The past year has brought important changes which might amount to a new trend in Europe. The first half of 2021 was marked by a strong social season in the EU institutions, and critical electoral results came in the second half of the year. Olaf Scholz from the SPD became Chancellor of Germany and formed a 'traffic light' coalition government on the waves of a Social Democratic revival. The electoral victory was claimed against initial polls and was groundbreaking, encouraging all progressives. With this renewed sense of hope, we also welcomed the outcomes of the municipal elections in Italy. A genuine hero of these elections is the former MEP Roberto Gualtieri, the new mayor of Rome, whom we have the honour to call the *Progressive Yearbook* person of the year – and who features prominently in this *Progressive Yearbook* with an interview.

No less important is the continuing robust performance of Nordic Social Democracy. Important developments have been the elections in Norway, bringing the centre-left back to government, and the change of the leadership in the Swedish SAP – resulting in the phenomenal situation where Social Democrats lead all the countries of Northern Europe, with three of the four prime ministers being women.

But while there have been so many positive developments, there is also much about which to be concerned. Policymaking at the EU level remains overshadowed by the fight against the pandemic. The bloc continues to struggle with deviations in the field of democracy and the rule of law, strategic autonomy remains an elusive concept, and discussion on the need for new fiscal rules often starts and ends with beating around the bush.

Assessing the state of play, and raising the question of what to do about these policies in practice, therefore forms an integral part of the considerations in this volume. As in the past, this year's *Progressive Yearbook* starts with a chronology and ends with predictions about the upcoming year.

Through the texts included here, we, together with our distinguished authors, hope to contribute to the important reflections about the alternative paths unfolding before us. And we also want to express our optimism about the promising potential of progressive politics. It is with great pleasure that we therefore put the *Progressive Yearbook*, along with our other FEPS publications, at the service of Socialists at the local, national and EU level in their ongoing work for the primacy of progressive ideas.

László Andor
Ania Skrzypek
Hedwig Giusto

LOOKING BACK

European Chronology 2021[1]

January

1 January	Portugal takes up presidency of Council of the EU The EU-UK Withdrawal Agreement is implemented, and the UK is no longer a member of the European Union. Still, many bilateral issues remain unsolved
4 January	Julian Assange's extradition is blocked by a British court UK begins inoculating British citizens against Covid-19 with AstraZeneca/Oxford vaccine
6 January	Supporters of former US president Donald Trump assault the United States Capitol
8 January	Twitter permanently bans Trump, to prevent him from encouraging further violence through inflammatory tweets
18 January	Lilianne Ploumen is elected leader of Dutch PvdA
20 January	The inauguration of Joe Biden as the 46th president of the United States takes place in Washington DC. The hopes are high that the page has been turned and a new chapter in the world's history can now begin
21 January	European Parliament adopts resolution on the EU Strategy for Gender Equality
24 January	Presidential election is held in Portugal. Marcelo Rebelo de Sousa is re-elected for a second term
27 January	A near-total ban on abortion enters into effect in Poland, making it impossible to conduct a procedure even if the foetus is fatally damaged. The protesters again take to the streets, mobilising thousands of citizens – whose voices the government ignores
28 January	Estonia becomes the only country currently to have both a female prime minister and president Poland: thousands protest as abortion law comes into effect FEPS publishes the Progressive Yearbook 2021

1 Special thanks to Sophia Christodoulou for compiling this chronology.

February

1 February	In Myanmar a coup d´état led by the Tatmadaw disempowers the newly elected National League for Democracy (NLD) In the Netherlands MH17 trial begins of four people accused of shooting down an airliner over Ukraine and killing 298 people
7 February	Parliamentary election is held in Liechtenstein
11 February	Berlin film festival awards gender-neutral acting prizes for the first time, thus eliminating the categories of best actor and best actress
19 February	The United States officially re-joins the Paris Agreement, from which the previous Trump administration withdrew in November 2020. The international commitment to fight against climate change gets real again
22 February	Italian ambassador Luca Attanasio is killed in the Democratic Republic of Congo

March

4 March	The EU Commission publishes a communication containing the Action Plan implementing the European Pillar of Social Rights, presented by Commissioner for Jobs and Social Rights Nicolas Schmit Commissioner for Equality Helena Dalli proposes pay transparency directive
11 March	Launch of China's 14th five-year plan (2021-25) containing important strategic elements for the orientation of its economy
14 March	Regional elections are held in Baden-Württemberg and Rhineland-Palatinate, Germany. The Greens win over 32 per cent of the vote and lead in the enlarged Landtag. Their previous coalition partner – the CDU – suffers the worst result in its history
17 March	The European Commission proposes a Digital Green Certificate to facilitate safe free movement inside the EU during the Covid-19 pandemic Parliamentary election is held in the Netherlands. The PvdA ends up with nine seats in the Tweede Kamer, finishing sixth behind D66 and the SP among others
21 March	Turkey withdraws from the Istanbul Convention
23 March	A 400-metre container ship is buffeted by strong winds and runs aground in the Suez Canal, blocking all traffic and disrupting trade worldwide Knesset elections take place in Israel (the fourth in two years). Likud wins the largest share of seats (30). Following difficult negotiations, Bennett-Lapid rotation government is formed
26 March	New Zealand approves paid leave for miscarriage

April

4 April	First parliamentary elections of the year are held in Bulgaria. The governing coalition led by Boyko Borissov loses seats, but the new composition makes it impossible for anyone to form a new government
8 April	French vote in favour of hijab ban in public for girls under the age of 18
9 April	Prince Philip, Duke of Edinburgh, dies at the age of 99
14 April	Biden delivers remarks on withdrawal from Afghanistan: troops will be pulled out by 11 September (20th anniversary of terror attack on New York and Washington DC organised by Osama bin Laden of Saudi Arabia)
22 April	The Leaders' Summit on Climate takes place in the US
25 April	Parliamentary election is held in Albania. The Socialist Party wins 74 seats out of 140. Edi Rama continues as prime minister
26 April	The so-called 'sofagate' scandal takes place – a diplomatic protocol incident which happened during the visit of Ursula von der Leyen and Charles Michel to Turkey, where their hosts had not organised an appropriate seating arrangement for the presidents of the European Commission and Council
27 April	One billion doses of the Covid-19 vaccine have been administered worldwide, according to *AFP* (AstraZeneca is the most widely used vaccine, followed by Pfizer, Moderna, Sinopharm, and Sputnik)

May

6 May	Local elections are held in the UK, and a parliamentary election takes place in Scotland, where the SNP dominates, winning 64 out of 129 seats and entering government for the fourth consecutive time
7-8 May	Social summit of EU heads of state and government in Porto, hosted by Portuguese government (endorsing Action Plan to boost EU social dimension)
10 May	An escalation in the Israeli-Palestinian conflict is triggered by a decision of the Supreme Court of Israel to evict six Palestinian families from Sheikh Jarrah, a neighbourhood in East Jerusalem. The violent crisis will last until 21 May
13 May	Violence against women is "a pandemic", says Dubravka Šimonović, UN special rapporteur on violence against women
23 May	The government of Belarus hijacks a civilian plane to arrest an opposition journalist
25-27 May	FEPS Call to Europe #10 – the first online progressive festival – on 'Recovering Europe: Mind the Social Gaps' is held

30 May	Parliamentary elections take place in Cyprus. The Socialist party EDEK gains one additional seat in the parliament after ten years
31 May	The Delta variant of Covid-19 is named

June

1 June	EU Digital Covid Certificate: EU Gateway goes live with seven countries, allowing vaccination certificates to be checked in a secure and privacy-friendly way
2 June	Presidential election takes place in Israel and is won by Labour Party politician Isaac Herzog (son of former Israeli president Chaim Herzog)
2-4 June	The first UN General Assembly Special Session on Corruption takes place in New York
11-13 June	The G7 Summit is held in Carbis Bay, Cornwall (discussing post-Covid economic recovery, protection of the climate, and gender equality)
18 June	Presidential election is held in Iran amidst widespread controversy
23 June	Statement by European Commission President Ursula von der Leyen on the new Hungarian bill that discriminates against people based on their sexual orientation
24 June	PES Women Annual Conference
25 June	Derek Chauvin is sentenced by Minnesota judge Peter Cahill to 22 years and six months in jail for George Floyd's murder
25-26 June	PES leaders conference takes place in Berlin. Prime ministers and top-level participants from across Europe arrive to discuss the priorities for the post-Covid recovery and to support the SPD in their electoral campaign
29 June	The Spanish government approves the draft of a bill to allow anyone over the age of 14 to change gender legally without a medical diagnosis or hormone therapy S&D Group mourns the death of their secretary general, Michael Hoppe, who died at the age of 58 after a long and severe illness
30 June	Progressive Alliance Asia regional network meeting

July

1 July	Slovenia assumes presidency of the Council of the EU
6-15 July	The UN high-level political forum on sustainable development takes place under the auspices of ECOSOC
7 July	Belarus President Alexander Lukashenko threatens to "flood" the EU with human traffickers, drug smugglers, and armed migrants. A protracted border crisis begins

11 July	Italy wins against England at the UEFA EURO final 2020 Snap election takes place in Bulgaria. A new party, 'There is such a people' led by popular television presenter Slavi Trifonov, narrowly wins from the coalition of GERB-Union of Democratic Forces. As in April, the Bulgarian Socialist Party (BSP) finishes in third position
14 July	European Commission First Vice President Frans Timmermans launches the first tranche of measures of Commission's 'Fit for 55' package aimed at reducing net greenhouse gas emissions by at least 55 per cent by 2030
22 July	New migration legislation is introduced in Sweden
23 July	The Olympic Games begin in Tokyo

August

13 August	The Taliban seizes two major Afghan cities, Kandahar in the south and Herat in the west, entering Kabul two days later
16 August	The US government deploys 6,000 troops to evacuate EU and allied personnel from Kabul and secure the international airport. Thousands of Afghans attempt to flee and chaos erupts
24 August	Paralympic Games begin in Tokyo The Delta variant has spread to over 163 countries
30 August	The last US military forces depart from Afghanistan and leave it under Taliban control
31 August	70 per cent of the EU adult population is fully vaccinated

September

3 September	The EU and AstraZeneca agree on Covid-19 vaccine supply ending litigation
8 September	Trial on the November 2015 terrorist attacks in Paris opens
9 September	S&D puts forward 10 key priorities ahead of the debate on the State of the Union, including on gender-based violence
10 September	Jorge Sampaio, former president of Portugal, dies aged 81
11 September	The 20th anniversary is commemorated of the terrorist attacks on the World Trade Center and the Pentagon
13 September	General election is held in Norway and is won by a coalition formed by the Labour Party and the Centre Party. Social democrats now have prime ministers in all four countries of the North – also including Sweden, Denmark and Finland
15 September	Ursula von der Leyen delivers State of the Union speech at the European Parliament

	Spain's Prime Minister Pedro Sánchez meets with the leader of Catalonia in an attempt to solve the political dispute over independence claims Australia, the United Kingdom, and the United States announce their trilateral security pact (AUKUS)
17 September	France recalls its ambassadors from Australia and the US in response to the announcement of AUKUS
17-19 September	Parliamentary election is held in Russia. The ruling party, United Russia, gains 324 seats out of 450
21-27 September	The 76th session of the UN General Assembly takes place in New York
23 September	The Food Systems Summit is held during the UN General Assembly
22 September	The EU and the US announce their agenda for beating the global pandemic: a new EU-US partnership to help vaccinate the world
25 September	Parliamentary election takes place in Iceland. Independence Party, Progressive Party and the Left-Green Movement take the first three positions, with the Social Democratic Alliance coming fourth
26 September	Bundestag elections are held in Germany. The SPD wins 206 seats and becomes the largest parliamentary group. The coalition negotiations begin, leading to the creation of a 'traffic light coalition'
27 September	Afghan women nominated for Sakharov Prize by S&D and Greens/EFA
30 September	Australia withdraws from nuclear-powered submarine deal with France

October

1 October	Australia re-opens its border for the first time in pandemic Progressive Alliance Board meeting is held (online)
3 October	The International Consortium of Investigative Journalists begins to publish the Pandora Papers
3-4 October	Local elections are held in Italy. Naples, Bologna and Milan elect centre-left mayors, signalling populist decline and strengthening positions of the PD
6 October	The EU-Western Balkans Summit takes place in Brdo pri Kranju (Slovenia)
8-9 October	Parliamentary election is held in Czech Republic. The two winners are SPOLU and ANO 2011 (there is one seat's difference between them) with the Pirates and Mayors coming third. The CSSD and Communist Party of Bohemia and Moravia find themselves below the threshold and outside the parliament for first time since the Velvet Revolution
9 October	Austria's Chancellor Sebastian Kurz resigns following a corruption scandal. Two days later Alexander Schallenberg is sworn in as new Austrian chancellor

11-14 October	FEPS organises its first full hybrid event: the 3rd Annual Autumn Academy 2021
15 October	After 75 years, Alitalia ceases operations
16 October	Péter Márki-Zay, the mayor of Hódmezővásárhely, emerges as the unity candidate of the Hungarian democratic opposition, following two rounds of primaries (defeating MEP Klára Dobrev in the second round)
17-18 October	In Italy, run-off municipal elections are held in Rome, Turin, and Trieste. Roberto Gualtieri becomes the mayor of Rome
20 October	The S&D Group presents the Progressive Society Report
25 October	Former Greek Socialist Party leader Fofi Gennimata dies aged 57 after battle with cancer
27 October	Poland hit with a record-high daily fine of €1 million for not complying with an EU court order to suspend the country's controversial disciplinary mechanism for judges. It is the second fine, both of which Poland refuses to acknowledge
30-31 October	G20 Summit takes place in Italy. Leaders agree on a Global Tax Deal (establishing a 15 per cent minimum level of corporate tax)

November

1 November	The number of recorded Covid-19 victims is over 5 million
North Macedonia's Prime Minister Zoran Zaev resigns following his party's (SDMS) poor results in local elections	
1-12 November	COP26 takes place in Glasgow, ending without a particularly ambitious decision
5-7 November	Conference on the Future of Europe Citizens' Panel takes place online
14 November	Bulgaria holds its third national vote this year, electing the president and National Assembly. The turnout falls to 38 per cent, the lowest in three decades. A new party, 'We continue the change', wins most of the seats
16 November	Regional and local elections are held in Denmark
17-19 November	Global Progressive Forum takes place in Brussels (online)
18 November	The 2021 Silver Rose Lifetime Achievement Award goes to Myrtle Witbooi, President of the International Domestic Workers Federation and Secretary General of South African Domestic Service and Allied Workers Union
22 November	Europe's first reported case of the new Covid variant discovered in Belgium
24 November	European Parliament plenary votes to greenlight negotiations with Council on directive on adequate minimum wages

	Magdalena Andersson becomes first female prime minister of Sweden. She resigns on the same day due to a controversial vote over the budget, but she is elected again the following week
25-26 November	The Europe-Asia Meeting (ASEM) takes place in Cambodia
26 November	The World Health Organization names the new variant of SARS-CoV-2 'Omicron'
29 November	Municipal elections take place in Cyprus
30 November	Binary gender identification will disappear from ID cards in Belgium

December

2 December	Austria's ex-chancellor Sebastian Kurz withdraws from politics. His successor, Alexander Schallenberg, also announces his resignation
3-5 December	Citizens' Panel on the Data Act and Security and Justice in the Digital World package takes place in Dublin
6 December	Call to Europe conference in Ljubljana, Slovenia
9 December	Angela Merkel leaves and Olaf Scholz enters office as German chancellor (fourth Social Democrat at the helm of the Federal Republic following Willy Brandt, Helmut Schmidt and Gerhard Schröder)
9-10 December	The first of two Summits for Democracy, organised by the Biden administration, takes place virtually (among the EU countries, Hungary is not invited)
10-12 December	Citizens' Panel of the Conference on the Future of Europe takes place in Florence (in hybrid virtual-physical format)
17-18 December	PES Council meeting is held in Brussels
20 December	The European Commission grants conditional marketing authorisation for the Covid-19 vaccine developed by Novavax
21 December	Franziska Giffey is sworn in as new mayor of Berlin
26 December	Desmond Tutu, anti-apartheid and human rights activist, dies aged 90
29 December	The president of North Macedonia, Stevo Pendarovski, hands Social Democratic Union (SDSM) leader Dimitar Kovachevski a mandate to form a new government

LÁSZLÓ ANDOR

Commission at half-time

The agenda of President von der Leyen's 'geopolitical Commission' has been disrupted early in its term, as the Commission was in office only a few months when the Covid-19 pandemic erupted in 2020. A reshuffle of the Commission's priorities was inevitable, and a new set of policies had to be rolled out to cope with both the health and socio-economic emergencies. Two years on, this chapter aims to assess whether and to what extent von der Leyen's Commission has made progress on the many items on its agenda, from post-Covid recovery to the creation of a Health Union, from the implementation of the Social pillar to the external dimension of the Union. Whether the Commission will take advantage of the remaining half of its term to advance on these open dossiers will depend on several factors, including the potential convergence of French and German interests, following the upcoming presidential elections in France.

Life cycle of a Commission

The European Union (EU) institutions work from election to election. The elections to the European Parliament (EP) create the Parliament, which then elects the Commission – even if the latter only enters office once the European Council (EuCo) also votes in favour, unanimously. Since the Lisbon Treaty entered into force, the election of the EuCo president is also part of the same cycle.

For the Parliament and the European Council, half-time is marked by the need to re-elect (or change) their presidents. The European Commission (EC) life cycle does not include a comparable milestone. For the Commission, half-time is more about stocktaking: what has been achieved, what there is still time for, and what can perhaps still be newly initiated within the diminishing time frame.

In reality, a normal life cycle of a Commission can be broken down into four phases. First is the establishment phase, starting from the European Parliament elections, when commissioners' names are first floated and then confirmed. The newly nominated EC president has to get himself or herself, and his or her programme accepted by the MEPs, who have the right to quiz and if they wish reject individual nominees at this stage. Eventually, the EP

plenary votes on the entire college of commissioners, which eventually enters office after confirmation by the European Council (all heads of state and government) too. Commissioners enter office together with their cabinets, which have to be assembled in this early phase, in compliance with specific rules aiming at diversity as well as experience (including a limit on the number of fellow-nationals as well as on members added from the outside to Commission officials).

The establishment is followed by the period of introduction. Commissioners meet their apparatus and familiarise themselves with their departments. This is an inevitable phase since even if a commissioner is reappointed, a reappointment to the same portfolio rarely happens. What often happens, on the other hand, is a certain amount of tailoring of portfolios and directorates-general (DGs), which ideally takes place during the introduction phase, and not later. The organisational tailoring is often coupled with turf wars between commissioners.

The third, and ideally longest, phase of the EC life cycle is the delivery, when most of the legislative proposals are presented (to the EP and the Council) and many of the political negotiations necessary for success also take place. The fourth and final phase is 'winding down', when the EP starts preparing for the next election, and when many in the commissioners' cabinets start thinking about their next job. Fewer and fewer new initiatives emerge, and eventually the outgoing Commission is seen as a lame duck.

Upsetting the agenda

Following the EP elections, during a preparatory period, the Commission sets out its five-year agenda against which its subsequent performance can be measured. But this agenda can be upset, with attention diverted from the original commitments and promises. This has happened for the Commissions led by both Jean-Claude Juncker and Ursula von der Leyen. Memorably, Juncker branded his a 'political Commission', and subsequently von der Leyen spoke about hers as a 'geopolitical Commission'. In the end, neither description has mattered much, which shows the limitations of such branding without deep thought behind the meaning of such characterisation or without building ex ante consensus around it.

Juncker branded his a 'political Commission', and subsequently von der Leyen spoke about hers as a 'geopolitical Commission'. In the end, neither description has mattered much

For Juncker, who often spoke about a 'polycrisis' in his years in office, the greatest and most comprehensive upset was the June 2016 referendum in the UK on leaving the European Union. This first triggered the EU heads of state and government to embark on a boat in Bratislava, under the Slovak presidency of the Council of the EU, just to demonstrate to the world that they were all sitting in the same boat. But amidst the uncertainty of the post-referendum stalemate, what was announced as a white paper on the

future of the EU in essence became a green paper. The Juncker Commission became the one that produced the highest number of reflection papers, and exactly in the period which was meant to be the strongest delivery phase. After all the delaying influences, the Juncker Commission was late with the new Multiannual Financial Framework (MFF) proposal, and in the end did not manage to bring it anywhere near adoption by the time the European Parliament disbanded in early 2019.

For von der Leyen the big upset arrived well before half-time, in the form of the Covid-19 pandemic. She had only been in office four months when Europe had to switch to emergency mode. Like all crisis response, this situation also triggered improvisation, with the Commission working on a trial-and-error basis, especially with the medical aspects of the pandemic crisis. It was quickly understood, however, that under the circumstances of this extraordinary crisis, the EU would require a higher level of solidarity – which was delivered much faster and much more effectively than in the previous major crisis of the EU (the great recession of 2009 and the subsequent eurozone crisis).

In the Covid-19 emergency, the EU had to roll out policies that had not been contemplated at the time of the EP elections or the EC inauguration. SURE (to save jobs through short-time work arrangements) and in particular the Next-GenerationEU (NGEU) financial instrument has brought the European bloc to a new level of integration from the point of view of fiscal integration and policy coordination, even if the temporariness of these measures has often been stressed. On the other hand, the need to focus on the extraordinary measures has left the original set of priorities somewhat in disarray.

In the Covid-19 emergency, the EU had to roll out policies that had not been contemplated at the time of the EP elections or the EC inauguration.

Priorities reshuffled

The Commission led by Ursula von der Leyen entered office with a list of priorities[1] which have been frustrated almost without exception, regarding either their orientation or their timeline for delivery.

When entering office, von der Leyen listed the priorities below.

1. European Green Deal (including making Europe the first climate-neutral continent).
2. An economy that works for people (including the implementation of the European Pillar of Social Rights and the promotion of equality).
3. A Europe fit for the digital age (including achieving technological sovereignty in certain critical technologies, such as 5G).
4. Promoting our European way of life (including upholding the rule of law).
5. A stronger Europe in the world (including the Western Balkans' European future).

1 Bassot, E. (2020) 'The von der Leyen Commission's priorities for 2019-2024', EPSR Briefing, (www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2020)646148).

6. A new push for European democracy (including the implementation of the Conference on the Future of Europe).

Concerning the actual progress two years later, Sophie Pornschlegel writes: „Some of the priorities that were originally on the Commission's agenda had to take a back seat after the Covid-19 crisis broke out. Nevertheless, the Commission was able to complete much of its 'homework' in the past year. With the two laws on digital services and digital markets ('DSA' and 'DMA'), two important legislative projects were introduced to advance the digital transformation. In July 2021, this was followed by the 'Fit for 55' package, which included a Carbon Border Adjustment Mechanism ('CBAM'), to advance the Green Deal".[2]

The Covid-19 crisis and the likely long-term impact of the pandemic inevitably resulted in the elevation of health policy to the immediate priorities of von der Leyen, and not only by focusing on short-term crisis management but by deepening long-term EU cooperation in this policy area. The concept of the Health Union, which had been floated even before the pandemic, gained greater traction, and became a major item on the EU's agenda by 2021. The pandemic exposed economic nationalism in the field of health (access to vaccines in particular), and this was increasingly seen as self-defeating.

As a centrepiece of the future Health Union, a European Health Emergency Preparedness and Response Authority (HERA) was to be created. A European HERA (to be endowed with €50 billion) is a central element for strengthening the European Health Union with better EU preparedness and response to serious cross-border health threats by enabling rapid availability, access and distribution of the necessary countermeasures. In addition, von der Leyen proposed a European BARDA to drive biomedical innovation. A vision for a healthier European Union (EU4Health 2021-27) was outlined with ambitious components like a joint plan to beat cancer in Europe, and an EU pharmaceutical strategy.

Stocktaking ahead of half-time

Since 2010, the annual State of the European Union (SotEU) speech of the European Commission president has been an important stocktaking occasion in front of the European Parliament plenary regarding progress on the implementation of priority actions. The second SotEU speech of Ursula von der Leyen took place 22 months after her college of commissioners entered office – that is, well before her Commission's half-time. Nevertheless, her speech was evaluated as a half-time assessment, which in fact is not incorrect if we calculate the term from the date of the European Parliament election, and deduct the end period when the Commission is normally already winding down.

In her second speech on the State of the Union, von der Leyen put into the centre what she considered proof of competent leadership: the fight against the Covid pandemic and its consequences. This was all the more important as 2020 had not ended well for the Commission from this point of view. Once the mass production of anti-Covid vaccines began,

2 Pornschlegel, S. (2021) 'It's half-time for the European Commission', *IPS Journal* (www.ips-journal.eu/topics/european-integration/its-half-time-for-the-european-commission-5426/).

the UK jumped ahead with its delivery to the population, exposing weaknesses on the side of the EC to deal with such vital procurement procedures. On the top of that, Russia came forward with its Sputnik vaccine as quickly as the EU-based producers with their own, thus throwing into question any significant advantage of Western biological and medical sciences.

In her same SotEU speech given in front of the EP plenary last September, the EC president retrospectively declared that the EU had successfully mastered the crisis – especially in comparison with the rest of the world – as more than 70 per cent of the EU population had been vaccinated. The EU recovery fund (RRF), which was adopted in December 2020 after long intergovernmental discussions, was being implemented. Von der Leyen's key message was that the EU's measures to overcome the crisis had borne fruit. For sure, the overall picture did improve from winter to summer, and von der Leyen was right to highlight the benefits of joint procurement and the EU's capacity to share. However, what received less attention than necessary was the EU's slower progress with vaccination (and higher Covid-related death rates) in some of its peripheral countries, especially in Eastern member states, due to the weaknesses of their national health systems (linked to staff shortages in particular).

FEPS President Maria João Rodrigues summed up the criticism of the SotEU speech in this way: „the President was shy about the main issue. For the new phase of its project, Europe needs to make a democratic transformation of the way its democracy works at various levels. Firstly, in the light of current authoritarian drifts, to ensure that the fundamentals of the rule of law are respected throughout its territory. But also to unlock European decisions that have dragged on for years: minimum wage, minimum corporate tax, humanitarian external action, defence and the right of asylum are some of the striking examples".[3]

A short social season

A demonstration of the EU adhering to its original ambition was seen in spring 2021 in the field of social policy, culminating in an informal summit in Porto, Portugal, on 7-8 May. This was actually the first time EU heads of state and government had met face to face since the start of the pandemic; altogether 24 out of 27 presidents and prime ministers participated. The social summit was meant to be a follow-up to the 2017 Gothenburg summit, which was organised to proclaim and give visibility to the European Pillar of Social Rights (EPSR), a document made up of 20 non-binding principles to guide the construction of a „stronger, fairer and more inclusive Europe that is filled with opportunities". Ahead of Porto, the European Commission put forward an Action Plan aiming at effective implementation of the EPSR to ensure that participants did not simply discuss general principles or wishes but concrete initiatives and practical steps.

3 Rodrigues, M. J. (2021) 'The State of the Union – the two sides of a speech', *The Progressive Post* #17 Autumn.

The Action Plan was a response to the demand created and maintained by the social policy community after the proclamation of the EPSR, as the Juncker Commission had deliberately produced as a declarative and somewhat theoretical EPSR document given the short time frame remaining for it to be able to follow up on the EPSR in practice. The von der Leyen Commission's creation of the 2021 Action Plan was nevertheless further encouraged by fresh Eurobarometer findings of nearly nine in ten Europeans (88 per cent) saying that a social Europe was important to them personally, and of over seven in ten respondents (71 per cent) believing that a lack of social rights was a serious problem.[4]

The Action Plan, released on 3 March 2021, proposes three headline targets in order to better monitor the progress towards the goals set out in the 2017 European Pillar of Social Rights (EPSR). The first headline target proposes that the employment rate of the 20-64 age range be increased to 78 per cent, from 72.5 per cent in 2020. In line with this, the gender employment gap should be halved, and the share of young people not in employment, education or training (NEETs) be reduced to 9 per cent, from 12.6 per cent in 2019. These new targets would need to be reached by 2030.

The role of the Porto summit was not to launch fresh thinking or to open new initiatives, but to gather political support for the policies that had already been put forward by the von der Leyen Commission since its entry

It also has to be noted that two thirds of the actions listed in the EPSR Action Plan were put forward in either 2020 or the first quarter of 2021 – that is, they had already taken place before the Porto summit. In other words, the role of the Porto summit was not to launch fresh thinking or to open new initiatives, but to gather political support for the policies that had already been put forward by the von der Leyen Commission since its entry.

With the passing of the Porto summit and the Portuguese presidency, the notion that 'everything social is for the member states' started to come back again in EU-related discourse, not least because of completely different priorities dominating the agenda of the Slovenian presidency. Adding to the ambivalence, von der Leyen did not find the EPSR Action Plan important enough to mention in her last speech on the State of the Union. Instead, the social dimension was represented in the SotEU speech by a minor youth mobility scheme (ALMA). Observers were therefore left with the impression that 'social' is a seasonal matter for Brussels.

Preparing for post-covid recovery

By the summer of 2021, many in Europe were impressed by the good progress with vaccination, thanks to EU-level coordination and joint procurement schemes. The dynamic roll-out allowed for the organisation of major sporting events – for example, the UEFA

4 Eurobarometer (2021) *Special Eurobarometer 509 – Social issues* (https://europa.eu/eurobarometer/surveys/detail/2266).

football cup (postponed from 2020) that was staged in a number of major cities, involving large amounts of travel by sportsmen as well as spectators.

Emboldened by progress with vaccine roll-out, many were preparing for gradual deconfinement in the autumn of 2021. However, a fourth wave of the pandemic brought back the brutality of coronavirus and again serious restrictive measures by governments. The reality of the fourth wave defied the original notion of the 'hammer and dance', whereby the hammer would only need to be used to push back the virus in the first stage when vaccines were not yet available and healthcare capacities were overwhelmed, and whereby subsequent waves of the pandemic would then be ever milder. Further uncertainty was created at the end of the year by the emergence of another variant of the virus (Omicron), which was first identified in South Africa and demonstrated a higher-than-average capacity to spread also in Europe.

Public opinion about the health crisis response started to polarise. In some countries, governments started to float (or even implement) mandatory vaccination, sometimes starting with specific professions (such as healthcare or education). At the same time, in all countries, regardless of their size, anti-vaccination movements emerged and tempted various politicians or parties to take a position against mandatory vaccination, with reference to individual freedom or other considerations.

How and when the pandemic would end, if it can end at all, remained a subject of speculation. Likewise, how and when the economic crisis created by the pandemic would end, became a similarly important question for public policy. It was argued that once the economies recovered, one would no longer need the extraordinary measures rolled out to tackle the recession and resulting unemployment. Rising inflation tended to support the endeavour to exit from crisis strategies, it was argued, while it also became obvious that the EU could not return to the pre-crisis forms and rules of economic governance.

Clearly, the preparations for a post-Covid economic framework are behind schedule. Deepening the economic and monetary union (EMU) appeared among the original goals of the EC under von der Leyen. While macroeconomists in Europe have been doing their homework to prepare for a substantial reform, EU institutions have remained in the warm-up stage. Similarly, whether the EU recovery fund will be continued after the Covid-19 crisis or not, has been talked about, but it is nowhere near a formal decision-making process yet. NextGenerationEU being a 'precedent' became a commonplace, but the crucial battle on its future (that is, whether it will be made a permanent instrument) has to wait until member states prepare themselves better. Additionally, how the debt created by NGEU will be repaid in the future also remains an open question, signalling difficult negotiations ahead.

Whether the EU recovery fund will be continued after the Covid-19 crisis or not, has been talked about, but it is nowhere near a formal decision-making process yet

Rethinking the external dimension

By introducing the concept of a 'geopolitical Commission', von der Leyen raised the bar high for herself and her colleagues. The EU was to make an impact in the international arena at a time when world affairs were dominated by a polarisation between the United States and China. The rise of Joe Biden to the US presidency did not change the essence of geopolitical bifurcation, even if he started his tenure by important statements about re-commitment to multilateralism, including a quick re-joining of the Paris Agreement on protection of the climate.

The exit of Donald Trump and the entry of Biden was undoubtedly a relief for Europe. However, with the new US Democratic foreign policy, things became more complicated. For the four years when Donald Trump occupied the White House, everything seemed simple intellectually. Since the US embarked on protectionism and stopped being a global partner of the EU concerning multilateralist forms of cooperation, and since there was tension in the context of the direction of NATO as well, the EU increasingly adopted the doctrine of strategic autonomy. For some, the return of the Democrats to the White House then signalled that this new direction might be redundant.

It became increasingly clear in 2021 that with Biden or any other future US president there would be no return to any pre-Trump comfort concerning EU-US relations

But it became increasingly clear in 2021 that with Biden or any other future US president there would be no return to any pre-Trump comfort concerning EU-US relations. Even with the most benign approach towards Europe in the White House, pre-Trump projects like the transatlantic trade and investment partnership (TTIP) will not become a template for future efforts to create a transatlantic cooperation framework. Nevertheless, defining Europe's role in the world remained a marginal issue in von der Leyen's SotEU speech, and in particular on the agenda of the Conference on the Future of Europe (CoFoE), which focuses on internal institutional questions, with the strategic vision only being mentioned in passing.

And a strategic vision of the EU would not need to start on far away continents, but on its own doorstep. This would mean a revitalisation of enlargement and neighbourhood policies, but the Commission made no change of gear on either of these policies in the course of 2021. As regards neighbourhood policy in the East, the manoeuvring of Belarus President Lukashenko was driving up tension between his country and the EU in 2021, taking advantage of migrants from Middle East countries trying to enter EU territory. The situation was no easier regarding Ukraine either, which was being used by Russia's President Vladimir Putin to generate a new cold war, under the threat of an actual war.

Together with neighbourhood policy, enlargement has been cursed by the misallocation of portfolios from the very start of von der Leyen's Commission. Even if the Slovenian presidency (with a summit held in October 2021) was keen to promote the integration of the Western Balkans into the EU, having the wrong cheerleaders – notably the Hungarian

commissioner – has not been helping the cause of the former Yugoslav states or Albania in their endeavours to progress in real terms and to become members of the European Union before the end of this decade.

Authority challenged

The question of why the Commission was able to make less progress than expected at half-time cannot only be attributed to the pandemic and the resulting reshuffle of priorities. The authority and leadership of the EC has also been frustrated by various factors. Hindrances, of course, are not new. The Juncker Commission was keen to talk the talk even when walking the walk would have been difficult. But while the von der Leyen Commission has been keen to close the credibility gap, it has also been challenged on various fronts, frustrating authority and sometimes also its capacity to act.

A symbolic challenge, though not too significant from the point of view of internal functioning, took place in Ankara, on the occasion of the visit by EuCo President Charles Michel and EC President von der Leyen. The so-called 'sofa-gate' scandal that erupted around this visit was not an accident, but an insult to von der Leyen as a female politician and a challenge to the EU as a whole, as a representative of values, including gender equality. Without the personal insult, the behaviour of British Prime Minister Boris Johnson's government over the Brexit deal has represented a similar frustration, downplaying the seriousness of a treaty signed with the European Union.

The so-called 'sofa-gate' scandal that erupted around this visit was not an accident, but an insult to von der Leyen as a female politician and a challenge to the EU as a whole

More importantly, the Commission's authority has also been challenged internally, namely by the governments of Poland and Hungary, which have often openly spoken about the need to fight Brussels, in the name of a 'Europe of nations'. The Polish legal challenge reached its climax when the country's Constitutional Court (at the request of the government) declared that EU law is not necessarily superior to national law. Commentators pointed to the risk of a 'Polexit' by legal means, and by accident, as well as the potential domino effect. Concerning the latter, not even the Hungarian Constitutional Court was ready to echo the Polish 'judges'. The exit from power of Prime Minister Andrej Babiš in Prague and Boyko Borissov in Sofia further weakened the chance of a chain reaction and of a legal divide emerging between East and West.

To some extent, the paling of EC authority at half-time was temporary and due to the circumstances. As Georg Riekeles writes: „As Chancellor Angela Merkel bows out of politics and President Emmanuel Macron fights for re-election, von der Leyen and Michel lose their mentors and must fill the power vacuum they leave behind. Regretfully, rather than cooperating, an unhealthy relationship of suspicion and rivalry has developed between the

two over the past months. Such conflict undermines the member states' confidence and inevitably leads to more intergovernmental reflexes in European capitals".[5]

Ironically, what is meant to be a confidence-building exercise, the Conference on the Future of Europe (CoFoE), may also have a damaging effect, as it can frustrate the role of the Commission in having the sole right of initiative in the EU, and frustrate the role of the Parliament in having the task of representation. It remains to be seen how the endgame of the CoFoE is managed in a way that makes the most of the potential and limits the risk of damaging effects.

Berlin-Paris push needed

Ursula von der Leyen still has about two and a half years until the EP elections in 2024 to push forward her key initiatives. In view of the election calendar, the Commission's second half is a kind of last call to boost the legislative agenda and negotiate a successful outcome for proposals that are already on the table. It is therefore particularly important that national governments clarify their positions regarding EU affairs, not only concerning the short-term recovery measures but also the questions of longer-term reconstruction.

The Commission's second half is a kind of last call to boost the legislative agenda and negotiate a successful outcome for proposals that are already on the table

Needless to say, it is difficult and somewhat risky to predict what kind of window of opportunity will open up to bring forward a meaningful reform of the European Union, and when exactly. It is nevertheless important to highlight that if President Macron is re-elected in France in the spring, a convergence of French and German policies on EU affairs would be more possible than at any time in the past three decades. Of course, Paris and Berlin agreeing on something does not necessarily mean that the issue is settled, but it greatly enhances the chance of a decision being taken in accordance with the views of France and Germany, and their respective constituencies.

If, however, leaders newly confirmed in their high offices want to use this opportunity for something, they will need to be quick to identify which aspects of the EU require urgent reinforcement, and which are the less urgent matters that can be left for the next Parliament and Commission to address. If the urgencies that are defined match with the priorities determined by the CoFoE participants, an acceleration of the construction of a new level of EU architecture would suddenly become possible right before our eyes.

5 Riekeles, G. (2021) 'The von der Leyen Commission: Time to reset, regroup and get things done', European Policy Centre, Brussels (www.epc.eu/en/Publications/The-von-der-Leyen-Commission-Time-to-reset~41d19c).

PROGRESS IN EUROPE

ANIA SKRZYPEK

'Impossible' is a matter of opinion

If pessimism about upcoming electoral performances was the mood with which European progressive parties entered 2021, events in the course of the year would prove that, against all odds, a change of tide was perhaps taking place. The electoral success of Scholz's SPD in Germany gave hope to Social Democratic parties in Europe, and at the same time showed that occupying the traditional Social Democratic ground and running on topics such as employment and social protection could be the right path to recover the lost ground among progressive voters. However, if the experiences in Germany, Norway and to a certain extent in Sweden are reassuring, those of other Social Democratic parties that also faced elections in the course of 2021, namely in Bulgaria and the Czech Republic, have shown, by contrast, that lack of predictability and coherence are not rewarded. In spite of the German success, however, it is no time for European Social Democrats to linger. They need to stick to their own trajectory and engage in a deep debate on what kind of Europe they want.

Social Democrats were entering 2021 in a strange, rather pessimistic mood. Several key elections were awaiting them in Europe. And clearly, the context of the ongoing pandemic would make it very hard to campaign. Hence, even before the battles would begin, there was a sense of exhaustion and disbelief. If the current circumstances hadn't been hard enough, there was also something else. They felt an overpowering insecurity. It resulted from a rather persistent narrative of almost two decades. It claimed that the internal crisis of the centre-left was existential. Naturally, it was taking a toll, making Social Democrats doubt their own chances for success.

Additionally, for those Social Democrats who were in government, these have been troubling times. On the one hand, the polls were consistently showing approval for the direction that the Progressives in power decided to go, meeting harsh and hardly ever straightforward choices. But they had been somewhat second-guessing themselves in how far these were real numbers or rather a reflection of what in political sciences has been named as the 'rally round the flag' effect. In other words, that the support was only fear-induced and would easily crumble when the worst of the pandemic was over. On the other hand, the spectre of 2008 kept hunting them. Back then, many Social Democrats in government saw no other way but to effectively suspend governing, focusing narrowly on

crisis management. Scaling down meant reaching for what, back then, seemed rational and looked like providing an immediate resolution: namely austerity. The results were infuriating and led to further disenchantment that would make more progressive voters drift away from Social Democratic parties. From difficult, the situation became grave, with just a handful of centre-left parties remaining in power and many of them seriously imperilled.

The credibility of the movement was at stake. And rebuilding it was never going to be a straightforward task. There were those who claimed that the focus should remain on ideological and programmatic renewal. The problem was that while it seemed clear which directions should *not* be considered, there was no one, unifying agenda to push the movement forward and to open a proverbial new chapter. Sure, there have been plenty of various valuable ideas floating around and, not to forget, also several timely reforms proposed by those in power. But at the same time, there has been no unifying concept that would determine the mission for Social Democracy in the coming decades. There has been no new kind of distinctive generational agenda. At least not yet. There was no notion that would be complex, bold, and thought-provoking. That would be powerful enough to make Social Democrats drop the conflicts about the past and agree about something profoundly new.

Against this backdrop, it wasn't obvious how to define what Social Democracy would be in relation to the other players on the political stage. The demarcation lines were blurred, and Progressives learnt that there are three things that no longer work for them. First, voters wouldn't be motivated any longer by the warning 'unless you vote for us, we won't be able to defend you'. It turned out that it was not only plausible not to have Social Democrats in parliament. In some countries, like Poland in 2015 or in the Czech Republic just recently, it became a reality. Second, there was no way in which Social Democrats could go on with a campaign narrative suggesting that the others claimed their proposals as their own. Indeed, fundamental elements of the traditional Social Democratic vision have become the building blocks of the contemporary welfare state and are not any longer firmly associated with Progressives. But at the same time, they have also been flirting with proposals made by others, especially in the times when it was broadly believed that the 'elections are won in the middle'. Nowadays, they are the ones, who run with parts of what used to be the Greens' agenda. And third, Progressives were captured in their very own 'catch-22'. They couldn't gear up the enthusiasm necessary to return to government, as they were already perceived as governmental and hence establishment parties. Paradoxically, the more this was their image, the more they wanted to control their appearance and the more they would close ranks. And in the age of new kinds of social mobilisation with years that see more and more civic protests, being an organisation that is perceived as unapproachable has been a serious political handicap.

Fundamental elements of the traditional Social Democratic vision have become the building blocks of the contemporary welfare state and are not any longer firmly associated with Progressives

These all have been the reasons why, at the beginning of 2021, there was little excitement among progressive politicians or analysts. If anything, there was a rather minimalist hope. It wasn't even about not losing. It was about not losing terribly. And this was the chord that the win by the German Social Democratic Party (SPD) struck. 26 September became an incomparable moment of glory. It was the day Social Democrats finally could permit themselves to celebrate and to hope that there may be a change of tide. Against all odds. And because initially nobody, including most SPD members, had been giving this election any chance – it was so incredibly relatable. Now, every Social Democratic party, and especially the ones with support in the single digits, could rise up and say – 'we can accomplish that, indeed we can. Impossible is a matter of opinion'.

This text is written at the beginning of December 2021, when the traffic light coalition is already well in place and the SPD has just elected its new leadership. And while every Progressive follows this journey, feeling a little bit in need of internalising at least part of the success and sense of accomplishment, evidently the year brought more. Both to cherish and to worry about this is what this article aims at analysing.

Getting the welfare state right

The beginning of 2021 was still marked by lockdowns. It is true, vaccines had been developed and it was announced that they would be administered soon to large segments of the European population. But the anticipation was that it would still take a while before majorities are protected against Covid. With so many people either themselves infected or seeing others getting sick in their proximity, the dependency of healthcare and care had only continued to grow. For school kids and for young people, there was a sense of being deprived of diverse opportunities that education and training would offer. For many, finding themselves in either temporary unemployment or in precarious employment conditions, the need to be able to rely on social security was extraordinary. Their expectations kept growing, especially as they had reason to expect that the post-Covid reality would be marked by recession and inflation. Altogether that also made the crisis incomparable to the one in 2008 – there could be no cuts, there had to be expansion and impeccable crisis management.

Furthermore, the new reality made several things clear. First, that need is the mother of invention, or re-invention, in this case. After years of depressing analyses about the atomisation of contemporary societies, when the time came, many have felt a duty to help the less fortunate, lonely and/or elderly. They would organise themselves inside communities and neighbourhoods to offer help and support, and perform some tasks that could seem trivial, but were of a great value instead. They walked their neighbours' dogs, delivered shopping to the elderly lady around the corner, or simply checked in on one another. It was assumed to be a sign of solidarity, which perhaps was wishful thinking. But these attitudes were certainly an expression of human decency, respect and sense of togetherness.

Second, it appeared that a third of the workforce could continue professional activities via teleworking. The adaptability across all generations, the pace with which employees

learnt new skills, and the speed with which the digital reality made a leap forward were impressive. Still, it was not all trouble-free, as new working conditions have emerged with little space yet to do anything about their negative effects. Things on the virtual work floor happen faster with the rigid calendar of back-to-back meetings, are more demanding and leave no space for relativisation in the collegial circle. The emerging issues span from difficulties in defining working and leisure time, to the constant interference into private lives, to serious health and mental health issues.

Third, there was a somewhat impressive multiplication of so-called 'green issues'. Even during the first wave of the pandemic, the media reported how the environmental situation had altered. Headlines such as 'Dolphins have been spotted in the clear water of the Venice lagoon' would appeal to people's imagination, making them ponder that perhaps indeed there could be different production and consumption patterns. The discussions about how to help farmers and fishers, whose businesses were affected by closed shops, markets and restaurants, brought back the hope that both, farming and fishing, could be modernised and made more environment-friendly at the same time. And finally, with the geopolitical situation becoming even more complex, and with supply chains being affected (which remains engraved on citizens' minds as the picture of a vessel stuck in the Suez Canal), there was also a more intense debate on how Europe could become more independent in its energy production. This made green issues more tangible than they had ever been before.

All these were clear signs that citizens would support a compelling idea on how to safeguard, modernise and manage the state, and by extension the welfare state. And while Social Democrats started to feel their momentum, as this was about the issues at the core of their political competence, they were incomparably more careful than in 2008. Unlike over a decade ago, they did not get blind-sided by an unfounded belief that all this would make them citizens' first choice by default. Instead, in Germany, Norway and Sweden,[1] they consistently kept on speaking about solutions that would make the welfare state work again.

Since the adoption of the new programme in February 2021, the SPD had chosen the motto 'A future for you. Social. Digital. Climate neutral'.[2] The leading candidate, Olaf Scholz, emphasised in all the debates the party's slogan 'a social policy for you'[3] and that the issues of jobs, social security and welfare remain at the core of the party's mission. In the campaign manifesto *The SPD's Programme for the future. What we stand for. What drives us. What we are striving to achieve* the focus remained on 'Future. Respect. Europe', as described through answers to five core questions that evolved around: how to ensure full employment; how to fight social inequalities; how to change economies and make them sustainable against the backdrop of the climate crisis; how to control the digital transition; and finally how to ensure social cohesion and democracy. The document of almost 50 pages explained in detail how the SPD was planning to tackle these questions, not shying away from topics that are not usually at the forefront of campaign

1 Sweden did not have general elections in 2021, but due to a profound governmental crisis and the election of a new prime minister, it should still be considered in the scope of this paper.
2 See: www.spd.de/zukunftsprogramm/.
3 Soziale Politik für Dich, see: www.spd.de/aktuelles/soziale-politik-fuer-dich/.

documents – such as taxes. The narrative was moderate and pragmatic. It was made accessible for many voters as it referred to everyday concerns – the need for security and opportunities, to value work and a focus on fairness, to make sure that solidarity is understood in a transformative sense and that equality translates into tangible proposals (such as equal pay). Olaf Scholz and the candidates stuck to the message throughout all the debates and interestingly, even in times when a particular context could derail them from the chosen track (like during the fall-out from the departure from Afghanistan). And whenever they faced criticism, they skilfully steered the conversation back to the issue of a modern welfare state.

There is evidently much more to draw from the SPD experience, which would go beyond the scope of this paper. Nevertheless, one should still make one crucial observation here. The SPD's programmatic approach enabled it to reframe and reclaim the concept of 'solidarity and fairness'. This was of key relevance, as it may be at the core of moving away from the image that they created for themselves a decade ago. It reminds the traditional claim that quality employment, adequate care and universal social insurance are the key ingredients of a social progress for all. The same understanding underpinned Magdalena Andersson's report *Distributional policies for equality and fairness* in Sweden[4] or the Norwegian Labour Party's campaign manifesto, alongside the statements of Jonas Gahr Støre. The latter won the elections,[5] after consistently repeating during the campaign that "the welfare state must embrace everyone".

The SPD's programmatic approach enabled it to reframe and reclaim the concept of 'solidarity and fairness'

The hypothesis might sound daring, but compared to what happened in countries where Social Democrats did not celebrate comparable successes, it seems that this was because they fell short in reclaiming the position of those forging a new welfare state and hence a new social contract. This was one of the explanations of the consecutive unfavourable results of the BSP (Bulgarian Socialist Party) in the three general elections that took place in 2021 in Bulgaria. As observers claim, the party failed to be seen as a driver for change that could repair the Bulgarian labour market, care sector and social security system. The party simply did not manage to occupy this politically opportune ground, following the many social protests of the preceding year.[6] Even worse was the case for the Dutch Labour Party. Their second all-time-lowest electoral result evidently not only reflects the difficulties of the

4 Socialdemokraterna (2021), *Underlagsrapport från partiets arbetsgrupp för Fördelningspolitik för jämlikhet och rättvisa* (See: www.socialdemokraterna.se/download/18.3a4645e7179129c10c74edca/1622820316173/Underlagsrapport%20för%20jämlikhet%20och%20rättvisa%202021.pdf).

5 Støstad, J-E. (2021) 'Norwegian Labour success: the right policies, the right strategy and a pinch of luck', FEPS European Progressive Observatory, *The Progressive Post* (https://progressivepost.eu/norwegian-labour-success-the-right-policies-the-right-strategy-and-a-pinch-of-luck/).

6 Pirinski, G. (2021) 'The Bulgarian parliamentary elections of 4 April and the quest for a new social contract', FEPS European Progressive Observatory, *The Progressive Post* (https://progressivepost.eu/the-bulgarian-parliamentary-elections-of-4-april-and-the-quest-for-a-new-social-contract/).

last few years, and hence should be seen with both a long-term and a short-term view.[7] But when it comes to the latter, the elections were taking place just after the publication of a report that exposed racial profiling was applied when trying to identify cases of fraud in claiming social benefits. The PvdA leader and former Minister for Labour and Social Affairs, Lodewijk Ascher, under whose watch that happened, resigned, bravely claiming responsibility. His act was however too late for PvdA to recuperate its reputation and convince voters of its credibility when it comes to framing the welfare state. Even though the nine-member PvdA-group in the Dutch parliament are doing their utmost to regain ground, it is likely to be a long march – especially because the consequences of the report's findings continue to have an asymmetric impact on the Dutch society.

Building on progressive leadership's predictability

Even before 2021, there have been several cases in which the electoral predictions turned out to be misleading. Quite memorable among them were perhaps the general elections in the United Kingdom in 2015. Ahead of them, Ed Miliband was considered a sure winner by many, crashing spectacularly when it turned out that the power of the Conservative Party had been gravely underestimated. This taught the Progressives to be cautious and not to trust too much the opinion polls predicting their win. But while they wouldn't any longer trust in these, they also grew rather frantic, looking fearfully at the data to reassure themselves that the choices they made in the meantime hadn't cost them any voters.

The erosion of trust in opinion polls was yet another factor contributing to the Progressive's overall sense of insecurity

The erosion of trust in opinion polls was yet another factor contributing to the Progressive's overall sense of insecurity. As mentioned already, they were haunted by the spectre of their very own misguided decisions for a decade before and they still haven't got over the anxiety that perhaps their economic credentials make their welfare vision seem rather utopian. Furthermore, they had a reputation that hardly sounded inviting or inspiring; as part of a contested establishment and as inaccessible organisations. And finally, their leaders frequently seem a little bit feeble in comparison to their mouthy rivals, either from the radical left or from the extreme right.

In a time when the personality of the leader and how she/he deals with political duels are important, the fact that Social Democrats were not considered strong or charismatic kept impeding their chances in the electoral battles right from the start. What is more, there had been a sense that the generation of party chairs that came after the heyday at the beginning of the century was composed too often of individuals who previously had only been political trainees, assistants and advisors to other famous

7 Keman, H. (2021) 'Dutch elections: no recovery for social democracy!', FEPS European Progressive Observatory, *The Progressive Post* (https://progressivepost.eu/dutch-elections-2021-no-recovery-of-social-democracy/).

politicians. This prompted an image of Social Democrat parties being led by people with no other experience than politics. This, dangerously, echoed the words of their opponents, who would call them 'detached from reality' and who would not hesitate to exploit those leaders' vulnerability: their readiness to compromise, often in order to retain power (even if 'power' was often very relative – for example within their own party only).

But while Progressives knew that in *the age when leadership matters*, their situation was unsustainable, they were not exactly sure of what kind of archetype of a leader they should be looking for. Many cherished hopes with the emergence of personalities like Jeremy Corbyn. His initial powerful appeal and narrative about driving the party to the left attracted new members and among them young people. Nevertheless, being bold meant also being controversial, strangely enough especially internally. Soon after, it seemed that any major decisions in the party were accompanied by an internal crisis and yet another reshuffle of the Shadow Cabinet. What the general opinion does not stand for is the internal faction-fighting done in public. Hence the question arose of how far the essentially moderate party could be, not so much 'driven', as rather pulled, into one or another direction, without cracking internally. The lesson was two-fold.

First, that the leader must keep the party together, especially in times when it is electorally weak. In order to do so, she or he needs to enable a fair competition between the left and the right wing, allowing both to identify with his or her candidacy for the prime minister's office.

Second, that the promise that centre-left parties regularly make after losing an election, that it would now 'understand its mistakes and return to real left values', was rather directed at cheering up the centre-left itself than anything else. Especially that the left altogether was no longer a static concept, seeing other organisations (like the Greens, and the radical left) also claim their ground. What Progressives could hope to be, was to *simply be Social Democrats* – in a very traditional, pluralist and expansionist sense of the term. And that called for accepting that what was said about the movement, namely how moderate it has become, could no longer be taken as an offence or even used internally with an intention to fight one another. The label 'mainstream' had to be embraced instead, but not as a submission. It had to be used as a symbol of amalgamation of lower and middle classes, of urban and rural, of young and old, of old traditions and new answers, of the centre left and the left. Rather than the pejorative description of something blurry, it had to become a powerful symbol of something familiar and distinctive, something defined in the past and hence predictable.

What Progressives could hope to be, was to simply be Social Democrats – in a very traditional, pluralist and expansionist sense of the term

Then, there was also another variable: the first 12 months of the pandemic were marked by panic that the disease could not be controlled. People were getting infected, and the daily repetition of the death toll in the media made many think about the scary images of the medieval plague, which are said to have wiped out entire regions. Many suffered at

home, struggling to persevere, to fight loneliness, to resist in case of pathological households, to hold onto any kind of a hope. And this is where ensuring understanding, respect and empathy were perhaps needed first. The qualities that especially the female leaders of the progressive family – such as Jacinda Ardern or Sanna Marin – were recognised for. Their attitudes were what made them appear humane and relatable. And from that position they also openly asked for advice, bringing to the debate about Covid the scientists and hard facts on the one hand, and on the other making sure that despite all limitations there is enough space for deliberative processes focused on long-term visions for their respective countries. Those experiences became indicative: a progressive leader could be knowledgeable without being dismissed for being arrogant; could be compassionate without being seen as weak; and could ask for advice of experts or citizenry without being suspected of lacking the sense of direction.

When Olaf Scholz entered the centre stage of the campaign, not too many believed that he would be the one

All those elements were contributing to the creation of an idea of what the progressive leadership should translate into. But still, back at the beginning of 2021, it was only an intuitive picture and so, when Olaf Scholz entered the centre stage of the campaign, not too many believed that he would be the one. To the contrary, several serious opinion pieces accused him of being a terribly unexciting candidate, who would possibly be the proverbial last nail. But then the unthinkable happened. Something that no early polls had predicted. Weeks and months into the campaign, Scholz's personal popularity grew,[8] so much so that even by the summer it was much higher than that of the entire party. Scholz as a candidate was no longer leaning on the SPD – he was leading it to the top of the podium.

The strategy around him, built by his trusted advisors Wolfgang Schmidt and Lars Klingbeil, was all about consistency with the Social Democratic credo and about political integrity. Scholz was campaigning with a traditional centre left agenda, focused on issues such as minimum wage, more affordable housing, protecting pensions,[9] with the addition of what – as written earlier – has become characteristic for the renewed concept of the welfare state, namely proposals on how to face climate change and digitalisation. He was pragmatic, which was also characteristic for him in the previous functions of mayor of Hamburg and federal Finance Minister. When attacked and faced with examples of his own or the party's mistakes, he didn't flatly deny them – he felt strong enough to recognise the legitimate ones. However, for example during the televised debates, he was able to steer the conversation towards the avenues contained in the SPD campaign manifesto. He, himself, didn't attack or try to benefit from other candidates' faults (and there were many of these in the summer). Scholz came

8 While the popularity of the other Spitzencandidates was in fact fading away.

9 Russel, I. (2021) 'Olaf Scholz resurrected German Social Democracy – what are the lessons for progressives elsewhere?', FEPS European Progressive Observatory, *The Progressive Post* (https://progressivepost.eu/olaf-scholz-resurrected-germanys-social-democrats-what-are-the-lessons-for-progressives-elsewhere/).

across as calm, but compassionate; as competent, but open to dialogue; as composed, but still very much taking interest in other people's wellbeing and their respective futures. His slogan 'respect' was something voters grew to believe in and they by far saw him as a natural candidate to take the seat of a Chancellor, regardless of how the composition of the political spectrum would look after the vote. And finally, they knew that he was bringing along with him also a new team with many really young candidates and many women, which altogether meant that a change involving 'one and a half' generations was about to happen.

Of course, every political context is different and especially when it comes to popular ideas about leadership (including progressive leadership), there will be a variation in the archetype. It far from guaranteed that a Scholz doppelgänger would swing the electoral pendulum elsewhere. But there are vast chances that a person embodying some of the characteristics may have had a better chance elsewhere as well. This makes one look optimistically at Magdalena Andersson's recent (and not trouble-free) appointment as Swedish Prime Minister and as leader that will guide the party through months of a very challenging campaign. Andersson, similar to Scholz, represents the cohorts who in the 1980s and 1990s were already very much involved in progressive politics, who led their respective youth organisations (Andersson as Chair of SSU, Scholz as Deputy Chair of the Jusos) and who gradually build their own strong positions. They have seen the Progressives from up close in their heyday, but they also had the opportunity to see what led to mistakes and to learn from them without prejudice. They both belong to very well defined factions inside their parties, but succeeded in uniting the majority in the parties behind them. In that sense their *moderation* stands in opposition to an alternative: alienation of one or the other wing. With all that they set the course forward.

This very calm, down-to-earth style in the case of Scholz and Andersson seems to be the source of their charisma. They are predictable, because of the values they represent and spent decades arguing for. And that makes voters trust that they will indeed hold on to their promise, hold on to what they know, and act in everyone's best interest.

That is not the sentiment that the citizens in Bulgaria or in the Czech Republic felt, when approaching the ballot boxes. In the latter, Jan Hamáček and the CSSD entered the campaign under enormous pressure. Hamáček, the former leader of the MSD (CSSD youth) and the youngest-ever speaker of the House in the previous legislative period, had agreed to enter the problematic governmental coalition with Andrej Babiš in 2018 'out of responsibility'. He claimed that this was the only rational thing to do in the complex political situation the country found itself in, and that he would personally push for Babiš to be brought to justice for all the indictments that he had collected. But not much of this became reality, and additionally, even though Hamáček was depicted by media in the neighbouring countries as a minister able to deal with the pandemic, the internal impression was quite different. The conflicts erupting inside the party and in his closest circles, the impression that Hamáček is driving the party towards the right[10] (however defined) and the very divisive spring con-

10 Eichler, P. (2021) 'The Czech Right will rule, the Left will stay out of the parliament', FEPS European Progressive Observatory, *The Progressive Post* (https://progressivepost.eu/the-czech-right-will-rule-the-left-stays-out-of-the-parliament/).

gress, made Hamáček appear to be the opposite of a composed, predictable, and politically coherent leader. And in the end, not too many saw him as prime minister-material or the CSSD as a political alternative, leading to this historically proud party's worst result and its elimination from parliament.

Cherishing the success to challenge ourselves more

When writing a chapter such as this one, that presents some selected fragments of the electoral history of Europe in 2021, one finds a great comfort in looking at the recent developments in Northern Europe and in Germany. Of course, even though the overall situation isn't easy, especially as long as the pandemic persists, there are reasons to think that what Social Democrats have accomplished or are aiming to achieve is quite inspirational.

Certainly, there are those who would try to diminish the victory of the SPD by making the numbers relative. And of course, there are those who would point out that Magdalena Andersson may be the first female Prime Minister of Sweden and may have a great agenda, but she still is heading a minority government and has to execute a budget that is far from what she would have wished for. But while the needling could continue, it is perhaps the first time that Social Democrats can actually let those critical voices just be and, without any feeling of guilt or shame, simply give in to the unexpected excitement.

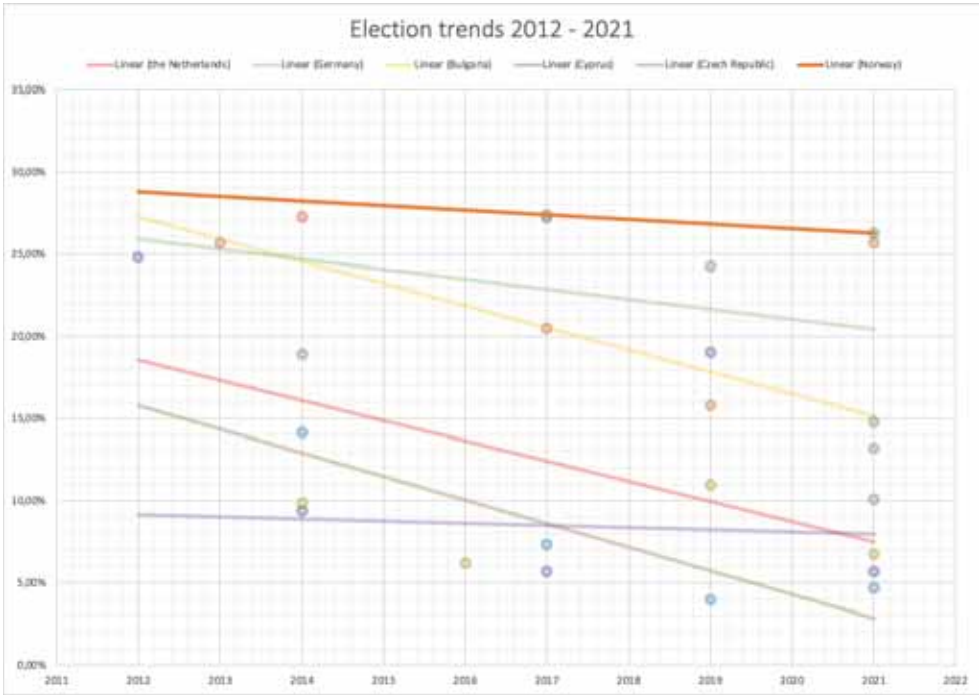
Indeed, especially the German electoral experience, but also those of the Norwegian and Swedish (in the parameters clarified earlier in the text), have been incredibly reassuring. It seems that Social Democrats could finally emancipate themselves from the spectre of their past mistakes, which have been haunting them for far too long. And they could do so by simply sticking to what they have always been good at: the welfare state agenda, remodelling it to make the concept tangible and fit to respond to the challenges of the new times.

It seems that Social Democrats could finally emancipate themselves from the spectre of their past mistakes, which have been haunting them for far too long

As the examples have proven, they can have the audacity to be themselves, to stop fighting the labels that others pin on them – and turn literally all of them into the qualities that voters are also ready to appreciate in a modern centre left party. And yes, that also means that with an approach that is natural for them, one that focuses on respect for the others, on building a sense of togetherness and responsibility for one another, they may reconnect with many more than even the most strategic polls would have ever suggested.

What is more, the impact of the vote in Germany is a very powerful one, as so many seem to identify themselves with the success of the SPD. It reminds of a phrase that Frans Timmermans coined in his interview for the first FEPS Progressive Yearbook. Commenting on the recent European elections and their unexpectedly favourable outcome for Social Democrats (especially in the Netherlands), he said: "they let us out of the dogs' house". And

Figure 1: Support for the PES sister parties in the countries where the elections took place in 2021



Source: own resources.

that is a little bit how it feels today as well. There are legitimate reasons to start regaining confidence and see the last months as a moment in which the page has been starting to turn, bringing the new framing, positioning and formation of a new leadership archetype inside of the movement.

But while granting themselves this moment of joy, Social Democrats should remember that if this is meant to be the beginning of a new and exciting chapter, they need to reinvest the newly gained energy into the next steps. They may have learnt their lessons from 2008, among which that things don't just happen by default and that the political pendulum doesn't just swing in their direction regardless of the circumstances. This knowledge may be especially important to apply now, when the conservatives across Europe finds themselves in a deep crisis and are looking for a new formula. The recent debates, including those in the European Parliament, showed that there is an appetite from the side of the radical right to expand into what used to be political ground for Christian Democrats and conservatives.[11] Time will show who succeeds and what composition will be there in the end. But

11 Especially that many of Conservatives and Christian Democrats have already been testing if they could be more radical, making the dividing lines between centre-right and radical right more flexible

whichever it may be, it is important that Social Democrats consistently stick to their own trajectory, sustaining the reasons for which, for example in Germany, they are considered coherent, consequent and predictable (in a good way).

They will also need to have a serious debate about what kind of Union they jointly would consider progressive. They have no choice but to get to the bottom of that, especially that the EU has been extending its prerogatives in the extraordinary circumstances of the pandemic, and at the same time the differences among them seem to go deeper and deeper. The situation in which they stand on opposite sides, as it was the case in the context of the NextGenerationEU, and call each other names, cannot be repeated. And, judging from the fact that the German governmental programme has a number of bold proposals to boost European integration, this makes the need to clarify the details rather a pressing issue.

Finally, the results of the German elections are encouraging, but the overall situation of Social Democrats after 2021 really isn't. Figure 1 depicts the level of support for the Social Democratic parties from the countries where general elections took place and compares them also with the outcomes of the previous popular votes (both national and European).

Progressives should indeed cherish their success, but in a way that will make them translate the lessons and good examples into something new and lasting

Though the picture is by definition a fragmented one, it is still useful to show the scale of the challenge. In that sense, Progressives should indeed cherish their success, but in a way that will make them translate the lessons and good examples into something new and lasting. And then, regardless of what the polls show today, the outcomes of the key battles next year – in Portugal, Hungary, France and Sweden – may astonish and amaze. Because if to boil down what happened in September 2021 to one phrase, undoubtedly it would be that *impossible is a matter of opinion.*

BEA CANTILLON

Poverty in the EU: the Pillar of Social Rights as change-maker?

The Covid-19 pandemic has hit the welfare state at a critical moment in its history. Since the second half of the 1990s, we have observed a fairly universal trend of increasing inequality and poverty in the world of rich welfare states, especially among the population of working age. Today, on the eve of the normalisation of our lives in the midst of deep transformations such as ageing populations, climate change and digitalisation, one might say that national welfare states find themselves in a systemic crisis. They will not get out of it without a common compass, cooperation and mutual support. That is exactly what the European Pillar of Social Rights has to offer.

Disappointing poverty trends and the failure of the national welfare state

Since the Lisbon Strategy, poverty reduction has been one of the European Union's main social goals. However, in southern Europe the bottom has fallen out. And although the new member states have done relatively well, this has mainly been due to a drop in material deprivation among non-poor households while the old welfare states have redistributed increasingly less, with growing inequality and poverty as a result. In most countries social floors are inadequate. This situation is worrying – especially in the poorest member states, where minimum incomes are too low even to allow poor households to afford both adequate housing and adequate food.

And yet, looking back at the 'good times' before the crisis, in nearly all member states incomes were rising, and employment was increasing significantly. In many countries social spending was high and was continuing to grow. So, why did the welfare state fail to reconcile work and poverty reduction? And why did social spending become less pro-poor? Was it a matter of choice or were there deeper, structural reasons for the disappointing poverty trends?

Those are the questions we need to answer if we want to do better in the future.

To set about our answers we must revert to the foundations of the welfare state and the post-war social deals on growth, full employment, and social protection. In the golden age, welfare states successfully reduced inequalities and poverty through a virtuous circle of full employment (for men), wage increases according to productivity growth, and social protection based on work. At the beginning of the 1970s, the dream that capitalist growth and social protection would lead to better living conditions for all came into focus.

But just as the welfare state had come to adulthood, post-war social levelling began to slow down and then came to a halt, sometime in the 1990s. In many countries poverty started to grow again, especially among the low-skilled, the unemployed, and their children.

This was undoubtedly related to policy choices. But there must also be deeper reasons. After all, the rise in poverty occurred in most of the world's welfare states, albeit at different levels and speeds. The trends are longstanding and unambiguous. In many countries there was no retrenchment in social spending at all while employment rates grew strongly everywhere. On the eve of the pandemic, an unprecedented number of people were in work. In many countries, social spending had never been as high. Aspirations were soaring. The conclusions of the Lisbon Summit in 2000 spoke boldly of the "eradication of poverty". But with disappointing poverty trends, it appears that welfare states started to run harder only to get nowhere, at best.

So, what went wrong? Why exactly does the welfare state no longer succeed in taking proper care of those left behind by globalisation, technological change, and individualisation?

There are three major structural mechanisms at play.

First, post-war full employment for men has evolved into a dual labour market in which full employment for the higher-skilled men and women goes together with structural underemployment for low-skilled men and women. Even in the best years of the active welfare state and in the best performing countries, the activity rate among the low-skilled remained well below 60 per cent, leaving 40 per cent of them behind.

Second, because of shifting demands for labour towards higher-skilled and higher-wage occupations, since the 1990s, low wages have come to lag behind productivity growth and median incomes. As a result, lower wages have become increasingly less protective against in-work poverty, especially among families with children.

Welfare states are facing a structural crisis related to the distribution and remuneration of low productivity jobs and the growing complexity of society

Third, declining or sluggish growth in earnings for low-wage workers has contributed to pressures on the levels of minimum income protections for jobless households. Minimum wages serve as a 'glass ceiling' to the social floor of the welfare state, for reasons of both equity and efficiency. When the wage floor drops below the poverty line, so does social protection. Poverty among jobless households has risen dramatically.

These trends have created an uneasy social trilemma: in today's welfare state it has become structurally difficult to achieve decent incomes for all while preserving sufficient work incentives without greater efforts in terms of the size and the progressivity of social spending. Welfare states are facing a structural crisis related to the distribution and remuneration of low productivity jobs and the growing complexity of society. The social trilemma will not disappear and comes at a time in which inequality and poverty are crucial to a successful climate transition, inclusive ageing, and digitalisation benefiting everyone.

The need for a new balance between social protection, social investment, and social innovation

In these circumstances, and in the hope of returning to the post-war virtuous circle of growth, employment and poverty reduction, the focus has shifted in many countries from social protection to social investment, activation and work-related welfare reforms – a reorientation that has been labelled 'the social investment turn'. Sadly, however, it has proven to be an illusion to believe that progress can be attained with a one-sided focus on activation, investment, and promotion alone. We learned the painful lesson that social investment cannot be a substitute for social protection and fair working conditions. Instead, social protection and social investment need to be viewed as twin pillars of the modern welfare state.

In disconcerting circumstances, from the late 1970s onward, as a response to growing social needs, a wide range of local social action emerged on the margin of the welfare state. Gradually, social innovation became a third sector of the welfare state. The central role of civil society, social entrepreneurs, and local governments can hardly be overestimated, and neither can the support they receive from Europe (for example, the Fund for European Aid for the Most Deprived – FEAD). And yet, one should not expect these actions alone to have a direct and significant impact on at-risk-of-poverty rates.

Today, the welfare state has not yet found the right balance between its three constituent pillars of protection, investment, and place-based innovation. Meanwhile the issue of adequate wages and fair working conditions has been given too little attention. In general, social policies are too little oriented towards the implementation of social rights for the most vulnerable. It is with these structural weaknesses that welfare states must now face major new transformations.

The welfare state has not yet found the right balance between its three constituent pillars of protection, investment, and place-based innovation

Action on climate protection will involve radical change in economic production. Some will benefit from the many jobs created by new industries. Others will lose their jobs and will need retraining. And adequate social protection should be provided for those for whom new activities will not be possible. Moreover, excessive inequalities and poverty stand in the way of a just transition. Carbon taxes, for example, hit those on lower incomes

relatively harder than others. The 'gilets jaunes' in France have given the first clear signals that if we fail on income redistribution and poverty-reduction, we will also fail on climate change.

The pandemic has hit us at a time when we have ageing societies and, at least in the short term, it has undermined the traditional strategies to finance increasing pension burdens. For the next few years, we will not have to count on the reduction in pre-Covid debt. The cost related to ageing has thus more than ever become a distributional issue.

The Covid crisis has accelerated digitalisation and the pace of change in the labour market. The pandemic has particularly affected young people, the low- and middle-skilled, the lower-paid, blue-collar workers, and migrants. For some of them it will be difficult to reconnect. New jobs will emerge, but routine jobs are at risk. The demand for training, reskilling, and upskilling as well as meaningful work and adequate social protection will thus become more important than ever.

For success in the future, fixing only where we have failed in the past will not be enough to remedy the flaws in a post-Covid society. Poverty reduction will necessitate great effort, and on many levels. Adequate minimum wages, minimum income protection, meaningful work for all, lifelong learning, and affordable social services are all equally essential. National welfare states will not get out of disappointing poverty trends without a common compass being pointed at poverty reduction; without guidance in finding the balance between social protection, investment, and innovation; and without mutual support to meet the systemic conditions for success. The European Pillar of Social Rights offers some new levers to this end.

The three paradigmatic shifts of the European Pillar of Social Rights

Over the past two decades, we have seen a marked acceleration in the socialisation of European integration. In the midst of this process the European Pillar of Social Rights (EPSR) marks an important threefold paradigmatic shift: 1) where in the past the focus was on convergence around important but rather vague social goals, now a set of concrete principles and social rights are defined; 2) the pillar is balanced around social protection, investment, and innovation where previously the dimensions of fair working conditions and social protection seemed to be less of a priority; 3) the outcome-driven social governance based on monitoring and soft coordination is now linked to financial levers.

Linking goals to a 'principles- and rights-based' approach

Until the 1980s, the harmonisation of social policies was the leading idea of those concerned about the social dimension of Europe. However, as national systems evolved and became more complex, and as the Union grew larger, and therefore more diverse, harmonisation became increasingly more difficult and less desirable. The ambition to develop

common policy instruments was therefore gradually replaced with an ambition to develop common policy objectives. Social Europe was to be shaped by different national policies, all directed at common European objectives. With a view to supporting the convergence process, a number of common social objectives were agreed, including the eradication of poverty. A loose and open approach to policy was developed and a set of social indicators was defined for the purpose of measuring the progress made towards the common social objectives. Ambitions were high: the Europe 2020 targets aimed at a reduction of 20 million in the number of persons living in poverty, jobless households, or material deprivation. Regrettably, however, this approach has failed to make real progress, at national or European level.

There are several reasons for the lack of success of the convergence strategy: the design failures in the architecture of the eurozone, the non-binding method of coordination, and the fact that the objectives were defined at too abstract a level. With a shift from outcome convergence to a principles- and rights-based approach, the EPSR marks a new approach which is potentially more powerful than the harmonisation of overly divergent policy instruments or attempts at convergence on overly vague objectives. The first strong examples can already be seen: the EPSR has become part of EU socio-economic governance with the elaboration of a number of non-legislative and legislative initiatives in areas such as the work-life balance, working conditions, wage transparency, access to social protection, and the minimum wage.

Balancing social protection, social investment, and social innovation

Poverty reduction cannot be achieved with a single measure: significant improvements are needed in the social fabric of welfare states. Social investment, social protection and redistribution are key while the role of the 'third sector', the social economy, local initiatives focused on social inclusion, publicly provided social services, and active labour market policies in enhancing people's opportunities are equally important. Arguably, in the past, hope was too one-sidedly placed on employment-related welfare reforms. The idea was that higher employment would reduce social spending levels and reorient expenditure towards more 'productive', activating, and inclusive policies, and towards combating poverty, either directly through work or indirectly through more inclusive social provisions. However, this strategy could not prevent a further increase of in-work-poverty while poverty rates among jobless households were soaring: even in some of the most developed European welfare states, for 70 to 80 per cent of jobless households, social protection has become inadequate. It is therefore crucial that the EPSR attaches great importance to

Poverty reduction cannot be achieved with a single measure: significant improvements are needed in the social fabric of welfare state

adequate minimum wages, fair working conditions, and adequate social protection. The 20 principles are well balanced across the broader categories of 'Equal opportunities and access to the labour market', 'Fair working conditions' and 'Social protection and inclusion'. The principles are more specific than the convergence objectives, while still leaving room for a large range of national policy packages. Also important is the fact that through the link with the social funds, social protection and social investment can be balanced with social innovation.

Using social funding as lever

The European Social Fund (ESF) and the Fund for European Aid to the Most Deprived (FEAD) are instruments by which the European Union (EU) acts as a 'material supporter' of national welfare states. Originally, these funds served social objectives only in an economically derived form. Today, however, the reformed European Social Fund Plus (ESF+) is presented as the main instrument to implement the European Pillar of Social Rights (EPSR). Certainly, and not without reason, there are critical voices as regards both FEAD and the ESF. FEAD, as a programme supporting charity food aid, operates in a controversial area of humanitarian assistance, while empirical indications of how the implementation of ESF-funded programmes and FEAD could help to realise social rights are also very scarce. Leaving these concerns aside, it is remarkable that European funding is explicitly used to encourage member states to orient their programming towards the realisation of social rights: "member states should make full use of the unprecedented EU funds available to support reforms and investments in line with the European Pillar of Social Rights". This makes it possible, for the first time in EU history, to support the EU's social agenda with financial levers.

Making the EPSR a success through prioritising principle 14

Given the structurally disappointing poverty trends, national welfare states will have to work harder in order to deliver on their mission. They will have to support each other and act as part of what the EU in essence is: a 'union of European welfare states'. The European Pillar of Social Rights has the potential to become a powerful instrument for the EU to act as a guide, supporter, and provider of social rights. However, not everything in the Pillar is equally important. To be successful, focus should be placed on the essentials, building on previous initiatives and existing foundations. The roll-out of the EPSR must be instrumental to national welfare states and to Europe as a whole. It should be based on strong moral principles, and it should also gain the support of citizens. It must start from the existing building blocks and the

The European Pillar of Social Rights has the potential to become a powerful instrument for the EU to act as a guide, supporter, and provider of social rights

full exploitation of motivational potential but, where appropriate, it should ultimately lead to binding agreements on the essential points.

Taking these assumptions as a starting point, it seems appropriate to prioritise principle 14: "everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market".

The priority of the European Social Union (ESU) should be catering for the most vulnerable. Anti-poverty policies should be conceived in broad terms, with reference not only to minimum incomes, social assistance, and access to essential services but also to policies that will deliver accessible health care, adequate minimum wages, childcare, housing etc. In other words, effective anti-poverty strategies must deliver on the broad range of principles on which the EPSR is built. Given the importance of earned income to most people of working age, and given that in nearly all countries people relying on social assistance would be below the national poverty line, the guarantee of decent incomes for all, starting with those in work, is of paramount importance.

Since the adoption of the Lisbon Strategy poverty reduction has been one of the European Union's main social goals. Providing low-paid workers and jobless households with adequate income is essential. Just as employment objectives are now firmly anchored in European and national social policy, so equivalent European embedding of the minimum income guarantee is also required. Effective anti-poverty policies have to be embedded in a broad set of social, employment, and economic policy objectives, at both EU and member state level.

The principles on which the EPSR is built, and the policies needed to deliver on them, are closely related. In some cases, they are mutually reinforcing; in others there are clear tensions and trade-offs (for example, providing adequate social protection for the unemployed must be balanced against the need to 'make work pay'). Delivering more effective social rights for all European citizens therefore requires a comprehensive approach and multiple country-specific policy packages that balance the various conflicting objectives. In this complex policy field, the right to adequate minimum incomes is fundamental – normatively and instrumentally. Appropriate levels of social investment and social mobility, equal opportunities, effective social protection, and affordable services presuppose adequate minimum income protection and vice versa.

Appropriate levels of social investment and social mobility, equal opportunities, effective social protection, and affordable services presuppose adequate minimum income protection and vice versa

Minimum standards for wages, social assistance, and social insurance are also a necessary precondition of pan-European solidarity. Compacts on minimum incomes are needed to support the functioning of the social funds, to give a future to SURE (the Support to mitigate Unemployment Risks in an Emergency) and to make proposals for European

unemployment insurance a reality. The solution for the design failures in the architecture of the eurozone is that monetary unions need ex ante solidarity mechanisms, in the form of insurance mechanisms or redistribution. However, increasing pan-European redistribution raises the issue of the creation of a level playing field. Member states must make sufficient efforts at national level to protect the unemployed and the poor; a social re-insurance mechanism could be layered on top of existing national safety nets. A fair operation of FEAD, for example, assumes minimum efforts by the jurisdictions to which the receiving charitable organisations belong. Compacts on minimum incomes are therefore the first step towards the reinforcement of pan-European solidarity.

The conditions required for a major step towards the full exploitation of the potential for guaranteeing adequate minimum incomes are present: existing national building blocks have been supplemented by the EU-2020 targets on social inclusion and social coordination and the ESF+. Like national welfare states, the creation of the ESU will be a gradual process, involving building on existing systems and devices. The influential political scientist Maurizio Ferrera rightly suggested that the building blocks required are already in place. This is particularly true in the case of minimum income protection. Since the introduction of social safety nets in Greece and Italy all countries in Europe have general social assistance systems, various social security minima, and income supplements for low-paid workers. At the EU level these building blocks have been supplemented by the EU-2020 targets, social coordination and the ESF+, which is explicitly intended to promote social inclusion.

Progressive Person of the Year

2021 seemed to be a year when progressive politics in Europe turned a corner, with positive trends being observed at national level in some countries, at regional or municipal level in others.

A key country in which this changing tide can be observed is Italy, where important municipal elections were held in autumn, with the centre-left making clear progress. Such results should not be underestimated given that the leading progressive party in Italy, the Democratic Party (PD), had experienced splits and been confronted first with a populist surge and then with various manifestations of far-right nationalism. The first Progressive Yearbook two years ago provided an analysis of this challenging situation, in a chapter entitled "The Great Escape".

And it was also in the first Progressive Yearbook that the tradition of nominating a progressive person of the year was introduced. This person can be a politician, an academic, or an activist – but they must have delivered an outstanding achievement (in politics, publication or otherwise) and be able to serve as a source of inspiration for our readers, and a source of motivation for Progressives, young and old, to renew and strengthen their commitment to our common cause.

One of the architects of the progressive change in Italy, and a well-known champion of it, is Roberto Gualtieri, the newly elected mayor of Rome, who in recent years as finance minister played a major role in fighting the Covid-19 recession in his country. Before that, he made his name as a member of the European Parliament, leading a constructive debate and policymaking process on critical issues like investment policy and fiscal rules, as well as Brexit. He is, in the judgement of FEPS, the 2021 person of the year.

LÁSZLÓ ANDOR
INTERVIEWS ROBERTO GUALTIERI

"The Italian Democratic Party's reconstruction and revival will be decisive for the future of the nation and of Europe"

Since 21 October 2021, Roberto Gualtieri is the new major of Rome. In the second round of the elections just three days before, he defeated the centre-right candidate, Enrico Michetti, with 60.2 per cent of the votes. The incumbent mayor, Virginia Raggi from the 5 Starts Movement, had been eliminated in the first round, earlier in October, where she only came fourth. Gualtieri's victory is part of a larger trend that sees the Democratic Party (PD) winning power in most big Italian cities. Gualtieri has been a former member of the European Parliament (2009-19), and as minister of economy and finance (2019-21) and convinced Keynesian, he was crucial in laying the foundations of the ongoing recovery in Italy. According to him, the municipal successes of the PD could, under certain circumstances, announce a similar reconstruction on the national level.

László Andor*: Congratulations on becoming Mayor of Rome. Winning the election in Rome required a new strategy and fresh messages from yourself and the party. We would like to hear more about it. Please share your summary with our readers.*

Roberto Gualtieri: Our key message was that Rome does not just need to regain efficiency in public services – which is of course fundamental – but that we need to encourage a profound change in the city, working towards sustainable, inclusive development. Within this context, our policy agenda stood out for three elements: first, to make Rome a lead player in ecological and digital transition – starting from the challenge of innovation that has the potential to create good jobs – and reducing inequalities; second, to structure this vision around the idea of the 15-minute city, namely a polycentric model of urban development based on grassroots services, care and connections between people; and third, to focus on actively engaging citizens and the city's rich fabric of voluntary associations. In addition to these three aspects, we must salvage and enhance Rome's European and

international role. This message was welcomed by the people of Rome, as was the fact we formed a broad coalition featuring a strong civic component, which is now present in our council too.

LA: *Municipal victories can be a sign of PD recovery in Italy. Is this happening, and what are the key ingredients of a centre-left reconstruction?*

RG: The Italian Democratic Party is going through a phase of reconstruction and revival that will be decisive for the future of the nation and of Europe. We came to the October elections with a strong, credible political offering. An authoritative, tight-knit team of mayoral candidates and a national leadership group – led with intelligence and balance by Enrico Letta – that promoted unity on the centre left. I think voters rewarded not just the credibility of our candidates, but also the fact that in recent years, the PD has managed to counteract the populist and nationalist right-wing by building a new relationship between Europe and the people. That is, by taking a line that safeguards Italy's place in Europe, while simultaneously contributing to a change in European and national policies that puts behind the traditional line of austerity, linking together growth, equality, welfare, rights, the environment. In this sense, a paradigm shift occurred when the fight against the pandemic was accompanied by expansive policies to address the interests of the weakest members of society, and the launch of the NextGenerationEU recovery package.

Now we must consolidate the relaunch of the party, building on its ability to organise a broad centre-left field, and to embrace the new experiences and energies present in contemporary society. I firmly believe that the strategy we have followed in this round of local elections could be the key to success in the next national elections.

LA: *Before entering the race for Rome, you were finance minister. How do you look back on this experience? Tell us your assessment of the economic recovery of Italy.*

RG: I'm proud to have been able to serve my country at such a truly difficult time. Under our leadership, Italy weathered the devastating impact of the pandemic by supporting workers, families, businesses and the most vulnerable people, and laying the foundations for the robust recovery that is now underway. We must give credit to the joint efforts of the socialist and democratic Finance Ministers and the positive role played by the European Commission and the ECB, which allowed us to avoid the mistakes of the previous financial crisis, and to launch an unprecedented, coordinated counter-cyclical intervention (in 2020 worth 6 per cent of GDP plus 30 per cent of GDP in guarantees) which saved the economy, the social fabric of the country, and Europe itself. We witnessed a dual coordination at play, namely between nations, and between fiscal policy and monetary policy. Added to this, after a memorable negotiation process, came the launch of NextGenerationEU, with loans but above all grants financed by Eurobonds. I would like to stress that thanks to fiscal expansion, redundancy funds for all, and the collateral framework, we have saved millions of jobs. We have prevented the growth of non-performing loans (NPLs) and the triggering of a financial crisis, while empirically proving the efficacy of robust counter-cyclical policies for public finance too.

Indeed, thanks to the rebound in GDP and the rise in tax revenues, the deficit for 2020 ended up to be more than 3.5 per cent lower than the level that would have resulted from the fiscal stimulus and the output gap.

Now, Italy's prospects for growth are positive, and the Draghi government is working very well. In order for the current vigorous upturn to consolidate and turn into a structural increase in potential growth, we must continue our investment strategy and dynamically tackle the issue of reducing social and regional inequalities with a strong focus on young people, women and the south of Italy.

LA: *What is the specific role of municipalities in the recovery strategy? How will you build back better in Rome?*

RG: Cities' abilities to plan and implement investments will be decisive for the success of the NGEU and the recovery strategy for Italy and Europe. We are staking a great deal on the digitalisation of public administration and new-generation networks, sustainable mobility, energy communities and making buildings more energy efficient, research and technology transfer, and on the vast culture and knowledge sector – which is crucial to Rome – as well as on a new, proximity welfare services and social infrastructures.

LA: *Italy has been a country with typically high unemployment and inactivity among young people. What can municipalities do to address such social problems?*

RG: We're working on a pact with social partners for high-quality development and employment, to create jobs for young people and combat undeclared work and precarious employment. Our policy plan also includes introducing a specific scheme called 'Roma creativa', aimed mainly at young people. Another crucial factor is that of housing policies, with rent and mortgage incentives. Lastly, reducing school drop-out rates and improving active labour market policies will be decisive.

LA: *Is there a functioning network of European capital cities? Tell us about how major cities work together and support each other.*

RG: I'd start from an important figure: according to all forecasts, by 2050, around 70 per cent of the global population will be living in cities. The future of the world is the future of its cities. While they do not have a clear mandate at international level, or legal instruments, in networks such as the C40 climate group, Eurocities or the U20, urban agglomerates can leverage their closeness to citizens to build international strategies that integrate their values and interests. Even now, in tackling cross-national challenges such as climate change, migrations, cultural integration and last but not least, the pandemic, cities are gaining considerable prestige; this is primarily due to their ability to combine universal values with a solid pragmatism and the engagement of the population and local communities.

LA: *Major cities and regions are represented at EU level in the Committee of the Regions (CoR). Do you see a clear added value here? What else could the CoR be used for in your view?*

RG: The European Committee of the Regions, in which Rome intends to play an active role in the coming years, can contribute to steer European choices on environmental, social and, where possible, economic issues. Local administrators can help bridge the gap between citizens and European institutions. I have already met with the CoR president, Apostolos Tzitzikostas, to work together on key sectors for the future. These include the fight against climate change, the challenge of demographic growth, which is seeing a negative trend in Europe, or mobility. Cities in Europe have a clear role, which is of course to unite against the centrifugal forces of nationalist and sovereign movements. Aside from us administrators, it is above all our citizens, starting with young people, who feel that Europe is their homeland where they can study, travel, live and work.

LA: *At EU level you are well known as a former MEP, having played a leading role on economic, fiscal and investment policies during the recovery period. Can your new mission benefit from your experience as a member of the European Parliament?*

RG: My experience at the European parliament was fundamental for me in political and human terms. It taught me many things; not just in a technical sense but above all about the importance and potential for building advanced synergies and good compromises, starting from different cultures and interests. The European Parliament really is the most concrete, fascinating example of the phrase 'united in diversity'.

LA: *Earlier this year a conference was launched about the Future of Europe. In your view, in which areas does the EU need to further develop in the next five years?*

RG: We are working to set up a meeting in Rome within the framework of the conference. The vital development that the EU needs hinges upon an adequate budget capability, financed by European debt and its own resources based upon Europe-wide taxes. That's why the first step should be to make permanent the innovations introduced with the NextGenerationEU programme.

LA: *Your original profession is as a historian. Is there a specific chapter of history you would recommend for our younger readers to study?*

RG: The main lesson we learn from studying history and the historical method is that history never repeats itself, and that we should avoid our innate tendency to look to the future through the eyes of the past and seek facile analogies. Many social and economic sciences, on the contrary, tend to consider the present and its alleged 'immutable laws' in absolute terms, which can be misleading. Political processes are always rooted in historical processes, the origins, nature, and transformative impact of which one must make an effort to understand. Putting history to good use should help us avert the dual risk of voluntarism and determinism and identify the actual space of political action. That's why any chapter from history can be useful. That said, I think the tension that arose in the first half of the 20th century between the growing 'cosmopolitanism' of the economy and the nationalism of politics, and the processes, tragedies and battles that led to the development of the European social model and the welfare state, is a chapter that is particularly enlightening for younger readers.

IN MEMORIAM

UDO BULLMANN

One of our finest – in memory of Michael Hoppe

When you come to a city like Brussels as a newly elected member of the European Parliament, you are initially overwhelmed. That is what happened to me in 1999, of course, when I was elected for the first time. So many languages, people, and processes I hadn't seen before. In this chaos, you look for people you can rely on, people to trust. One of the first people I met in Brussels was Michael Hoppe. And I knew right away that I could trust him. From the same region as me, a football fanatic (although he supported the wrong club), we bonded quickly and went on to share many political experiences over the next 20 years or so.

When I first met Michael, he was close to Willi Görlach, who back then was head of the German SPD delegation in the PES Group, known today as the S&D. Some of these Görlach Guys are still around in Brussels today – Armin Machmer and Michael Manz, for example. They all rose through the ranks and took key positions in the European Parliament as well as in the Socialist Group.

Each of them being equipped with a very specific and individual temperament and talent, they soon impressed me as a 'crew'. Young SPD activists, fully committed to the idea of a bright future from the European project, investing all their energy and hopes in the work of the European Parliament and our political family, which they regarded as crucial for their endeavour.

They were, and still are, extremely hard-working people, but nonetheless it was always great fun to hang out with them. Long before we postulated the 'well-being for all' concept as our political leitmotiv, they fully lived up to it in practice: doing an extraordinary job in the workplace, running, cycling, skiing and playing football during their leisure time, and socialising in the pubs of this world, always eager to exchange good stories and to make new friends. I was told that this led to Strasbourg weeks in which they worked long hours, went to a bar with friends, had fun, took a shower at their hotel rooms, and went straight back to work at 8.00am. What energy!

Michael Hoppe embodied this crew spirit in every aspect of his political career.

He was one of the finest and most noble colleagues we ever had among us. Michael joined the S&D Group in 1996 and worked in various functions, from parliamentary assistant to cabinet adviser, and later deputy secretary general for many different group presidents. In 2019, he became our secretary general.

Married to a Spanish colleague and one of our dear comrades, Marisol Guirao, he not only spoke English and French in addition to his native German, but he was also fluent in Spanish – which always impressed me. This enabled him to interact with almost everybody in the parliament and beyond. On a professional as well a personal level.

As a true internationalist and European Socialist, he provided support to everyone, in whatever function and without any national bias or prejudice. There was this thing with Michael that he made issues that might seem less important to others a personal affair. He always helped others, invested much and tried to find good solutions for everyone.

Personally of an extremely modest attitude, his pride was to serve the S&D Group. For that purpose, he more than once made enormous sacrifices for which we will always be grateful.

The numerous political leaders who worked with him could count on his absolute loyalty. But it was never the servile loyalty that lacks self-confidence or is grounded on selfishness and its opportunistic considerations. It was the self-assured loyalty of somebody whose values go beyond and reach further than the current mapping of time-restricted political circumstances. This is such an outstanding quality in today's times of ever more intense political battles. The common good of the whole family of Socialists and Social Democrats was, to him, always more important than personal greed and political ambition.

Unique in his background and personality, Michael Hoppe perfectly represented the 'spirit of the crew', the moral integrity and legacy of the old 'Willi Görlach school'. This spirit of the crew became vivid so often. When I was asked to write this piece, I checked my diary to see which meetings Michael and I had had in the past. Among dozens of formal meetings and group activities, one stood out in particular.

On 9 January 2019, Michael sent an invitation for his birthday the next day. The gathering was at 12:00 on a Thursday for a 'drink *tout spécial*'. Right before it, he was busy with the Conference of Presidents, and right afterwards there was a meeting with campaigners. This was classic Michael. In the midst of a busy day, he wanted to raise everyone's morale and make people feel good in their environment and the team in which they work.

Michael was a very special person and to so many of us in the European Parliament a dear friend and a role model.

Adieu Michael.

We miss you. Every day.

BIG ISSUES

BY MARIA JOÃO RODRIGUES

Is Europe shaping the digital transformation? A new programmatic and political challenge for Progressives

The ongoing digital transformation is deeply changing the reality we live in and is affecting every aspect of our lives, but we are hardly in control of the dramatic changes taking place. The European Union is lagging behind the US and China when it comes to defining this new digital architecture, while quasi-monopolistic digital platforms are not only re-organising markets and production, but are turning our personal information and preferences into goods to be traded. We need a progressive vision to turn the potential of this digital transformation into a positive outcome for citizens, and the European Union needs to develop an alternative strategy if it wants to regain control and shape the current transformations.

In the times we are living in, we feel that all things around us are changing not only due to an unprecedented pandemic, climate change, new societal trends but also due to the digital transformation that brings surprises every day. All the domains of our daily life are being retooled by the digital transformation: the way we manage our time and our mobility, the way we exchange with our family, friends and neighbours, the way we participate in education and in our working places, the way we have access to entertainment and culture and the way we intervene in public debates and demonstrations.

We get the sense that this transformation is so fast and multidimensional that it is going beyond our imagination, and it is difficult to grasp and shape. We feel that below this retooling of our everyday life in all domains something more fundamental is taking place, and we are right. In fact, a 'new world' is changing our 'old world', as this happened with maritime and now with outer space discoveries. But this time this is different because the 'new world' is not being discovered but rather being created by human action, very often with unintended consequences.

A new architecture of the planet is being defined beyond territorial geography and a big power game is taking place about all this right now

Therefore, we should ask: who is in control in the cockpit? A new architecture of the planet is being defined beyond territorial geography and a big power game is taking place about all this right now. The US and China are in the leading positions and Europe is lagging behind. We Europeans should ask whether we can still enter this game and reshape it in cooperation with many other partners across the world.

The digital toolbox

The first thing to regain control is to understand the digital toolbox which is being created by humankind, but also reshaping humankind. Do you remember Stanley Kubrick's famous movie *2001: A Space Odyssey*, when primitive humanoids transform themselves into human beings once they make the brilliant breakthrough of picking up a stone from the ground and using it as a hammer to transform their reality? Afterwards humankind was able to invent many other tools, from physical and mechanical tools to electronic ones, while we were also inventing new sources of energy powered by humans and animals, wind, water and sun, steam, coal, electricity and nuclear.

Throughout this process, we also started to incorporate human intelligence in this 'stone tool', first of all by oral transmission and then by writing, extending this transmission between generations and regions and inaugurating history. Afterwards, with printing and generalised education, it became possible to mobilise the creativity of much larger parts of the population. More recently, we enriched these 'stone tools' with human intelligence by codifying it in software applications. Even more recently, we started animating our 'stone tools' with artificial intelligence by extracting general rules from big data which are accumulating in gigantic cloud-computing capacities.

Some iconic brands and companies became a central reference in our life. Google, with its ambition to provide access to all available knowledge, first of all in web pages, afterwards in books, documents and videos. Amazon, with its ambition to provide worldwide access to a large range of goods. Facebook, creating different kinds of social network for conversation about whatever the issue. Twitter, developing a worldwide space for public debate on whatever the issue. Industry 4.0, reorganising supply chains with robotised manufacturing and automatic flows management. The Internet of Things (IoT) multiplying sensors in all our devices for housing, transport, urban management and health services to enable a coherent management of our everyday life. And a large competition between apps, brands and platforms is now taking place to reorganise this everyday life.

The digitalisation process

Among the abundant literature to analyse all this transformation, let us pick up a most convincing definition and phasing of this process. Digitalisation can be defined as the transformation of reality by new tools based on codified and computerised human intelligence and which is creating a parallel reality, the virtual one, interacting with the non-virtual one. We can already distinguish different phases of the digitalisation process:

- The first one, based on the invention of the code and of programming software underpinned by several hardware inventions, notably the computer and the personal computer.
- A second one, based on the invention of the Internet connecting PCs, of the World Wide Web connecting different websites as well as browsers and search engines.
- The third one, based on software applications being downloaded from the Web into different personal devices from smartphones to tablets and laptops. This phase is also marked by social networks enabling many more actors to create new content and also by powerful platforms reorganising supply and demand in almost all markets. Finally, this phase is also marked by robots enabling a higher level of smart automatisation in many manufacturing sectors.
- The next phase is already happening in front of our eyes. It is based on many more entry points beyond PCs and smartphones. It will involve trillions of sensors in all things surrounding our life, in houses, transport, education, working places and public governance bodies, developing the so-called Internet of Things (IoT). All the information gathered by the sensors – the big data – is being accumulated and treated in big cloud-computing capacities. The treatment of this information to underpin quick and automatic decisions is counting on flourishing artificial intelligence (AI).

Make no mistake, artificial intelligence is so far very distant from human intelligence's diversified capacities, but it goes faster than the latter when it comes to identifying patterns and general regularities by analysing a large number of cases. Therefore, AI is not the replication of the unique human capacity to identify rational causalities between different phenomena. It is rather a replication and amplification of the human capacity to measure correlations between different phenomena. AI is not able to produce new concepts, but rather to confirm statistical trends. And emotional intelligence – one of the key powers of humankind – is certainly not there.

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Digital capitalism(s)

In terms of the progressive intellectual tradition of political economy and political philosophy, we should also ask which are the features of this new phase of the capitalist system. With digitalisation, capitalism goes further in commodification, not only of our physical and psychological force, but also of our personality as worker, citizen and consumer.

In fact, new powerful entities have emerged: quasi-monopolistic digital platforms which are re-organising the interplay between supply and demand in almost all sectors, from the financial to many others, including retail. Their raw material is information, including information about our personal identity and preferences, which we provide to these big digital platforms in exchange for our free access to their services. But these platforms can make increasing revenues and profits when they sell our personal information to advertising companies and services. This particular business model defines the new power relationship about who controls the organisation of production, the circulation and the distribution of wealth in our societies. A Mephistopheles dilemma is emerging for many citizens: selling our soul to get more knowledge and power?

Quasi-monopolistic digital platforms are re-organising the interplay between supply and demand in almost all sectors, from the financial to many others, including retail

Nevertheless, inside this general transformation of capitalism, we can identify different varieties of capitalism and different regimes of digitalisation. The leading one remains the American one where most of these monopolistic platforms are located even if they operate across the world. Their influence has been boosted by the Covid crisis, when they provide software to support health care, education services, telework and platform work, access to entertainment and news.

Their implications for democratic life are also huge and became particularly striking with Brexit, Trump's election and, more recently, the Capitol Hill insurrection. We could clearly understand how two different perceptions of reality and of the outcome of elections can undermine democracy and create an internal confrontation of beliefs about what is the truth and common will.

A systemic alternative is now being built and provided by China, with Chinese platforms replicating the American ones in different domains, from search engines and social networks to entertainment and delivery logistics. Ali Baba, for instance, aims at delivering worldwide in almost all sectors. The implications of all this for the political system are also very worrying because they reinforce an authoritarian control in most spheres of social, economic, cultural, political and personal life. Big Brother is not far.

All these recent trends are triggering a wake-up call about the dangerous implications of the digital transformation. Yes, there are risks of losing privacy and freedom, of getting biased information, of being manipulated in our preferences, of being confronted with internal disruptions in our societies, of being put under social and political pressure, of being exploited in our working conditions, of seeing our jobs replaced by robots and artificial intel-

ligence, of losing our capacity to govern our societies democratically. A new intellectual school of thought is spreading about the several risks of a surveillance capitalism.

This critical approach and the fight against these risks must be part of the progressive movement and should involve citizens on a larger scale, but we also need to devise how to turn the potential of the digital transformation in a positive way for the well-being of humankind and the planet.

We need to devise how to turn the potential of the digital transformation in a positive way for the well-being of humankind and the planet.

We need a progressive vision. Using the digital tools to turn the Sustainable Development Goals (SDGs) agenda into reality should become a central cause. The green transition in all sectors from housing to mobility, access to health care and education and tailor-made social protection can be largely enabled by digital tools and human-centric AI algorithms. The democratic governance of our societies at all levels with participatory and representative mechanisms can also be strongly developed to include many more citizens at all levels from the local to the national, European and international level.

A European progressive way for the digital transformation

Facing this grand transformation, the European Union started to move with a more comprehensive action to define a specific European way. A general European approach will be settled by an EU Declaration on digital principles: universal access to internet services; a secure and trusted online environment; universal digital education and skills; access to digital systems and devices that respect the environment; accessible and human-centric digital public services; ethical principles for human-centric algorithms.

A more detailed policy agenda – the European Digital Compass – was launched, complementing some new legislative instruments. The General Data Protection Regulation (GDPR) is being followed by the Digital Markets Act (DMA), the Digital Services Act (DSA), the Data Governance Act, the White Book for AI.

Nevertheless, a clear and comprehensive strategy to provide an alternative vision and fully fledged policy agenda is still missing, able to mobilise the full EU toolbox from regulation to capacity building, financing and governance.

If we want Europe to shape the digital transformation and to make the best of it, we need to quickly build some stepping stones:

1. The potential of this digital transformation to offer new services, products and apps is huge and naturally very at-

The potential of this digital transformation to offer new services, products and apps is huge, but the underlying business model of the dominant digital platforms is becoming disturbing

tractive for most citizens of Europe and beyond, but the underlying business model of the dominant digital platforms is becoming disturbing and largely criticised. Europe is well placed to develop a consistent alternative business model which should involve transparency, accountability, different choices, open-source software and better standards for users. The role of the state can be particularly relevant to push in this direction:

- by using public procurement operations at national and European level to set better standards;
- by developing public services with digitalised solutions in housing, health, education and urban management; and
- by launching public joint ventures in strategic activities such as research, cloud services, cybersecurity or the public media sector.

2. Furthermore, in order to ensure cyber security and increased strategic autonomy, Europe should develop its own capacities of cloud computing services, reducing its fundamental dependence on the big American platforms because these comply with the American standards defined by the US Cloud Act, which are different from the European ones. Gaia-X, a European initiative to set cloud standards and the European Alliance for Industrial Data, Edge and Cloud are interesting points of departure, but should develop much more quickly. In the meantime, a European framework should be defined for the operations of American companies in the European single market or for their technological transfers with European companies.

Europe should develop its own capacities of cloud computing services, reducing its fundamental dependence on the big American platforms

3. Europe can also build on its critical mass and competitiveness in manufacturing sectors, which are still not dominated by the current monopolistic digital platforms. Robotisation and artificial intelligence can be used by particular manufacturing clusters with the aim to develop a European approach for the Internet of Things to be applied to housing, transport, environmental management, or products for health care, education or cultural activities.
4. Nevertheless, these interesting possibilities can only be explored if Europe takes a proactive approach in digital industrial policy to support not only big corporations, but also SMEs in many sectors and also to create several general capacities, notably:
   - the production of semiconductors, batteries and specific hardware;
   - the development of artificial intelligence with human-centred and transparent algorithms;
   - the expansion of renewed broadband infrastructures with G5 networks as well as with gigabit networks for all European households, while ensuring European-scale interoperability.
5. A leap forward in human resources is also crucial to turn the digital transformation into an innovative and inclusive process. First of all, by developing specialised digital competences coupled with innovation policy to invent the European way for the digital trans-

formation in all areas of economic and social life. Secondly, by ensuring universal access to basic digital competencies, mobilising the entire lifelong learning system in order to prevent the risk of a deep social divide between the digitally included and excluded populations in the different regions, sectors and generations. Gender equality must also be under the spotlight. What is at stake is not only skills, but also general education to be a person and a citizen in the digital era.

6. Due to a widening gap in digital human resources, a brain drain of specialised digital workers is taking place between regions of Europe and between Europe and the US. These trends can be reduced if new jobs are created to provide innovative products and services responding to new social needs everywhere. Many new jobs can indeed be created but, on the other hand, others can also disappear, being replaced by robotisation or by artificial intelligence, unless robots and AI are conceived as complementing rather than a total replacement for human action – another important task for the European way to shape digitalisation
7. Moreover, another marking feature of this European way should also be about the working conditions in digital activities, be it platform work, telework or robotised production chain. Clear regulations about working time, work intensity, access to training and social protection as well as decent remuneration are now being submitted to an intensive legislative debate at European and national level, in the framework of the European Pillar of Social Rights. Urgent action is needed to prevent the emergence of a digital proletariat – often wrongly classified as entrepreneurs! – as well as to prevent a digital social dumping and a downward spiral, which will undermine welfare systems everywhere.
8. Nevertheless, a transformation on this scale requires huge financial resources. The current community programme Digital Europe and the EU Invest initiative should be amplified and prolonged with a stronger European budgetary capacity. The national budgets can play an important role with the new National Recovery and Resilience Plans, but must go further with an updated version at the Stability and Growth Pact enabling long-term investment in infrastructures, skills and innovation initiatives.
9. The argument that financial resources are not available is just not credible because most current added value in global economies is taking place in the big digital platforms which are not paying their fair share of taxation. The recently agreed minimum corporate tax at global level is a first step which should be completed with specific digital taxation.
10. The current governance framework of the digital transformation also requires a serious update when it comes to the internal organisation of the European Commission, of

Clear regulations about working time, work intensity, access to training and social protection as well as decent remuneration are now being submitted to an intensive legislative debate at European and national level, in the framework of the European Pillar of Social Rights

Strong action is urgently needed to support high-quality and plural journalism, which has been damaged by the dominant role of the big online platforms controlling the main social networks

the European Parliament and of the Council of Ministers. Social dialogue and civic dialogue should also be invited to play a more comprehensive role as well as the networks for regional cooperation.

11. A major flaw is also now in the media ecosystem. Strong action is urgently needed to support high-quality and plural journalism, which has been damaged by the dominant role of the big online platforms controlling the main social networks. This should be part of a new infrastructure for the European public space and for multilevel, representative and participatory democracy in the digital era.

In the end, the decisive factor might be a citizens' movement to gain control of the digital transformation according to European values and democratic rules in order to improve their living and working conditions. Several risks of democratic disruption and authoritarian manipulation do exist, but a promising potential to improve well-being and active citizenship is also there! Just think about a European digital identity enabling each citizen to vote, to have access to health care, to education choices while intervening responsibly in European public space. This would certainly open a new phase for the European project!

R. DANIEL KELEMEN

Europe's authoritarian cancer: diagnosis, prognosis, and treatment

Generally, accurate diagnosis should precede treatment. To respond to the rule of law crisis facing the EU, we first need to understand it. This chapter explains why and how autocracy is spreading within the European Union (EU), why its spread poses such a threat to the Union, and what can be done to contain and reverse it. It is not a tale for the faint of heart. For Europhiles, it makes for painful reading to recognise that the EU has failed to defend its professed values of rule of law and democracy. Fortunately, the autocratic cancer plaguing the EU is not incurable. Remedies are within reach, if only EU leaders would choose to apply them.

Europe's political cancer

A cancer is spreading in Europe's body politic, the cancer of autocracy. The cancer originated in Budapest in the early 2010s. With rapid, intensive treatment, it might have been contained there and cured, but alas, it was left untreated, and it metastasised. By now it has spread to other sites, with large tumours in Warsaw and cancerous cells detected in Ljubljana. The cancer has even travelled beyond national capitals to the European Union's vital organs – the Commission, Council, and Parliament. This cancer is eating away at the rule of law and at democracy itself in affected EU member states. It also threatens the institutional foundations of the European Union and its very raison d'être.

This chapter of the *Progressive Yearbook* offers a diagnosis and a suggested course of treatment. I focus not on the ultimate aetiology of this disease, but rather on why and how the EU has tolerated and inadvertently facilitated its spread. The question of why aspiring autocrats have emerged in several European countries and why substantial portions of their populations support them is of course vital. But many analysts have already explored the process of democratic backsliding, and as the existence of a global "democratic recession"[1]

1 Diamond, L. (2015) 'Facing Up to the Democratic Recession', *Journal of Democracy*, vol. 26, no. 1, January, pp. 141-55 (www.journalofdemocracy.org/articles/facing-up-to-the-democratic-recession/).

makes clear, it is not a phenomenon unique to the EU. What is more striking and worrisome for EU specialists is that this backsliding is happening – and being tolerated – inside a union that professes a fundamental commitment to democratic norms. After explaining why the EU has tolerated and even facilitated the spread of autocracy, I then explore how this trend might be reversed.

The remedy does not lie with the creation of new tools. Quite the contrary, the EU has had the necessary tools to treat this disease all along, and the focus on creating new tools has served mostly as an excuse for failing to deploy existing ones. All that must be done is for European leaders to apply their powerful cocktail of treatments. Unfortunately, experience has shown that most European leaders will not address the autocracy crisis out of any sense of moral imperative. They are only likely to act when they have the political incentives to do so. How to generate those political incentives is perhaps the most vexing problem facing the EU today.

Diagnosis

Proper diagnosis must precede effective treatment. Unfortunately, many observers have misdiagnosed the nature of the EU's so-called 'rule of law crisis'. Before we can zero in on the malady, let us first dispense with the most common misdiagnosis. Some wrongly suggest that the crisis stems from the election of right-wing populist governments that embrace 'illiberal democracy' (a term coined by the pundit Fareed Zakaria in a 1997 essay in *Foreign Affairs* magazine).[2] According to this view, these regimes are democratic, in that they hold free and fair elections, but they reject liberal values and institutions. They are locked in what amounts to a culture war with Brussels over issues such as immigrant and LGBTQ rights. This narrative is not only incorrect, it is also extremely damaging. Depicting the EU's conflict with these regimes as part of some sort of culture war fundamentally mischaracterises the nature of the crisis and does them a huge favour.

The true goal of Orbán's Fidesz and Kaczyński's PiS is to create single party dominated electoral autocracies that maintain a veneer of democracy – also known as competitive authoritarian regimes

These governments are happy to be labelled illiberal democracies, and they are keen to keep the focus on their conflicts with the EU over ideologically loaded policy questions in order to distract attention from their more fundamental goal. The true goal of Orbán's Fidesz and Kaczyński's PiS is to create single party dominated electoral autocracies that maintain a veneer of democracy – also known as competitive authoritarian regimes. This is a regime type familiar to political scientists. As Steven Levitsky and Lucan Way put it in their seminal 2002 article, "In competitive authoritarian regimes, formal democratic institutions are widely viewed as

2 Zakaria, F. (1997) 'The Rise of Illiberal Democracy', *Foreign Affairs*, Nov/Dec (www.foreignaffairs.com/articles/1997-11-01/rise-illiberal-democracy).

the principal means of obtaining and exercising political authority. Incumbents violate those rules so often and to such an extent, however, that the regime fails to meet conventional minimum standards for democracy […]. Although elections are regularly held and are generally free of massive fraud, incumbents routinely abuse state resources, deny the opposition adequate media coverage, harass opposition candidates and their supporters, and in some cases manipulate electoral results".[3] What the concept of competitive authoritarianism gets right – and the concept of 'illiberal democracy' gets so fundamentally wrong – is that at their base these regimes are not democratic. As Jan-Werner Müller[4] and others have pointed out, 'illiberal democracy' is a contradiction in terms because one can only have free and fair elections if liberal institutions such as the rule of law and judicial independence and liberal values such as freedom of speech, association, assembly, and the press – along with the political rights of minorities – prevail.

To be clear, it would be wrong to claim that these regimes are outright dictatorships like that found in North Korea or violent authoritarian regimes like that found in Russia or Belarus. They rely on softer techniques, but they are nonetheless already autocratic (in the case of Hungary) or rapidly moving in that direction (in the case of Poland and others).

It would be wrong to claim that these regimes are outright dictatorships like that found in North Korea. They rely on softer techniques, but they are nonetheless already autocratic or rapidly moving in that direction

Thus, the real cancer plaguing the EU is an autocracy crisis. The so-called 'rule of law crisis' is really just an element of this broader autocracy crisis. Governments seeking to consolidate single party autocratic rule need to subvert the rule of law and the independent judiciary in order to tilt the electoral playing field decisively in their favour. These regimes predictably seek to establish political control over their own judiciaries, and because they cannot control the entire EU judiciary, they challenge its authority and ignore rulings of the European Court of Justice (ECJ). Thus, while the EU does very much face a rule of law crisis, attacks on judicial independence and the EU legal order must be understood as part of a broader strategy that some regimes are pursuing to consolidate electoral authoritarian rule.

In some respects the focus on the 'rule of law crisis' is used as a euphemism for the underlying autocracy crisis – a euphemism favoured because EU leaders feel more confident in defending the rule of law than they do in defending democracy itself.

Why do EU leaders refuse to recognise the crisis they face as one of democratic backsliding? There are three principal reasons, one stemming from self-doubt, one from cynicism, and one from necessity. Various EU leaders may be motivated by one or more of these reasons, but none will admit it so publicly, for reasons that quickly become obvious.

3 Levitsky, S. and Way, L. (2002) 'The Rise of Competitive Authoritarianism', ***Journal of Democracy***, 13, No. 2, p. 52.

4 Müller, J-W. (2016) 'The Problem with Illiberal Democracy', ***Social Europe***, January (https://socialeurope.eu/the-problem-with-illiberal-democracy).

First, there are the self-doubters: some EU leaders fear that the EU lacks the democratic legitimacy necessary to challenge the democratic credentials of its member states. After all, scholars have spent years criticising the EU for its own so-called democratic deficit, noting that its executive (the European Commission) is unelected, that the European Parliament suffers from low turnout and low voter interest, and that the Council operates behind a veil of secrecy. If the EU's democratic credentials are suspect, they ask, is it really in the position to question those of its member states?

Second, there are the cynics: as I discuss more below, some EU leaders such as Germany's Angela Merkel have actively protected backsliding governments to advance their economic and/or party-political interests.[5] Democratic leaders who shield pet autocrats from censure will hardly admit as much. While they might acknowledge certain concerning trends with regard to the rule of law, they will never label their allies as elected autocrats for to do so would be to admit their complicity.

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Finally, legally minded leaders might note a rather sticky problem in admitting that there are autocratic leaders present in the European Council: as John Cotter has pointed out, Article 10(1) of the Treaty on European Union (TEU) requires that: "The functioning of the Union shall be founded on representative democracy", while Article 10(2) provides: "Member States are represented in the European Council by their Heads of State or Government and in the Council by their governments, themselves democratically accountable either to their national Parliaments, or to their citizens".[6] If EU leaders were to admit that in fact the European Council has been operating in violation of Article 10 because some of its members are autocrats who are not democratically accountable, then arguably every act adopted by the EU in recent years would be subject to challenge. Why, after all, should democratic member state governments be bound by decisions made at the EU level with input from autocratic regimes? As a result of all these concerns, for EU leaders, autocracy is a bit like Lord Voldemort in Harry Potter's world – it is that which must not be named.

Prognosis

Just how threatening to the EU is the autocracy crisis? If left untreated, the prognosis is dire.

The existence of authoritarian enclaves within democratic unions is a common phenomenon around the world. As political scientists have documented, otherwise democratic federations such as the United States, Mexico, and Argentina have, at various times, pro-

5 Matthijs, M. and Kelemen, R. D. (2021) 'The other side of Angela Merkel', ***Foreign Policy***, July (https://foreignpolicy.com/2021/07/09/angela-merkel-german-chancellor-europe-trade-euro-refugees-crisis/).

6 Cotter, J. (2020) 'The Last Chance Saloon', Verfassungsblog, 19 May (https://verfassungsblog.de/the-last-chance-saloon/).

vided comfortable homes for autocratic regimes at the member state level.[7] This phenomenon is dangerous for all such political systems – both because their very presence tends to undermine the democratic norms that hold the system together and because the local autocrats may actively attempt to infiltrate and undermine federal level democratic institutions. That being said, many democratic unions have survived the existence of such enclaves and managed – sometimes after many decades – to see democracy restored at the state level. In the US for instance, autocratic single party regimes (run by the Democratic Party) persisted in several Southern states for nearly a century after the Civil War. Democracy was only eventually restored to these states after the passage of the Civil Rights Act and Voting Rights Act. Does this suggest that we should also expect the EU to survive the current crisis of democratic backsliding?

Unfortunately, there are several reasons to believe that the emergence of authoritarian member governments poses an even greater threat to the EU's quasi-federal Union than it has posed to actual federal states.

First, states have far stronger and more numerous bonds holding them together than does the European Union. They also exercise a monopoly on the legitimate use of force. They can back up their legal mandates with force, if necessary, when confronted with defiance by constituent units of their unions. States also collect taxes and typically have even greater fiscal power over their members than the EU has. And states have more robust administrations, such that they have federal officials who can implement their policies at a local level.

By contrast, the EU wields no force and cannot compel its members to do anything. It has a tiny administration, and is almost completely reliant on its member states to carry out its policies. While the EU does have real fiscal leverage, it does not compare to that of actual federations. Ultimately, the EU is – as the European Commission's first president Walter Hallstein famously described the (then) European Economic Community – "a community based on the rule of law (*Rechtsgemeinschaft*)". EU law may be 'binding' but ultimately the entire edifice relies on sincere cooperation and voluntary compliance of its member states and their judiciaries. In essence, the nascent autocrats in Budapest and Warsaw have decided to call the EU's bluff – defying the Commission and the Court of Justice to test just how 'binding' EU laws really are.

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Second, while autocratic member states in federal systems around the world routinely try to wield influence in federal level institutions, their capacity to do so is limited by the majority decision-making rules that prevail. In other words, so long as representatives of democratic

7 Gibson, E. (2005) 'Boundary control: subnational authoritarianism in democratic countries', *World Politics*, 58, No. 1, October, pp. 101-132.

states maintain a majority and the autocratic regimes remain in the minority, the extent of damage they can do to the federal union as a whole may be limited. The situation is far more problematic in the EU given the prevalence of unanimity decision-making in many domains. In essence, wherever unanimity prevails, even one autocratic regime can threaten to hold the entire Union hostage. This is not a mere theoretical possibility, we have already seen this danger manifest. Consider for instance developments in the run-up to the passage of the new multiannual financial framework (MFF) and the EU recovery fund. In essence, the Hungarian and Polish regimes threatened to hold the entire EU budget hostage if their receipt of EU funds were tied more strictly to satisfying conditions pertaining to the rule of law.

Third and finally, some of the political dynamics in fully fledged federal systems that eventually encourage central leaders to intervene to restore democracy in authoritarian enclaves seem to be absent in the EU's half-baked union. Instead, as I have described in detail elsewhere, the EU appears to be trapped in an 'authoritarian equilibrium'.[8] This autocracy trap is underpinned by three main factors. First, the EU's half-baked system of party politics creates perverse incentives for democratic leaders to protect autocrats, and more generally the ingrained reluctance of national leaders in the Council to interfere in one another's domestic politics shields national autocrats from EU intervention. Second, funding and investment from the EU – which has been handed out without democratic strings attached – has helped finance these regimes. Third, the free movement of persons in the EU facilitates the exit of dissatisfied citizens from backsliding regimes. Given the absence of voting rights protections under EU law, these regimes can then make it very difficult for these emigrants to vote in national elections. Taken together, these dynamics deplete the opposition and thereby help these regimes endure.

Considering all of these factors, the prognosis for the EU's autocracy crisis, *if left untreated*, is bleak. We can expect the PiS regime in Warsaw to soon consolidate an electoral autocracy on the Orbán model. Others – such as Janez Janša in Slovenia – may follow suit. The fracturing of the EU legal order we have witnessed over the past few years will accelerate. Autocratic regimes will extinguish what remains of the independent judiciary domestically, and their kangaroo courts will continue to deny the supremacy of EU law and the authority of ECJ rulings. In response, the norm of mutual trust between national legal systems will break down. More and more national courts in democratic EU member states will refuse to recognise judgements made by captured courts in autocratic states, and this will inevitably disrupt the functioning of the EU's single market as rulings in commercial disputes in these countries will not be respected. While these countries will remain EU member states, they will become legal black holes de facto ceasing to be part of the EU legal order. The metastasis will now not only travel between national capitals, but to the organs of the Union. Autocratic regimes will poison EU institutions by placing their lackeys in positions of power. Indeed, this is already happening. Consider the fate of EU enlargement policy under Orbán's minion, enlargement commissioner Olivér Várhelyi.

8 Kelemen, R. D. (2020) 'The European Union's authoritarian equilibrium', *Journal of European Public Policy*, 27:3, 481-99.

To win her confirmation vote in the European Parliament and become European Commission president, Ursula von der Leyen needed to secure the backing of MEPs from Orbán's Fidesz party. To win Orbán's backing, she not only offered him assurances she would take a conciliatory approach to rule of law issues,[9] she also promised to make his appointee the commissioner for enlargement. Predictably, Orbán named a loyal servant of his autocratic regime to the position. Orbán's man in Brussels, Olivér Várhelyi, has used his position to downplay traditional EU concerns over democracy and the rule of law in the enlargement process in hopes of speeding up the accession of Serbia – a country led by another Russian-allied aspiring autocrat in the Orbán mould – President Aleksandar Vučić.[10] Other EU institutions have likewise been infiltrated. The party groups in the European Parliament are plagued by the phenomenon of 'pet autocrats'[11] – in which Europarties that profess commitments to democracy shield some member parties with strong autocratic tendencies. Indeed, until Orbán's Fidesz was finally pushed out of the EPP last year, it had been an integral member of the supposedly 'centre-right' block for many years. Fidesz MEPs played key leadership roles in the bloc: for instance, until 2019 – just a year before he was arrested while climbing down a drainpipe attempting to escape a police raid on a drug-fuelled nude orgy in Brussels that was being held in violation of quarantine rules – Orbán's close ally József Szájer had been the vice-president of the EPP. The Council too is of course a haven for actual and aspiring autocrats; consider for instance that in the second half of 2021, a period when the governments of Poland and Hungary were engaged in rapid backsliding on the rule of law and democracy, the Slovenian government led by right-wing aspiring autocrat and Orbán ally Janez Janša held the rotating Council Presidency. From that perch, Janša was able to block the holding of hearings on the open Article 7 procedures against Poland and Hungary, something members of the Greens/EFA, Renew, and Socialist & Democrat groups in the European Parliament complained about in a letter in late November 2021.[12]

Without determined actions by EU leaders, it is quite likely that the cancer of autocracy will spread to more member states

In short, without determined actions by EU leaders, it is quite likely that the cancer of autocracy will spread to more member states, that these regimes will poison EU institutions, that they will spark an unravelling of the legal order that holds the Union together and that – perhaps most importantly – they will make a mockery of the EU's claim to be a union of democracies built on the rule of law, thus calling into question its very raison d'être. Of course, none of these means the EU would entirely collapse or cease to exist. More likely, this cancer would turn the EU into a kind of zombie polity: a loose

9 Rettman, A. (2019) 'Von der Leyen signals soft touch on migrants, rule of law', *EU Observer*, 19 July (https://euobserver.com/news/145504).

10 Wanat, Z. and Bayer, L. (2021) 'Olivér Várhelyi: Europe's under-fire gatekeeper', *Politico Europe*, 5 October (www.politico.eu/article/oliver-varhelyi-eu-commissioner-enlargement-western-balkans-serbia-human-rights-democracy-rule-of-law/).

11 Kelemen, R. D. (2018) 'Europe's pet autocrats', *Aspen Review*, No. 2 (www.aspen.review/article/2018/europes-pet-autocrats/).

12 Letter from MEPs to Slovenian Council Presidency, 25 November 2021 (https://twitter.com/TheProgressives/status/1464189266708377600).

trade bloc whose treaties and regulations are viewed more as recommendations than as laws, whose members view each other (rightly) with suspicion, and whose momentum towards ever closer union shifts firmly into reverse gear.

Treatment

Fortunately, the autocratic cancer plaguing the EU is not incurable. Remedies are within reach, if only EU leaders would choose to apply them. It has often been argued – even by the most well-meaning defenders of democracy and the rule of law in the EU, that the Union simply cannot do more because it lacks the necessary tools to do so. This is a damaging myth. The EU has always had in its possession the necessary tools to steer backsliding member states back towards democracy – or at least to strongly discourage any others from following their lead. Unfortunately, EU leaders have refused to apply these tools for political and economic reasons that I elaborate below. As Laurent Pech of Middlesex University has put it, EU leaders repeatedly engage in a "rule of law instrument creation cycle" – reacting to new episodes of backsliding by calling for the creation of new tools, rather than using tools it already has. As a result, the EU has an ever better stocked toolbox, the contents of which have barely been used.

So, what can the EU do? First, like any good doctor, the EU must uphold the first tenet of the Hippocratic oath – *primum non nocere* (first, do no harm). In the EU context, this means, it must stop funding autocracies. Over the past decade, the EU has not only failed to address democratic backsliding, it has facilitated it. Indeed, for all its talk about democracy promotion, the EU has become one of the most generous funders of autocratisation in the world. According to the Varieties of Democracy (V-Dem) Institute, the leading institution that rates regime types, the two most rapidly autocratising countries in the world between 2010 and 2020 were Poland and Hungary. Between the two of them, these countries received well over €100 billion in EU structural and investment funds during this period. EU funds not only support these countries' economies while their governments flout EU rules, but EU funds are also used to support the clientelistic networks that support these regimes. In Hungary in particular, the scale of corruption using EU funds is egregious. Thus, the regimes ruling these countries have financed their dismantling of democracy with EU funds. This can and must stop. In fact, under the regulations of EU Structural and Investment Funds, the EU has always had the authority to suspend the funding of member states that lack independent judiciaries (as these are needed for the management and control systems required to oversee the expenditure of those funds).[13] In addition, the EU has other new tools that it

Over the past decade, the EU has not only failed to address democratic backsliding, it has facilitated it

13 Kelemen, R. D. and Scheppele, K. (2018) 'How to stop funding autocracy in the EU', Verfassungsblog, 10 September (https://verfassungsblog.de/how-to-stop-funding-autocracy-in-the-eu/).

has created recently in part to justify its failure to use its existing tools (as described above). So, under the Rule of Law Conditionality Regulation (Regulation (EU) 2020/2092), the EU has even broader authority to suspend funds to states where systemic rule of law breaches seriously risk affecting the sound financial management of the Union or the protection of the financial interests of the Union. The European Commission could have triggered this regulation already a year ago, and Kim Scheppele, John Morijn and I have drafted a notification under the Regulation that the Commission can send to the government of Hungary.[14] A similar case could easily be made for Poland. For the time being, however, the Commission has refused to do so. Finally, the Commission can withhold funds from these regimes under the Covid Recovery funds. Fortunately, for the time being, they have refused to approve the Recovery funds submitted by the regimes in Warsaw and Budapest citing rule of law concerns, so this funding remains on hold. Predictably, these regimes have threatened to wield their vetoes wherever possible and to undermine the functioning of the EU if their funds are withheld. The EU must not give in to extortion and must not continue to fund autocrats. Their threats and bluster are attempts to distract from just how dependent on EU funds they are and how much leverage the EU really has over them, if only it chooses to wield it.

Second, the European Commission must return to its traditional role as the Guardian of the Treaties when it comes to rule of law. Above all, the Commission must bring far more infringement procedures and bring them more aggressively – seeking interim measures and penalty payments for non-compliance. Over the past decade, the Commission (first under Barroso, then under Juncker, and now under von der Leyen) has done everything possible to avoid bringing infringements against member states on rule of law issues (and more generally). The Commission has engaged in protracted and pointless dialogue with these regimes, and they have used all these delays simply to accelerate their democratic backsliding. Under mounting pressure from the European Parliament for its appeasement of autocrats, the Commission has finally accelerated its use of infringements on rule of law matters in the past year. However, far more remains to be done. Quite simply, rogue regimes take calls for dialogue as a sign of weakness. They will only respond to lawsuits (Article 258 cases) backed by demands for penalty payments in case of non-compliance (Article 260 cases) that must be collected via deductions from their EU funds if the regimes resist payment.

The European Commission must return to its traditional role as the Guardian of the Treaties when it comes to rule of law

Third, in addition to using the power of the purse and the gavel, EU leaders must use the power of the political pulpit to denounce these regimes. Too many of Europe's leaders have been silent about the promotion of autocracy by their peers. German Chancellor

14 Scheppele, K., Kelemen, R. D. and Morijn, J. (2021) 'The EU Commission has to cut funding to Hungary: the legal case', Study Prepared for the Greens/EFA Group in the European Parliament, 7 July (https://danielfreund.eu/wp-content/uploads/2021/07/220707_RoLCR_Report_digital.pdf) .

Angela Merkel, for instance, never had a negative word to say about Viktor Orbán. National leaders who actually value democracy must stand up to denounce and politically ostracise any autocratic leaders, pressing them to restore and respect pluralistic democracy. Likewise, at an institutional level, Europarties and their party groups in the European Parliament should eject and politically isolate their pet autocrats. Democratic parties must draw cordons sanitaires to exclude parties and governments that undermine democracy and democratic values. Finally, the EU must do more to protect EU citizens' voting rights and to safeguard free and fair elections within the Union. Without that, elected autocrats (that is, those elected in unfair elections) can infiltrate the Parliament and Council, poisoning the Union from within. Over the long term, strengthening the EU's role in this regard would require new legislation. More immediately, European leaders could pressure groups such as the Organization for Security and Cooperation in Europe (OSCE) and its Office for Democratic Institutions and Human Rights (ODIHR) to conduct full-scale election monitoring missions in EU member states to prevent electoral fraud.

Democratic parties must draw cordons sanitaires to exclude parties and governments that undermine democracy and democratic values

The cancer of autocracy is unlikely to go into remission on its own. EU leaders have in their grasp a number of powerful remedies. Unfortunately, they have consistently refused to apply them. Instead, partisan politics, economic interests, norms of non-intervention, and failure to appreciate the seriousness of the disease have together led EU leaders to embrace a fatal mixture of passivity, fecklessness, and appeasement. If leaders continue to pursue this doomed strategy, then the cancer of autocracy will continue to metastasise and poison the Union.

SHAHIN VALLÉE

Ten years on: a new roadmap for reforming the European economic governance framework

After the report of the four presidents in 2012, the euro area remained largely without any agenda for reform of its economic governance. In February 2020, the European Commission then initiated a review of its economic governance, since when the agenda has been dominated by debate on fiscal rules – with a range of academic and institutional suggestions for reform but a lack of consensus. Interestingly, the reform of the fiscal framework is rarely linked to the broader architectural issues in which it should be fundamentally rooted. This chapter argues for a set of ambitious but staged reforms of the Stability and Growth Pact (SGP) that are linked to a comprehensive roadmap for reforming the governance of the monetary union.

The intellectual and political consensus of the 1980s and 1990s that paved the way for the single currency has shifted radically, but the euro area's architecture has not evolved accordingly. This leaves the single currency profoundly unstable both economically and politically. In 2012, European leaders were convinced that substantial reforms to the architecture of the single currency were needed for the euro to be able to survive, and the four presidents (of the European Council, European Commission, Eurogroup and European Central Bank) were tasked with proposing a roadmap for a comprehensive reform of the euro area's economic governance. This roadmap was incomplete back then, and it was not delivered in full in the years that followed either. Since that time, deeper fault lines have emerged in the EU's economic architecture – in part because of the Covid-19 crisis, and in part also because of the needs imposed on the European economy by our climate and energy transition. The summit of French President Emmanuel Macron in March 2022 could be a fitting opportunity to launch a new roadmap, but this requires urgent planning. Euro area integration remains

Euro area integration remains a central feature of the European policy debate for the upcoming decade

a central feature of the European policy debate for the upcoming decade, and European leaders have a responsibility to chart a new roadmap to buttress its architecture. This roadmap should be structured around five related workstreams:

(i) staged reforms of European fiscal rules;
(ii) enhanced mechanisms for common fiscal policy;
(iii) a rewired framework to buttress the financial system;
(iv) profound evolutions of monetary policy;
(v) democratisation of the economic policy process.

For these reforms to be both credible and timely, Germany's government as well as France's future president must play a leading role in planning, negotiating, and delivering them. However, the reform cannot be limited simply to a bilateral Franco-German agreement. The failure and impasse of the Meseberg declaration in June 2018 proves that the Franco-German engine might be necessary but that it is no longer sufficient to move Europe forward. This should be a sobering lesson on both sides of the Rhine and it calls for a more inclusive planning process.

A staged reform of the European fiscal framework

The suspension of fiscal rules across Europe with the onset of the Covid crisis has accelerated a long-standing debate about the fitness of these rules. The European Commission has resumed its economic governance review, and it is possible that France will use its rotating presidency of the EU Council and its national presidential election campaign to take a stand on this complex issue. The German election and the resulting coalition agreement has opened the door to a possible reform, but it has not set out the broad direction that this reform could take. Furthermore, the debate in Germany over the *Schuldenbremse* – the country's constitutional debt break – has not progressed, and the current coalition seems intent on trying to create fiscal room within the current rules rather than open a real debate about structural improvements. This is regrettable and will only make the European debate harder, but there is nevertheless space for progress.

An emerging consensus

Over the last few years, a consensus has emerged about the limits of the current fiscal framework. Most academics, as well as all international institutions, have expressed their criticism of the current fiscal framework. Until recently, however, none of their critiques have truly been taken on board by the European institutions.

Although set up by the EU, the European Fiscal Board (EFB) has led the charge over the last few years for an ambitious reform of the Stability and Growth Pact. It has repeated its plea for a reform revolving around a differentiated expenditure benchmark, and has questioned the decentralisation of monitoring and enforcement by national fiscal councils. The latest EFB recommendations suggest a reform of the one-twentieth rule in favour of a country-specific debt adjustment path instead.

The European Stability Mechanism (ESM)[1] has recently published a set of reforms that are also rooted in an expenditure benchmark, but it has focused its attention on the debt reduction rule, which it views as the most pressing (although not the only) problem to be addressed. The ESM rightly shows that changing the reference debt/GDP level from 60 per cent to 100 per cent and the path of adjustment from one-twentieth to one-thirtieth could make the adjustment path much more sustainable. But it rightly points to the different legal obstacles ahead.

Interestingly, even for countries with a long tradition of fiscal rectitude, the intellectual consensus on these issues has shifted quite considerably. This is the case in Germany or again in the Netherlands, where the need for green investment is now broadly accepted, although not formalised, in a new transparent framework. Perhaps the most illustrative example of this is the latest annual report from the German Council of Economic Experts (Sachverständigenrat), which for the first time presents both a conservative and a progressive view on the issue of fiscal rules – when the progressive view used only to be a dissenting opinion.[2] The Progressives are calling for:

- a new expenditure benchmark rule (that limits the procyclicality)
- a golden rule to safeguard public investment
- a revision of the one-twentieth debt reduction rule (which they find inoperable and undermining for the credibility of the framework).

The door to reforming the fiscal rules has therefore opened, but a consensus is lacking and the temptation to find a quick fix dominates. Instead, a more ambitious, comprehensive, and staged plan should be developed.

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A more substantive agenda

The current intellectual consensus is relatively narrow and could be summarised as a quick fix that substitutes the current framework by an expenditure benchmark combined with a reform of the debt reduction rule. While this could already be a meaningful step in the right direction, it would nonetheless be an insufficient reform of the fiscal framework. The fundamental question that needs to be addressed is whether the rules should be narrowly focused on fiscal sustainability or whether they should also seek to achieve a broader set of objectives. The original purpose of the fiscal framework was in fact broader than just fiscal sustainability. It was intended in part as a coordination device to prevent freeriding and undue pressure on the monetary authority.

1 Francová, O., Hitaj, E., Goossen, J. and Kraemer, R. (2021) 'EU fiscal rules: reform considerations', ESM Discussion Paper 17 (www.esm.europa.eu/publications/eu-fiscal-rules-reform-considerations).

2 German Council of Economic Experts (2021) *Annual report 2021/22. Shaping the transformation: education, digitalisation and sustainability* (www.sachverstaendigenrat-wirtschaft.de/en/annualreport-2021.html).

Today, while there are risks that trying to expand the policy objectives of the fiscal framework might result in it becoming a 'complete contract' that attempts to solve for all member states the issues that fiscal policies should address, it is nevertheless essential that this expansion does not prevent the attainment of policy objectives that are critical to monetary union. The Stability and Growth Pact reform cannot therefore only be limited to a strictly fiscal exercise, but must be part and parcel of a broader reform of economic governance.

The European Commission and the member states willing to engage in a real foundational process should take a step back and plan a broader and longer-term reform. This process should have the two aims listed below.

1. Expand the fiscal space today to avoid a return to the rules that could tighten fiscal policy precipitously, given the prevailing epidemic and economic uncertainty. This could be addressed mostly through a communication that sets out the way in which the rules would be reintroduced.
2. Build a more robust long-term framework that not only provides more fiscal space today but also:
   (i) allows the EU's climate objectives to be met by enabling green public investment;
   (ii) enhances the stabilisation capacity of national fiscal policy;
   (iii) improves economic policy coordination, both between fiscal authorities to achieve an adequate aggregate fiscal stance for the euro area and between fiscal and monetary policy by adjusting the speed of adjustment depending on the inflation regime;
   (iv) anchors long-term debt sustainability in a way that is tailored to each member state.

A short-term fix

The current intellectual consensus, probably best captured in the Marques Report of the European Parliament, does not provide the sort of comprehensive reform that the fiscal framework needs. Importantly, it does not prioritise what must be done now and what can be delivered later.

By spring 2022, when member states start making their budgetary plans for 2023, the European Commission needs to provide clear guidance on the timing and scope of the reintroduction of the fiscal rules. In practice, it has great discretion to do so given the unprecedented nature of the fiscal rules' suspension and the prevailing uncertainty. In fact, the Commission may well decide to postpone the reintroduction of these rules. The best thing the Commission can do is to return to the rules in such a way that they do not tighten policy excessively at a time of great uncertainty.

The Commission's guidance to member states should therefore probably at least include:

(i) a statement that the debt reduction rule will not be applied in order to avoid any debt-based excessive-deficit procedure and nominal annual consolidation until a new legislative package is approved;

(ii) its permission to suspend the 0.5 per cent of GDP structural adjustment (required under the preventive and corrective arm of the SGP) either directly by invoking exceptional circumstances, or indirectly by proposing a general application of the corrective arm of the SGP with a very long adjustment path of 5 to 10 years (the adjustment could be set at 0.1 per cent of GDP, for example);

(iii) its request for the Output Gaps Working Group to review the output gap calculations in depth, to acknowledge the uncertainty prevailing around the current measure of slack, and to provide more fiscal space than is currently offered by the rules.

The combination of these three steps would not only provide fiscal space today, but would more importantly give time for a more ambitious reform of the fiscal framework that would require legislative anThe d possibly treaty amendments.

A longer-term plan

A longer-term plan needs to break with the idea that fiscal rules are only designed to address fiscal sustainability. Economists like to argue that a single objective with a single instrument is the right way to design policy, but this Tinbergen rule is not always the best guide to policy design. Fiscal policy cannot be boiled down to one objective, and allocation, stabilisation and redistribution cannot come systematically second to sustainability objectives. A longer-term reform should therefore probably build on the nascent consensus amongst economists but cannot be limited to it. Several areas for improvement must be considered.

A longer-term plan needs to break with the idea that fiscal rules are only designed to address fiscal sustainability

First, while an expenditure benchmark is certainly an improvement on the current system, it is not a reform that guarantees much better outcomes. Indeed, expenditure benchmark rules still rely on two problematic variables: a measure of potential growth and a target debt-to-GDP level. While the former is subject to a great deal of uncertainty, the latter should probably be country-specific and even then there is a degree of judgement and arbitrariness in setting it.

Second, an expenditure benchmark – even when based on more refined potential growth and more individualised debt target – would not preserve public investment and in particular green investment in the way it should. This speaks in favour of introducing a green golden rule, which would essentially ensure that green public investment is encouraged. But calibrating this golden rule is difficult. Indeed, the rule would need to be both flexible and dynamic. Setting an arbitrary yardstick, say 0.5 per cent of GDP for example, would be inadequate. Indeed, the measure of today's green investment needs is uncertain and will evolve with time. This green golden rule should thus largely be calibrated on the basis of carbon emissions reduction targets and achievements. One way of doing this is to revise green investment needs every year along with nationally determined contributions (NDCs) and to flesh out new climate and energy plans. This would root climate policy in the fiscal framework more solidly.

Third, fiscal rules should also take into account the inflation regime in which we operate. Indeed, in an environment of a liquidity trap where the efficacy of monetary policy is constrained by the zero lower bound, fiscal policy should be able to do more. Conversely, in an environment where inflation is running durably above the ECB's target, fiscal policy should turn more restrictive. This can partially be governed by a new rules-based framework that is anchored in nominal GDP targeting, but it is more likely that it would be best operated by some level of discretion exercised centrally.

Fourth, evolutions of the governance area should also be linked to progress on the EU's fiscal integration. A leap was taken during the crisis, but it was designed as temporary and exceptional. The national fiscal rules cannot be designed to operate in quite the same way if European fiscal integration moves in the direction of shifting some national spending to the European level. The nature of this spending also matters – for example, if a partial unemployment insurance scheme emerges at the European level on a permanent basis, the national fiscal stabilisation needs would be smaller.

Last, such a reform would provide the European Commission with more discretionary powers, but it would also require more transparency and accountability. In particular, the Commission should own more clearly the fact that it uses discretion in applying the rules and that this discretion is in part tailored to achieve a certain aggregate stance for the euro area. The Commission's current recommendation for the euro area is weak, and poorly monitored. These greater powers for the European Commission would also require greater accountability to the European Parliament and the latter's economic and monetary affairs (ECON) committee.

These five dimensions for reforming the fiscal rules cannot come into play all in one go. They are both too broad and too complex to be designed and agreed today. A roadmap is therefore needed for reforming governance along these lines, and it should comprise clearly identified stages.

A staged roadmap

In practice, the Stability and Growth Pact is a multi-layered legal construct, and it would need at least a decade for its substantial revision. Indeed, the SGP takes the form of a minimum of four interwoven layers, and their modification would require different levels of political consensus and legislative action.

In practice, the Stability and Growth Pact is a multi-layered legal construct, and it would need at least a decade for its substantial revision

The European Commission has discretionary powers to interpret the rules, and over the decades it has produced a long jurisprudence of precedents that form the 'vade mecum'. The Commission's interpretative powers are expansive, thus allowing structural reforms in 2015, for example, and the introduction of flexibility clauses to encourage public investment. These discretionary powers have also allowed application of the debt reduction rule to be sidestepped. With such powers at its disposal, the Commission could issue a communication as early as 2022 that would clarify

Table 1: Summary of a staged governance reform process

Vehicle	Content	Process	Timing
Communication by the European Commission	- interpretation of reactivation of SGP - treatment of debt reduction rule - flexibility for green investment - reference to evolution of reference values (3 per cent of GDP deficit and 60 per cent of debt-to-GDP) - evaluation of output methodologies to review assessment of adjustments	Consensus in the College of the European Commission	2022
Joint interpretative declaration of the member states	- temporary suspension of certain provisions of the TSCG, in particular the debt reduction rule	Unanimous declaration of the TSCG signatories pursuant to Article 57 of the 1969 Vienna Convention on the Law of Treaties	2023
Legislative proposal by the European Commission modifying the two-pack and six-pack	- review entirely semester, macroeconomic imbalance procedure (MIP) and role of national climate and energy plans - remove excessive-deficit procedure (EDP) on sole basis of debt criteria - introduce expenditure rule and golden rule for green investment calculated on the basis of carbon emissions path - remove medium-term objective and 0.5 per cent structural adjustment	Proposal by the European Commission, and ordinary legislative process	2023-24
Abrogation of the Treaty on Stability, Coordination and Governance	- abolish the TSCG, in particular the reference to the introduction of national constitutional debt break provisions - end reference to debt reduction path	Unanimity of member states and national ratifications	2024
Modification of national primary laws	- as a result of abrogation of TSCG, modify national primary law accordingly	Depending on national constitutional provisions	2024-26
Modify Protocol 12	- remove reference to 3 per cent of GDP deficit and 60 per cent of debt to GDP	Unanimity and national ratification	
Reform of the EU Treaty	- modify corrective arm of the pact and move away from sanction regime - establish solid legal basis of policy conditionality / coordination in return for common investments - create strong legal basis for common borrowing and common taxation - enhance fiscal and monetary policy coordination framework - expand legal basis for financial stability and resolution powers	Simplified or ordinary procedure requires unanimity and either national ratification or convention	2024-29

not only how it intends to re-apply the SGP when it is reactivated in 2023, but also how it intends to stage lasting changes to the SGP's application.

The Treaty on Stability, Coordination and Governance (TSCG) – which mandated the introduction of fiscal rules of a constitutional nature, and which introduced the debt reduction rule of one-twentieth – would need to be suspended before it is abolished. A unanimous declaration of the member states would provide a strong legal footing for a temporary suspension, but this would need formal abrogation at a later stage.

Legislative changes to the two-pack and six-pack will also be needed. These changes will require an ambitious proposal from the European Commission, and then undoubtedly protracted negotiations in the ensuing trilogues. This step could be completed before the end of this European parliamentary term, but it would require the introduction of a legislative proposal by the end of 2022. The communication should therefore be viewed as a step towards a profound legislative change that would include in-depth reforms across the European semester, the inclusion of an aggregate fiscal stance as a more clearly defined policy objective, a reform of the macro economic imbalances procedure and the inclusion and elevation of the national climate and energy plans, as well as the national determined contributions as part and parcel of the economic governance framework.

In addition, modifications will also be needed to the European Treaty and Protocol 12 that sets the numerical benchmarks central to the corrective arm of the SGP. This process will require a high degree of political consensus. Indeed, it should be part and parcel of a broader set of treaty amendments that will not only improve fiscal governance but also set the foundations for greater fiscal autonomy/powers for the EU and empower the ECB to play a greater role in financial stability. This is a long agenda, but it must be started today in order to be completed within the next parliamentary mandate (2024-29).

European fiscal integration must carry on

This debate on the evolution of fiscal rules is also profoundly related to the extent of fiscal integration of the euro area. Over the last decade, the euro area has taken several steps in fiscal integration: the creation of financial assistance mechanisms (European Financial Stability Facility – EFSF, European Stability Mechanism – ESM), the large issuance of common debt, and the underwriting of cross-border transfers with the Recovery and Resilience Facility (RRF). While the euro crisis allowed for the creation of a permanent rescue mechanism, the Covid crisis has shown the limits of this approach. Indeed, in the case of a symmetric shock, where multiple countries require common borrowing, the ESM is inadequate. In addition, the stigma associated with its use is such that many member states are reluctant to apply for financial assistance for fear of excessive conditionality.

This puts the future of the ESM into question and it should lead the EU to think of more substantial reforms than that undertaken in 2020.[3] In particular, the EU should consider the

3 See: www.esm.europa.eu/press-releases/esm-members-sign-revised-treaty-entrusting-institution-new-tasks.

possible transfer of the ESM to the European Commission,[4] so as to put all the borrowing power of the EU under one roof and under community law, as well as under the democratic control of the European Parliament.

But the Covid crisis has provoked two important changes in particular, which are worth exploring as potential avenues for long-term fiscal integration.

The first important change is the creation of temporary support to mitigate unemployment risks in an emergency (SURE),[5] which works as a borrowing facility to finance unemployment insurance in individual member states. SURE can be viewed either as a transitory stopgap to be used only in moments of extreme crisis, or alternatively as the first step towards a supranational European unemployment insurance that would offer European citizens a minimum standard unemployment insurance that is portable across the EU. This latter alternative would require treaty changes and would radically transform the relationship of citizens to the EU by creating the first set of social rights and financial claims of individual citizens on the EU. It would thus mark a considerable leap forward in European economic and political integration.

The second important change is the July 2020 European Council agreement to create common borrowing and centralised spending through the RRF.[6] While this was designed as a one-off instrument specifically to fight the Covid crisis, its basic principle and architecture could be expanded and used for other projects of common interest. A central feature of this plan is that it relies on new own resources (that is, taxes) for the EU budget to back this common debt. While the German Constitutional Court enabled the ratification of the own resources decision that provides these common resources,[7] its final ruling on the conformity of the RRF with the European Treaty has not yet been issued. This ruling will determine the contours of a possible fiscal union to a large extent, thereby clarifying the legal obstacles that must be lifted to make such a borrowing capacity permanent. The German Constitutional Court may not rule on this for another year and is likely to transfer part of the case to the European Court of Justice. Politicians might therefore be tempted to avoid this debate altogether, but in reality the future of fiscal integration is a pressing question for the current government. Decisions by either court might set out legal challenges to be overcome, but the decisions will not settle the political choices that must be made. The political question will there-

> This question has been left unanswered but it will play a key role in framing the agenda, timing and scope for fiscal integration and institutional reforms

4 Guttenberg, L. (2020) 'Time to come home. If the ESM is to stay relevant, it should be reinvented inside the EU', Policy Brief, Hertie School - Jacques Delors Centre (www.delorscentre.eu/en/publications/detail/publication/time-to-come-home).

5 See: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_en.

6 See: www.consilium.europa.eu/en/meetings/european-council/2020/07/17-21/.

7 Bundesverfassungsgericht (2021) 'Unsuccessful application for preliminary injunction against promulgation of the domestic act ratifying the EU Own Resources Decision ('EU Recovery Package')', Press Release No. 29/2021 (www.bundesverfassungsgericht.de/SharedDocs/Pressemitteilungen/EN/2021/bvg21-029.html).

fore continue to exist and must be addressed by the European leaders unequivocally. The question of the EU's own resources and ability to tax is central to the euro area's future architecture. This question has been left unanswered but it will play a key role in framing the agenda, timing and scope for fiscal integration and institutional reforms.

The financial framework requires deep reforms

Banking union and its discontent

Despite the EU's continued insistence over the last five years on the need to complete the banking union, this agenda has made virtually no progress – in large part because the roadmap prepared by the Eurogroup is ill-designed.[8] The EU does not need to complete its banking union by adding a common deposit guarantee scheme and changing the regulatory treatment of sovereign debt holdings as it is currently attempting. Instead, it needs to rewire the legal foundations of its common resolution approach entirely – not an easy feat, but one that demands clear-eyed leadership. The combination of a weak Bank Recovery and Resolution Directive with an ineffective Single Resolution Board has left the EU incapable of resolving/restructuring its banks. A common deposit guarantee scheme or the poor arrangements being drawn to endow the single resolution authority with a conditional fiscal backstop will not correct this. A new approach is therefore required. The current focus of the Single Supervisory Mechanism (SSM) on cleaning up the balance sheet might offer a more promising avenue. Indeed, the creation of asset management companies, or the discussions around the need for liquidity in resolution arrangements with the European Central Bank, or the changes to the state aid framework for the financial sector will open areas for more structural reforms. While in the past, Germany has blocked progress on the creation of a common deposit guarantee scheme and has been unduly concerned with sovereign debt in bank balance sheets, the new German government could play a far more constructive role in helping a different roadmap to emerge. Creating the short- and long-term instruments to ensure European banks can be cleaned up when necessary could help avoid difficult issues in Germany like that of a common deposit guarantee scheme, but it will not avoid them all. Indeed, these reforms may also lead to changes to the current supervisory arrangement that leaves most of the German banking system largely outside the direct supervision of the SSM. The changes will also most certainly force a profound review of the financial stability consequences of the national institutional protection schemes that create strong solidarity ties between networks for smalls banks (in Germany *Sparkassen* and cooperative banks are typically part of these institutional protection schemes). It is ultimately in the interest of Germany's financial stability to strengthen the supervision of

8 Council of the European Union (2020) 'Statement of the Eurogroup in inclusive format on the ESM reform and the early introduction of the backstop to the Single Resolution Fund', Press release 30 November (www.consilium.europa.eu/en/press/press-releases/2020/11/30/statement-of-the-eurogroup-in-inclusive-format-on-the-esm-reform-and-the-early-introduction-of-the-backstop-to-the-single-resolution-fund/).

its own domestic financial system and it is in the interest of the EU that the largest member states do not shelter an antiquated, poorly supervised, and politically captive banking system. Recent financial scandals should support a more ambitious and a less parochial agenda in this area despite this agenda undoubtedly being strongly resisted by regional and local banking lobbies.

Shadow banking and a new financial architecture

While the European banking system is central to the European economy, the financial system is slowly evolving towards one where shadow banking and the flow of securities is becoming central to financial and monetary stability. Indeed, the smooth flow of collateral is becoming an essential feature of the financial system. The capital markets union legislative package/agenda is important in this respect, but some elements are more important than others. One essential issue, in particular since the withdrawal of the UK from the EU, is that the bloc restores full sovereignty over critical pieces of its financial architecture, especially its central clearing counterparties that clear trades in securities and arrange repo operations. These are the beating heart of the shadow banking system and must be under full supervisory control and within arm's length of the EU's fiscal and monetary authority in situations of distress. This requires quite an ambitious legislative and supervisory agenda, which should be accelerated.

Monetary policy requires evolutions

Monetary policy has become a central question for the future of the euro area in large part because the intellectually neat boundary between financial, fiscal, and monetary policy is blurred. The idea of a simple operational framework (refinancing operations), a clear instrument (interest rates) and a single objective (price stability) has been shaken. This evolution has made the ECB's toolkit more complex (targeted refinancing operations, asset purchases) and it has forced the ECB to put in place negative interest rates while *de facto* expanding the ECB's secondary objectives (including financial stability and climate change).

These profound changes create a heightened degree of political, legal, and constitutional tension. Nowhere is this more evident than in the German Constitutional Court ruling against the ECB's public sector purchase programme (PSPP) of 5 May 2020, which effectively ruled that not only the ECB but also the European Court of Justice were acting *ultra vires*.[9] If the ruling had forced the Bundesbank to withdraw from the programme, it could have opened a fundamental rift between Germany and the euro area. Only a careful and astute, yet politically volatile, compromise avoided such an extreme outcome. The ECB thus offered more a formal explanation for its asset purchase programme,[10] the German

9 Bundesverfassungsgericht (2020) 'ECB decisions on the Public Sector Purchase Programme exceed EU competences', Press Release No. 32/2020 (www.bundesverfassungsgericht.de/SharedDocs/Pressemitteilungen/EN/2020/bvg20-032.html).

10 See: www.ecb.europa.eu/press/key/date/2020/html/ecb.sp200702~87ce377373.en.html.

government stated that the Constitutional Court could not rule on European law,[11] and the Bundesbank sided with the ECB.[12] Despite all this manoeuvring, the ruling exposed the potential political tension that lies at the heart of monetary policy, and it highlighted the risks of political friction.

Monetary policy is and will become an even greater area of tension, in part because of the broadening of the ECB's role, and in part because of the legacy that owning large stocks of government debt will create. Germany must accept that there is no going back to the ***status quo ante***. The 'normalcy' of the late 1990s and early 2000s may just as well have been an exception to the norm, rather than the actual norm. Fiscal and monetary policy must cooperate much more intensely, and absolutist and rigid rules around independence must evolve. This will require important debate and profound legal changes including in EU primary law in order to grant the ECB a more solid legal basis for financial stability, and to clarify the importance of the ECB's secondary objectives in particular with respect to climate change. The Central Bank of tomorrow will not be the Bundesbank of the 1970s. These important debates cannot be outsourced to the constitutional courts and will require open debates about the future of monetary policy and a new political settlement in Germany and then at European level.

Conclusion

The euro area's architecture needs profound reform. The further integration of the euro area's banking and financial system that was decided in 2012 in order to absorb and share economic shocks has been abandoned midway. Fiscal integration has taken a 'last resort' – *ultima ratio* – form of financial assistance, and although fiscal risk-sharing and transfers have taken a leap during the Covid crisis, these might only be temporary. Fiscal rules designed for the Maastricht architecture were inadequate then and are worse now. They need to be deeply reformed even if this takes a decade. Finally, political integration and democratisation of the euro area has not progressed in the least. In the meantime, the UK has left the European Union, the euro area has expanded, and the deepening of integration has taken shape in EU27 format rather than by way of intergovernmental arrangements exclusively for euro area members.

Taken together, along with new political realities in Italy, France and Germany, these changes have the potential to open an extraordinary opportunity for action. The European Commission has announced a comprehensive review of European economic governance, and the European Parliament has just issued an own initiative report – but there is limited political support for and consensus around an ambitious and long-term reform agenda. The Conference on the Future of Europe announced in 2019, which could have been an

11 Chazan, G. and Arnold, M. (2020) 'German finance minister move to resolve court stand-off with ECB, *Financial Times*, 29 June (www.ft.com/content/443a14d9-b631-4609-9ad1-7ee98b8249c5).

12 'Bundesbank chief defends ECB bond purchases in wake of court case', *Reuters*, 16 September 2020 (www.reuters.com/article/us-ecb-germany-court-idUSKBN26711R).

unprecedented chance to launch an institutional debate and Treaty reform agenda, is unlikely to deliver.

This relative void puts considerable responsibility on France and even more on Germany. By virtue of being large and powerful members of the euro area and now (re)electing new leaderships, France and Germany have a responsibility to drive the development of a new roadmap towards fixing the architecture of the monetary union. In 2017, France and Germany embarked on a set of bilateral discussions that culminated with the Meseberg declaration in the spring of 2018.[13] This effort was not endorsed by the rest of the European Council, and has not been met with action, in large part because the German coalition agreement did not give the federal government a clear mandate. This is not the case today, where the coalition sets out a bold long-term horizon and is open to institutional reforms. This roadmap will certainly take months to be agreed and it will require intense negotiations with European partners. It cannot be simply a Franco-German exercise and neither can it be held back by blocking tactics from unwilling member states. A coalition of the willing must emerge because the euro area cannot continue to fail forward in order to improve its foundations. The March 2022 summit announced as part of France's Presidency of the EU Council could be an ideal moment to set this coalition of the willing in place.

The Conference on the Future of Europe, which could have been an unprecedented chance to launch an institutional debate and Treaty reform agenda, is unlikely to deliver.

13 See: www.diplomatie.gouv.fr/en/country-files/germany/events/article/europe-franco-german-declaration-19-06-18.

SARA CERDAS

EU vaccines – a success story on the way to forging a real Health Union

Two years of the Covid-19 pandemic have taught us a hard lesson. Global challenges, like a pandemic, cannot be fought alone because nobody is safe until everybody is safe. While the international fight against the coronavirus goes on and vaccines are administered in Europe and beyond, new policies and instruments need to be developed and implemented in order to make sure that we are equipped to prevent and fight all future health threats, and to ensure universal and equitable access to healthcare. The European Union is in a unique position to design and develop the framework within which health systems and capacities can be strengthened and innovated.

The beginning of a new age

On the last day of 2019, China reported a cluster of cases of pneumonia in Wuhan, Hubei Province. A novel coronavirus was eventually identified, later named SARS-Cov-2. On 13 January 2020, the first recorded case outside China was recorded in Thailand.

A month later, the World Health Organization (WHO) declared a public health emergency of international concern (PHEIC), on 30 January. This was the sixth time, since the International Health Regulations came into force (2005), that the WHO has declared a PHEIC. Rapidly, this new unknown virus began spreading around the globe, with a pandemic being declared on 11 March.

One by one, every country around the globe started containment and confinement measures that had never been seen before, as no treatment nor vaccine was deemed effective against this new coronavirus. The illness resulting from it was named Covid-19 and by March 2020 it had shaken the whole world.

One by one, each national healthcare system was flooded by new cases of SARS-Cov-2, a virus that has proven to be a true headache for healthcare systems. When the pandemic started, 80 per cent of cases presented mild symptoms; the problem lay in the other 20 per

cent. These 20 per cent were severe cases that needed extensive specialised medical care in order to manage the symptoms, as no treatment was available. Older and younger people were both affected, and the only ones that seemed not to be struck by this new virus were children and adolescents.

Almost two years have now passed and much has evolved. Let me guide you through the efforts of the European Union on securing safe and effective vaccines.

Health in the European Union – treaties and history

First, it is important to clarify the competences of the European Union concerning health.

Historically, the EU has worked on the assumption that health is a national policy. However, a closer look into the treaties shows otherwise. According to Article 168 of the Treaty on the Functioning of the European Union (TFEU), the primary responsibility for health protection, and in particular healthcare systems, indeed continues to lie with the member states. However, the European Union has an important role to play in improving public health, preventing and managing diseases, mitigating sources of danger to human health, and harmonising health strategies between member states. Furthermore, a high level of human protection is to be ensured in the definition and implementation of all EU policies and activities.

Healthcare provision is a competence of each member state. However, the protection of public health is a shared competence between member states and the European Union

In simpler terms, healthcare provision is a competence of each member state. However, the protection of public health is a shared competence between member states and the European Union. It was this shared competence for the protection of public health that led us to the success story of vaccines in the EU.

(Lack of) coordination and measures against Covid-19

At the start of the pandemic, we saw borders closing one by one without any clear coordination, largely out of panic due to the unknown virus and its potential impact. Preliminary data indicated that this virus caused serious respiratory symptoms, with the need for specialised care for those with mild to severe symptoms.

The EU civil protection mechanism was activated for the repatriation of EU citizens, and this ended up returning 500,000 citizens from abroad. In a worldwide search for personal protective equipment, a joint procurement procedure was launched by the European Commission on behalf of the member states. This allowed the EU to act on the market as one big buyer, which encouraged suppliers to scale up and provide the maximum equipment possible at the best price.

March and April 2020 were hectic months when the pandemic hit the EU member states hardest. Solidarity prevailed when the various member states were hit differently and were in need of specialised medical professionals, equipment and medical products. But we needed to do more – and we did, taking a step forward to find a vaccine that could help us solve this global problem.

Coronavirus Global Response – funding innovation and vaccines

Focusing on the vaccination strategy, the first step was taken on 24 April 2020, when the European Union, together with global partners, launched a pledging effort for the Coronavirus Global Response – a joint call for action to develop fast and equitable access to safe, quality, effective and affordable diagnostics, therapeutics, and vaccines against the coronavirus. This initiative also aimed to strengthen health systems everywhere and to support the economic recovery of the world's most fragile regions and communities. A total of €15 billion was raised for this fund.

Furthermore, at the same time the WHO, EU and global organisations launched the Access to Covid-19 Tools (ACT) Accelerator. The aim was to accelerate the development of treatments, tests, and Covid-19 vaccines, as well as to ensure equitable global access to them, and to strengthen health systems.

Vaccines – 'gambling' together increased our chances

The EU Vaccines Strategy was presented by the European Commission in June 2020, with the goal of accelerating the development, manufacturing, and deployment of vaccines. With this strategy, the Commission supported efforts to make the process more efficient, thus reducing the timeframe to less than a year for the majority of vaccines.

The EU Vaccines Strategy wanted to guarantee timely, equitable and affordable access for member states to safe and effective vaccines and to ensure that EU member states were ready to roll out those vaccines when available, overcoming any transportation and deployment needs. The Vaccines Strategy was also to act as a reference point for member states when formulating their national vaccination strategies, including the identification of priority groups.

By summer 2020, the European Commission started signing the first contracts with pharmaceutical companies to allow the purchase of a future effective and safe vaccine

The EU Vaccines Strategy wanted to guarantee timely, equitable and affordable access for member states to safe and effective vaccines and to ensure that EU member states were ready to roll out those vaccines when available, overcoming any transportation and deployment needs

against Covid-19 for all EU member states, with donations to lower- and middle-income countries. This ensured a competitive negotiation power, which translated into contracts for the European Union as a whole, guaranteeing a large portfolio, which otherwise would not have allowed all the 27 member states to have equitable access to a safe and effective vaccine when it came onto the market after all the approvals required by the European Medicines Agency (EMA).

Vaccinate the EU

Vaccines started to be distributed in the EU by the end of 2020, following strict authorisation procedures with the highest safety standards.

An early Christmas gift arrived on 21 December 2020 when the European Commission authorised the first vaccine against Covid-19. The first jabs thus started to be administered all across the Union by the end of the year. Finally, after almost a year of the pandemic, a light had begun to shine at the end of the tunnel.

Each member state was responsible for defining its national strategy for vaccination, with the European Union publishing guidelines on how to set up such strategies. Indeed, as soon as vaccines started reaching the masses, a new sense of relief began to arise.

Two months into the roll-out of vaccines, a new European bio-defence preparedness plan was launched – the HERA incubator. The aim was to work with researchers, biotech companies, manufacturers, and public authorities in the EU and globally in order to detect, prepare and respond to new coronavirus variants. By September 2021, HERA was established as a body of the Commission, with the latter activating Article 122(1) of the TFEU, bypassing the European Parliament – a move that we in the Parliament believe was not the most correct, given the important role that all the European institutions, including the Parliament, had during the crisis response. The Commission also proposed sole regulation for HERA to the Council.

By the end of August 2021, 70 per cent of the EU adult population had been fully vaccinated, reflecting the enormous success of the European Union's strategy in the fight against Covid-19. Every European citizen had the equal right and opportunity to have access to a vaccine.

With vaccinations taking place in the EU, a mechanism was sought in order to facilitate free movement in the Union. On 1 July 2021 the EU Digital Covid Certificate Regulation entered into application. This certificate is available to anyone who has recovered from Covid-19, or who has been fully vaccinated, or who has tested negative, to enable them to move freely around to the EU. Today, it has proven to be our safest instrument to allow safe travel abroad, and it has had an enormous economic and social impact – especially in the tourism sector, one of the main economic sectors for some countries. In addition, the certificate has also contributed to stimulating the vaccination process itself.

After the incredible and unprecedented success of the joint procurement and acquisition of vaccines, anyone in the EU, regardless of their location, financial capacity, or social

condition, could have access to a vaccine. However, after ten months, disparities are quite visible within the EU, as the rate of full vaccination among the adult population varies between 23 per cent and 91 per cent depending on the member state. Lower vaccination has translated into a higher infection rate, which translates into a higher number of moderate and severe cases, and consequently more hospitalisations and deaths. It has also contributed to increasing the pressure on health systems, which consequently have more difficulties responding to other diseases. The answer is not yet as straightforward as one would want – as indeed nothing has been since 31 December 2019.

Analysing the motivations of those who have not been vaccinated, a large number are waiting for more data to arise in regard to transparency, side effects and long-term effects. Only a very few are negationists of the pandemic. Focusing on the first, it is clear that the scientific information is not reaching the public as we had hoped. Many of their questions can and should be answered. Unfortunately, this has also become the pandemic of disinformation.

More efforts should be deployed for targeted vaccination campaigns that focus on sharing reliable and evidence-based information

More efforts should be deployed for targeted vaccination campaigns that focus on sharing reliable and evidence-based information. In a globalised and informed world, science needs to be centre stage during a pandemic. Additional efforts should be made to fight fake news on social media. After all, preliminary data show that solely in the EU half a million deaths have been avoided thanks to vaccination.

Vaccinate the world – our moral failure

By December 2021, any citizen in the European Union who wanted to be vaccinated, and was medically allowed to do so, could get a vaccine quite easily. However, that is not the case when looking at the rest of the globe, especially in low- and middle-income countries.

The European Union has committed to ensuring universal access to safe and effective vaccines as, for now, this is the only known lasting solution to the pandemic. COVAX was created as the vaccines pillar of the ACT Accelerator, and global collaboration through COVAX will help us reach this goal of universal access to vaccines. COVAX includes a mechanism that enables low- and middle-income countries to access donor-funded doses of vaccines. By the end of February 2021, the first deliveries of Covid- 19 vaccines through COVAX marked the largest, fastest, and most complex global roll-out of vaccines in history.

However, by 6 December 2021, only 610 million doses had been delivered to 144 countries through COVAX. It was an important milestone but one that was still far from the goal.

It is also important to note that it is not only through donating doses that they will reach people's arms. Together with partners, the European Union needs to support vaccination

The European Union needs to support vaccination strategies, and distribution supplies, and to boost the local manufacturing capacity of vaccines

strategies, and distribution supplies, and to boost the local manufacturing capacity of vaccines. Global leaders from the G20 have committed to ensuring that 70 per cent of the world's population is vaccinated by mid-2022.

As is often repeated loud and clear: we will not be safe until everyone is safe. Despite the European Parliament's position in favour, the European Commission still keeps saying no to the temporary TRIPS waiver of patent protections and the consequent free use of knowledge of medicines and vaccines against Covid-19.

Until vaccines are rolled out easily across the globe, SARS-Cov-2 will keep mutating in order to survive. That is nature of viruses and that is why we will keep being in danger until everyone is vaccinated.

The challenges remain – five lessons learned

At the time of writing this chapter of the *Progressive Yearbook*, the world is facing the rise of a new coronavirus variant that seems to be the most infectious ever seen, increasing the number of daily cases to historical numbers everywhere – even in the most vaccinated countries of the world. That is why, two years after the beginning of this story, we need to have learned some lessons that we must put into practice as soon as possible.

The first lesson is very clear – we need to vaccinate the world faster. In a few countries we have just started vaccinating children between the ages of 5 and 11, after having already vaccinated older children. Booster doses are also being given to the whole population. We now need to put the same effort into vaccinating all those who have not yet received a single dose of vaccine – either because they are in a country where they have not had access to one, or because they still do not trust science enough. Making vaccination mandatory in some scenarios might seem the right way, but it is a symptom of our failure, as the political and scientific communities, to explain to everyone that vaccines are the only way to protect us from the disease and to protect the world from a virus that is always rapidly mutating, even faster than the mRNA vaccines that can be adapted in one hundred days.

And that is the second lesson – to invest in health literacy and to fight disinformation. It is of the utmost importance to provide citizens with knowledge about health.

We need to keep pushing forward to maintain an innovation environment in the EU, with more transparency and cooperation

The third lesson – we need to keep pushing forward to maintain an innovation environment in the EU, with more transparency and cooperation. This will allow our national and European institutions and organisations, even those that are political, technical, or academic, to exchange knowledge, tools, and technology. Multicentric research and shared knowledge is the way forward to reaching better and faster answers to our current challenges.

The fourth lesson – we need to keep looking for new vaccines and treatments, not only for Covid-19, but for other infectious and non-infectious diseases. The EU is trying to create the necessary framework for this with the European Pharmaceutical Strategy, for example.

The fifth lesson – we need to keep working for a real European Health Union, where every member state competence is respected, but also where our global response and power improves with our synergy. And that is our current political challenge and goal.

The future of health

It is now very clear that the pandemic has enabled everyone to understand the true importance of strong health policies, and that health must be seen as an investment for the whole of society.

The pandemic has enabled everyone to understand the true importance of strong health policies, and that health must be seen as an investment for the whole of society

Since April 2020, the Group of the Progressive Alliance of Socialists and Democrats (S&D) in the European Parliament has been calling for a true European Health Union: it was and is clear for us that health should have a central role in EU policy.

In the 2020 State of the Union speech by the president of the Commission, the European Health Union legislative proposal was finally mentioned. Negotiations for the EU4Health programme ended in 2021 with a budget of €5.3 billion – a tenfold increase compared to the initial pre-pandemic proposal of only €500 million. EU4Health is the EU's most ambitious health programme ever and it goes far beyond crisis response, to addressing the resilience of healthcare systems. The programme defines the health policies in the EU for the next seven years (2021-27), complementing EU countries' policies and pursuing ten specific objectives under four general goals:[1] "to improve and foster health in the Union"; "to tackle cross-border health threats"; "to improve medicinal products, medical devices and crisis-relevant products"; and "to strengthen health systems, their resilience and resource efficiency".

We cannot forget all the other diseases and patients – and we need to guarantee that no one is left behind. That is why EU4Health will also invest in urgent health priorities, such as Europe's Beating Cancer Plan, the Pharmaceutical Strategy for Europe, health systems' digitalisation, antimicrobial-resistant infections, rare diseases and orphan drugs, and overall vaccination.

In addition, a new legislative package to strengthen the EU response to health threats was developed in 2021, with the umbrella file including the revision of the regulation of serious cross-border health threats, the revision of the mandate of the European Medicines Agency (EMA), and the revision of the mandate of the European Centre for Disease

1 https://ec.europa.eu/health/funding/eu4health_en.

Prevention and Control (ECDC). The aim of this package is to build a stronger and more comprehensive legal framework within which the Union can prevent, prepare, and respond to health crisis – as this will undoubtedly not be the last pandemic of our time.

We also have the Pharmaceutical Strategy for Europe. This is one of the pillars of the European Health Union and it seeks to ensure access to innovative medicines at affordable prices for patients, and to address unmet medical needs – for example in the areas of anti-microbial resistance, cancer, and rare diseases. It also seeks to support the competitiveness, innovation, and sustainability of the EU pharmaceutical industry, and the development of high quality, safe, effective, and greener medicines; to strengthen crisis preparedness and response mechanisms, and address security of supply; and to ensure a strong EU voice in the world. During the discussion of this legislation, we at the European Parliament aimed to ensure that patients are at the centre of all policies; to safeguard the public interest, namely when there is funding and public incentives, in terms of accessibility, price of medicines, transparency and traceability of investments; to establish fair pricing and reimbursement policies that do not compromise the sustainability of health systems; to implement intellectual property policies that put public health first; and to promote more joint public tenders. This is the only way to ensure that everyone has access to the medicines needed, regardless of their illness, age, location, or economic situation.

A final and special word on cancer: we know that Covid-19 has had a major impact on healthcare systems, particularly in the fight against cancer and in ensuring timely access to health treatment – and that is why we need to act now. Europe's Beating Cancer Plan, with €4 billion, aims to prevent cancer and ensure that cancer patients, survivors, their families, and carers can enjoy a higher quality of life. By tapping into a broad array of EU policies, notably digitalisation, and research and innovation, the cancer plan helps EU countries turn the tide against cancer. It includes actions and flagship initiatives covering the entire disease pathway: prevention, early detection, diagnosis and treatment, and quality of life for cancer patients and survivors.

Health as a global commitment

Covid-19 has caused millions of deaths and the socio-economic impact of the pandemic remains extreme. It has taught us that we are stronger together.

The disease is still a global challenge that reminds us of its strength every day. Furthermore, we know that there will be other pandemics and other major health emergencies that do not recognise borders in the future. That is why no single government or institution can address the threat of future pandemics alone.

The level of preparedness and response will never be the same, and in November 2021 the World Health Assembly special session approved a mandate to develop the Treaty on Pandemics – a mechanism to improve global efforts on prevention, preparedness, and response to future threats in order to avoid repeating the heavy human, social, and economic costs of this pandemic.

This virus sees no borders, and nobody is safe until everyone is safe. We need to strengthen national health systems and national, regional, and global public health capacities, including their workforce. We need to improve early detection, prevention, and response to any future pandemic, with clear processes and tasks – in particular by ensuring universal and equitable access to medical solutions, such as vaccines, medicines and diagnostics, and protective equipment. We need better international cooperation, a stronger international health framework, and to restore trust in the international health system.

We need to implement a truly 'Health in all policies' approach, promoting an 'all-of-government' and 'all-of-society' view, integrating health subjects across all relevant policy areas (eg, research, innovation, financing, and transport). We also need a 'global health' policy approach, which keeps in mind that we are only safe when everyone is safe. And we need a 'One Health' approach, connecting the health of humans, animals, and our planet. Besides health protection, we need to keep investing in health promotion and disease prevention.

We need a 'One Health' approach, connecting the health of humans, animals, and our planet

Everyone is needed. We must work together and ensure sustained and long-term political engagement at all levels. We need to involve every policymaker, whether at European, national, regional, or local level. We need academia and representatives of health professionals, civil society, patients, and their families.

We cannot abdicate our common goal of delivering health as an individual right for everyone. This is why European citizens are counting on us and we cannot rob them of their expectations nor those of future generations.

FRANÇOIS BALATE

Young people already know what a post-Covid world should look like

Young people have been one of the hardest hit groups since the beginning of the Covid-19 pandemic. But not from the obvious health point of view. They have been the hardest hit from lockdown measures. Yet they have not given up. Throughout the crisis, continuing the trend of passionate youth activism, young people have stood up for solidarity, climate action and quality jobs. As we enter 2022 – the dedicated European Year of Youth – we all have a responsibility to draw inspiration from young people's ideas, ambitions, and aspirations to build a fairer, more sustainable, and more democratic world. The Conference on the Future of Europe is a starting point that cannot be missed – nor wasted.

As these lines are being written, new restrictive measures are being put in place across Europe to counter the never-ending spread of Covid-19.

Saying that the Covid-19 pandemic and its consequences have been a historic transformative experience for the entire world might sound like an easy take, but it's nevertheless true. Worldwide, more than 250 million people have been infected by a disease that started making the headlines around two years ago. Tragically, 5 million of them have passed away, leaving families and communities deeply scarred across the world. The planet was put on hold (and it still is, somehow). A third of the world's population was under lockdown rules in the early months of the pandemic and the economy faced one its largest global recessions.

In record time, the scientific community came together to develop vaccines. But while these are now universally accessible in Europe and the West, they are still not widely available in the rest of the world, especially the Global South – but opening the Pandora's box of the vaccination debate in our societies goes way beyond the few pages I am allowed to use in this Yearbook.

So, we are still in the middle of the storm, and it is therefore difficult to say with certainty what a post-Covid Europe and world will look like. But why not try to imagine it? To do so, we need to look at the vision held by young people and youth movements across the world. 'Build Back Better', 'Next Generation', 'Le Monde d'après' – all these are slogans

with which we have become familiar over the two years or so. Indeed, for all the communications professionals who worked on these mottos, the obvious image to be conveyed was that of being 'new' and 'young'. 'The world is dead, long live the world' has now become the line to take. And this makes young people an obvious element in building these campaigns and plans for a post-Covid Europe and world. Young people are therefore our entry point, our drivers, and the ones to whom we should be accountable when building a new societal model for current generations and the ones to come, building on the lessons from the Covid-19 crisis, but also on the lessons from decades of increasing inequalities and global warming.

Young people have suffered from Covid-19

To understand this vision projected from young people and how it will shape the post-Covid world, we need to look at several different aspects. The first is quite straightforward: Covid-19 itself. The relationship between young people and Covid-19 is worth exploring as it is deeply interconnected. And not always for obvious reasons.

From a health point of view

With almost two years of scientific analysis on this deadly virus, we now have clear evidence that age and comorbidities are correlated to higher risks of severe symptoms if not death (with exceptions of course). Covid-19 has therefore often been seen as an 'old people's' disease – and young people have consequently too often labelled as the spreaders of the virus, due to their so-called 'reckless attitudes'. While no empirical data confirm that young people have been the main transmitter of the virus, studies have shown that nearly two-thirds of young people may have been affected by mental health and well-being issues during the pandemic,[1] due to the measures put in place by governments to counter the spread of the disease.

From an economic point of view

In April 2020, the youth unemployment rate was four times as high as the average unemployment rate of the general population

Putting aside the profits made by billionaires worldwide during the pandemic, the economy has suffered greatly from the Covid-related measures taken by governments across the globe. As happened during the 2008 financial crisis, young people have often been the first to lose from the measures. In Europe, one in three young people used to work either in the wholesale or the hospitality business. As entire countries went into strict lockdown, keeping your job in a local bar or your seasonal activity in a hotel was not an

1 Moxon, D., Bacalso, C. and Şerban, A. (2021) 'Beyond the pandemic: the impact of COVID-19 on young people in Europe', European Youth Forum, Brussels.

option for millions of young people. In April 2020, the youth unemployment rate was four times as high as the average unemployment rate of the general population.[2]

Young people also tend to be more often in temporary forms of work[3] or to be without any form of contract[4] (a situation that has also been deeply affected by the measures taken for Covid-19). Job security is not a fact associated with young workers, but it was very much needed in the first months of the pandemic. And to add to this precarious situation, surveys[5] have shown that those who had to stop working from the start of the pandemic were first and foremost young women and young people in marginalised situations.

In addition, young people who were not yet on the job market also suffered the impact of Covid-related measures. In 2020, half of university students reported a delay in the completion of their studies;[6] 91 per cent of school students were affected by school closures across the world;[7] and in most countries, a large number of young people did not have access to the necessary equipment to follow classes online.

In 2020, half of university students reported a delay in the completion of their studies

The impact of the Covid-19 crisis and its consequences on young people has already been widely reported and analysed: young people have suffered greatly and are still doing so.

Solidarity, climate action and quality jobs: the next generation is now

Now that we have some basic understanding of the relationship between Covid-19 and youth, it is worth turning towards the positive aspects and focusing on how young people have been acting during the crisis, understanding what ideas they have been fighting for over the past two years as keys for the post-Covid society. We will see clearly that they define a progressive pathway. As we go deeper into our analysis, three main angles will be examined: solidarity, climate action, and the new world of work.

2 Eurostat (2020) 'April 2020, Euro area unemployment at 7.3%, EU at 6.6%' (https://ec.europa.eu/eurostat/documents/2995521/10294960/3-03062020-AP-EN.pdf/b823ec2b-91af-9b2a-a61c-0-d19e30138ef).
3 Eurostat (2017) 'Temporary employment in the EU' (https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20170502-1?inheritRedirect=true).
4 Eurofound (2017) *Sixth European Working Conditions Survey – Overview report (2017 update)*, Publications Office of the European Union, Luxembourg.
5 Moxon, D., Bacalso, C. and Șerban, A. (2021) op cit
6 International Labour Organization (2020) 'ILO Monitor: COVID-19 and the world of work. Fourth edition, Updated estimates and analysis' (www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_745963.pdf).
7 UNICEF (2020) 'Keeping the world's children learning through COVID-19' (www.unicef.org/coronavirus/keeping-worlds-children-learning-through-covid-19).

Solidarity

Values first. Solidarity has been a central element throughout the crisis right from the beginning, sometimes in quite a dichotomic way. People were locked at home, but they were also standing on their balconies to support the healthcare sector and frontline workers. After every country playing solo (as health policy remains largely a national matter), the European Union started to get its acts together and we began to see cross-border transfers of patients and ultimately the historic decision to borrow together to fund the recovery. People saw others as a threat, but at the same time rediscovered the importance of maintaining social contact among family, friends, and communities.

The vaccination response is also an interesting challenge from a solidarity point of view. The scientific community across the world worked together and fast – with an unprecedented amount of information sharing and collaboration – to develop efficient vaccines (thanks to decades of public investment in research and development at European and national levels). However, we are now facing new variants of the virus, and other pandemic-related developments, because the majority of vaccine doses are being hoarded by the Western world, leaving billions of people elsewhere with no protection.

In the early days of the crisis, former president of the European Commission Jacques Delors warned us that the "the lack of European solidarity […] is putting the European Union in mortal danger". This can obviously be applied globally too.

Young people were accused – often wrongly – of not showing solidarity in the face of the virus. However, from the early days, young people and youth organisations were in reality often at the forefront of solidarity actions.

In many local communities, volunteer groups such as the Scouts, organised themselves to take food and help to the most vulnerable, very often old, people. Many youth groups, for example in Austria, put together easy-to-understand information packs in an accessible language for those in their communities who were struggling to understand the various (and often obscure) governmental instructions. As the world shifted towards the digital sphere, student organisations developed materials to understand and master the use of the avalanche of digital tools that entered our lives. Given that many young people were isolated, with their mental health suffering as a result, the National Youth Council organised 'Solidarity Conversations',[8] in Ireland for example, to keep people together and to share how they were experiencing the pandemic. Furthermore, looking beyond the immediate, the European Students Union undertook a review of human rights violations during the first months of lockdowns and the Covid-19 crisis.[9] These initiatives are testament to the deeply rooted commitment to solidarity that has been held among young people from the outset of the pandemic.

As we work to define the rules of a post-Covid society, we see that solidarity is one essential component, a fundamental and underlying principle that should structure our

8 National Youth Council of Ireland (2020) 'Me, myself, and COVID-19' (www.youth.ie/event/me-myself-and-covid-19/2020-05-13/).

9 European Students Union (2020), 'European Students' Union review of human rights violations during the COVID-19 pandemic' (www.esu-online.org/?policy=european-students-union-review-of-human-rights-violations-during-the-covid-19-pandemic).

rules. The de facto solidarity which has underpinned the European project since its early days needs to become the compass for our action. We need to ensure solidarity between world regions, looking into the question of debt. We need to ensure solidarity between EU member states, building on the common borrowing of the NextGenerationEU recovery instrument. We need to ensure solidarity among regions, strengthening our cohesion policy. We need to ensure solidarity between rich and poor, ending tax evasion once and for all, and instead fighting for tax justice, building on the first step made at OECD level. We need to ensure solidarity between gender, generations, and any form of background in order to create the fair and caring society that we require as we work our way out of the pandemic. Solidarity must be the way forward to build back better.

Climate action

In March 2020, as most of the population was stuck at home, many of us probably saw viral pictures on social media about the waters of Venice becoming clearer due the reduction in boat activity on the canals. Studies[10] have shown that due to travel restrictions and diminished activity in cities (where most of the world population lives), the quality of air improved significantly (according to the Centre for Research on Energy and Clean Air, 11,000 pollution-related deaths were avoided in April 2020). Many scientists have also explained the link between the degradation of our ecosystems and the spread of new viruses such as that at the origin of Covid-19. These few examples among many are proof of the strong interconnection between the Covid-19 crisis and the ongoing climate crisis.

While awareness of the climate crisis and a determination to fight it has long been present in the work of progressive forces, the release of the IPCC report in August 2021 disturbed the 'Covid-free' (or at least somehow free) holidays many Europeans were enjoying that summer. The report sadly coincided with real-time impact of climate change on our regions: floods and forest fires were wreaking havoc across Europe, devastating our villages, and leaving many victims in their trail. The findings of the Intergovernmental Panel on Climate Change were "code red for humanity", to quote the secretary-general of the United Nations, António Guterres. The human influence in climate warming was clearly recognised (finally), the timeline was becoming exceedingly tight, and the signs of more extreme environmental events to come were highlighted as evident. The call for action was again made clear.

Unless you have cut yourself out of the news cycle over the past years or have stopped walking in the streets of your town on Fridays, you will know that the fight for climate change is the fight of young people. According to recent Eurobarometer surveys, "protecting the environment and fighting climate change" is young people's biggest concern when it comes to what the European Union's priority should be. Inspired by the climate strike of Greta Thunberg, the 'Youth for Climate' and 'Fridays for Future' movements have

10 Sharifi, A. and Khavarian-Garmsir, A. R. (2020) 'The COVID-19 pandemic: impacts on cities and major lessons for urban planning, design, and management', *Science of The Total Environment*, Vol. 749, December.

brought millions of young people onto the streets demanding more action from governments. Beyond the powerful demonstrations shown in the news, youth organisations have actually been working in this field for years, providing support in their communities and raising awareness of the importance of this paradigm change. Climate action is the fight of a generation – and for the ones to come.

Fortunately (though maybe too late already), some major political initiatives to ensure the green transformation of our societies were already underway before the Covid-19 crisis hit. The European Green Deal, led by Executive Vice-President of the European Commission and progressive leader Frans Timmermans, was the first of its kind to be approved, providing a holistic plan to transform all sectors of our society in order to make it carbon neutral by 2050 and leave no one behind. As governments designed their recovery plans to address the impact of the pandemic, the European Union ensured that the green transition formed the first pillar of the Recovery and Resilience Facility. It is encouraging to see that the target for climate spending was increased in the EU (39.9 per cent vs 37 per cent). On the other side of the Atlantic, the recent adoption of the infrastructure bill by President Joe Biden is another sign of large structural change being undertaken by governments to adapt our societies and infrastructure to the challenge of the environmental transformation.

Unfortunately, despite the magnitude of the efforts being undertaken in Europe and some other major economies in the world (such as the US, but also Japan and South Korea), it is not enough to answer to the urgency highlighted in the IPCC report of last summer. So far, the world is not on track to meet the objectives set by the 2015 Paris agreement, and global warming will exceed 2°C over the course of this century (with the consequences of which we are all aware). The recent COP26 in Glasgow did not answer the expectations of many, due to the limitations of such international gatherings and slow negotiation procedures.

Climate change is rooted in a triple inequality: richer people produce more greenhouse gases, poorer people suffer more from the impact of pollution, and access to environmentally friendly life choices is not available to the poorest people

One of the great challenges of the green transition is deeply linked to the principle of solidarity. Indeed, climate change is rooted in a triple inequality: richer people produce more greenhouse gases, poorer people suffer more from the impact of pollution, and access to environmentally friendly life choices is not available to the poorest people.[11] It is therefore essential that we bring the question of solidarity and fairness into the great environmental transformation we are undertaking. The European Union is leading the way by making just transition a central component of its Green Deal, ensuring that the transition to a green economy does not create more division in society, but that it rather becomes a col-

11 Alvaredo, F., Chancel L., Piketty, T., Saez, E. and Zucman, G. (eds) (2018) *Rapport sur les inégalités mondiales*, Paris: Seuil.

lective effort of bringing people together, increasing their well-being. The current young generation is paving the way for the green transition while being rooted in solidarity.

The new world of work

We can all remember our first weeks of remote working when the pandemic struck. Adjusting the screen and battling with overwhelmed wi-fi while at the same time dealing with household chores (with children around for many), struggling with the new dynamics of online relationships (both in private and professional contexts), taking advantage of a more flexible schedule (and discovering that not moving from one's house seemed endless): all these situations have now become routine. Of course, many jobs did not fit into the remote working reality: care services, food and goods provision, infrastructure maintenance, hospitality businesses are many areas of work among others that just could not be done at home. You therefore either had to go and fight with the all-pervading virus, or your job was simply put on hold if not simply disposed of.

The Covid-19 crisis has acted as an accelerator for the introduction of remote working in various fields of the labour market. It has also highlighted the importance of having proper working conditions, clear communication, social security, and space to accommodate care, illness, and other personal matters.

We highlighted earlier the impact of the crisis on youth unemployment, and we know how much the working realities of millions of people have been affected. Yet Covid-19 has actually just underlined the ongoing trends in the world of work that were already happening before the outbreak. Just as it has done with the lack of solidarity and the lack of sufficient action to address climate change, the pandemic has acted as a magnifying glass on the challenges for the future of work.

Again here, young people have been ahead of the curve. Indeed, for years now, young people have entered the labour market (or have tried to do so – given that since the 2008 financial crisis they have been the first to be laid off) while challenging the status quo and the understanding of 'what work is' – and has been for decades if not centuries. Searching for purpose, challenging established practices, denouncing discrimination and harassment, young people are demanding a future for work that is inclusive and geared towards individual and societal well-being.

Young people are demanding a future for work that is inclusive and geared towards individual and societal well-being

A study[12] has highlighted the challenges young people face in the current labour market: gaining access to it, transitioning from education to employment, discrimination, a lack of quality jobs, dealing with non-standard forms of employment, gaining access to social protection, and encountering outdated labour legislation. In opposition to neoliberal reform attempts of the labour market, young people look at these challenges

12 Sanaullah, N. (2018) 'The future of work and youth', European Youth Forum, Brussels.

not with hope to reinforce corporate profit and increase efficiency at all costs, but rather with hope to find a way to improve well-being, be fruitful for society and address the issues of our times.

As we try to define a new societal model emerging from this pandemic, we have the opportunity to answer the concerns of young people by: ensuring the rights skills (especially in view of the green and digital transformation), strengthening social protection and guaranteeing fair pay (addressing the new realities of platform workers, improving collective bargaining, pre-empting the demographic change coupled with an ageing population in Europe, and – because it is high time – banning unpaid internships), improving well-being at work (ensuring work-life balance, creating support structures for various needs such as care duties, and protecting privacy in an increasingly digitalised work environment), taking into account environmental concerns (as millions of jobs depend on a healthy ecosystem and millions of others depend on destroying it), and ensuring equality at work.

In its response to several of these concerns, the European Union is progressing. In 2017, the European Pillar of Social Rights was announced, setting in stone a series of principles including in the fields of education, gender equality, employment, work-life balance, social protection, and healthcare. A year into the Covid crisis, under the leadership of the Portuguese government and European Commissioner for Jobs and Social Rights Nicolas Schmit, the European Pillar of Social Rights was turned into a concrete action plan in the fields of employment, training, and the fight against poverty and social exclusion. At the Porto Summit in 2021, a clear commitment was made to "take measures to improve the functioning of labour markets so that they contribute to sustainable economic growth, international competitiveness, foster decent working conditions and fair pay for all, and promote the integration of women, young people and vulnerable categories in the labour market". All are parts of the large and complex puzzle of measures to be put into place to answer the concerns that are raised by young people and echoed by millions of other citizens in Europe. Further initiatives are still in the making, such as individual learning accounts, minimum income, the regulation of platform workers, and the protection of workers' data in the digital field.

Exacerbated by the Covid-19 crisis, many issues in our current work model have shown their limit and call for a transformation of the nature and value of work

Exacerbated by the Covid-19 crisis, many issues in our current work model have shown their limit and call for a transformation of the nature and value of work. The future of work is not a fate that is imposed on us. The ambition and vision of young people in this regard should drive the change in the coming years. The world of tomorrow will be founded on new values of work, which care about people, our planet, and society.

2022 and beyond with young people's ideas

This non-exhaustive panorama of ideas championed by young people and the overall youth movement should serve as inspiration and a compass for progressive action.

Since May 2021, the European Union has been engaged in a new democratic experiment: the Conference on the Future of Europe. As a first attempt to create a culture of participatory democracy at EU level, this conference has the objective (or the ambition – or the challenge) of putting forward a series of ideas for the future of the European project. Covering a wide range of themes – such as climate change, health, democracy, or the place of Europe in the world – the conference has given young people a central role, ensuring a youth quota in the European Citizens Panels and giving space to youth organisations in its proceedings (for example, the conference dedicated a whole event to young people in October 2021, which led to a report feeding the work of the conference).

The conference also offers a digital platform where any citizen can put forward ideas or promote events relevant to the debate. While the digital platform faces the same limitations as any digital democratic engagement has so far (a limited diversity of participants), it is worth noting that the most popular ideas recall those we have discussed in this chapter of the *Progressive Yearbook*: with more social Europe and climate action, citizens want a society orientated towards well-being (see for example the Second Interim Report from September 2021).

In her speech on the State of the Union in September 2021, President of the European Commission Ursula von der Leyen announced that 2022 would be the European Year of Youth. With a preliminary agreement now in place between the EU institutions, this special year should "honour and support the generation that has sacrificed the most during the pandemic", "encourage all young people, especially [those] with fewer opportunities", as well as "promote opportunities" and "draw inspiration from the actions, vision and insights of young people to further strengthen and invigorate the common EU project".

This is good and it offers much potential. But we need, of course, to avoid falling into any tokenistic trap where young people are used for PR purposes by the European Commission. The fourth point mentioned above is the line taken by this chapter of the *Progressive Yearbook*: drawing inspiration from young people's ideas. Young people have been the champions of progressive ideas and attitudes for years, and the Covid-19 crisis has highlighted many challenges and reasons to transform our societies profoundly.

As we enter 2022, we should take our responsibility to draw on this inspiration from young people. The Covid-19 crisis has created deep scars in our societies – but giving up is not an option. There are many political battles on the table that will need ambition and vision for them to be won: from minimum wages to implementing the Green Deal, and from protecting democracy to improving the work-life balance. As we enter 2022, we should fight for the post-Covid world of which young people dream and for which they have been calling since before the pandemic began. As we enter 2022, we should all be young.

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SERENA EPIS[1]

Why saving enlargement to the Western Balkans could help overcome the EU crisis

In 2021 very few of the expectations of the Western Balkan countries regarding the EU enlargement process were met. Most striking was the Bulgarian block to the opening of the intergovernmental conference with Albania and North Macedonia because of a linguistic dispute with the latter. But many other developments – such as the post Covid-19 recovery plans, the vaccine distribution strategy, and the organisation of the Conference on the Future of Europe – also exposed the diminished engagement of the European Union and its member states in the Western Balkan region and fed the frustration of the candidate countries towards the EU. Yet besides the stance of the EU member states on the enlargement process – ranging from official support to ill-concealed hostility – the internal dynamics in the Western Balkan countries do not seem encouraging either. Mutual conflictual relations, internal political fragilities, and democratic decline are all therefore among the obstacles on the path of the Western Balkan countries to accession.

On the EU enlargement to the Western Balkans (WB), almost all expectations of the few remaining optimists were disappointed in 2021. Firstly, the long-awaited opening of the intergovernmental conference with Albania and North Macedonia did not take place, as it was blocked by a veto imposed by the Bulgarian government over a linguistic and historical dispute with North Macedonia. And secondly, the electoral cycles in the EU, which have increasingly hijacked the enlargement process in recent years, struck another blow.

Most recently, the turn to play the role of spoilsport for EU enlargement to the WB has been Bulgaria's – a country that paradoxically made EU integration of the Western Balkans a priority in its rotating EU presidency semester in 2018, and whose capital gives its name

1 Osservatorio Balcani Caucaso Transeuropa (OBCT).

to the 'Sofia Declaration' that is associated with the latest attempt to relaunch the EU enlargement process. Hopes are now pinned on the new government in Bulgaria to take the responsibility for an agreement with North Macedonia and to allow North Macedonia's EU accession process to move forward because since 2020 Bulgaria has been overwhelmed by prolonged political instability, which in 2021 led to three early elections within a few months of each other, the last being in mid-November.

Next time it might be the turn of Croatia or Denmark to play the role of spoilsport for EU enlargement, given these countries' regional disputes or rather political hostility towards the enlargement policy itself, or given other factors such as fear of immigration from the six Western Balkan countries (WB6). Indeed, fear of immigration has already delayed visa liberalisation for Kosovo because the EU Council again denied it in 2021, despite the European Commission recommending visa liberalisation for Kosovo's citizens since 2018. Currently, Kosovo is the only Balkan country whose nationals need a visa to enter the Schengen area – and this is mainly due to the opposition of France and the Netherlands over fears of mass migration, corruption and organised crime.

And as if this political hostility to EU enlargement was not enough, the main political event of 2021 for the relations between the European Union and the WB countries, the EU-Balkan summit held in Brdo pri Kranju in October under the Slovenian presidency of the EU Council, revolved mostly around the idea of downgrading the EU accession process to a mere European 'perspective'. For a moment, it seemed as if the concluding document would not even include the term 'enlargement' – and even if this risk was eventually overcome, it illustrates the political drift of the entire process.

The Slovenian presidency of the EU Council undoubtedly began under a bad omen because in spring 2021 a 'non-paper' started circulating that argued for a 'political reorganisation', or more precisely the redrawing of the borders in the region. This non-paper was unofficially attributed to the Slovenian government and it sparked great controversy in the region and beyond as it argued for the dismembering of Bosnia and Herzegovina (BiH), with its biggest chunks going to a 'Greater Serbia' and a 'Greater Croatia', and for the unification of today's Albania and Kosovo into a 'Greater Albania'.

Over time EU enlargement, which used to be an eminently technical and well-defined process led by the European Commission (EC), has turned increasingly political, with many negative effects

Over time EU enlargement, which used to be an eminently technical and well-defined process led by the European Commission (EC), has turned increasingly political, with many negative effects. A few years ago, member states started questioning the validity of the EC evaluation of candidate countries because the member states were reluctant to consider the WB countries as future EU member states. The situation then worsened with the nomination of the former Hungarian ambassador to the EU, Olivér Várhelyi, as new Commissioner for Neighbourhood and Enlargement in 2019. Already the assignment of this portfolio to Hungary, whose government has developed increasingly tense relations with the EU

institutions, was a sign of the limited consideration given to the post. Furthermore, the first Hungarian candidate, László Trócsányi, was rejected by the European Parliament for his anti-migration stances that were in line with those of Viktor Orbán's government. But even after Várhelyi received the European Parliament's green light, a certain air of suspicion remained about his political autonomy from the Hungarian premier.

What is more, the reputation of the commissioner has not improved with time. Indeed, the EC's annual reports on the progress of the WB6 towards accession are no longer considered as objective analyses of the enlargement process, or as aimed at addressing its shortcomings. A few years ago, this delegitimisation could be attributed to member state hostility towards enlargement. Today, however, the delegitimisation is rather due to the commissioner's political role. As major international media have reported, EU officials, diplomats and MEPs have questioned, for instance, the evaluations of the EC's report on Serbia's improved democratic standards, and have instead highlighted that independent watchdogs actually report the opposite.[2]

Despite its great expertise in the field, the EC Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) is now awash with frustrated civil servants, who are humiliated by their political head, and who are struggling to regain terrain, concerned that their work will not be appreciated for what it is and for what it used to represent.[3]

The burden of non-EU membership

But the enlargement process has been troubled by more than electoral cycles in the EU member states and a contested commissioner. In the last month, at least three other topical issues have confirmed the EU's diminishing commitment to the WB region: the post Covid-19 recovery plans, the vaccine distribution strategy, and the organisation of the Conference on the Future of Europe.

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In July 2020, the European Union adopted the NextGenerationEU and related Recovery and Resilience Facility – unprecedented economic packages aimed at supporting the EU in its post-pandemic socio-economic recovery. The exclusion of the WB6 from these packages was a major political blow for the region, exposing the cost of not being part of the EU.[4]

In October 2020, the EC approved an aid package of around €9 billion for the WB6, alongside a package for

2 Wanat, Z. and Bayer, L. (2021) 'Olivér Várhelyi: Europe's under-fire gatekeeper', *Politico*, 5 October (www.politico.eu/article/oliver-varhelyi-eu-commissioner-enlargement-western-balkans-serbia-human-rights-democracy-rule-of-law/).

3 Ibid.

4 Klaser, K. (2020) 'Pandemia, Recovery Fund e Balcani Occidentali: I costi della mancata unione', OBCT, 5 August (www.balcanicaucaso.org/aree/Balcani/Pandemia-Recovery-fund-e-Balcani-occidentali-i-costi-della-mancata-unione-204141).

member states. However, the package for the WB6 was approved at a later stage and the sum allocated was much smaller than that the for the member states. Indeed, the grant offered to one EU member state alone, Croatia, was €6.3 billion, which was almost two thirds of the sum allocated to the entire WB region.

A second turning point that illustrates the diminishing European engagement is that of the WB6 being left out of the EU solidarity mechanisms to secure vaccines against Covid-19. The hard-hit WB6 are instead expected to obtain supplies through the World Health Organization's scheme (COVAX), which has proved to be slow and ineffective. Taking advantage of the situation, Russia and China have set up successful 'vaccine diplomacy', donating their own supplies to strengthen their position in the WB region. Indeed, Serbia's President Aleksandar Vučić publicly accused the EU of 'selfishness', and Serbia then engaged in its own 'vaccine strategy', sharing the doses it received with the citizens its neighbouring countries.

Once they obtained a sufficient number of doses, however, the WB countries were not then able to achieve high vaccination rates. Instead, the WB6 followed the path of other South-east European member states, where a large part of the population refused to be vaccinated due to their scepticism about its benefits, a widespread distrust of institutions, and a flood of misinformation surging primarily through social media. Unsurprisingly, the low vaccination rates and inefficient health systems in the WB6 led to a fourth wave of Covid-19, which is now taking a heavy toll on most of the region.

Furthermore, the widespread frustration at the EU's diminishing engagement with the WB6 grew even stronger when it became clear that the WB region was again not taken into account when the EC launched the Conference on the Future of Europe in May 2021. The fact that the Balkan countries were not included as participants in this Europe-wide debate on the future of the EU was taken as confirmation that the European perspective of the WB region is severely compromised. Attempting to rectify the EU's clumsy exclusion of the WB from this conference, the Slovenian presidency of the Council of the EU invited the WB partners in October to attend the second plenary session of the conference as guests. A number of other governmental and non-governmental conferences were consequently organised with high profile EU leaders, relaunching the discussion on the future of enlargement. Yet the damage had been done.

Regional challenges

If member states' stances on enlargement do not make the situation look encouraging, it looks even worse when considering the current dynamics in the Western Balkans. In 2021, the general political situation degenerated in the weakest of the Western Balkan countries. Kosovo's conflictual relations with Serbia thus escalated further in September over the issue of mutual freedom of movement for the citizens of both countries, in what became known as the 'registration plates crisis' – Pristina's decision to introduce reciprocity measures, and to compel Serbian drivers to buy temporary registration plates (as Kosovo

drivers were already forced to do based under previous agreements). This decision sparked violent protests, especially in the Serbian-majority Northern Kosovo, and the intervention of the Kosovo special police was then required, as well as the mobilisation of certain units of the Serbian army, which were deployed along the border. The escalation in tension was finally stopped thanks to the intervention of Washington and Brussels. The worst was avoided, but the incident proved that the tension between Belgrade and Pristina remains high, and that the road to a future normalisation of the relationship is still long and full of uncertainties.

Currently, five member states – Cyprus, Greece, Romania, Slovakia and Spain – do not recognise Kosovo as an independent state. This situation makes Kosovo's European perspective particularly complex. The fact that both the High Representative of the Union for Foreign Affairs and Security Policy Joseph Borrell – who comes from Spain – and the EU Special Representative for the Belgrade-Pristina Dialogue, Miroslav Lajčák – from Slovakia – come from member states that do not recognise Kosovo as a sovereign state, creates specific embarrassment in Pristina and reduces the space for the EU to intervene effectively to mediate between the parties.

In the case of Bosnia and Herzegovina, the political stalemate around the need for constitutional reforms has deepened to the point that many commentators now fear risks of a new armed conflict. The tensions particularly spiralled in July 2021, when Valentin Inzko, the outgoing High Representative for BiH, used his prerogatives to criminalise the denial of war crimes, such as the Srebrenica genocide. Unsurprisingly, his decision was met with strong hostility from Milorad Dodik, the leader of the Serbian-majority Republika Srpska, who is now threatening to withdraw the entity from state-level institutions, including the judiciary, military, and tax administration – a move that would effectively bring the country to the brink of dissolution.

In Bosnia and Herzegovina, the political stalemate around the need for constitutional reforms has deepened to the point that many commentators now fear risks of a new armed conflict

Politically fragile and humiliated by the absence of progress on EU accession, despite repeated EU promises of this, the Macedonian government – led by Social Democrat leader Zoran Zaev – took a hard blow in the local elections in the autumn, losing the capital Skopje and most of the main cities. The unexpected defeat has opened a new political crisis for the country, and this is exacerbated by the looming risk of a severe energy crisis just at the onset of winter.

Among the so-called 'front runners' for EU accession, the only encouraging signs in 2021 were offered by Montenegro where, despite significant tensions, the new government managed to carry on the transition after three decades of political dominance by the president, Milo Đukanović. During the summer, the government in Podgorica actively sought the EU's help to address Montenegro's consistent debt towards China, which has been built up by the Đukanović-led former executive to finance a controversial highway project.

By contrast, Serbia is heavily criticised by civil society for its democratic decay under the rule of Aleksandar Vučić, although the EC progress report highlights this country's situation as slightly improving. The contested 2020 parliamentary elections in Serbia have left the parliament almost without opposition, mainly due to the boycott of opposition parties. Vučić has therefore decided to schedule early general elections for next spring, along with the presidential and administrative elections in Belgrade, believing that this will strengthen the government's power at all levels.

Freedom of expression is a grave concern in Serbia, with journalists' organisations regularly denouncing pressures and different kinds of threats

Freedom of expression is a grave concern in Serbia, with journalists' organisations regularly denouncing pressures and different kinds of threats. In August, Twitter started to label accounts belonging to various pro-government media in Serbia as 'state-affiliated media', underlining that the Serbian state "exercises control over editorial content through financial resources, direct or indirect political pressures, and/or control over production and distribution".[5] Furthermore, despite its official EU integration policy, Belgrade has strengthened its traditional ties with Russia, and has also increasingly developed its political and economic cooperation with China.

The expectation that the local progressive forces in the Western Balkans, along with civil society and think tanks, could fight by themselves against the democratic downturn in the region, and in favour of the enlargement process, has proved a dangerous illusion. Even in consolidated democracies, the imbalance of power between civil society and political elites is considerable, and this is even more the case in the context of fragile institutions, where the judiciary is not really independent from the executive or where corruption is widespread. Indeed, the lack of incentives deriving from the EU enlargement process disempowers civil society and leaves the floor to the authoritarian tendencies of WB leaders. As a consequence, civil society in the region needs to rely on financial as well as political support from abroad.

While keeping a critical stance towards their governments, WB citizens show mounting frustration also towards the EU

Moreover, widespread anti-EU rhetoric and disinformation feed an increasingly disillusioned public opinion in the WB region. While keeping a critical stance towards their governments, WB citizens therefore show mounting frustration also towards the EU, and this is especially true in those states where the government considers other available options, such as Russian support for Serbia, or American support for Kosovo. A recent public opinion poll conducted by the Belgrade Centre for Security Policy (BCBP) suggests, for example, that due to government propagan-

5 Jeremic, I. (2021) 'Twitter labels numerous media accounts in Serbia "state affiliated"', *Balkan Insight*, 16 August (https://balkaninsight.com/2021/08/16/twitter-labels-numerous-media-accounts-in-serbia-state-affiliated/).

da, people in Serbia believe that China is the country's biggest donor – something that is far from true.[6]

Montenegro's debt default crisis is nevertheless likely to contribute to clarifying the role of China's investment in the country and in the region. In 2014, Podgorica took a $1 billion (€0.89 billion) loan from the state-controlled Export-Import Bank of China to build the first section of a controversial highway connecting the Adriatic port of Bar to Belgrade – but the project proved to be far too expensive for Montenegro.[7] When the country had to start servicing the loan in 2021, the new government asked the EU to refinance it in order to avoid a default and the risk of Montenegro falling into the Chinese 'debt trap'. The Commission eluded clear commitments, replying that "the EU does not repay loans from third parties", and instead it offered "a mix of grants, guarantees and preferential loans" from the European Investment Bank and the European Bank for Reconstruction and Development to complete the project.[8]

This case shows the fragilities of the WB6 public sphere where local governments, under pressure from European institutions to carry out reforms, can discredit the EU in the eyes of the population and can play at geopolitical competition with other global powers such as China and Russia. Media freedom is clearly a serious issue in the entire region and local journalists regularly complain that the EU does not do enough to support them in their difficult relationship with local governments. International NGOs for freedom of the media also agree. At the Brdo pri Kranju summit, for example, Reporters Without Borders (RWB) wrote to the Slovenian presidency of the EU Council that "although respect for press freedom is a condition for accession to the European Union, it is not on the [summit's] programme", despite the fact that "none of these countries has made any significant progress as regards freedom of the media [in 2021]".[9]

Attempts at regional integration

Although the disappointment towards enlargement is widespread and regional stabilisation is still uncertain, there have also been a few positive signs in 2021. During the pandemic, the WB experienced the introduction of the so-called 'green lanes' between the EU and the Central European Free Trade Agreement (CEFTA) countries in order to facilitate the transport of food and medical equipment and to overcome border restrictions.[10] Since this introduction, the European Commission, supported by the Regional Cooperation Council,

6 Euractiv (2020) 'Poll: Russia and China are Serbians' "best friends"', 23 November (www.euractiv.com/section/politics/short_news/poll-russia-and-china-are-serbians-best-friends/).
7 Pantelić, Ž. (2021) 'Il Montenegro nella trappola del debito cinese', OBCT, 7 April (www.balcanicaucaso.org/aree/Montenegro/Il-Montenegro-nella-trappola-del-debito-cinese-209732).
8 Strupczewski, J. (2021) 'EU says it can't help Montenegro on China loan but can on financing', Reuters, 12 April (www.reuters.com/article/us-montenegro-china-debt-eu-idUSKBN2BZ22Q).
9 RSF (2021) 'Press freedom should be high on EU-Balkans summit agenda, says RSF', 4 October (https://rsf.org/en/news/press-freedom-should-be-high-eu-balkans-summit-agenda-says-rsf).
10 CEFTA (2021) 'The first year of the green corridors/green lanes implementation', 15 April (https://cefta.int/news/the-first-year-of-the-green-cooridors-green-lanes-implementation/).

has been working to build on the experience in order to make these arrangements permanent, and to adapt the green lanes to other areas of economic interest and strategic cross-border points so as to enhance the perspective of regional cooperation.

In addition, three countries in the region – Albania, North Macedonia and Serbia – decided to strengthen their political and economic ties, launching the Open Balkan Initiative (previously known as 'Mini-Schengen'). Different agreements have now been signed on disaster risk reduction and on the free movement of goods, but the most important proposals concern the possibility of creating a totally free labour market in the region, and of dropping border controls for people and goods by January 2023 – a move that according to the World Bank could save up to €2.7 billion for the countries involved.[11]

Albania, North Macedonia and Serbia – decided to strengthen their political and economic ties, launching the Open Balkan Initiative

Bosnia and Herzegovina, Kosovo, and Montenegro have also been invited to join the Open Balkan Initiative, but until now they have shown little interest. Kosovo has explicitly linked its opposition to Serbia's refusal to recognise its independence, despite previously agreeing to join the initiative in the controversial 'Washington Agreement' that was pushed by the Trump administration and signed by both parties in September 2020.[12]

Bosnia and Herzegovina and Montenegro see the Open Balkan Initiative as overlapping with the already existing Common Regional Market Initiative. They also say that they are primarily focused on the EU integration process. Regardless of the official motivations, these countries appear weary of seeing the predominant role of a reinvigorated Serbia in the Open Balkan Initiative, and they seem concerned that the creation of a space for free movement in the WB region could in reality represent a mere consolation prize, while EU accession slips further away.

To make things more complicated, while the US and Germany have to some extent expressed their support for the Initiative, the EU approach towards it remains unclear. Indeed, after their last meeting in the framework of the Open Balkan Initiative in early November, the governments of Albania, North Macedonia and Serbia said in a joint statement, that the Initiative was necessary due to the "questionable capacity of the EU to integrate new members. They also said that the WB "paid grave costs for the delays in the EU perspective".[13]

11 Brezar, A. (2021) 'As EU membership stalls, Balkan countries make controversial move to create their own mini-Schengen', ***Euronews***, 31 August (www.euronews.com/2021/08/31/as-eu-membership-stalls-balkan-countries-make-controversial-move-to-create-their-own-mini-).

12 The agreement aimed at facilitating economic normalisation between the two countries, yet it was highly criticised for the inclusion of some non-economic clauses that risked undermining the EU membership perspective of both countries. The clauses also risked compromising the bilateral dialogue that was facilitated by the European Union itself.

13 EWB (2021a) 'Joint statement of the Open Balkan members: region stuck EU's dilemmas, we are committed to bridge the gap', 5 November (https://europeanwesternbalkans.com/2021/11/05/joint-statement-of-the-open-balkan-members-region-stuck-eus-dilemmas-we-are-committed-to-bridge-the-gap/).

It is not completely clear whether the Open Balkan Initiative is a fruitful continuation of the EU policies in the WB or a competing project. During the visit of German Chancellor Angela Merkel to Tirana in September 2021, Albania's President Edi Rama called the Open Balkan Initiative a "child of the Berlin Process and a mechanism to accelerate it".[14] The Berlin Process, promoted by Merkel in 2014, is indeed one of the latest attempts to relaunch the European integration of the WB via economic incentives, focusing in particular on the enhancement of energy and transport infrastructures to improve regional connectivity.[15]

It is not completely clear whether the Open Balkan Initiative is a fruitful continuation of the EU policies in the WB or a competing project

Whether the Berlin Process has been successful in addressing the challenges of enlargement is still an open question. On the one hand, it can be considered a useful mechanism to keep the dialogue between 'enlargement-friendly' EU member states and the WB6 alive, while fostering cooperation and good neighbourly relations among the WB6 thanks to its regional approach. Furthermore, the continuous engagement of the WB6 in the Berlin Process has been crucial in order to balance the influence of extra-EU powers in the region at a time when alternatives offered by Russia, China and Turkey are becoming increasingly appealing.

The end of Merkel's premiership will undoubtedly create a vacuum as she has always been the main advocate of the Berlin Process. The vacuum hopefully will now be filled by a new pro-enlargement German government. During the visit of European Commission President Ursula von der Leyen to the WB region in late September 2021, she ensured her commitment to pushing the Berlin Process forward. Yet it remains to be seen whether these commitments will translate into concrete policies.

The WB focus on economic cooperation at a regional level may risk isolating these countries, instead of bringing them closer to the EU and its member states. The WB's 'roam like at home' regime, for example, has eliminated all roaming costs between the Balkan countries since July 2021 but despite being fully supported by the EC, the agreement – at least for now – does not include mobile telephone tariffs between WB6 and the EU because according to the EC this step has been left for a future "roadmap for the reduction of roaming charges between the EU and the Western Balkans".[16]

14 EWB (2021b) 'Relationship between Berlin Process and Open Balkan Discussed during Merkel's Tirana visit', 15 September (https://europeanwesternbalkans.com/2021/09/15/relationship-between-berlin-process-and-open-balkan-discussed-during-merkels-tirana-visit/).

15 The Berlin Process has so far involved all of the WB6, and eight EU member states (Austria, Bulgaria, Croatia, Germany, Greece, Italy, Poland, Slovenia) plus the UK.

16 European Commission (2021) 'The Western Balkans become a roaming free zone: the roam like at home" regime starts on 1 July with the support of the EU', 1 July (https://ec.europa.eu/neighbourhood-enlargement/news/western-balkans-become-roaming-free-zone-roam-home-regime-starts-1-july-support-eu-2021-07-01_en).

The environmental challenge as an opportunity

The WB6 is today a de facto enclave within the geographical space of the EU. This has considerable implications in certain policy fields. Addressing environmental issues, for instance, requires good collaboration between the EU and the WB countries but, although environmental degradation has no borders, the implementation of cross-border policies between the EU and WB6 is challenging.

The WB6 is today a de facto enclave within the geographical space of the EU

Western Balkan countries are highly vulnerable to climate change and the region hosts several of the most polluted cities in the world. Problems related to air pollution become particularly evident and alarming during the winter months, as private heating in most cities still relies on wood and coal, making it the main cause of air pollution in the region.[17] Apart from Albania, all other countries in the region have functioning coal plants – most of them built generations ago – and local economies largely depend on coal.[18]

In 2020, the European Commission issued a Green Agenda for the WB, aiming to create stronger links and to promote joint climate and environmental actions between the EU and the WB. The implementation of the Green Agenda is now expected to progress since the adoption in September 2021 of the regulation for the Instrument for Pre-Accession assistance (IPA III) and since the approval of the Agenda Action Plan at the EU-WB summit in Brdo in October 2021.

However, the costs for the adoption of the whole EU environmental acquis for each WB country exceed the sum allocated through the IPA for the entire region. Not only are the costs for the environmental transition much larger than the resources available, but also some of the policies – in particular, those on decarbonisation – cannot be achieved without major social costs. Considering the general economic fragility of the countries involved, it is clear that the WB cannot sustain such costs on their own.[19]

What is worse, the Green Agenda and the growing demand for clean and renewable energy may even have effects that contradict the goals of the green transition. As many environmental activists and researchers have denounced, the extraction of lithium which is largely available in Serbia and used for electric car batteries, or the construction of small

17 In Sarajevo, one of the most polluted cities in the region, two thirds of homes are still heated with wood and coal. According to the World Health Organization, the per capita mortality rate in Bosnia and Herzegovina that is attributed to household and environmental air pollution is 223.6 per 100,000, which is one of the highest mortality rates by air pollution in the world: SITA and OBCT (2020) 'Analysis of the territorial challenges, needs and potentials of the Adriatic-Ionian Region and strategic options for post-2020 ADRION Programme Territorial Analysis' (www.adrioninterreg.eu/wp-content/uploads/2020/09/ADRION-territorial-analysis-post-2020-final-approved.pdf).

18 Coal accounts for over half of the gross electricity production in BiH (75%), Serbia (72%), North Macedonia (60%) and Montenegro (54%): SITA/OBCT (2020) op cit.

19 OBCT and CeSPI (2021) 'EU Strategy for the Adriatic and Ionian Region (EUSAIR) facilitating the enlargement process of Western Balkans' (https://ec.europa.eu/regional_policy/sources/cooperate/adriat_ionian/pdf/eusair_enlarg_west_balkans.pdf).

hydroelectric power plants as a renewable energy source that exploits the many rivers in the region, cause the devastation of local WB ecosystems.

The problems of pollution and environmental degradation have become a cause of growing concern among the WB population. The over-exploitation of natural resources has triggered the creation of numerous environmental movements, both in the main urban centres and in remote areas directly affected by the exploitation of resources.

The problems of pollution and environmental degradation have become a cause of growing concern among the WB population

These environmental movements bring together thousands of people, especially youth, from all over the political spectrum. They thus mobilise to denounce the uncontrolled construction of small hydroelectric power plants, corrupt practices for tendering, and non-compliance with the rules and procedures for environmental impact assessments of the various projects.

One of the most recent initiatives is the Ecological Revolt movement in Serbia. This brings together 70 environmental organisations that call on the government to put an end to the uncontrolled exploitation of the country's environmental resources, in particular for the construction of small hydropower plants and a controversial mining project conducted in western Serbia by the British-Australian company Rio Tinto.

Environmental social movements fighting to protect rivers have also been creating alliances at regional level. This development culminated in summer 2021 with the establishment of the 'Odbranimo r(ij)eke Balkana' (Let's Defend the Balkan Rivers) network which brings together environmental groups from Bosnia and Herzegovina, Croatia, Kosovo, Montenegro and Serbia to campaign against the construction of mini hydroelectric power plants.[20]

The increasing importance that such mobilisations are acquiring indicates the will of the citizens to participate in the decision-making processes, to make their voices heard and to be taken into account, especially in the field of environmental protection where political choices have a direct impact on their lives. The democratisation potential of such initiatives should not be overlooked in terms of European integration either.

In turn, it should be noted how social movements can benefit from the progress made in the negotiation process. For instance, much attention and media coverage were given to the mobilisation against the construction of hydropower plants in the Valbona Valley National Park in Albania. In 2017, residents of the Tropoja Municipality in Northern Albania and the NGO Toka (The Organisation to Conserve the Albanian Alps) took a case to the Administrative Court of Tirana, denouncing the environmental damage and negative impact on people's lives and tourism that was being caused by the construction of two hydropower plants.[21]

20 Sito-sucic, D. (2021) 'Balkan green activists join forces in fight to save rivers', Reuters, 21 July (www.reuters.com/world/europe/balkan-green-activists-join-forces-fight-save-rivers-2021-07-03/).

21 Sinoruka, F. (2021) 'Construction of Two Hydropower Plants Ordered to Halt in Albania', *Balkan Insight*, 3 November (https://balkaninsight.com/2021/11/03/construction-of-two-hydropower-plants-ordered-to-halt-in-albania/).

In July 2021, following years of civic protests and legal struggles, the Albanian High Court ruled in favour of the temporary suspension of the construction of the power plants. Although it took four months to enforce the ruling of the court,[22] the final success of the legal action was a sign of positive development in the functioning of the judiciary and the rule of law in the country – one of the main achievements of the EU enlargement process that at the end 2020 enforced a complex vetting process of Albanian judges. The challenging EU-driven reforms on the integrity and independence of the judiciary have had direct implications for civil society and social movements, which can now resort to strategic litigation when defending the environment in their respective countries.

The environment constitutes the best policy field to create an alliance between EU institutions and local WB civil societies in order to advance the EU enlargement process

Currently, the environment constitutes the best policy field to create an alliance between EU institutions and local WB civil societies in order to advance the EU enlargement process.[23] There is clear political commitment, with climate action being high on the EU agenda, and with engaged local NGOs and social movements in place. Furthermore, if the WB governments make good use of the available resources, it will be possible to advocate the 'more for more' approach – in other words, the provision of EU financial support according to the pace of reform. The results from the use of these resources will be in the general interest, including that of the EU member states themselves.

The Balkan route: exporting instability instead of democracy

While environmental policy opens up positive prospects for the WB, the EU asylum policy highlights a political debacle. Since the Balkan route started to become a major migratory path to Western Europe, especially during the humanitarian crisis in 2015-16, the WB6 have been tasked with securing the EU's external borders.

Since this time, there has been a reversal of roles in EU-Balkan relations. It is now the EU member states on the Balkan route – such as Greece, Bulgaria and Croatia – that adopt practices contrary to national, international and European asylum provisions and to general respect for human rights. Pursuing policies of the militarisation of its boundaries and with the practice of illegal pushbacks, the EU has started exporting insecurity and the violation of human rights to the WB region, instead of stability and democracy.[24]

22 After the initial refusal of a local bailiff to enforce the ruling, the case was taken over by another court official who finally decided to execute the order at the beginning of November 2021, under growing pressure from activists and environmental organisations.

23 Clingendael (2021) 'The Green Agenda: providing breathing space for Western Balkans citizens?' (www.clingendael.org/sites/default/files/2021-07/PB_The_Green_Agenda_3thproof.pdf).

24 Chiodi, L. and Coletti, R. (2021) 'La rotta balcanica 5 anni dopo' (www.cespi.it/sites/default/files/documenti/rapporto_completo_def_0.pdf).

This situation is particularly problematic in Bosnia and Herzegovina, a country on the brink of breaking apart, and which has become the central hub of the Balkan route after the closure of the border between Serbia and Hungary. Most migrants gather in the Una-Sava canton, close to the Croatian border, in an attempt to enter EU territory. The burden of hosting the migrants has fallen primarily on the canton, part of the Federation of Bosnia and Herzegovina (the Croat-Bosniak entity), thus fuelling new tensions with the Serbian-majority Republika Srpska.

Pursuing policies of the militarisation of its boundaries and with the practice of illegal pushbacks, the EU has started exporting insecurity and the violation of human rights to the WB region, instead of stability and democracy

Stuck nearby the EU borders, and violently pushed back by the Croatian police, most of the migrants in BiH are living a precarious life, often in makeshift camps, with no running water, lavatories, showers or electricity. In November 2021, a new migrant centre capable of hosting up to 1,500 people was opened in Lipa by the International Organization for Migration (IOM) after a makeshift camp in the same area was destroyed by fire in December 2020.

The negative consequences of the illegal pushbacks carried out by EU member states include the further weakening of the so-called 'transformative power' of the EU enlargement policy. The right of asylum is part of the ***acquis communautaire*** that the Balkan countries are committed to introducing in their respective national regulations. Once the WB countries transpose the EU ***acquis*** into their legal systems, they will face the more serious difficulty of giving substance to these obligations – but given that it is the EU member states that betray the very principles that the candidate countries should adopt, the latter can hardly feel encouraged to do so.

Due to its internal difficulties in sharing the burden of migration pressure, the EU is therefore not only betraying its values and its legal order, but is also losing its ability to influence the WB region positively. After years of the EU being severely criticised for favouring stability over democracy in the WB region (an approach that came to be labelled 'stabilitocracy'), the more recent externalisation of migration management has considerably worsened the situation, and shown the dark face of the European Union.[25]

Prospects

The prospects for a future enlargement of the EU to the Western Balkans in the middle or even in the long term indeed look grim. Lately, the US has re-engaged in the Bosnian crisis, as well as in the Kosovo-Serbia conflict, but the expectation that Washington would return to play a central role in the region under the Biden administration has been deluded.

25 Webb, J. (2020) 'The "refugee crisis" and its transformative impact on EU-Western Balkans relations', ***Journal of Ethnic and Migration Studies***, December: 1-18 (https://doi.org/10.1080/1369183X.2020.1851466).

In the long term, the US is increasingly focused on its Pacific rather than its Atlantic relations – a trend that is not going to change in the foreseeable future. The EU therefore needs to find a solution for the Western Balkans on its own.

It is not guaranteed that the next five rounds of rotating presidencies of the EU Council – France, the Czech Republic, Sweden, Spain and Belgium – will give any special attention to the WB region. Moreover, there is a risk that the EU's interest towards the WB6 will come from the 'wrong' governments, such as Orbán's Hungary, that are in search of souverainist, authoritarian or secessionist allies in the region. This is something that can only hinder the WB's European perspective.

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However, the new German coalition agreement bears some encouraging signs for the WB region as the German coalition parties have confirmed Berlin's commitment to back the EU accession process of the WB6, to open the first EU accession chapters with Albania and North Macedonia, and to support the EU-led normalisation dialogue between Kosovo and Serbia and the territorial integrity of Bosnia and Herzegovina. Lately, even France has appeared more interested in BiH's constitutional reforms than in the past, while Italy regularly reaffirms its commitment to the EU's enlargement to the WB.

While the large financial package defined by the Economic and Investment Plan in 2020 and approved in Brdo in 2021 was presented as confirmation of EU support towards WB integration, this actually tends to show that EU member states appear more inclined to put money on the table than to give their political commitment to completing the EU integration process of the WB6.

The strongest hopes for enlargement come from developments in the environmental field. The common concern of both the EU and the WB over climate change is a driver for larger EU investment in the WB and creates new dynamism in local civil societies. Indeed, their partnership with the European Commission as part of the enlargement process generates positive changes, despite the contradictions between environmental protection or decarbonisation policies and economic growth.

By contrast, a severe warning comes from the EU deadlock in its asylum policy. While the EU cannot allow deviation from its rules and principles without devastating consequences, the complete loss of EU credibility in its relationship with the WB is just a minor price to pay, in comparison with the collapse of the legal order upon which the EU-WB relationship is built.

New opportunities nevertheless arise when the two processes – EU consolidation and enlargement – influence each other. One example can be seen in the fact that the troubles the EU is today facing with a few member states, which disregard or openly violate EU provisions in different fields (from asylum policy to independence of the judiciary) are be-

ing tackled with the Rule of Law (RoL) mechanism that builds on the EU's long and solid experience with the WB.

The EU's experiences with RoL benchmarks in the WB have thus gradually developed into a yardstick by which to measure the drift of member states. For decades the EU worked on voluntary adherence to its principles and rules by member states, and infringement procedures and court rulings were sufficient to address its deviant members. With the 2014 enlargement and the current deepening of EU integration, the need for stronger incentives has emerged.

With the RoL, and the possibility to suspend financial transfers, the EU is today trying to introduce a new and harder mechanism to compel member states to abide by its common rules – a vital condition for the EU to function. With intertwined economies and challenging external competitors, the EU risks disintegrating if respect of the legal order upon which it is based is not guaranteed.

Enlargement of the EU, once considered the greatest success of European external policy, has run aground in the face of successive internal crises. Combining external and internal policy, the EU is hostage to the priorities of its member states and to an EU decision-making process at the mercy of national electoral cycles. Being subject to the EU's unanimous voting rule, enlargement shows its external policy nature – one of the most evident shortcomings in the functioning of the EU.

Enlargement of the EU, once considered the greatest success of European external policy, has run aground in the face of successive internal crises

But the EU enlargement process can ultimately be transformed into an internal matter. Once the WB6 become EU members they will contribute to making the common EU decision-making process even more complex and unpredictable. Added to this is the fact that if candidate countries fail to consolidate their democratic institutions, they will threaten the EU's common political space when they share it, as a few member states are already doing. It is due to the hybrid nature of EU enlargement to the Western Balkans that saving this enlargement and overcoming the EU's existential crisis may become one and the same project: the respect for the rule of law in a member state, as well as respect for common legal provisions in general, is indeed necessary in both an EU of 27 as well as of 33 member states. The outcome of how the EU decides to address the situation in the WB can both help fix the misdeeds of a few member states and save the EU from its decline.

ALESSANDRO MARRONE

European strategic autonomy between ambition and pragmatism

The EU is making progress towards an appropriate level of European strategic autonomy through initiatives that are set to deliver results in the coming years. Permanent Structured Cooperation has reached an impressive number of 60 cooperative projects. Allocations have started of the European Defence Fund's €7.9 billion budget for military research and development. The first drafts of the Strategic Compass have been produced and seem promising on the commitments to be agreed by EU member states in 2022. An appropriate level of European strategic autonomy means being able to deal with crisis and conflicts in regions surrounding the EU while actively contributing to Europe's collective defence via NATO. Although the Union's institutions will make a growing contribution to this, much will depend on the major European countries, given that defence is predominantly an inter-governmental domain. France, Germany, Italy and Spain in particular have the opportunity to move cooperation and integration forward by overcoming the challenge of embracing interdependence and shared sovereignty at EU level. A good balance between ambition and pragmatism will be key in achieving this goal.

Recent developments between ambition and pragmatism

Intra-EU cooperation and integration in the defence field gained increased political traction in 2021, oscillating between ambition and pragmatism. Permanent Structured Cooperation (PESCO) reached an impressive number of 60 cooperative projects, undertaken on ad hoc basis by its 25 participating member states – and with a prominent role for France and Italy. The first annual call for proposals for the European Defence Fund (EDF) was launched within the 2020-27 multiannual financial framework, thus beginning the allocation of the EDF's overall €7.9 billion budget. Meanwhile, the projects financed for a total of €580 million under the EDF's precursor programmes – the Preparatory Action for Defence Research (PADR) and the European Defence Industrial Development Programme (EDIDP) – began to operate and in several cases to deliver results.

In addition to the implementation of these initiatives, which are linked to the 2016 EU Global Strategy, work on the EU Strategic Compass was launched by the High Representative/Vice President Josep Borrell. This featured the strong involvement of both the European External Action Service (EEAS) and the EU member states, particularly those in western Europe. The first draft of the Strategic Compass was circulated in November 2021 and it put forward an ambitious and measurable roadmap to enable the EU to act in the defence field.[1] Meanwhile, European Commission President Ursula Von der Leyen repeatedly expressed her support for greater, deeper and stronger defence cooperation and integration, advocating a pragmatic approach to the ambitious concept of strategic autonomy – a concept advanced by France since 2013.

Pragmatism and ambition have in fact been the two main elements characterising the path of EU defence cooperation and integration in recent years – and this is set to continue in the near future. The balance between these two elements depends on factors both inside and outside the European Union, as well as on the political dynamics within the major EU member states.

Expectations and reality: European army and European Defence Union

Looking ahead, the prospect of a European army is not on the cards, and it would be misleading to focus on it. Indeed, the main priority for Europeans in this field is not to have a single army, but rather to achieve effective military capabilities that are fit for the common foreign and defence policy in a broader sense. The national armed forces will remain inescapably dependent upon national sovereignty and political decision-making for a variety of reasons, including constitutional and legal constraints, variegated strategic cultures, strong national identities, and the prevailing political orientation among the electorate, public opinion, and the establishment. This is particularly true in countries where powerful nationalistic parties are active but goes beyond the political currents identified as 'sovereignist'. It is a reality deep-rooted in European history, geography and society, which should be taken into account.

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Similarly, it would be unrealistic to think of a European Defence Union on a similar basis to the monetary union, the banking union or any other aspect related to the single market, where the community method and the *acquis communautaire* prevail. The Lisbon Treaty clearly sets the perimeter of the competencies of EU institutions and agencies such as the European Commission, the European Parliament, the European Defence Agency (EDA),

1 Calcagno, E. (2021) 'La Bussola Strategica Ue e l'importanza di agire', *AffarInternazionali*, 17 November (www.affarinternazionali.it/2021/11/la-bussola-strategica-ue-e-limportanza-di-agire/).

the EU Military Committee (EUMC), and EU Military Staff (EUMS), and it is hard to envisage any major reform in the coming years. All the major decisions on the development of military capabilities and their use in operational theatres, either for collective defence or crisis management, will thus continue to be taken at the intergovernmental level for the foreseeable future. Throughout the history of the EU, the functionalist approach designed by Jean Monnet has worked very well in other domains through incremental binding commitments made by low politics. Since the 2000s, this functionalist approach has also begun to operate in the defence domain, through missions of the Common Security and Defence Policy (CSDP) and activities of the European Defence Agency (EDA), and more importantly through PESCO and programmes funded by the Commission from 2017 onwards. The EDF is particularly promising as regards defence industrial cooperation and integration, and it comes alongside an increased role of the European Commission through the establishment of Directorate-General for Defence Industry and Space (DEFIS), which is currently led by Commissioner Thierry Breton.[2] However, the limits of this approach have been evident, particularly on the operational side, where member states are keen to retain the maximum level of sovereignty over the use of their armed forces. This is also the case when it comes to capability development, where the intergovernmental framework is favoured far more than the community approach.

Towards an appropriate level of European strategic autonomy

It was against this backdrop that the concept of European strategic autonomy took centre stage in European debates in 2021, despite the concept remaining ill-defined and debated both within the EU[3] and at transatlantic level. Briefly, European strategic autonomy in the defence field refers to the ability of Europeans to use their armed forces autonomously – at least in the surrounding regions of the EU so as to pursue their common foreign and security policy. This in turn involves three elements: member states putting effective state-of-the-art and ready-to-use military capabilities at each other's disposal; an industrial and technological base to support current and future development of those capabilities through the procurement, maintenance and upgrade of platforms and systems across the land, naval,

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2 On this role see: Sabatino, E. and Marrone, A. (2020) 'Europe of defence in the new world (dis)order: choices for Italy', Documenti IAI 20/20, November, p. 5 (www.iai.it/sites/default/files/iai2020.pdf).

3 See: Sabatino, E. et al (2020) 'The quest of European strategic autonomy – a collective reflection', Documenti IAI 20/22, December (www.iai.it/en/pubblicazioni/quest-european-strategic-autonomy-collective-reflection) and 'Strategic Autonomy', *The Progressive Post*, FEPS (https://progressivepost.eu/dossier/strategic-autonomy/).

air and space domains; strengthening the decision-making architecture and the political will concerning the joint use of force, in particular regarding crisis management.

The 2016 EU Global Strategy mentions an "appropriate level of strategic autonomy" – a balanced approach that is still valid today and that will be so in the near future. Indeed, when it comes to European autonomy in the defence domain, a crucial distinction needs to be drawn between collective defence and crisis management. In the first case, NATO remains the bedrock of Europe's deterrence and defence across the conventional-nuclear continuum because of the need for US military might towards Russia – plus the involvement of the UK, Canada and Norway. Indeed, the French nuclear deterrent is totally insufficient to ensure extended deterrence to European allies. And without US involvement through NATO, EU member states are vulnerable to Russian pressure, blackmail and possibly aggression. Even in scenarios of conventional conflicts not escalating to nuclear involvement, the capabilities that Europeans would need to develop and deploy to deter and defend alone against Russia are unachievable without a major increase in military spending and therefore a leap forward of political will.[4] The effects of the Covid-19 pandemic have already brought a cut to the EDF budget from the €13 billion originally planned to €7.9 billion, and the massive increase in sovereign debt across Europe casts a shadow of austerity on national fiscal policies in the coming years,[5] particularly if inflation leads to higher interest rates.

With regard to crisis management and stability operations in Europe's surrounding regions, the situation is radically different in terms of alliances and the capabilities required. First, the US has consistently sought to disengage militarily from North Africa, the Middle East and Central Asia – from the time of the Obama administration through the Trump presidency and up to Biden's management of the dramatic US withdrawal from Afghanistan. Washington has repeatedly called on its European allies to take more responsibility for the security of their neighbourhood – including through the command of NATO Mission Iraq, whose command will pass from Denmark to Italy in May 2022. With regard to capabilities, the security environment has deteriorated over the last decade, following the turmoil of 2011, the growing assertiveness of regional powers, and the involvement of Russia, Turkey and China to fill the power vacuum left by the US.[6] As a result, operational environments in the wider Mediterranean region are increasingly difficult, with a greater use of advanced weaponry (such as unmanned aerial vehicles) challenging even European

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4 See: Barry, B. and Barrie, D. (2019) 'Defending Europe: scenario-based capabilities requirements for NATO's European members', IISS Research Papers, May (www.iiss.org/blogs/research-paper/2019/05/defending-europe).

5 Brustlein, C. (ed) (2021) 'Collective collapse or resilience? European defence priorities in the pandemic era', Études de l'Ifri Focus stratégique 103, February (www.ifri.org/sites/default/files/atoms/files/brustlein_ed_collective_collapse_or_resilience_2021.pdf).

6 Marrone, A. (2020) 'Security policy in the Southern neighbourhood – a view from Rome', Friedrich Ebert Stiftung Analysis, March, p. 8 (http://library.fes.de/pdf-files/bueros/rom/16768-20200421.pdf).

armies.[7] However, the quantity and quality of the military capabilities of EU member states correspond to the need to cope with the range of asymmetric conflicts in Europe's southern neighbourhood, provided there is the political will to do so. In other words, Europeans can and should take the lead in addressing crisis and instability in Africa and the Middle East which directly and negatively affect their interests and security.

This type of European strategic autonomy should ideally be implemented via the EU, which is able to effect a comprehensive approach across the military-civilian continuum, including for example security sector reform and law enforcement capacity building. Given the reluctance or opposition of certain EU members as regards a more ambitious commitment of the Union, pragmatic formats such as ad hoc European coalitions should be explored and supported. The European Maritime Awareness in the Strait of Hormuz (EMASOH) represents an interesting example of a European initiative led by France and joined by other EU members like Italy which overcomes the CSDP stalemate in the Gulf. Ad hoc coalitions nevertheless also bring several disadvantages to be taken into account – for example, the absence or weakness of politico-military consultation on the rationale and management of operations, which may easily lead to dramatic mistakes and/or a lack of cohesion among partners. Once again, Europeans need to strike a balance between pragmatism and ambition. If a more ambitious EU role is the best option (depending on the circumstances), a pragmatic ad hoc European commitment represents a valuable back-up option in comparison with complete inaction. In this context, NATO can also be an adequate framework to deal with a certain threat or challenge in the EU's neighbourhood, bringing the added value of an integrated military command fit for more robust operations, and bringing also the involvement of the UK. But NATO's involvement will nevertheless require a European politico-military lead, given the current US shift towards the Indo-Pacific.

In other words, and as Italy repeatedly underlines, strategic autonomy is not about being autonomous *from someone*, but about being autonomous *to do something*.[8] The more realistic the definition of what Europeans want to do, the more possible it is to act through the EU and to develop the Union's capabilities, institutions and strategic culture. Crisis management, stability operations, defence capacity building and partnerships in the wider Mediterranean region encompassing North Africa, the Sahel, the Horn of Africa and the Middle East are all realistic priorities for autonomous European action. By contrast, however, the projection of the EU's influence in the Indo-Pacific would be more effective in partnership with the US and other like-minded

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7 Marrone, A. (2020) 'Italian military operations: coping with rising threats and declining US leadership', IAI Commentaries 20/15, March (www.iai.it/it/pubblicazioni/italian-military-operations-coping-rising-threats-and-declining-us-leadership).

8 In this sense, Italy supports a 'transatlantically sustainable' European strategic autonomy. See: Cristiani, D. (2021) 'Italy positions itself as the driver of transatlantically sustainable European strategic autonomy', GMF Policy Insights, September (www.gmfus.org/news/italy-positions-itself-driver-transatlantically-sustainable-european-strategic-autonomy).

democracies at political, diplomatic and military level. Europe's collective defence can be achieved only through NATO, but the EU can and should contribute in a number of meaningful ways such as investing in military mobility (an area in which progress has been made in recent years) and developing tools to counter hybrid threats that exploit the grey areas below the activation of Article 5 of the Washington Treaty.

An appropriate level of European strategic autonomy, built in partnership with both the US and NATO, is the best available balance between ambition and pragmatism. Indeed, it would fit well with the outlook of several EU member states, including Germany and Italy, and it would also be acceptable for central and eastern European countries which attach the utmost importance to the US and NATO security umbrella. European strategic autonomy that is built in this way would be less divisive and more achievable than the ambitious French view of full European strategic autonomy. Moreover, such an approach would exploit the potential of the Lisbon Treaty's legal and institutional architecture by respecting the aforementioned limitations to the mandate of the EU institutions. Setting a realistic bar for the European level of ambition would also favour the achievement of stated objectives, thus generating positive political momentum among governments and public opinion across the Union. Furthermore, such an approach would be likely to favour more EU cooperation with the US, the UK and NATO, thus generating a better overall output for Europe's security interests – particularly vis-à-vis systemic rivals like Russia and China.

The roadmap: PESCO, the EDF and their linkage

The roadmap towards an appropriate level of strategic autonomy built on intra-EU defence cooperation and integration is largely drawn by three complementary and ongoing initiatives: PESCO, the EDF and the Strategic Compass.

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As mentioned before, member states participating in PESCO have launched 60 cooperative projects in four years – across the land, maritime, air, space and cyber domains. These projects largely focus on capability development in terms of procurement, but they also cover training, exercises, military infrastructure and mobility. It is worth noticing that robust PESCO projects include the development of a European medium-altitude long-endurance drone; a European patrol corvette; a network of space-based sensors to enhance Europe's missile defence; a main battle tank simulation and testing centre; a European medical command; and a capability for cyber electro-magnetic activities.

While France and Italy have been the most proactive countries, leading or participating in 44 and 30 projects respectively, Germany and Spain have also committed strongly on a number of projects. This reflects the fact that these four

countries are the largest military spenders within the EU, as well as the major contributors in absolute terms to crisis management and stability operations under EU, NATO, UN or ad hoc coalition umbrellas. Berlin, Madrid, Paris and Rome have also set up an informal coordination mechanism, cooperating closely with the PESCO secretariat which comprises EDA staff and the EUMS. Looking ahead, such commitment from major EU member states is important to make PESCO a success, given the aforementioned intergovernmental character of European defence cooperation and integration.

In this context, it is important to recall that the 2020 PESCO strategic review approved by the defence ministers of the 25 member states participating in PESCO and endorsed by the European Council[9] took stock of the initial phase and set up ambitious guidelines for the following five years in terms of both capability development and operational readiness. The 2020 PESCO strategic review introduces commitment on the new Full Spectrum Force Package (FSFP) to implement the EU military level of ambition defined by the EDA Capability Development Plan (CDP) and the Coordinated Annual Review of Defence (CARD). The PESCO strategic review stressed the coherence of output with the NATO Defence Planning Process, but also the different nature, responsibilities and membership of the Union, with a view to an appropriate level of strategic autonomy. Furthermore, the EU members recommitted to addressing persistent gaps in the CSDP missions' force generation, as well as to making deployable formations available to EU missions, and to providing personnel for EU operational headquarters and the Military Planning and Conduct Capability.

PESCO is a crucial element of the EU roadmap towards an appropriate level of strategic autonomy. First, it is expected to develop better joint military capabilities by fostering not only cooperation but also integration and interdependency. Second, it can and should become a catalyst for the operational readiness of European armed forces, and it should prepare EU members for more robust and timely crisis management or stability operations. As in many other situations, the main obstacle lies in the political will of the large- and medium-sized EU member states to live up to their commitments, and to trust each other to agree on a growing level of integration and interdependence. With respect to 2016, important progress has been made and the glass can now be considered half full. Yet PESCO is still far from the spirit of the Lisbon Treaty provision for a core group of EU members willing and able to work together for the most demanding missions and commitments.

It is worth noting that the EDF, as well as its precursors (PADR and EDIDP), represent a watershed for the Commission's role in the defence field because for the first time in Union's history, part of the EU budget is being spent to finance or co-finance military research and development activities. This reflects an evolution in the EU's posture from a 'civilian power' to a 'smart power' that is able to include 'hard power' in its comprehensive approach. Jean-Claude Juncker's promotion of a 'political Commission' and Von der Leyen's initial promotion of a 'geopolitical Commission' are part of this evolution, in terms of the reality on the ground as well as the narrative.

9 General Secretariat of the Council of the European Union (2020) Council conclusions on the PESCO strategic review 2020, 20 November (https://pesco.europa.eu/wp-content/uploads/2020/12/2020-11-20-Council-Conclusions-on-PESCO-Strategic-Review-2020.pdf).

The use of the EU budget also paves the way for further development of the Commission's role in the field of defence as it enables this supranational body to have a say in defence industrial policy, which has strong implications at national level. This opportunity to 'Europeanise' defence and to bring the community method also to the field of defence is clear to the Commission, whose institutional culture is keen to expand EU competences in every policy field. It is not by chance that the Commission has decided to establish a new Directorate-General to manage the EDF, instead of using a delegation agreement with EDA as happened for the PADR. This is particularly important for the future developments of the EDF as a pillar of an appropriate level of EU strategic autonomy.

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In addition, the Commission's new role on defence industrial policy brings to the table a rules-based approach, a prioritisation of competition and single market goals, and a technological outlook that is not focused on the immediate needs of the armed forces. Moreover, many of the staff at DG DEFIS have a civilian background – although further recruitment and national secondment has now enhanced the military component of this body, particularly among the French staff. Such an approach plays an important role in the definition of the EDF work programme as well as in the selection of proposals and evaluation of project results – and it will continue to do so.

Although the EDF formally falls within the community method and under the Commission's responsibility, the defence sector remains intergovernmental. The needs of the armed forces are inherently different from those of other public administration departments, not least because of opponents to fighting through the use of force. Security of supply and sensitivity on operational and technological sovereignty inform member states' preferences on procurement, and these preferences are crucial for the marketability of EDF output.[10] Experience in 2021 reveals a strong interest of major and medium-sized European companies in the EDF calls, which was coupled with an important commitment by EU member states such as France, Germany, Italy and Spain to provide national co-funding and support. Building also on the basis of PADR and EDIDP, the EDF has begun to play its role as a driver for defence industrial cooperation across the Union. The results of this are likely to be tangible in the coming years.

Looking ahead, the respective legal bases of PESCO and the EDF will remain different, respectively intergovernmental and community based. Accordingly, each initiative will maintain its own institutional framework and will serve partially different rationales. However, the EU institutions and member states can and should commit to a meaningful integration of PESCO and the EDF to draw the best combined results from the two initia-

10 Marrone, A. (2019) 'National expectations regarding the European defence fund: the Italian perspective', ARES Comment, No. 42, October, p. 14 (www.iris-france.org/wp-content/uploads/2019/10/ARES-42-EDF-Italy.pdf).

tives. Several PESCO projects – but not all – will be eligible for EDF funding or co-funding and should regularly access these economic resources over the course of the multiannual financial framework. Yet integration between PESCO and the EDF would have broader consequences. For example, a PESCO project can develop shared doctrines, operation concepts, and even requirements regarding certain capabilities, and another related EDF project – maybe co-funded by some of the member states participating in the PESCO project – can develop technologies, demonstrators and even prototypes to meet such requirements.[11]

In order to succeed, the whole EDF process should take careful consideration of the military point of view. This military view is very likely to be capability-driven, particularly when formulated by the competent EU bodies – including the EDA, the EUMC and the EUMS. It will be key for DG DEFIS to pay close attention to EU military interlocutors as they represent an aggregated military view. It will also be key for the High Representative/Commission Vice-President to fully exert his double-hat authority to bring the EDA closer to commissioners with competences on EU security – for example, the commissioner heading DG DEFIS.[12] In this scenario, a greater involvement of European militaries and the EDA would also ensure greater coherence with the NATO Defence Planning Process (NDPP). Given that 21 of the 27 EU member states (including 20 PESCO participants) are also part of the Atlantic Alliance, they are familiar with NATO defence planning guidelines and able to find synergies with the related EU process.[13] This in turn can foster EU cooperation with NATO, the US, and the UK, and advance European strategic autonomy in a manner compatible with transatlantic cohesion, as several member states desire. As the EDF leans more towards satisfying the member states' military requirements, it will pay less attention to dual-use technologies, but the fact that DG DEFIS falls under the responsibility of the commissioner for the internal market will help to maintain a link with the broader civilian sector, notably when implementing the Action Plan on Synergies between civil, defence and space industries adopted by the Commission in 2021.

As member states discuss capability development projects within PESCO, and/or on a mini-lateral basis, in several cases they will involve the respective industrial counterparts from the early phases. As a result, strong industrial consortia with a value chain distributed among EU members are likely to be formed, mirroring the relevant elements agreed by the member states participating in a certain PESCO project. These consortia will thus bid for EDF funding with great chances of success. This in turn may encourage a consolidation of the European defence industrial technological base, towards the formation of European champions that are better able to compete worldwide against continental giants from the US, China and Russia.

11 Simon, E. and Marrone, A. (2021) 'Linking PESCO and EDF: institutional mechanisms and political choices', ARES Report, No. 66, April, p. 14 (www.iris-france.org/wp-content/uploads/2021/05/66-Report-PESCO-EDF-April-2021.pdf).
12 Ibid, p. 15.
13 Ibid.

Challenges and opportunities for EU members and institutions

With respect to both PESCO and the EDF, particular responsibility lies on the shoulders of France, Germany, Italy and Spain. This represents a political challenge. Paris would need to renounce leading an EU defence that comprises partners whose combined military, demographic and economic weight outpaces that of France. In other words, Paris would need to acknowledge that it cannot lead EU defence in the same way as Washington leads NATO, because the US accounts for two thirds of NATO military capabilities while the French budget for conventional defence is below that of Germany. Accordingly, France would need to agree to share Europe's decisions, power, and operational and technological sovereignty with other EU member states that are willing and able to take more responsibilities. This approach is the opposite of that currently adopted by Paris with respect to a number of issues, including the Italian acquisition of the Chantiers de l'Atlantique shipbuilding group, for example – a contract that was cancelled by the French government in a worse way than Australia's cancellation in 2021 of the French submarine procurement in the context of the trilateral security pact between Australia, the UK and the US (AUKUS).

At the same time, Berlin, Rome and Madrid should take a step forward in terms of their political, military and industrial investment in European defence cooperation and integration. From operational deployments in Europe, Africa and the Middle East to the staffing of EU defence institutions, and from PESCO projects to EDF co-funding, these capitals should demonstrate robust commitments and should co-lead the path towards an appropriate level of European strategic autonomy. In doing so, Germany and Italy would be particularly well placed to bring a balanced view on EU strategic partnership with the US, the UK and NATO because they truly believe in the complementarity of the two frameworks and have invested political and military resources in Atlantic alliances – that is, in out-of-area operations and collective defence measures – thereby gaining credibility in the eyes of both Washington and London. A similar call to action applies to other important European countries, from Spain and Sweden to Poland and the Netherlands. Only through a more collective, intra-European burden sharing is it possible to address the security challenges from the EU's southern and eastern neighbourhood.

Only through a more collective, intra-European burden sharing is it possible to address the security challenges from the EU's southern and eastern neighbourhood

While national governments are the main drivers of European defence cooperation and integration, the role of the EU institutions is not marginal. Indeed, it has increased substantially in recent years and is set to grow further in the near future. As mentioned before, the European Commission has acquired a new role on defence industrial policy which is set to increase in the coming years. This can make a difference in supporting cooperation and integration across the demand and supply side of the defence market. The allocation of EU budget for military research in turn enhances the political role of the European Parliament,

which is required to ensure political accountability on the use of this budget. Broadly speaking, the president of the European Council and the High Representative, as well as high-level institutional figures, such as the EDA chief executive and EUMC chairman, can and should make important contributions to this roadmap by bringing together political, diplomatic, military and industrial aspects of defence.

Against this backdrop, the Strategic Compass represents an important opportunity to move towards a higher level of European strategic autonomy. This initiative is meant to detail and operationalise the EU level of ambition in the defence domain by setting priorities and milestones over the next five to ten years as regards operations, capabilities, resilience (including industrial and technological elements) and partnerships. The Compass is expected to be approved by March 2022, and the drafts leaked in November 2021 seem to anticipate a good balance between ambition and pragmatism, including with reference to the EU Rapid Deployment Capacity of 5,000 troops. Provided the final version of the document maintains this balance, much will then depend on the political will of EU member states to implement it through concrete actions in the timeline foreseen, by embracing a certain degree of integration, interdependence and shared sovereignty. Despite the progress made in recent years, and the greater and more positive role of EU institutions, achieving this degree of integration, interdependence and shared sovereignty remains the main challenge to achieving an appropriate level of European strategic autonomy.

The Strategic Compass is meant to detail and operationalise the EU level of ambition in the defence domain by setting priorities and milestones over the next five to ten years as regards operations, capabilities, resilience and partnerships

NATIONAL FOCUS

GEORGI PIRINSKI

Bulgaria 2022 – a new beginning?

In 2021, Bulgaria went through an unprecedented series of three parliamentary elections plus elections for president, with two short-lived parliaments and two caretaker governments appointed by President Rumen Radev in between. This extraordinary set of developments was the result of mass protests in the summer of 2020 against the rule of former prime minister Boyko Borissov's GERB party, which had lasted more than a decade and was marked by rampant corruption and embezzlement of public funds. After two unsuccessful attempts to form a government by the parties associated with the protests, a four-party coalition cabinet was eventually voted into office in December 2021, with a completely new party called 'We are continuing the change' in the lead after it won the elections of 14 November. These developments have resulted in high expectations for a new beginning for the country. The Bulgarian Socialist Party also joined the government, but nevertheless suffered three heavy electoral losses.

On 13 December 2021 a new cabinet was sworn in by the newly elected 47th parliament of Bulgaria. The cabinet is composed of an unprecedented four-party coalition, with the complete newcomer – the party 'We are continuing the change' (PP) that had come out first in the elections of 14 November – being joined by the Bulgarian Socialist Party (BSP), the television-show-inspired party 'There is such a people' (ITN), and the liberal Democratic Bulgaria (DB). Equally notable was the exclusion from power of former prime minister Borissov's GERB, together with their partner in government, the nationalist IMRO, which had been informally supported by the Movement for Rights and Freedoms (DPS) throughout their reign in office over the last 12 years since 2009 (with a brief break in 2013-14).

The new political landscape

The uniqueness of this outcome is even more notable considering that it was the result of a third parliamentary election, on 14 November, coming after those of 4 April and 11 July. This third election in the same year was brought about because of the failure of the new parties in the two short-lived parliaments resulting from the previous two elections to form governing coalitions, instead engaging in often acrimonious exchanges among them-

selves. The deep shifts in voter support over the course of only the last eight months in 2021 are clearly reflected in the votes cast in the three consecutive elections and the mandates gained by the parties represented in the three successive parliaments:

	4 April 2021	Mandates	11 July 2021	Mandates	14 November 2021	Mandates
PP					25.67%	67
GERB	26.18%	75	23.51%	63	22.74%	59
ITN	17.66%	51	24.08%	65	9.52%	25
BSP	15.01%	43	13.39%	36	10.21%	26
DPS	10.51%	30	10.71%	29	13.00%	34
DB	9.45%	27	12.64%	34	6.37%	16
IMV/IBNI	4.72%	14	5.01%	13	2.29%	0
REVIVAL	2.45%	0	3.01%	0	4.86%	13

Source: the official bulletins of the central election commission (www.cik.bg/) with the final results of the elections.

The three results highlighted in red denote the two new parties to enter the parliament as a result of the 14 November elections (PP and Revival) as well as the failure of IMV/INI to gain re-election.

The acronyms of the parties and coalitions are derived from their names in Bulgarian, having the following English translations:

PP – 'We are continuing the change', the newly established party, represented principally by the newly elected prime minister Kiril Petkov and Asen Vasilev, the minister of finance in the new government

GERB – Citizens for European Development of Bulgaria, the centrist party of former prime minister Borissov in coalition with smaller centre-right and nationalistic partners

ITN – 'There is such a people', a new party that has emerged from the popular Slavi Show TV programme

BSP – the Bulgarian Socialist Party, the oldest party with a history of over 130 years

DPS – the Movement for Rights and Freedoms, a mostly ethnic Turkish party with a significant constituency also among Bulgarian Turks living in Turkey

DB – Democratic Bulgaria, a coalition of three centre right parties

IMV/IBNI – 'Stand up! Brutes out!', renamed for the last elections as 'Stand up Bulgaria! We are coming', a loose coalition of newly emerged protest movements and smaller parties

The only exception as to naming is that of Vazrazhdane, the new entry to the parliament, with its English translation as Revival.

These electoral shifts represent the result of the dynamics unleashed by the mass protests of the summer of 2020, mainly in the capital Sofia and including blockades of major avenues and roads, with insistent calls for the immediate resignation of Borissov and his government, the summary dismissal of the chief prosecutor Ivan Geshev, plus the adoption of a new constitution (the existing one having been adopted back in 1990 and thus seen by most of those protesting as the major barrier to long overdue modernisation). At, which downgraded the role of parliament and provocatively refused any accountability for notorious instances of gross misdemeanours, some of which personally involved the prime minister.

> The root of the protests was the increasingly mounting discontent and disgust with the corrupt and quasi-authoritarian exercise of power by GERB

Two separate incidents in July 2020 provided the spark igniting the outburst of mass action. One incident was the authorities' physical prevention of the leader of DB from personally accessing, as an act of defiance, an illegally closed off strip of Black Sea beach forming part of the sumptuous summer residence of the honorary chairman of the DPS. The other incident was the intrusion into the seat of the Presidency in the centre of Sofia by armed members of a witness protection unit within the chief prosecutor's office, under the pretext of seeking evidence for breaches of the law by an adviser to the president. Both of these acts were seen as the last straws in the collapsing public trust in both government and the judiciary in general.

The ensuing mass action took the form of daily demonstrations throughout July and August 2020, plus open-air evening rallies in front of the Presidency with a wide variety of speakers addressing those attending. The protests came to involve a broad spectrum of participants, with the tone set mainly by young people without previous involvement in organised political action. Among them, there was a significant number of students and young academics, who were back home for the summer holiday from their respective places of study or academic careers throughout Europe and beyond, and who added a particular note of resolute rejection of the entrenched brutish practices by those in power in their home country.

Reflecting the degree of involvement and the reactions to these protests, the DB, ITN and INI/IBNI came to be considered as *parties of the protest, or protest parties* and thus *non-systemic parties*, while GERB and the DPS were classified as *parties of the status quo, or systemic parties*. The BSP was seen as occupying a somewhat ambiguous position, on the one hand having been in opposition to GERB over the years, yet on the other hand failing to leave the parliament at the time of the protests and thus not providing a final push for the government to resign.

The main issues debated in the course of the series of elections during the three successive campaigns of 2021 therefore very much reflected the demands voiced in the course of the previous year's protests

The main issues debated in the course of the series of elections during the three successive campaigns of 2021 therefore very much reflected the demands voiced in the course of the previous year's protests. A leading issue came to be the urgent need for reform of the judiciary, and in particular the removal of the chief prosecutor, plus constitutional changes to ensure proper accountability of the prosecutor's office. Another issue was the need to expose and punish cases and practices of drastic corruption and of inadmissible misuse of power by those in government – for example, favouring preferred companies for public contracts, coupled with administrative pressure on those declining to submit to the demands of those in power.

Yet another issue to be debated continuously was the severe lack of freedom of the press and the pervasive influence of oligarchic circles over the various media outlets. A particular case in point was that of a leading figure in the DPS, Delyan Peevsky, who was seen as

controlling vast business interests and either owning or controlling a media conglomerate including the leading tabloid editions. A notorious development in this regard was his naming by the US Treasury as falling under the Magnitsky sanctions for illegal activities, together with another person considered to be among the few wealthiest in the country.

Renewed hope and expectations

The extraordinary shifts in electoral support, together with the formation of a government of such diametrically diverse parties, were seen by many as an indication and promise of no less than a clear break with years and indeed decades of corrupt government and a self-serving political class, inspired by the mass protests of the previous summer of 2020. The youthful vigour of the new Prime Minister Petkov and the new faces of the representatives of the PP have introduced a new note of optimism and hope that it is actually possible for things to really start changing for the better – that it might actually be possible to make a decisive break with the past three decades of painful disappointments including evermore drastic social inequalities, broadly dysfunctional government, and rank embezzlement of public funds.

The extraordinary shifts in electoral support, together with the formation of a government of such diametrically diverse parties, were seen by many as an indication and promise of a clear break with years of corrupt government

Such expectations are nevertheless coupled with apprehension about yet another round of disappointments. So how can it be determined whether Bulgaria is truly on the verge of a new beginning that offers the possibility to revive parliamentary governance and responsible government and thus to regain broad public support for a new agenda of deep reforms, transforming the country into a European member state success story? Or are Bulgarians instead facing a future of largely the same as before?

Furthermore, could the latest truly astounding developments in Bulgaria also be seen in a broader context, as an ongoing case in point for long-overdue change not only in Central-East European member states, but also throughout Europe and beyond?

Embarking on the examination of these pivotal questions, it is necessary to consider the role of President Rumen Radev as an important factor for driving change forward – despite the fact that under the Constitution, the president, though elected by popular vote, possesses mostly consultative and representative functions. In the course of the summer of 2020, the president had openly sided with the mass protests against Borissov and GERB, and was therefore sharply attacked by GERB for allegedly breaching his constitutional role of symbolising national unity.

A large majority of people nevertheless came to regard Radev as a key unifying figure for all those standing up for change and the end of arbitrary GERB rule. A former air force general and thus far from yet another representative of the standard political class, Radev

had won a first term as president in November 2016 with the massive support of over 2 million votes, amounting to 59.37 per cent of all votes cast. Iliana Yotova, a former Member of the European Parliament, served as his vice-president, having been nominated by the BSP – which had supported their candidacy.

This time around, one of the specific features of the November 2021 elections was that the vote for the parliament was coupled with the new elections for president, which took place in two rounds – the first coinciding with the parliamentary vote of 14 November, and the run-off taking place a week later on 21 November. Radev, again in tandem with Yotova, was re-elected for a second five-year term with an overwhelming majority of 66.72 per cent of the vote against 31.80 per cent for his GERB-supported opponent, the rector of Sofia University Anastas Gerdzhikov.

In the course of 2021, the president was called upon twice to form caretaker cabinets, since the two successive legislatures to emerge after the parliamentary elections of 4 April and 11 July proved to be short-lived, failing to put together government-supporting majorities. The first of these cabinets, made up of independent professionals, gained broad recognition for starting to expose and curb GERB-instituted entrenched corruption practices for the first time after years of scandalous official inaction. Leading roles in this regard were performed by two cabinet members – the ministers of the economy Kiril Petkov and of finance Asen Vasilev.

After the first of the two short-lived parliaments folded in June, Petkov and Vasilev, rather than continuing in the second caretaker executive, undertook to launch a new political party with the message – and name – that 'we are continuing the change' (PP). Building on their backgrounds as Harvard University graduates and successful start-up entrepreneurs, they developed their whole campaign on the proposition that far from being a hopelessly backward country, Bulgaria had great potential – with its successful young achievers, its untapped natural resources, and its decidedly business-friendly taxation regime all being held back only because of a pervasive and embedded network for massively syphoning off public funds and resources in favour of illegitimate private beneficiaries.

The defining policy message of the two co-leaders of the new PP party was to aim for 'left-wing objectives by right-wing means'. This was presented as meaning that better healthcare, education and pensions, for example, are to be achieved without raising taxes but rather through effective tax collection, thus putting an end to corruption and encouraging private investment and entrepreneurship. The leading figures of the new party explained this policy line with the understanding that the various political ideologies and ideas had lost their relevance in modern times and therefore ought to be supplanted by pragmatic policies that do the job. To a public weary with years of empty platform promises by mainstream parties, this message, presented with smiling bonhomie, struck a responsive note.

The defining policy message of the two co-leaders of the new PP party was to aim for 'left-wing objectives by right-wing means'

With the results of the 14 November elections in, it became clear that the three so-called protest parties, namely the PP, ITN and DB, could together come up with no more than 108

members of parliament – that is, 13 short of the 121 required for a simple majority to form a government in the 240-seat parliament. GERB and the DPS were seen as 'toxic' because of their past record in government and thus as totally beyond consideration as possible coalition partners. So was the new entry, Revival, due to its explicitly extreme nationalistic stance. Although down to an unprecedented 26 deputies in parliament, the BSP therefore emerged as the fourth party necessary for assembling the support for a governing coalition of at least 121, in this case amounting to a majority of 134 members of parliament.

Setting out to construct this coalition in the days immediately after 14 November, Petkov and Vasilev initiated an intensive round of consultations with the other three potential partner parties. Their aim was to have a detailed coalition agreement that spelled out concrete commitments to govern jointly for a full four-year term in office. They also wanted this agreement to be ready for signature by the time they were entrusted with a mandate by the president to form a new government as leaders of the largest parliamentary group. The method they chose to achieve such an agreement combined discussions in 18 working groups by policy area. These were held in open online sessions broadcast on social media outlets. There were then leaders' negotiations to finalise the agreement. In the course of the negotiations each party spelled out its particular priorities and red lines not to be crossed.

During these negotiations, the BSP emphasised the need for strong social policies, including raising incomes and pensions, help for young families, and free childcare. In addition, the chairperson of the party, Kornelia Ninova, spelled out two red lines. The first reiterated the unanimous position, adopted by the parliament and broadly supported by the public, not to lift Bulgaria's veto on the start of EU accession negotiations for the Republic of North Macedonia (RNM) before the latter recognised the constitutional rights of ethnic Bulgarian citizens of the RNM and put an end to the hate Bulgaria speech inherited from former Yugoslavia times. The other red line was not to ratify the Istanbul Convention, which was seen as containing the threat of so-called gender ideology and third-sex indoctrination, and which the Constitutional Court of Bulgaria had previously ruled to be in contradiction with the basic law of the country.

The resulting document consists of a principal text plus 18 attachments by policy area and a final attachment containing the legislative agenda agreed upon for the four-year parliamentary term. The main commitments, representing the compromises reached, include the aim for Bulgaria to become a model for successfully tackling corruption; judicial reform that ensures accountability of the chief prosecutor; and green and digital transformation together with innovation as the drivers of economic growth. In the 18th attachment, entitled international relations, the main points regarding foreign policy include reaffirming the geopolitical adherence of Bulgaria to the EU and NATO; promoting regional cooperation and EU enlargement; and entering negotiations for membership to the Organisation for Economic Co-operation and Development.

As to relations with the RNM, the commitment is to maintain the previous unanimously supported position at the national level, but coupled with the intention to constructively develop bilateral business, direct air and land communications, and cultural exchanges. However, a subsequent interview by Petkov, already as Prime Minister, in the *Financial Times*

of 14 December was seen as diluting the refusal to lift Bulgaria's veto on the RNM starting its EU membership negotiations before satisfactory bilateral agreement on the outstanding issues of citizens' rights in the RNM, and before the end of hate speech. This has caused speculation regarding external pressure on the new Bulgarian government to lift the veto by the United States government and European partners.

The joint agreement on the coalition was finalised by means of a round of bilateral signatures between the leaders of the PP and each of the three other parties on the eve of the parliamentary vote to install the new government. The document also spells out the allocation of ministerial portfolios with the understanding that each minister has the freedom to appoint his deputies and senior staff at their own discretion, rather than having each party appoint their own nominees for sub-ministerial positions as a means of achieving balance and coherence between the four parties.

The challenges ahead

The portfolios in the new 21-member cabinet are allocated in proportion to the parliamentary mandates of each of the four parties. Beside the premiership, the PP receives one of five deputy prime minister positions, that of a new function named efficient governance, plus seven more ministerial posts – those of finance, education, growth and innovation, internal affairs, defence, transport, and culture. The BSP is represented by its chairperson, Ninova, as deputy prime minister and minister of the economy and industry, and three more ministers – those of labour and social policy, agriculture, and tourism. An ITN nominee became deputy prime minister and minister of regional development, with three more of his colleagues as ministers of foreign affairs, energy, and sport. The DB meanwhile took the post of deputy prime minister for climate policies and minister of the environment and waters, plus justice, and electronic governance. Health was taken by a non-party affiliated candidate.

The first emergency the new government had to address was the exploding prices of electricity, both for commercial and private customers. The prime minister had vowed that no increase in prices for private consumption would be allowed. However, fulfilling this commitment turned out to require the introduction of a moratorium on price increases for electricity, water and central heating. The measure was passed by the parliament after several mishaps regarding the effective date of its entry into force – but it provoked heated debates about whether such a measure is at all permissible or advisable in a market economy, and about what the consequences would be for the power-generating sector. It also provoked suspicions that the cabinet is actually massively favouring specific businesses that are reaping enormous profits thanks to their particular market positions.

Another immediate challenge remains dealing with the Covid pandemic. In an atmosphere of rampant scepticism regarding vaccination in particular, and anti-Covid measures in general, Prime Minister Petkov announced the introduction of a Green Certificate as his first measure in office. Presentation of the certificate is the necessary requirement for entering the building housing the government. Answering criticism that such a measure does not figure in the coalition agreement, Petkov stated that his intention was to demonstrate

leadership and to implement his decision as a test case as to whether it could be introduced in the other ministries. This remained an open issue at the end of 2021.

Alongside these challenges, another hot issue – that of the stand-off between the cabinet plus the president on one side, and the chief prosecutor on the other – has further been exacerbated. Both the prime minister and the new minister of justice have publicly voiced new calls for Geshev to resign in recognition of the lack of public trust in him personally and in the effectiveness and impartiality of the prosecution system as a whole. However, Geshev shows no sign of any such intention, and is instead trying to strike a more conciliatory tone towards the government, while at the same time starting investigations against prominent cabinet members.

One such investigation is against the prime minister himself, concerning the issue of double citizenship. Ever since becoming part of the first caretaker cabinet as economy minister, Petkov has faced charges of knowingly concealing the fact that he was also a Canadian citizen when signing the required declaration for lack of obstacles to assuming government office – a misdemeanour entailing legal sanctions. Petkov's answer was that prior to taking office he had revoked his Canadian citizenship by means of an explicit declaration before a notary to that effect. Nevertheless, the case was brought before the Constitutional Court, which ruled that in fact Petkov had breached regulations since the procedure for loss of citizenship had not been completed because final confirmation of the fact by Canadian authorities had not been received in due time.

Yet another open challenge has to do with finalising Bulgaria's Plan for recovery and resilience, with the country remaining the last to have its plan accepted for implementation by the European Commission. The unfortunate story of this plan is in itself a case study of government gridlock over the whole of 2021. Initially, by March, the GERB cabinet had a draft ready for submission but refrained from doing so with the argument that a newly elected government should do it. The two caretaker cabinets successively redrew and finally submitted a revised text in September, only for it to be returned by the Commission with two main requirements: one, a clear date for closing a brown coal power generating complex, supplying roughly one fifth of electric power for the country; and the other a requirement for clear steps towards putting in place a fully functioning judiciary, capable of ensuring the proper application of the law.

The overall challenge to the country is to find ways of moving towards national consolidation and a sense of a shared future despite historically inherited deep class and ideological cleavages

Further on, there remains the systemic challenge of starting to overcome the deep and pervasive lack of trust by citizens from all walks of life in the institutions of governance, in political parties and politicians, and in the whole democratic process itself. A particular feature of this overall crisis of trust was the turnout in both the parliamentary and the presidential elections, falling to below 35 per cent for the runoff in the latter. During the three parliamentary polls the minister of the interior in the two caretaker cabinets launched vigorous police actions to curtail allegedly ram-

pant purchasing of votes, principally in favour of GERB and the DPS, mostly among socially deprived or predominantly Muslim communities. Another measure to tackle the problem was the introduction, for the first time, of machine-voting. Yet both measures remain hotly contested by those two parties, now in opposition, as both repressive and undemocratic.

In general, the overall challenge to the country is to find ways of moving towards national consolidation and a sense of a shared future despite historically inherited deep class and ideological cleavages. Meeting this challenge would open the possibility for rapidly rising living standards and a much-improved overall quality of life. This in turn could lead to Bulgaria overcoming its mostly negative image and instead becoming a welcoming home for its millions of citizens who now find their living and future elsewhere in Europe and the world at large.

The progressive take

So where has the left been in the course of all these transformative events gripping the country throughout 2021? Actually, this very question has become one of the principal subjects of discussion not only among left-leaning circles but also in Bulgarian society in general, with the perception of the need for a viable left for a functioning democracy. Understandably, the main subject of consideration has been the state and performance of the BSP.

In the three parliamentary elections of 2021 the BSP suffered a series of major reversals. Support for the party fell by a full 50 per cent – from over 950,000 in the 2017 parliamentary elections to 480,000 in April 2021. The day after 4 April, the leader of the party, Ninova, stated that the decisive reason for this reversal was the fact that the voters had come to regard the BSP as part of the hated *status quo*, rather than the party of much needed change. Yet in the subsequent two elections the party suffered further substantial loss of support, barely clinging to fourth place behind the DPS and just outstripping the ITN in the newly elected parliament.

The leadership of the BSP has tried to couple recognition for the gravity of its loss of support with charges that the 'internal opposition' (used to brand those challenging the course taken by the leadership in the last five years, which could be described as 'pragmatic left conservatism') has played a major part in undermining support for the party. Explanations to do with the negative impact of the pandemic have also been charged with undermining support for the BSP, as has the shift to machine voting given that the supporters of the party are mostly of advanced age. After the 11 November vote, Ninova announced she was resigning as party chairperson, but would remain in office until a sitting of the party congress registered her

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resignation – which, at the time of writing, is due for 22 January 2022. The field has thus become open for alternative candidates for leadership of the party to declare themselves, with one young parliamentarian already having done so.

Within the party leadership there is the expectation that entering the government will lead to restored support for the BSP because the party will be able to promote and implement an ambitious programme of long overdue social policies. However, serious reservations have been voiced as to the advisability of participating in a government of a basically neoliberal approach, with reliance on the market to deliver growth and prosperity, including the vision of Bulgaria as a kind of 'financial hub' thanks to its record-low 10 per cent flat tax rates for both personal and corporate incomes. Those critical of the leadership have put forward the view of the need for the BSP to present a comprehensive alternative for social change, including full trade union rights to organise for full and fair wages, and including democratisation of the workplace, and the provision of basic public services as guaranteed human rights – all elements that are currently missing from the official positions of the party.

At the dawn of 2022, it thus remains to be seen whether change will also take place in the BSP in favour of turning it into a credible force for a progressive alternative to the neoliberal paradigm that is now being repackaged – not only in Bulgaria – by means of certain concessions to ever more urgent social imperatives. This is a question of no small relevance not only for Bulgaria, but also in the broader context of the all-engulfing change overtaking Europe and the world as we enter this new year. May the answer to this question in Bulgaria provide further hope for a progressive future in general, favouring a life of increasing well-being for the many, in enduring peace and global security.

ANIKÓ GREGOR

Does it take a moderate right-winger to defeat Orbán? Hungary's political year in the light of the upcoming elections

After a decade of Viktor Orbán´s undisputed rule over Hungary, the opposition is closer than ever before to challenging his power. This chapter focuses on three main subjects. First, it provides insight into the joint opposition's primary elections. It describes the circumstances in which a moderate right-wing politician, Péter Márki-Zay, finally became the winner of the primary, and hence the challenger to Viktor Orbán in the upcoming elections. Second, it highlights the dilemmas, the open questions, and the potential areas of conflict between the opposition parties. And third, it shows how Fidesz is preparing for the elections in spring 2022. Amidst the Covid-19 pandemic, the party is building an alternative power structure in case of an electoral defeat. It is flirting with the idea of boosting its anti-LGBT campaign, and is claiming to be the great defender of the family. The article concludes that even if the opposition manages to win the upcoming election, the representation of leftist and Social Democratic politics will likely be limited because of both the internal pecking order of the opposition and the voters' preference for liberal and moderate right-wing politics.

Setting the scene

Hungary's politics has been dominated for over a decade by the figure of Prime Minister Viktor Orbán. He has continued to dominate the political right since the mid-1990s as an unquestioned leader, and he is now serving his fourth term as premier. The fractured opposition has been unable to bring him down in three parliamentary elections. Orbán's politics is neither an exception to, nor a misfunction of, the so-called young democracies. Instead, his politics fits into the global trend of the nationalist and populist right that is becoming mainstream. Fellow right-wing populists – like Trump, Bolsonaro, Salvini, Le Pen,

Netanyahu, Putin, Erdogan, Modi and Vučić – provide Orbán with not just a legitimisation for his politics, but also an excellent supply for building international coalitions and alliances for the future. In March 2021, after a long period of conflict, Orbán's party, Fidesz, left the European People's Party. While Orbán has long been strengthening his strategic alliance both within the Visegrad Group and with countries in the Western Balkan region in order to be a geopolitical counterweight in the EU, he has never lost sight of possible partners in western and southern Europe. Orbán is now attempting to forge an alternative alliance and a new group in the European Parliament with politicians such as Matteo Salvini, Giorgia Meloni, Marine Le Pen and Santiago Abascal.

In 2022, parliamentary elections will be held in Hungary. According to the polls, the opposition has never been as close to defeating Orbán as it is now. Indeed, despite having no clear leader, the opposition is now neck and neck with Orbán's Fidesz and its coalition partner, the Christian Democrats. This is more than the opposition has ever achieved in the last 10-12 years.

Hungary's opposition politicians usually name two main factors that impede their success in elections. First, the dominance of media close to the government, especially the government's complete control over local newspapers in rural areas. Second, the changes that Fidesz has introduced to the parliamentary election system. Indeed, the party has reshaped the electoral map, changed the election law so that it no longer requires a two-round election but just one-round, and introduced a first-past-the-post voting system. This makes a united opposition list necessary, given that no opposition party has been able to challenge Fidesz on its own. The existing opposition parties, however, are markedly different from each other ideologically, historically, and economically, as well as in their approach to politics in recent decades. Until recently, their differences had made it very difficult for them to cooperate, and various parties had attempted to challenge Fidesz on their own, but with no success.

In 2021, however, the situation changed. A rainbow coalition of parties – from the former extreme right over liberals, to Greens and Socialists – held a common primary to select the candidate to become prime minister, and it united opposition candidates in the individual election districts.

A joint opposition primary is an unprecedented political innovation in Hungary at the national level

But it was not only the constraints in the electoral system that incited the opposition to unite. A significant group of opposition voters increasingly pushed the parties to overcome their conflicts and ideological divisions and to unite to take the power from Orbán. The opposition parties thus seized the opportunity of a political experiment, hoping to mobilise even beyond their parties, and to shake up and revitalise democratic participation in public affairs. A joint opposition primary is an unprecedented political innovation in Hungary at the national level and the civic coalition organising this primary enjoyed the support of thousands of volunteers across the country to run the polling stations, help in online voting, and count ballots.

Political innovation: the opposition primaries

The challengers: who are the strong(wo)men of the opposition?

The first round of the primary was contested by five candidates. Initially Gergely Karácsony, the Green mayor of Budapest and co-chair of the tiny green 'Dialogue for Hungary' party, had been leading the polls with the support of another small green party, and the equally small Socialist Party.

For Karácsony, the primary was not the first time he attempted to challenge Orbán. In the 2018 elections, Karácsony was the joint prime minister candidate of the Socialist Party and the 'Dialogue for Hungary' party. With barely 12 per cent, his green-socialist party coalition only came third, but a year later, in the most significant victory so far for the opposition in Orbán's era, he managed to oust the Fidesz mayor of Budapest.

A second strong contender was Klára Dobrev, from the social-liberal 'Democratic Coalition' party, which is currently the most popular opposition party with around 18 per cent in polls. Dobrev, an MEP, is widely acclaimed as having international experience, in business and public service. However, in the public perception, her competencies are overshadowed by the fact that she is married to her party's chairman, Ferenc Gyurcsány, who, as prime minister (2004-09), had navigated Hungary into an economically weak and painful position that was worsened by the economic crisis in 2008. Only an IMF loan of 20 per cent of Hungary's GDP was able to avert the total economic collapse. He is also remembered for his infamous 'lie speech', a bizarre rant full of swear words, given in front of his parliamentarians. In this speech, he stated that he had "lied day and night" and did not have the faintest idea how to govern the country. When the media leaked the speech and aired it in 2006, angry crowds stormed the streets and protested in front of the parliament for months.

A third candidate was Péter Jakab, the head of Jobbik (around 10 per cent in polls), a former extreme right-wing party that has moved close enough to the centre in the last few years to be accepted as part of the joint opposition. Jakab is known for his daring and jousting political style, often pointing the finger and accosting Prime Minister Orbán in head-to-head clashes.

A fourth contender was András Fekete-Győr, the young leader of the liberal Momentum party (around 7 per cent in polls), whose voters are mostly young and from the capital, Budapest. Fekete-Győr was one of the leaders of the party's 'NOlympics' campaign in early 2017 – a campaign that successfully made Fidesz withdraw Budapest's bid to host the 2024 Olympic games.

Finally, the fifth contender was Péter Márki-Zay, the mayor of Hódmezővásárhely, with a background as an economist and marketing expert. Márki-Zay is an independent centre-right politician with a culturally conservative and a pro-market programme. His most remarkable feat was ousting the Fidesz candidate in the local elections in 2019 in

> The extra-parliamentary 'Everyone's Hungary' movement aims to go beyond the country's political division between the left and right, and targets those who are disappointed with party politics and the political elite

his native Hódmezővásárhely, a middle-sized town, and one of the bases of Fidesz, in the south of the country. He was the only candidate without party endorsement, his political base being the extra-parliamentary 'Everyone's Hungary' movement, which has a few thousand members and was funded in 2018. The movement aims to go beyond the country's political division between the left and right, and targets those who are disappointed with party politics and the political elite. Márki-Zay positioned himself as being in opposition to all other candidates, who, in his view, represented the failed political elite of the last decades. In his campaign, he focussed on the fight against corruption. This resonated not just with the last 12 years and the nepotism of Fidesz, but also with the pre-2010 era, in which many politicians of the current opposition were involved in scandalous corruption cases.

First-round surprise: victory for Klára Dobrev

The first round of the opposition primaries brought a surprising result. Karácsony, who had initially been leading in the polls, only came second, with 27 per cent of the vote. With hardly any presence outside Budapest, he had led a lacklustre campaign, and later admitted that he had not been very interested in the candidacy.

The winner of the first round was Klára Dobrev, with 35 per cent of the vote. The result was partly due to her charismatic style, diligent campaigning across the country, and the remarkable mobilisation of the party's supporters. However, the result was also partly because the party of the former prime minister Ferenc Gyurcsány is still the strongest and most cohesive opposition party in Hungary, with the most dedicated voter base.

The third position was surprising too. Initially, hardly anyone had expected Márki-Zay to make it into the second round, where three candidates would confront each other. Even without the support of any party, he received 20 per cent of the vote.

In the individual constituencies, candidates who had been tainted by corruption, or who had been in politics for decades, were generally voted out. Voters instead tended to opt for fresh faces, now that they were being given the opportunity to choose for the first time. A key battleground was the Budapest district of Zugló, where a long-time Socialist Party candidate tainted by a series of corruption scandals was forced to bow to public pressure and pull out of the race.

Second-round surprise: centre-right candidate for a liberal-progressive opposition

Like the first-round, the second round of the primary also resulted in a very big surprise. In the brief period between the two rounds, the opposition divided into two groups. One coalesced around Dobrev and the Democratic Coalition party. The other group was headed by Karácsony and Márki-Zay, who held the second and third places respectively. After several days of hesitating, Karácsony stepped down, in favour of Márki-Zay. His reasons were twofold. He initially justified his decision by giving the prognosis that he would not be able to defeat Dobrev, but that Dobrev would not be able to defeat Orbán. However, he believed that if he himself stepped down and supported Márki-Zay, the centre-right candidate would first be able to defeat Dobrev and then, with the support of the opposition, would be able

to defeat Orbán. A few days later, Karácsony then revealed his more personal reasons for stepping down, saying that he had lost his interest in campaigning, he was bored during the candidate debate, and that he had never really had any great ambition in the race. His stepping down was surprising as Karácsony had received almost one and a half times more votes in the first round than Márki-Zay. It also greatly disappointed the left-wing and green voters who had hoped Karácsony could challenge Viktor Orbán's neoliberal economic policies and right-wing ideologies with clear green and Social Democratic values. But with Karácsony's endorsement, it was Márki-Zay who became Dobrev's challenger.

As a consequence, the campaign for the second round of the primary was framed as a contest between 'forces of the past' and 'forces of the future'. The Márki-Zay camp branded itself as the 'coalition of the clean', implying that their rivals were tainted by a corrupt past. In the second round, Márki-Zay was supported by relatively fresh political forces, including not only Karácsony and the two green parties but also the liberal Momentum party and the Socialist Party. Jakab's Jobbik party chose not to endorse any of the candidates.

In the end, Márki-Zay won the second round with a convincing 57 per cent against Dobrev's 43 per cent. Both sides were able to mobilise extra voters in absolute terms compared to the first round, but Márki-Zay more so. The narrative of a break with the past united voters of very different political persuasions vis-à-vis the pro-Dobrev and Gyurcsány camp.

Several on-site media reports about the primary campaign programmes, and then subsequent studies on the same, confirmed that Márki-Zay had managed to address new or disappointed voters, many of them young, highly educated people.[1] In his campaign, Márki-Zay relied strongly on social media and he was very present on different online video channels. He gave several interviews to popular YouTubers to reach out to young voters, as well as to voters who were hesitant or apathetic.

Given that the primaries were being held for the very first time in Hungary and that it was an unknown format even for the voters, the turnout was promising. Altogether more than 650,000 votes were cast in the second round. Nevertheless, it remains to be seen if this represents a large enough base, as around 3 million votes will be needed to defeat Fidesz in the spring 2022 national election.

Where does this leave the opposition?

Not in a comfortable place.

The victory of Péter Márki-Zay is rather astonishing against the background of a dominantly liberal and progressive opposition. Márki-Zay is a culturally conservative politician, a Christian-conservative with seven children, who emphasises national, religious and family values. Economically, he is neoliberal. He is also vehemently opposed to a progressive tax system, which opposition parties have agreed upon without exception. Márki-Zay often makes market-fundamentalist references, based on his experience of living and working in

1 Farkas, E. and Mikecz, D. (2021) 'Fővárosi, Személyesen Szavazó Előválasztók Szociológiai, Politikai Háttere', PTIblog, 29 October (https://politikatudomany.tk.hu/blog/2021/10/elovalasztas-felmeres).

The victory of Péter Márki-Zay is rather astonishing against the background of a dominantly liberal and progressive opposition

the United States for several years. Regarding social policies, he is personally opposed to abortion and uses a paternalistic tone towards Roma people. But he also emphasises his distance from autocratic, nepotist and unfair political measures, which gives him a relatively progressive character in the conservative political spectrum.

In short, Márki-Zay successfully personifies a human-faced, credible, right-wing conservative politician – especially compared to Orbán and the ruling Fidesz elite. Márki-Zay also maintains a strong focus on fighting corruption – a key problem in Hungary, where state capture by Fidesz has allowed Viktor Orbán's childhood friend to rise from a bankrupt gas repairer to the nation's richest entrepreneur in the last 12 years. Indeed, it speaks volumes about the state of the Hungarian opposition that it has been unable to field a candidate with generally accepted anti-corruption credentials, and that it has to rely on a right-wing politician for some credibility in this respect.

Another issue is the ability of such a conflictual opposition coalition to actually function. Indeed, these political parties have mutually exclusive economic agendas and different views on cultural values, which makes it questionable whether any future coalition they might form would be viable. In addition, the participating politicians harbour deep-seated antipathies towards each other – and their voters are even more irritated. Gyurcsány continually leads the polls as the most reviled politician. Jobbik and its supporters meanwhile protested the most persistently and vehemently against Gyurcsány after his 'lie speech' that was leaked in 2006. Indeed, being anti-Gyurcsány has been an identity marker for Jobbik until the last few years.

In the primaries, the common ground between the candidates was to oust Orbán at any cost. It was much less discussed how the opposition intends to rebuild democratic institutions, restore the rule of law, correct the system of checks and balances, and more importantly, what their political and social vision of the post-Orbán era is

In addition, the Social Democratic voters for their part also bear Gyurcsány a grudge for introducing severe neoliberal austerity measures at the peak of the economic crisis while theoretically leading a socialist-liberal government. Since then, 'the left' has been associated strongly with 'austerity'. Two years after Gyurcsány's resignation as prime minister in 2009, he and other former members of the Socialist Party funded the Democratic Coalition – since when prominent figures have left the Socialist Party to join him and his party. Many are irritated by the presence of Gyurcsány, who represents the old unsuccessful times of before 2010. Indeed, Márki-Zay pointed out several times in his campaign that the opposition needs a renewal, and needs to replace the old discredited oppositional figures and political forces with new and credible politicians. Márki-Zay's victory in the

primaries therefore gave many of his supporters the impression of having successfully implemented the strategy of 'a change of opposition before a change of government' next year.

Sadly, this reading of events – that the opposition has been replaced and renewed – is naïve. Márki-Zay will now have to strike a deal with Gyurcsány and other members of the current opposition elite for a joint party list of candidates. While Márki-Zay has no party backing him, Gyurcsány leads the strongest opposition party by far. It is only a matter of time before Márki-Zay must therefore make compromises with him to assure a future majority in parliament. After that, Márki-Zay will be an easy target for accusations of being Gyurcsány's puppet.

At present, it is also unclear what the joint opposition election programme would offer the voters as an alternative to Orbán's regime. In the primaries, the common ground between the candidates was to oust Orbán at any cost. It was much less discussed how the opposition intends to rebuild democratic institutions, restore the rule of law, correct the system of checks and balances, and more importantly, what their political and social vision of the post-Orbán era is.

Meanwhile, in the backyard of Fidesz: defamation, buying off the votes, double structure, dog-whistle politics, and the family above all

Márki-Zay's victory has surprised Fidesz, as the party was counting on either Dobrev or Karácsony to run against Orbán. The first signs of a smear campaign against Klára Dobrev date back to 2018 when she became an active politician in the Democratic Coalition and led her parties' European Parliament slate. The press close to the government started to refer to her as 'Ms. Gyurcsány', consistently disdaining her and emphasising her close ties to Gyurcsány and his disastrous pre-2010 politics.

This tactic of portraying every opposition figure as 'Gyurcsány's puppet' is one of the basic strategies of Fidesz. Shortly after Márki-Zay's victory, Fidesz started running massive advertising campaigns on billboards across the country, as well as on Facebook and YouTube, attempting to smear Márki-Zay with his alleged proximity to Gyurcsány. The advertisement, entitled 'The Gyurcsány Show', features Gyurcsány standing closely behind Márki-Zay. Tellingly, the government party spent about seven times as much on advertisements like this during the primaries as the opposition candidates have spent altogether.

Fidesz is clearly attempting to buy the votes of young people, pensioners, and parents of small children

Besides its defamation of the opposition, Fidesz is clearly attempting to buy the votes of young people, pensioners, and parents of small children. In January 2021, the government announced that young people under 25 would be permanently exempted from per-

sonal taxation from January 2022. Additionally, the government decided to ensure massive personal tax reimbursements for voters with children in February 2022, just two months before the elections. This effectively reinstates (most likely temporarily) a progressive two-rate personal income tax despite, for the last decade, Orbán having always personally and vehemently defended the flat-rate tax that he introduced in 2011. There is also a pension-hike in the package and ongoing generous housing support for families with children or for young couples planning to have children. Moreover, while the world market price for electricity, gas and petrol has skyrocketed in the last few years, Hungarian households do not see these trends in their home utility bills because the government controls these prices and uses them to show it takes care of the basic necessities of families. At the same time, while Hungary's 27 per cent VAT rate is one of the highest in the world, corporate tax is only 9 per cent, making Hungary one of Europe's tax havens.

The structure of the budget, based around a clear attempt to buy votes, fits Orbán's long-time neoliberal agenda perfectly in other words, his agenda to replace welfare with workfare[2] and consequently to favour the wealthy. Having a registered employment status is indeed a prerequisite for being eligible for most of the announced measures. The family taxation system and other tax reduction elements, many of which have been in practice since 2010, clearly favour the upper middle class. What is more, a study revealed that nearly three quarters of the total tax reduction between 2010 and 2013 boosted the wealth of the highest two deciles.[3] Alongside this, the few universal benefits that exist and the minimum pension have not increased since 2008, having thus lost more than 40 per cent of their value. A constant and significant increase in the minimum wage has somewhat reduced the national poverty rates, but compared to the European average, Hungary has one of the highest poverty levels,[4] social inequalities have slightly increased,[5] and those who are unable to work are increasingly less supported by the shrinking welfare system.

Fidesz still considers family policies and the rhetoric of defending the family to be the wonder weapon in his campaign

It is also evident that Fidesz still considers family policies and the rhetoric of defending the family to be the wonder weapon in his campaign. His measures in this area resonate with the public, for several reasons.

2 Lakner, Z. and Tausz, K. (2016) 'From a Welfare to a Workfare State: Hungary' in by K. Schubert, P. de Villota and J. Kuhlmann (eds) *Challenges to European Welfare Systems*, Cham, Switzerland: Springer International Publishing, pp. 325-50 (https://doi.org/10.1007/978-3-319-07680-5_15).

3 Tóth, G. C. and Virovácz, P. (2013) 'Nyertesek és vesztesek' in *Pénzügyi Szemle/Public Finance Quarterly*, 58 (4), pp. 385-400.

4 Gábos, A., Tomka, Z. and Tóth, I. G. (2021) 'Társadalmi Indikátorok: Szegénység, Kirekesztettség, Társadalmi Kohézió' presented at the Konferencia a Nemzeti Fenntartható Fejlődési Keretstratégia negyedik előrehaladási jelentéséhez készült kutatásokról, Budapest, 11 October (www.tarki.hu/sites/default/files/2021-10/Szegenyseg_kirekesztettseg_tarskohezio_TIGY_prez.pdf).

5 Eurofound (2021) *Wealth Distribution and Social Mobility*, Luxembourg: Publications Office of the European Union (www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef20034en.pdf).

First, the shock therapy of the 1990s fuelled an extraordinarily social and economic disintegration that was further aggravated by the financial crisis in 2008-09.[6] The permanent cuts in welfare spending and the increasing dysfunctionality of Hungary's institutions heightened the importance of family networks to provide material, financial and emotional resources to be able to survive, especially in times of permanent crisis. Family networks thus became important to reduce social inequalities (healthcare, education, social protection).

Nowadays, Hungary is one of the most socially immobile countries in the EU,[7] where the status of the family practically determines people's future possibilities, and where the usual mobility channels are largely closed.

Second, as part of its austerity packages, the former socialist-liberal government froze or drastically cut the amount of family allowance and paid parental leave. After winning power in 2010, it was among Orbán's first decisions to restore and expand the paid parental (maternal) leave system and to introduce family taxation.

Under Orbán today, support to families even justifies anti-immigration slogans, as the government claims that Hungary ensures its reproduction by increasing fertility through a solid financial backing of Hungarian families instead of accepting refugees or migrants into the country.

The importance and success of its family policies have become the cornerstone of the government's rhetoric. In the last few years, the family support system and fertility policies have become one of Hungary's most symbolic political products. Even Márki-Zay has claimed he intends to keep most of the elements of the current family policy system. He has nevertheless not mentioned that the current system favours the wealthy, wage work-intensive, heteronormative (and non-Roma) nuclear families.

In the last few years, the family support system and fertility policies have become one of Hungary's most symbolic political products

It is not a surprise that in the last couple of years Orbán, Fidesz and the Christian Democrats have discovered the mobilising potential of anti-gender, or more precisely, of anti-LGBT rhetoric. Fidesz repeatedly warns Hungarian families of the alleged 'LGBT-lobby from Brussels' and claims that Hungarian children are endangered by 'forced sex transitions' and 'sexualisation through sex education'. Orbán stands firmly behind the law he introduced in June 2021 that implicitly equates homosexuals with paedophiles. A few weeks after passing this 'Child Protection Act,' Orbán then announced his plans for an upcoming national referendum to make the already introduced law even more severe.

With a change in the electoral law in October 2021, Fidesz has now made it possible to hold parliamentary elections and a referendum on the same day. This opens the gates to using the anti-LGBT topic to mobilise voters in the parliamentary election too. The opposition

6 Scheiring, G. (2021) *The Retreat of Liberal Democracy: Authoritarian Capitalism and the Accumulative State in Hungary*, Cham, Switzerland: Palgrave Macmillan.

7 Eurofound (2017) *Social Mobility in the EU*, Luxembourg: Publications Office of the European Union. (www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1664en.pdf).

either dismisses this topic as a red herring that distracts public attention from serious political scandals and corruption cases, or it reacts according to its own ideology. The formerly far-right Jobbik thus strongly opposes any emancipation of sexual and gender minorities, while other opposition parties set up a progressive, inclusive, and emancipative tone. Márki-Zay is an outlier in this regard as he has picked up on rumours and allegations about the alleged homosexuality of Orbán's son and some prominent Fidesz politicians, and keeps alluding to their sexual orientation to highlight the hypocritical nature of Fidesz politics. Although Márki-Zay is criticised by most opposition parties and some of his voters for this, he continues to exploit the homophobic attitudes of approximately half of Hungarian citizens for his own purposes.[8]

In the last couple of years, Fidesz has moved with full speed to build a double power structure, which is aimed at ensuring that the party keeps its powerful positions in institutions, should it lose the parliamentary elections

Alongside all these strategies, Orbán and Fidesz nevertheless still use a belt and braces approach. In the last couple of years, Fidesz has therefore moved with full speed to build a double power structure, which is aimed at ensuring that the party keeps its powerful positions in institutions, should it lose the parliamentary elections. One of the most recent examples has been the restructuring of the extremely underfinanced higher education landscape. Over the last two years, most of the formerly state-funded public universities have started to be governed and controlled by private foundations and management boards of trustees, most of whom are current ministers, state secretaries, and other party cadres.[9] Furthermore, until the recent elections, and with its two-third majority in the parliament, Fidesz has renewed appointments at the top of powerful political institutions, like the State Audit Office and the National Media Authority, as well as renewing the posts of the Attorney General and the President of the Republic in order to ensure its continuity and power, even if the party loses the elections.

As a result of these changes, even if the opposition wins the elections, they will find Fidesz-loyalists at the top of the most important political institutions. Given the instability of the opposition coalition, it is hard to imagine how the opposition will govern the country.

Takeaways

Politically, 2021 was surprising and turbulent in Hungary, and there is no doubt that the upcoming months will bring a nasty campaign. Even if the opposition manages to take the power from Orbán and Fidesz, many questions remain open.

8 European Commission (2019) *Discrimination in the European Union*, Special Eurobarometer 493, Luxembourg: Publications Office of the European Union (https://europa.eu/eurobarometer/api/deliverable/download/file?deliverableId=71115).

9 Inotai, E. (2021) 'Fidesz Makes Hungary's Universities an Offer They Can't Refuse', Balkan Insight (blog), 23 February (https://balkaninsight.com/2021/02/23/fidesz-makes-hungarys-universities-an-offer-they-cant-refuse/).

First, with a relative majority of the liberal Democratic Coalition inside the united opposition, and with a neoliberal Christian conservative as prime minister, it is unclear how much room there will be for green, social democratic, socially and structurally transformative politics to ensure fair redistribution and to attempt a fast repair of the systems of social protection (including education, public healthcare and social services).

Second, Fidesz is doing everything to preserve its political and economic position, should it lose the election. This requires extra preparation from the opposition in order to be able to restore institutions that guarantee the rule of law.

Third, while the opposition parties can find more common ground in symbolic or cultural issues, serious tensions could arise between them on social or economic policies, including the reconstruction of the redistribution systems. The internal division of the opposition could easily lead to a situation where questions of redistribution are sacrificed in order to avoid conflict, but this would result in untenable political compromises.

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Fourth, Márki-Zay's self-identification as the inside opponent of the opposition is an ephemeral position because the more time he spends as part of the unified opposition, the more difficult it becomes for him to uphold this position. He is just as dependent on the current opposition as the opposition parties are dependent on his mobilising potential among hesitant or disappointed voters. While Fidesz can bring 2.5-3 million supporters to the ballots at any time, especially if it combines the parliamentary election with the anti-LGBT referendum, the opposition cannot win without convincing hundreds of thousands of formerly inactive voters. For this, it must address the social problems of this forgotten group of voters.

Fifth, the opposition must consequently map, address and firmly represent social problems that have been under-discussed or forgotten in the last decade.

Sixth, Márki-Zay does not shy away from striking a populist chord. His paternalistic tone regarding the Roma citizens, or his allegations of the homosexuality of Orbán's son and of some prominent Fidesz members, are alarming. Márki-Zay and his team claim that Fidesz must be beaten at its own game. However, while this tone might resonate with many people's frustration, anger and disappointment, it strengthens the populist sentiment further. There is no sign of considering the long-term effect of such communication.

But even if the opposition find solutions to these issues, it remains to be seen if voters will consider the opposition credible when it is dominated by faces that are already well-known.

GLOBAL FOCUS

MACIEJ RAŚ

In the shadow of the Kremlin: Russia-generated political threats to eastern and central European states, and to the interests of the West in Europe

The Russian Federation remains a challenge for the West in the context of transforming the international order. The contradictory international interests of Russia and the West have 'infected' their cooperation with each other, especially since the outbreak of the crisis over Ukraine in 2014. The expanding West has faced increasing counteraction from Russia. In particular, the Kremlin is strongly opposed to the growing Western influence in the post-Soviet space. Russia therefore generates various threats to the West as well as to the eastern European countries that strive to build closer relations with the EU and NATO. Among these threats, the most dangerous from the point of view of Western community seem to be Russia's influence on the political decision-making processes taking place in the central and eastern European states, and Russia's working to break up the coherence of the West. Unfortunately, this situation will not change significantly in the foreseeable future.

Main trends in the European order that is emerging under Russia's influence

The European order has been undergoing a transformation since the end of the cold war. In the 1990s, as well as in the 2000s, this order was reported as 'in statu nascendi'. The process is still ongoing in the third decade of this century.

To a large extent, the European order has been shaped by relations between the Russian Federation and the West – their cooperation but also competition and even rivalry. Indeed,

competition and rivalry gained in significance in the 21st century as the Western institutions, the European Union (EU) and North Atlantic Treaty Organization (NATO), have enlarged and deepened their engagement in the post-Soviet area. The contradictory interests of Russia and the West have 'infected' their cooperation with each other. The expanding West has thus faced increasing discontent and counteraction from Russia. Even if the Kremlin agreed (or was obliged to agree due to its difficult political situation, depending on the point of view) on the EU- and NATO-accession of its former central European vassals, including the post-Soviet Baltic republics, Russia is strongly opposed to the growing Western influence in the 'common neighbourhood' area. Indeed, this is the factor that has had the greatest impact on the deterioration of relations between the West and Russia, as well as on the Kremlin's policy towards the newly independent states. It is also the factor that has had the greatest impact on the Kremlin's increasing authoritarianism at domestic level in Russia. In short, in the 21st century Russia's narratives of 'Western expansionism' have clashed with the West's narratives of 'Russian imperialism'.

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Some of the Russian processes and tendencies that influence the European order and threaten the interests of the West, and in particular the security of eastern and central European countries, are set out below.

1) The Russian Federation tries to maintain or increase its influence on the political decision-making processes taking place in the central and eastern European states, and thus to influence the sovereign functioning of their national political institutions. Actions of this kind are perceived by these states as a threat to their national security. This is especially the case for those countries and political groups that are Western-oriented and that aim to implement and strengthen a development model based on liberal democracy, human rights protection, and a free-market economy.
2) Russia aims to obtain a relatively permanent, temporary, or incidental possibility of influencing directly state institutions participating in the political decision-making processes in the field of foreign policy, security policy, and foreign economic policy. Russia in particular seeks indirect influence on the views and positions of selected social groups and individuals (eg, politicians and their advisers, experts, and influencers).
3) Some of Russia's main goals for this policy of direct and indirect influence are:
   - to undermine the cohesion of the West, including by strengthening the divisions between the 'old' and 'new' members of NATO and the EU; reducing the United States' engagement in Europe; and limiting the influence of Western states and institutions in the post-Soviet space;
   - to subjugate the eastern European countries, including by attracting them to participate in the 'Eurasian' integration institutions – the Eurasian Economic Union (EAEU) and the Collective Security Treaty Organisation (CSTO) – instead of the European and transatlantic ones.

4) The Kremlin diversifies its goals and methods of political influence depending on its addressee, which can even be individual social groups within an individual country. Russia's political action towards the post-Soviet states is generally much more extensive than its political action towards central European and Balkan states, especially those that are NATO and EU members.

The Kremlin diversifies its goals and methods of political influence depending on its addressee

5) Russia aims to influence the policy of other European states using a whole range of instruments of a political, diplomatic, military, intelligence, economic (especially energy), information-psychological, socio-cultural, and even ideological or confessional nature.

Most central and eastern European countries are 'sensitive' to the political influence of the Russian Federation. This is due to their historical experience: they were under the influence of Russia/the USSR in the past, and sometimes were part of them (such as the non-Russian republics of the former USSR or most of the Polish lands during the partition period). The post-Soviet eastern European states and the EU and NATO members located on the 'eastern flank' of these organisations are particularly suspicious of Russian policy.[1] This sensitivity has increased significantly as a result of Russia's actions in 2014 and the outbreak of the conflict over Ukraine.

New era in the Russia-West relations

From 2000 to 2014 Russia's relations with the West, and with certain EU member states, developed relatively well. However, these contacts were mainly limited to the economy or cross-border cooperation. The West, especially the EU, accepted such a state of affairs, assuming that economic cooperation with Russia ('doing business as usual') was a significant advantage in conditions of poor political contact. Indeed, the EU enjoyed economic growth in Russia, and higher profits obtained on the Russian market. Furthermore, some European elites believed it was possible to achieve two goals in parallel: 'anchoring' Russia within Europe, and building a lasting and independent relationship with other post-Soviet states. Accordingly, a central place was given to special relations with Russia, as the country was perceived to be an essential component of European security, a key external supplier of primary energy resources, and an important export market. Russia hoped that with such economic benefits the EU elites could accept Russia's systemic difference, and could, at least partially, 'understand' Russia's interests in the post-Soviet space. However, the two sides came to be increasingly divided by the Russian Federation's economic recovery at the beginning of this century, coupled with its growing confidence, assertiveness and suspicion of its Western counterparts, and the West's attempts meanwhile to promote its own norms and interests eastwards, as well as by a growing values

1 This is also the case for Finland and Sweden.

gap. Indeed, since 2014 a transition to open confrontation has essentially taken place between the two sides.[2]

We are currently dealing with an open and long-term conflict between Russia and the West, described by some as a 'new cold war'

We are therefore currently dealing with an open and long-term conflict between Russia and the West, described by some as a 'new cold war'. It is better to make this clear than to pretend it is not the case. It seems particularly dangerous (especially for the cohesion of the West) that some politicians and experts point to 'peripheral' sources of contradiction (occurring outside the West, for example in Ukraine) which they say are stoked by the Russophobia of 'certain EU member states' or 'driven' by the US. This is not a conflict similar to the disputes and tensions in relations between Russia and the West in the 2000s, when Russia occasionally opposed the actions of the West and was able to express its own interests strongly (eg, in the case of the EU's neighbourhood policy). Sharp tensions arose and sanctions were even imposed but Russia recognised the West as an important and necessary – although not always 'convenient' – partner if only because of the Russian Federation's need for development and the possibility of pursuing the personal interests of the Kremlin elite. This could be applied primarily to the Russia-EU relations.

The Kremlin has decided to confront the West both under the influence of internal factors and external factors

The current conflict between Russia and the West is systemic in nature. The Kremlin has decided to confront the West both under the influence of internal factors (the weakening legitimacy of Russia's political regime and growing socio-economic challenges) and external factors (the West's tenacity and relative internal cohesion; Russia's inability to reach a 'compromise' with the West on conditions favourable to the Kremlin that Russia's propaganda could then present as a success of a 'strong Russia' and of its leader personally).

Russia would need an agreement with the West, but on the terms Russia proposes. This would mean, for example, the acceptance by the West of a 'polycentric' international order based on a division of 'zones of influence' and the 'concert of powers', among which Russia would take its 'rightful place' and could co-decide 'on an equal footing' with the US or China, despite its much smaller potential. Russia's recent (December 2021) proposals[3] to 'settle' the conflict with the West prove precisely this.

In these proposals, the Kremlin suggests that the US should recognise Russia's sphere of influence – which does not end with the countries of the former USSR, but also relates to

2 See: Khudoley, K. and Raś, M. (2021) 'The history of Russia-European Union relations', in M. David and T. Romanova (eds) ***The Routledge Handbook of EU-Russia relations***, Abingdon, Oxon; New York, NY: Routledge pp. 15-25; Hilz, W., Minasyan, S. and Raś, M. (eds) (2020) ***Ambiguities of Europe's eastern neighbourhood: perspectives from Germany and Poland***, Wiesbaden: Springer.

3 See for example: Press release on Russian draft documents on legal security guarantees from the United States and NATO, 17 December 2021 (www.mid.ru/ru/foreign_policy/news/1790809/?lang=en).

some central European NATO and EU members, including Poland and the post-Soviet Baltic states. Moscow publicly identifies a part of the West as an area of its imperial aspirations. A curious (or rather insolent) element of the proposed agreement with NATO is the prohibition to deploy troops of other allied countries in the 'new' (that have joined NATO since 1997) member states of the Alliance unless Russia agrees. These proposals are unacceptable for the West, which is perfectly understandable for Moscow. The submitted proposals, however, constitute another example of the Kremlin's slow but consistent attempt to shift the limits of the West's sensitivity.

This demand underlines the change in Russia's approach to the European order and relations with the West, as well as the systemic nature of the conflict between the West and Russia. Previously, it was unthinkable that Russia would dare to change borders in Europe. Today, by threatening to start a new war with Ukraine, the Kremlin is *de facto* pushing the West to negotiate. Moreover, Moscow proposes to negotiate with the US over the heads of central and eastern European countries. Alongside this, Russia encourages the EU members to become 'independent' from Washington.

The Kremlin's objectives

In this context, the objectives of the Russian Federation's political influence can be summarised as set out below.

First, like any other state, the Russian Federation strives to shape the international environment in such a way as to facilitate the realisation of its own national interests to the greatest possible extent. According to the Russian doctrine, an international order of a 'multipolar'/'polycentric' character would be desirable, in which Russia would take 'its rightful place'. This means Russia would have a significant influence on shaping this multipolar international order – primarily in the political dimension, both on global and regional levels. Russia's approach stems from its desire for superpower traditions, and from its aspirations for the Russian Federation's contemporary national and international identity.

The Kremlin strives to integrate the post-Soviet republics, especially the eastern European states, into the institutional networks initiated and dominated by the Russian Federation

Second, the Kremlin strives to integrate ('reintegrate') the post-Soviet republics, especially the eastern European states, into the institutional networks initiated and dominated by the Russian Federation – from the Commonwealth of Independent States (CIS) to the Collective Security Treaty Organization (CSTO) and the Eurasian Economic Union (EAEU), the future Eurasian Union. Indeed, the Kremlin pays particular attention to the post-Soviet space, which it perceives as its own sphere of influence ('zone of privileged interests') and one of the pillars of Russia's power status. Undoubtedly, the eastern European sub-region of the former USSR is of greatest value, not only because of its geographical location be-

tween Russia and the West (the EU and NATO), but above all because of the potential of the post-Soviet states in this area, and their social and cultural closeness to the Russian Federation – including the presence of numerous ethnic Russians and Russian-speakers. Belarus and Ukraine, in particular, are considered to be the closest entities to Russia – components of the 'Russian world' for which the Russian Federation should be the closest political and socio-economic partner. Ukraine is the greatest challenge in this context as it has the second biggest economic, demographic and political-military potential in the post-Soviet area. The Kremlin's objective of political and institutional ties with the post-Soviet states is also to facilitate the economic, social and cultural 'penetration' of partners, which in turn should lead to a further increase in Russia's political influence. Russia's minimum political goal is to 'neutralise' the post-Soviet states which do not want to become allies of the Russian Federation and cannot become part of the integration structures under its control. From the Kremlin's point of view, they should at least not be allowed to come closer to and integrated with the West, through their being turned into a buffer between Russia and the West. Russia's objective is therefore both to maintain and to expand its political influence in relation to these states, in order to integrate them with Russia under favourable circumstances.

Third, the central European and Balkan states are the targets of intense political influence of the Russian Federation, although their importance in the politics of this power is less than that of the post-Soviet eastern European countries or the leading Western European powers. The goals of Russia's policy towards central European states are varied and depend on the nature of the relations currently binding Moscow with individual entities in the region, and on the potential of the latter (usually limited). In the case of some (such as Serbia or Hungary), the Kremlin is striving to develop as much comprehensive cooperation as possible, while in the context of others (for example, Poland) the Kremlin's objective is to limit the political importance of an 'unfriendly state' on the forum of Western institutions, to deepen the discrepancies between such a country and the US and the European 'mainstream', or to weaken that country's ties with the post-Soviet republics. In the case of countries that are seeking accession to the EU and NATO, the Russian Federation is trying to hinder these processes, in particular in the context of NATO (visible examples are Montenegro and North Macedonia). Moreover, Russia supports any 'sovereignty' initiatives in the region, which could lead to weakening the region's links with the US and Western Europe and to the decomposition of policies within NATO and the EU, in particular with regard to the Russian Federation (with the 'flagship' topic of anti-Russian sanctions) and the post-Soviet area. The Kremlin is aware of the strength of influence of Western powers and institutions in central Europe and the Balkans, the aspirations and identity of those states and societies, and of its own limited attractiveness and 'competitiveness' in the context of rivalry with the West over the region.

Fourth, Russia's policy goals towards Lithuania, Latvia and Estonia are more extensive than those towards central European states. Even though these three former Soviet republics are institutionally, politically and economically part of the West, Russia treats them in a special way. This is due not only to historical conditions, but also to their geographical

location, modest potential, the presence of large Russian and Russian-speaking minorities (especially in Latvia and Estonia), and specific socio-economic ties. Since the collapse of the USSR, Russia has therefore had much more influence over Lithuania, Latvia, and Estonia than over, for example, Poland, Hungary or Bulgaria. This has resulted in Russia's desire to gain significant influence on the decision-making processes in these post-Soviet Baltic republics. However, the consolidation of the statehood of Lithuania, Latvia and Estonia, their deepening integration with the West and their increasing security after 2014 – thanks to the actions of the USA, NATO and the EU – have reduced Russia's possibilities of political influence. Currently, the Kremlin is primarily interested in limiting the influence of these countries on Western policy, especially with regard to the Russian Federation and the 'eastern dimension' of the EU and NATO, while maintaining other types of influence there, for example economic.

Perspectives

Under the conditions of this rivalry between the West and Russia over the post-Soviet space, it seems extremely difficult, if not impossible, to create a stable European order. The West or Russia would have to give up their ambitions to transform the area of the 'common neighbourhood' in the (divergent) directions desired by them. Rapid westernisation and democratisation of the Russian Federation also seems unlikely. It is therefore fairly easy to predict that the post-Soviet republics will remain one of the main causes of tension in Russia's relations with the West, destabilising the regional and, indirectly, global order. The Kremlin will maintain the policy pursued so far – that is, the domination of individual partners belonging to its 'close abroad' or raising the costs of their sovereignisation from Russia (as in the cases of Georgia, Moldova, and Ukraine). Moscow will continue to 'test' the limits of the West's resilience, decisiveness, and cohesion, counting on the West's 'fatigue' from the prolonged rivalry over the 'common neighbourhood' area.

By analysing the likely accents in Russia's foreign policy in the coming years, the theses below can be made.

1) The Kremlin considers ties with the West, including the EU, not as an ideological or political imperative, but as a 'technical tool' to modernise Russia.[4]
2) The Russian Federation will not become closer to the EU and NATO, as this would limit its 'strategic independence'. Russia will not therefore become a real 'strategic partner' of the West in the foreseeable future, but will mainly develop economic ties.
3) The EU-Russia and Russia-US relations will be based on the principle of limited cooperation with a high likelihood of local/regional competition or even sharp political clashes, regarding eastern Europe in particular and some problem-oriented issues (eg, energy security).
4) The Kremlin will focus on bilateral cooperation with individual EU members (especially with Germany and the states whose governments could favour Russian interests in

4 Important also for Russian elites for private and business reasons.

a given period), while trying to stimulate the decomposition of the EU's unity and, more broadly, of the West's coherence; Russia will tend to instrumentalise bilateral relations with some EU members to influence the EU decision-making processes.

5) Moscow will strive to base the European order on 'equal' cooperation between the Western and 'Eurasian' institutions (EU-EAEU, NATO-CSTO). The goal of the Kremlin's policy is to regain, as much as possible, the influence lost as a result of the cold war collapse and the dissolution of the USSR.
6) The Kremlin's elite is aware of Russia's declining relative power and its weaker position vis-à-vis other powers. Postponing the actual modernisation of the state only strengthens this process. Maintaining dependence on revenues from the extraction and export of fossil fuels seems to be of key importance in this context. Taking the above into account, the Kremlin aims to force 'strategic' concessions from the West in the coming years. At the same time, it will not hesitate to test the limits of concessions with the use of aggressive policies and actions on the brink of limited armed conflict, especially towards countries outside the EU and NATO, but those remaining in the orbit of Western influence.

The Kremlin will focus on bilateral cooperation with individual EU members while trying to stimulate the decomposition of the EU's unity and, more broadly, of the West's coherence

It seems impossible for Russia to act, even to a relatively small extent, in accordance with international and supranational institutions, which is necessary in the process of European integration. In current Russia, it is not acceptable to think that this country could be 'one of many' in any integration grouping. It would require breaking the imperial complex and rejecting the idea of *samobytnost* (originality, uniqueness). For a large part of the Russian elite, modernisation does not have to mean Europeanisation. By following this path in this way, while looking for its international identity, Russia may be moving away from an integrated Europe. Geographically and culturally, Russia is, of course, part of Europe. But being in Europe and being European are slightly different things. The 'European self-identification' of the Russian Federation is also limited by the attitude of the EU itself. The EU is not considering Russia's accession. Furthermore, a process of this kind would be considered by the EU as a threat to its own identity and further development.

The possibility of reaching a compromise is also complicated by the interests of the Russian ruling elite, who focus mainly on the problem of maintaining full control over political, social, and economic processes inside the country. The image they portray of Russia in the international environment – an image built to strengthen the people in power – helps consolidate and mobilise the public in Russia, ensuring a relatively high level of trust and support, especially for Vladimir Putin personally, who is presented as a strong and effective state leader and one of the world leaders. However, this hampers any possible change in the foreign policy implemented by the Kremlin.

Most Russian elites see the West as a source of threat to Russia's domestic status as well as a challenge to its international position. The Kremlin has recently taken a number of unprecedented steps to eliminate any real domestic competition and eradicate the political influence of external powers in the domestic arena. This process will be continued. In view of the prospect of permanent stagnation, the spectre of further impoverishment of the population, and the progressive erosion of public support for the government, one should expect further escalation of repression in order to control all spheres of independent citizens' activities. Russia's regime will be likely to focus on destroying or taking over the last relatively free institutions (eg, universities), paralysing the independent media, stepping up online censorship, as well as isolating Russians from 'subversive' circles at home and abroad.[5] This will provoke further tensions and the growing lack of trust between the West and Russia, aggravated also by the increasing US factor in the fields of European politics, military and energy security (increasing military presence on NATO's eastern flank, new supplies of American liquified natural gas, etc).

The Kremlin has recently taken a number of unprecedented steps to eliminate any real domestic competition and eradicate the political influence of external powers in the domestic arena

If it was to accept the earlier-mentioned Russian 'peace proposals' of December 2021, the West would in fact have to give up its active policy towards eastern Europe, and in particular its efforts of westernisation, which – in the Kremlin's view – pose a threat not only to Russia's influence in its 'zone of privileged interests', but also to the stability of the current Russian regime. Moreover, the West giving up on its efforts of westernisation would not necessarily guarantee that Russia would abandon its policy aimed at dismantling the cohesion of the West – especially the cohesion of the transatlantic community and of the EU itself. Nor would it necessarily guarantee that Russia would abandon its aggressive measures in its policy towards some post-Soviet states.

On the one hand, for Russia to abandon Europeanisation would mean social stagnation and serious problems with modernisation in the long run. On the other, for the West to reject the Russian Federation means the West potentially being threatened with the creation of a genuinely independent 'centre of power' in Europe, disinclined to the West, and with numerous problems. Dialogue with Russia therefore remains an indispensable tool for building European security. In conducting this dialogue, however, one should not forget about deterrence.

For Russia to abandon Europeanisation would mean social stagnation and serious problems with modernisation in the long run

5 See Domańska, M. (2021) 'Russia 2021: Consolidation of a dictatorship', Centre for Eastern Studies, 8 December (www.osw.waw.pl/sites/default/files/Commentary_419.pdf).

TOMÁŠ PETŘÍČEK

Afghan fallout

After almost two decades, international presence in Afghanistan ended in August 2021. The allies' effort to build a stable and democratic Afghanistan failed dramatically, with the Taliban now back in control after the collapse of the Afghan government and security forces. The experience might have undermined the European Union's confidence in its capacity to help stabilise fragile regions and build working democratic institutions. It has also raised questions about the trust between European and American partners. But instead of focusing on these two much-debated topics, this chapter examines the practical lessons the European Union can learn from Afghanistan. Understanding the Afghan failure is important for the political debate that should aim at improving our capabilities and strategies in order to make the EU more effective in providing stability and security in many fragile regions of a rapidly changing world.

The shock

If there had been suggestions of what major events to watch in 2021, Afghanistan would not have made it to the top of the list despite the almost-20-year presence there of the US and its allies influencing security considerations and security debates in Europe and America. With fatigue growing, the option to leave Afghanistan had become accepted as inevitable on both sides of the Atlantic, receiving ever-increasing support from policymakers and military planners. It had become obvious that the willingness to bear further costs was diminishing, especially in the United States which had carried the biggest responsibilities. In terms of cash, the US had spent more than US$2 trillion on military presence and assistance to the Afghan government, and its allies had added substantial reconstruction aid. However, the conflict resulted in serious loss of human life too. More than 3,500 US and allied soldiers were killed fighting the Taliban and other insurgents. And the Afghan toll was considerably higher, with 66,000 troops and 48,000 civilians killed since 2001.

Unsurprisingly, it was therefore increasingly clear that the two decades of experience with anti-terrorism, stabilisation, development, and state-building needed to come to a close. Indeed, the US and other partners were increasingly turning their attention to other

global issues and theatres, and there was growing consensus on the need to find an acceptable exit from Afghanistan and to hand full responsibility over to the Afghan authorities. In the end, it was largely the decision of the US to leave, as Biden thought that the deal made by President Trump in 2020 left him little room for manoeuvring.

What followed was horrific to behold for all directly involved and for the broader global audience. The total and instant collapse of the Afghan government and military had not been fully expected. Furthermore, the rather disorderly withdrawal of the allies and their Afghan collaborators put their entire two decades of effort into question, as well as the overall outcomes of our presence in the country. With the Taliban back in power, we have witnessed the return of violence and terrifying practices on the streets of Afghan cities and villages, with the persecution of opponents and of those parts of society that worked on making Afghanistan a better place. Human rights, especially women's rights, are again under enormous pressure. Yet there are other outcomes of our departure than just the increased level of violence in the country itself, and the violations of human rights.

Equally as important as the allies' departure from the country itself are the subsequent international and security implications – firstly, the immediate concerns about the lack of ability of the partners working in the region to coordinate now that our troops have withdrawn and their Afghan co-workers have been resettled.

Secondly, there are concerns about international leadership. In the US, the sharp criticism of the Biden administration has highlighted the weaknesses of US foreign policy strategy at a time when other urgent international issues and situations require strong, predictable, and trustworthy strategic leadership.

Thirdly, there are growing concerns about the future of regional security, without which there is a risk of serious international repercussions – not only in terms of international terrorism, which was the initial reason for our presence in the region, but also in terms of broader security dynamics in an already fragile region fraught with other tensions.

Fourthly, there are serious concerns about whether and how the democratic community can contribute to addressing the roots of instability, and to addressing the risks to international security, as well as the socio-economic sources of conflict and violence in other parts of the world in the future.

This chapter will outline the lessons that the international community, especially the EU and the broader community of democratic states, can draw from almost two decades of experience in Afghanistan.

What about our self-perception?

Before looking at the lessons we should learn from Afghanistan, it is worth exploring the paths of possible thinking that we, as Europeans, should try to avoid because of the risk of them leading to futile or even dangerous policy and political options. This is not the first time that we are faced with the dilemma of what kind of reaction we should endorse to ever increasing volatility in the world and our limited capacity to bring it under

control. A tempting conclusion from the Afghan experience – but also from other perceived causes of increased insecurity such as protracted conflicts in Syria, Iraq and parts of Africa, and from the expected multiplication of existing problems due to the impact of climate change – could be to turn inwards on ourselves, and to focus increasingly on our internal problems, while cutting the European Union and its citizens free from 'dangerous', unpredictable, and above all 'unsalvageable' places such as the Sahel, the Horn of Africa, the Middle East or Central Asia. This reaction is indeed promoted by the narrative of many European populists and nationalists, who manipulate citizens' anxiety about an unknown and dangerous world, and make them believe that the best option would be to retreat to national states and to raise fences and walls – both physical and mental – for our protection.

Another tempting but false conclusion might be to advocate that Europeans should no longer be excessively interested in the fate of people living in desperate situations because we do not have the capacity to help them. However, if we accept this assumption, we can easily end up in a very nihilistic situation. For decades, Europeans have been staunch supporters of the multilateral order that is based on norms, rules, and also universal rights and values. Once we start undermining the universal nature of values and norms, we again retreat into the much smaller world of our own, inevitably making ourselves weaker and more vulnerable in the process. As this tendency goes hand in hand with a vision of solidarity being either local or global, Progressives should be even more alarmed. Populists and nationalists increasingly endorse solidarity as a principle that works only with the people you know, and with whom you share the same culture, interests, or geography – in other words, it only works with people within your family, town, city, or nation. Populists and nationalists also claim that extending solidarity to people in faraway communities with whom you seem to share nothing is futile and not in your self-interest, or is a sort of trade-off between helping either 'our people' or 'other people'. This kind of perspective can in turn be bolstered by the shock from Afghanistan, and it can present us with unpleasant and unacceptable dilemmas. As Jean-Marie Guéhenno has pointed out, "there is only a small distance between accepting that some people cannot be helped and thinking that they are not worth helping".[1]

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1 Guéhenno, J-M (2021) 'Three lessons for Europe from the fall of Afghanistan', European Council on Foreign Relations, August (https://ecfr.eu/article/three-lessons-for-europe-from-the-fall-of-afghanistan/).

Lessons from Afghanistan

The European Union should certainly avoid drawing the kind of lessons that populists promote from the Afghan fallout. This would only make us only more vulnerable to security risks from our neighbourhood, less relevant in making the world a more predictable place in which to live, and more dependent on others for our own resilience and safety. In general, we would give up on our agency and role in global affairs. But what, then, should be the lessons from our two decades in Afghanistan? It is striking that the EU has not provided any comprehensive, well-resourced or systematic analysis of the lessons Europeans have learned from Afghanistan – an analysis, for example, as extensive as the report of the US Special Inspector General for Afghanistan Reconstruction (SIGAR).[2] Although it is not the aspiration of this chapter to provide exhaustive analysis, the chapter nevertheless aims to suggest three areas where the European Union could build on the Afghan experience to improve the EU's capacity to bring stability to difficult areas and to build institutions that are indispensable for delivering sustainable development, the rule of law, and above all human dignity and individual rights.

Lesson 1. Winning hearts and minds – why we failed

The first lesson to be learned is that the European Union should not, indeed cannot, abandon support for democracy in the world after the Afghanistan debacle. We have made many mistakes in Afghanistan when it comes to reconstruction, state-building and establishing democratic institutions. Above all, both the US and its European allies underestimated the particular political culture, historical experience, and highly decentralised nature of social life in Afghanistan.

In 2001, the main goal in Afghanistan was to defeat international terrorists – Bin Laden, al-Qaeda, their supporters, and the Taliban. It is easy to forget that the Taliban's regime crumbled surprisingly quickly under the assault of US forces and their local allies, even though it was never fully defeated. There was then an immediate need to provide a strategic framework for our presence in Afghanistan as it quickly shifted from solely fighting international terrorist networks towards a more comprehensive effort to build new democratic Afghan institutions. By as early as mid-2002, it had become increasingly clear that the international presence in Afghanistan would last for longer than originally expected and that the general goals were to avoid chaos and build stability in a very fragile situation.

After two decades of state-building and laying democratic foundations for a country that had no prior experience with democracy, it might seem that the effort was not worth the costs and resources. Many may say that it was futile from the very beginning. This, however, is far from true as progress in numerous areas has changed Afghanistan and will make it more difficult for the Taliban to turn the clock back 20 years. Nevertheless, it needs

2 SIGAR report (2021) 'What we need to learn: lessons from twenty years of Afghanistan reconstruction', Special Inspector General for Afghanistan Reconstruction, August (www.sigar.mil/pdf/lessonslearned/SIGAR-21-46-LL.pdf).

to be admitted that both the US and its European partners made serious mistakes in terms of strategies for building new institutions, in terms of the subtleties of the implementation of democratic norms, and in terms of reconstruction programmes.

Both the US and its European partners made serious mistakes in terms of strategies for building new institutions, in terms of the subtleties of the implementation of democratic norms, and in terms of reconstruction programmes

First, it is true that the timeframe expected for the stabilisation and modernisation of Afghanistan was massively underestimated. Even if the circumstances were much more suitable for the introduction of formal democratic norms and institutions than they had been in Afghanistan, it would still take two or even more generations for democratic values and principles to take root in the society. From the beginning, it was clear that any support for building democratic institutions in Afghanistan after the original anti-terrorist phase would require several decades, with well-structured assistance implemented in the best way possible. However, more should have been done to elaborate and implement a well-thought-through strategy and long-term plan before embarking on the process of state-building and stabilisation in Afghanistan. Instead, in 2001-02 the European Union was convinced that modern democratic institutions and foundations for sustainable economic activity could be erected swiftly and relatively effortlessly.

Second, there was the very superficial way that the European Union approached the notion of democracy and support for it in a country such as Afghanistan, which was known for its very complex society where many dynamics and influences intersected, creating an intricate network of relationships, allegiances, and loyalties. This was a difficult backdrop against which to build a democratic state operating from Kabul with central institutions. In the words of Oz Hassan from Warwick University, the mistake was that "the EU backed a shallow model of democracy that centralised the reconstruction project and legitimised top-down, elite-centric processes. The EU certainly supported many local democracy and governance projects, such as backing provincial council elections, an Independent Directorate of Local Governance, the UN's Afghanistan Subnational Governance Programme, and myriad community councils. Yet these programmes often empowered clientelistic networks of local elites that clashed with EU support for centralising constitutional powers with elites in Kabul".[3]

Another aspect contributing to the failure of the allies' strategies in Afghanistan was the way the country's reconstruction and development was managed, especially how funds were distributed and implemented. According to the SIGAR report of August 2021, there were enormous problems with the sustainability of the assistance provided.[4] In particular,

3 Hassan, O. (2021) 'Reassessing the European Strategy in Afghanistan', Carnegie Europe, November (https://carnegieeurope.eu/2021/11/17/reassessing-european-strategy-in-afghanistan-pub-85776).

4 SIGAR report, op cit.

American and European assistance was aimed at supporting central institutions, and it reflected their priorities while underestimating the scale of clientelistic networks and the widespread patronage system.

the monitoring and evaluation of programmes was weak, and it was difficult to assess what had worked and what had not, with relevant information. In addition, American and European assistance largely followed the same pattern as it did with institution-building. This assistance was aimed at supporting central institutions, and it reflected their priorities while underestimating the scale of clientelistic networks and the widespread patronage system.

At the same time, there was a lack of information from the field that could have helped reassess the focus of the assistance programmes with improved knowledge of the needs and problems of individual communities or specific locations. To quote Hassan, "Europe's efforts failed to address local populations' priorities and inadvertently propped up patronage networks […] While the EU and the wider international community were trying to build a formally democratic system, the Taliban built informal parallel state structures".[5]

The mixture of the lack of long-term commitment, lack of sensitivity to local circumstances, and also lack of understanding of the needs and potential of the local population contributed to the low level of local ownership and participation in the reconstruction

All these factors, combined with the corruption present at all levels of Afghan government, largely explain why we failed to win the hearts and minds of ordinary citizens, in whose view the international presence as well as the effort to build a stable and democratic Afghanistan could be seen as an episode – even though this episode took almost a generation. However, the mixture of the lack of long-term commitment, lack of sensitivity to local circumstances, and also lack of understanding of the needs and potential of the local population in different Afghan communities due to an overcentralised approach, contributed to the low level of local ownership and participation in the reconstruction, stabilisation and ultimately in the building of effective and sustainable Afghan institutions. This should be evaluated in more detail if we are to avoid similar mistakes in other regions such as the Sahel or the Horn of Africa.

Lesson 2. The security sector can deliver, but we need to make it sustainable

What the allies faced in Afghanistan was a typical asymmetric conflict where insufficiently equipped insurgents engage often better-trained and armed local forces that are supported by foreign military presence to wear down their willingness to continue in pro-

5 Hassan, op cit.

tracted conflict. In addition to the state-building effort, the main factor in the stabilisation of a country and in building a conducive security environment is time. Indeed, a well-known saying from the Afghan conflict is 'we had watches, but the Taliban had time'. Yet the reform of the security sector and providing effective security is a precondition for any other activity and for achieving any progress in terms of economic and social development or local political institutions. According to Guéhenno, there are at least two lessons that we need to learn from our Afghan experience.

First, providing limited military assistance can be relatively effective and can create a space for necessary reforms. In fact, "very limited foreign presence, combined with close air support for national forces, kept the Taliban at bay for several years and created a stalemate during which a more open society could gain strength. The exoskeleton provided by a limited foreign military presence enables a fragile army to stand its ground".[6] In addition, the presence of foreign partners can significantly boost the morale of local troops and make their fighting capacity much greater. Yet it is not possible to provide infinite military support without knowing the long-term goals for it. This triggers the question of how to objectively evaluate the progress of security sector reforms and to better define the steps for shifting more and more responsibility to local military authorities. In addition, we need to improve our understanding of the fact that the militaries of poor countries such as Afghanistan cannot afford to sustainably modernise their armies to the standards to which we are accustomed, and we need to bear this in mind from the very beginning of our engagement with them. We need to give much more ownership to local authorities when it comes to planning the reform process, but at the same time we need to carefully evaluate any malpractices and maladies such as clientelism and corruption that can seriously undermine local military capabilities.

Second, security reforms can again take one or even two generations to have any effect at all. External military support is often indispensable for giving local institutions time to be able to take root, and for the security sector to internalise all the changes that are required for it to take full responsibility for delivering on its mission. Moreover, there are other societal gains to be harnessed if the international presence is more predictable and long-term, with clear milestones laid down from the beginning. As Guéhenno points out, "contrary to what many now say about Afghanistan, much has changed for the better in the country. And it may have been misguided to insist on an exit strategy – driven by domestic political considerations rather than objective factors – considering the relatively low cost of a small military footprint and the potentially high cost of the Afghan government's collapse. Helping societies transform themselves is a generational undertaking".[7]

Security reforms can again take one or even two generations to have any effect at all

6 Guéhenno, op cit.
7 Ibid.

Lesson 3. Understanding the nuanced and intricate regional power relationship

The entire 20-year story of our presence in Afghanistan can be seen as a paradox. The country has much higher strategic importance for regional powers, such as India, Iran, Pakistan or even Russia, China, or Turkey, than for the US or most European and other allies that have been involved in the conflict over the past two decades. And yet it is striking that these important parts of the regional power play were, for various reasons, not involved in the stabilisation effort. It might sound naïve to propose that a more regional approach should have been employed, knowing the tensions between these regional actors – for example, between Pakistan and India. Nonetheless it seems to be a fateful error not to grasp all the dynamics taking in place in the broader region surrounding Afghanistan, or to increase the diplomatic effort to involve other actors in finding a balanced and sustainable security framework.[8]

Afghanistan has shown that understanding the broader regional context is essential for putting in place effective strategies for the stabilisation of any country. If there are actors that benefit from instability, it is clear that we need to try to deal with them. Furthermore, the role of external actors – such as cross-border crime, drug-trafficking or smuggling – in activities that undermine the effort to build democratic institutions based on rule of law, needs to be addressed both diplomatically and with tailored practical measures. In addition, the intelligence cooperation needs to be strengthened to better understand the risks on the ground and to improve our knowledge of social and security dynamics in various parts of countries as diverse as Afghanistan, where neighbouring states and other regional actors can be involved.

The European Union was not a key actor in Afghanistan. Nonetheless, it played a significant role in providing funds for the country's reconstruction

The European Union was not a key actor in Afghanistan. Nonetheless, it played a significant role in providing funds for the country's reconstruction, and it could have used this fact to engage more actively with regional actors in regional and multilateral talks. Working more closely with regional players would most probably not have prevented the overall outcome of the international presence in Afghanistan. However, it could have positioned the European Union as a more active player after the withdrawal of the US and its allies. If there is a possibility in the future to support progressive change in Afghanistan, the EU should work much more closely with regional actors in order to make these changes sustainable.

8 In some ways, the regional dynamics will be shaped again by the political and security developments in Afghanistan since August. For example, the lack of representation of some minority groups can again enable Afghanistan's neighbours to support internal dissent. The fragility of the situation can be further exacerbated by the fact that the security interests of certain regional powers might be not taken into account with some parts of Taliban taking a more prominent role in the country.

Conclusion

Afghanistan has provided the European Union with many lessons that can be used to improve our effort to bring stability and better prospects to fragile and volatile parts of the world. Despite voices calling for disengagement with these regions because of the alleged futility of any effort to improve the security there, the EU should firmly avoid this call. Instead, the EU should make a very detailed analysis of all aspects of our presence in Afghanistan, to understand better what went wrong in order to prevent the same mistakes in the future.

Europe's security is linked to the stability of regions such as the Sahel, the Horn of Africa, the Middle East, Central Asia, and other parts of the world where peace and functioning institutions are in short supply. This chapter highlights at least three areas where lessons can be drawn from two decades of our mission in Afghanistan – institution-building and sustainable economic and social development in conflict areas; strengthening the security sector in fragile countries; and regional cooperation in volatile parts of the world. A common aspect is that if we are to succeed elsewhere when we failed in Afghanistan, we should be aware of the long timeframe that any endeavour of this kind involves. In fact, it is not for us to 'win' in Mali, Somalia, or other vulnerable countries or regions. Victory can be owned only by local actors and movements struggling for progress and a decent society, as well as peace and stability. While we can assist them in succeeding in their effort, we cannot impose the solution on their societies. Nonetheless, our presence and support – well-tailored, carefully planned and implemented – can create the space for these societies to transform and to find their own path towards a governance system that meets the needs of local populations and protects the rights of individual members of their community.

And yet there are certainly other lessons and experiences we can learn from Afghanistan. Many of them call for a more autonomous EU to be able to tackle security challenges independently after the Afghan debacle. In the future, there will undoubtedly be regions where we will have to be able to contribute to stability without relying on our US partners. But Afghanistan should not be the reason for the US and EU to drift apart. Instead, we should take our failure there as an opportunity to focus on the EU's weaknesses and capabilities so that we can discuss what we need to improve for better results in future missions.

Let me conclude with a few words about the EU's possibilities to help the Afghan people in their new reality on the ground. Helping the people who are now confronted with a brutal regime is an absolute necessity, even if we fail to achieve the other goals we expect. It is important that we seek to maintain engagement with the country, or to establish the possibility for this, even though we do not formally recognise the new Taliban regime in Kabul. We must be careful not to support the regime in any way, but we must try to find ways to support the population and particular communities. In addition, we must observe the human rights situation in the country closely, and we must provide practical support and assistance to people who face persecution for their beliefs and activities. Furthermore, the European Union must not be blind to the humanitarian needs of the people in Afghanistan in years to come. Even though we left Afghanistan physically last August, we should make it clear that we will not abandon the Afghan people from our distance.

PREDICTIONS

ULRIKE GUÉROT

Let's design a European state

What is more progressive than founding a state? How many people aspire to it? Or dream of it if they cannot actually bring it about? Kurds and Kosovars, Catalans and Scots, Tibetans, and many others. Founding a state together, if you feel a strong sense of belonging and a strong sentiment of shared values and culture, seems to be the ultimate aspiration of many people in history. If you talk to elderly people in Israel, what they recount the most and what makes their eyes shine are their tales of the early phases of building the state of Israel in 1948 and of how engaged they were in this process.

What does this state-building aspiration have to do with Europe in 2022? Well, the new German government has just presented its coalition programme. And in the chapter on Europe (lines 4413-4421) it says that the current Conference on the Future of Europe (CoFoE) should be turned into a convention. It also says that this convention should bring about a federal state of Europe. Given the enormity of the goal, it is strange that the European press has reported so little on it. Yet most European newspapers have remained silent on this sentence in the new German coalition programme – hence our decision to dedicate this small piece in the *Progressive Yearbook* to the idea.

Let's first remember that, as ambitious it may sound, the idea of a federal state of Europe is not new at all. Quite the opposite. It is in fact one of the oldest ideas of the founding fathers of Europe that the European integration project should end in the conception of a European state. From the Ventotene Manifesto of the Italian anti-fascist Altiero Spinelli in 1944 to the Schuman Declaration in 1950 and the hope of functional spillovers from economic integration to political union; from plans for a political European Union in the early 1950s to their failure to come to fruition in 1954 because of the proposed European Defence Community – European history for several decades can be read as an attempt to strive for a European state that never came together, and about which only some outlandish members of the Spinelli Group and other federal movements would dream. Yet this dream has now once again found its way onto paper.

True, not everything written in a coalition agreement becomes reality – let alone in just a four-year mandate. But neither is it trivial to have the goal of a federal state of Europe written down in the coalition agreement of the biggest, wealthiest and most important

country in Europe the country which has not for a long time flagged up many European ideas or much European willingness, and which has sabotaged progress on European integration, especially in the fields of banking union, fiscal union and budgetary union since the financial and austerity crisis. For it was particularly Germany that turned against the proposals for a Genuine Economic and Monetary Union (GEMU) in 2012 and 2015. It was also Germany that blocked the first attempts at a European unemployment scheme in 2014, when the then European commissioner for social affairs, László Andor, presented the concept to the Council. It was also Germany that on several occasions dismissed the progressive speeches of France's President Emmanuel Macron after 2017, which called for European strategic autonomy in the field of defence policy, digital capacity, climate protection and energy security.

The Covid-19 pandemic has nevertheless triggered slight changes. Germany has thus agreed to the €750 billion rescue package (NextGenerationEU) that was launched in mid-2020. Furthermore, in the second half of 2020 the German Presidency of the EU Council put forward quite progressive formulations on a future European social pillar, and even mentioned a European unemployment scheme. Times have therefore begun to change since the onset of the pandemic and, under a German president of the European Commission, Germany has finally turned its eyes to Europe again.

With the publication of the recent coalition agreement of the new German government, Europe is once again back on the radar of German politics and government. This is good, even if nobody believes that a European state will see the light of day in the next four years. But what is possible in the next four years is to measure all the German government's European activities against this goal. And what is possible in the next four years is for Germany's European partners to pin down the German government on this far-reaching goal and to demand political willingness. So, what will finally be possible again is the design of a European future after at least a decade of European renationalisation, Brexit and threats of other member state exits, populism and nationalism. In short, the sentence advocating a convention to bring about a federal state of Europe in the German coalition programme could become the start of the momentum to draw the European yoyo upward, instead of letting it drop further. The trick is not necessarily to get the state building done, but to reach the point of wanting to get it done and of having a positive and concrete goal on the horizon.

In this context, it is notable that when in 1912 Max Weber, the famous German sociologist, addressed the annual conference of the German Society for Sociology, he answered the question "what is a nation?" by saying "a nation is barely more than a group of people that, in a given moment of time and by impulsion, decides to want to create a state".

Let's dream that Europe can do this and take pride in it!

MATHIEU BLONDEEL

A green "whatever it takes" moment

On 26 July 2012, Mario Draghi, the then president of the European Central Bank, delivered a historical speech in London that marked the defining turnaround in the euro crisis. His famous "whatever it takes" remark calmed international financial markets, reassured national politicians, and signalled to citizens that the EU (and the eurozone) was ready to go above and beyond to secure its future at a time of existential threat and crisis.

Today, as the world is confronted by one extreme weather event after another, from drought in Madagascar to floods in Western Europe, I am increasingly reminded of Draghi's famous words because this climate crisis too demands a new, green "whatever it takes" moment. Going into 2022, this ***can*** and ***should*** be brought about by an unequivocal commitment to the permanent reform of the EU's conservative fiscal rules under the Maastricht Treaty.

At the current time, it is hard not to resort to pessimism. On a world scale, the post-pandemic recovery will likely not be as green as originally envisioned, or at least hoped for. Of the staggering $17 trillion (€15trillion) in global stimulus spending, only a small fraction is 'climate-friendly'. In the G20, some $280 billion (€248 billion) in recovery funding has now been allocated to support clean energy, but this is eclipsed by the $325 billion (€288 billion) dedicated to fossil fuels.[1] Carbon emissions are yet again shooting back to pre-pandemic record levels, and even with the new climate commitments made at COP26 we are heading towards 2.4°C warming by the end of the century – a far cry from what was collectively agreed in the Paris Agreement.

Foundations of green recovery

The EU has been taking important steps in laying the foundations for a long-term climate plan, as well as for the more immediate post-Covid-19 green recovery. But for any

1 See: www.vivideconomics.com/wp-content/uploads/2021/07/Green-Stimulus-Index-6th-Edition_final-report.pdf; and www.energypolicytracker.org/region/g20/.

Social Democrat, evaluating these plans and actions requires two criteria to be fulfilled: the plans and actions must be both *green* and *just*.

On the first, the EU has delivered some remarkable progress lately. The Climate Law now legally enshrines the 2050 climate neutrality goal; the 'Fit for 55' package is a coherent and concrete set of legislative proposals and policy initiatives to realise the 2030 objectives; and considerable progress has been made on the EU's sustainable finance agenda. Perhaps most importantly, this progress shows that climate action has fast been given a place at the heart of all EU institutions. This, by all accounts, is a great achievement.

On the second, a number of important initiatives, such as the Just Transition Mechanism and the Social Climate Fund, have been introduced. The latter is a key part of the 'Fit for 55' package as it seeks to cushion the social impacts of the expansion of the new Emissions Trading System. Billions of euros are rightfully being poured into these funds to protect coal regions from the costs of the energy transition or to help families living in poorly insulated houses confront their rising heating bills. These solidarity mechanisms must remain the foundational element of any green recovery.

But there are still cracks in the foundations. Solidarity and justice do not end at the European borders. The Carbon Border Adjustment Mechanism (CBAM), one of the key features of 'Fit for 55', has been proposed to prevent the risk of carbon leakage; in other words, to protect European jobs. But can we expect (far) less advanced economies to have the institutional, technical, and financial capacity to implement climate regulation similar to that of the EU; and do we expect them to pay for this if they do not? The European Commission has said it will provide "technical assistance", but there is a need for far more robust and concrete measures to support the most vulnerable countries that will be affected by CBAM. A starting point would be for the EU, and its member states, to close the gap between the financial promises it made to developing countries at COP15 in 2009 ($100 billion – €88 billion – per year by 2020) and what it has so far delivered along with other developed countries.[2] Additionally, the EU should also further work on a comprehensive taxonomy that not only clearly outlines *green* activities but *dirty* ones as well.

A green "whatever it takes" moment

The climate crisis is imminent, if not already here. Going into 2022, truly engaging with the magnitude of the climate challenges would therefore require permanently and radically revising the now temporarily suspended Maastricht criteria – in other words, the obligation for member states to have a deficit of no more than 3 per cent of GDP. Like that other moment in 2012, the EU's new, green "whatever it takes" moment should be brought about to reassure citizens, national politicians and financial markets (for example, by further institutionalising debt mutualisation) that the EU is ready to face this crisis and that it will be addressed come what may.

2 See: www.nature.com/articles/d41586-021-02846-3.

For too long, the EU's conservative fiscal architecture – dating back to 1992, the year when the United Nations Framework Convention on Climate Change (UNFCCC) was adopted – has left EU member states ill-equipped to face the new realities of the climate crisis. The 'retreat of the state' has led to a period of dominance by market-based solutions, self-regulation and private governance. But where has this led us? Permanent and structural reform of the Maastricht criteria will give fiscal and financial oxygen to governments and allow them to become more actively involved in climate action.

This call for reform should not be conflated with a call for the end of fiscal rules. Rather, new rules should allow for flexibility so that governments can explicitly engage in long-term, climate-friendly public spending programmes. This stimulus should further be in line with a strict and comprehensive taxonomy of sustainable and social activities, both within and outside the EU's borders.

The stars are now aligning. During the pandemic we, as citizens, have all been reminded of the need for a strong government that provides vital public services; a new centre-left coalition in Germany has taken office; millions of people continue to take to the streets to demand climate action and this is now at the heart of the EU's long-term planning. The foundations for a green recovery have been laid, the objective is clear, the momentum is there. So, let us build. Whatever it takes.

VIVIEN A. SCHMIDT

Cautious optimism for EU economic governance and democracy in 2022

Looking forward to 2022, I am cautiously optimistic. After close to two years of Covid-19 pandemic doldrums, the growth rate promises to be the best in fifty years, due to the major funding related to the NextGenerationEU (NGEU) programme, combined with releasing the brakes on government investment by temporarily suspending the Stability and Growth Pact (SGP) deficit and debt rules. The shift in economic ideas – from the obsession with deficit and debt to a focus on investment for the green transition and the digital transformation while addressing social inequality at the same time – should largely be credited with this turnaround in economic prospects. But EU economic governance has also played an important role, as it has moved from a largely top-down exercise to a more bottom-up one in which national capitals are now in the driver's seat through their National Resilience and Recovery Plans (NRRPs).

Positive outcomes combined with better governance assures greater legitimacy concerning policy performance and procedural accountability. And we can hope that these, in turn, will contribute to renewed political legitimacy, by reducing the socio-economic sources of discontent that have fuelled the populist challenge to democracy. The only concern – which speaks to the caution in my optimism – is that the fund is temporary, and the ideational shift might be as well; in addition, the pandemic is not over yet. Nonetheless, what a change from just two years ago!

Looking backward to 2020, what a difference from my prognostications for that year! It all had seemed rather dismal from the vantage point of late 2019. Ever resilient were ordoliberal ideas about the benefits of stability and the dangers of inflation – despite massive quantitative easing from the ECB. And neo-liberal ideas about structural reforms to deregulate labour markets and cut welfare states continued to find resonance – despite a growing recognition of the problems of inequality, stagnant wages, and endemic poverty. Moreover, those without the fiscal space still could not invest (Southern Europe), while those that had the fiscal space continued not to do so (Northern Europe). As a result, although things had gotten much better since the darkest days of the eurozone crisis, the crisis was not over, ten

years on. As a consequence, there was an exponential rise in populist anti-system politics appealing to those feeling economically left behind, worried about the loss of socio-cultural status, or wanting to politically 'take back control'.

But against all expectations, everything changed in 2020 with the start of the pandemic. After an initial hesitation which evoked the early days of the eurozone crisis, the EU made a massive leap forward, with a major reversal of the ordo/neo-liberal script. Legitimacy, so much at risk during the eurozone crisis – as evidenced by the poor political economic outcomes, the questionable quality of the governance, and the populist revolt – improved due to this new EU-level solidarity.

As for 2021, all predictions were off, as the pandemic ebbed and flowed, even as governments continued to incur increasing deficits and debts to support their economies while the NGEU, Recovery and Resilience Facility (RRF), and NRRPs were put into operation. Only at the end of 2021 can we return to prognostications about the future.

For 2022, there are many causes for optimism. New ideas, policies, and practices will continue to predominate. These include an enhanced role for 'state' actors – EU and national – as public entrepreneurs with new ideas focus on greening economies, digitalising societies, and ensuring social equity. National capitals will be taking up the challenge through the NRRPs, with massive new spending and accelerated growth rates for countries most hard-hit by the eurozone crisis (especially Italy). The ECB will increasingly shift its focus from a sole concern with its primary objectives of inflation-targeting, to secondary objectives encompassing the general economy, including employment and climate change. The EU Commission will continue to shift its structural reform conditionality away from concerns with deficits and debts to improving national administrative performance and democratic rule of law. And the Council will continue its 'positive politicisation', through its cooperative interactions with the Commission and tacit support of the ECB.

One question for 2022 involves the impact of national elections on the Council. The new SPD-led German coalition government is good news. However, the coalition's inventive policy gymnastics to get around the neoliberal FDP Finance Minister, who is opposed to permanent EU level debt and a coalition contract that pledges to maintain the constitutionalised debt-brake, are worrisome. And so are the upcoming French elections, which depend greatly upon President Emmanuel Macron winning a second term. In addition, the ordo-/neo-liberal austerity hawks are likely to be back, once things return to some kind of new normal, in particular if the SGP rules are not relaxed or are eliminated altogether.

Another question for 2022 is whether the funding initiatives will continue to be mainly centralised technocratic fixes. To overcome the populist challenge, such 'state' decision-making needs to be both decentralised and democratised – with more bottom-up involvement of social partners and citizens along with enhanced roles for both national parliaments and the European Parliament. More consultation via general dialogues – say, a 'Great Macroeconomic Dialogue' around the ECB's general monetary targets and bond-buying, and an 'Industrial Strategy Dialogue' focused on the sustainable growth strategies of the Commission and national capitals – needs to replace the 'governing by rules and ruling by numbers' that is embedded in the Stability and Growth Pact. In short, in addition to having

permanent funds to steer towards sustainable and equitable development, EU governance also needs greater bottom-up decentralisation and democratisation. This alone could combat the deteriorating politics in which citizens, frustrated with their lack of voice and choice, vote for populists. And it could make a success of 2022!

TERESA RIERA MADURELL

Technological strategic sovereignty living alongside science diplomacy

A digitised world, with manifestly increasing strategic rivalries, makes technology a new source of power and security in international affairs. It therefore comes as no surprise that concepts like European digital, technological, and data sovereignty are at the centre of current EU policy discussions.

The Covid-19 pandemic and its consequences have only added fuel to the fire of the debate. Apart from further highlighting the importance of the digital transformation in many different aspects of our daily life, the pandemic has also evidenced the need to reduce strategic dependency in key technology areas, supply chains, and critical infrastructure.

According to Josep Borrell, the EU's High Representative for Foreign Affairs and Security Policy and Vice-President of the European Commission, strategic autonomy is, for the EU, "a process of political survival", and it should be expanded to other areas than only security and defence in order to safeguard the EU's economic and strategic interests and European values. The impact of technology, digitisation and data, on sovereignty, power and strategic autonomy should therefore not be overlooked. Technological strategic autonomy is about developing European technologies and alternatives that are essential for the well-being of Europeans, and without which there can be neither autonomy nor sovereignty. It is also about being able to play a leading role on the world stage.

Digital sovereignty is based on three interrelated elements: computing power, control of our data, and secure connectivity. Moving in this direction implies that the EU must free itself from its dependencies on hardware and software, and from its dependencies both on governments and high-tech companies from third countries.

In this regard, the EU is already working on important initiatives. Take supercomputers (high performance computing [HPC]) as an example. In her state of the Union speech, European Commission President Ursula von der Leyen stressed the importance of supercomputers for the current European Digital Decade – from big data analysis and artificial intelligence to cloud computing technologies and cybersecurity. It is well known that high performance computing is today essential for developing cutting-edge research in many

fields of knowledge – from medicine to energy, climate change, astrophysics, geology, artificial intelligence, and engineering. For this reason, supercomputers are one of the pillars of our digital autonomy, and the ability to develop them represents a major scientific, technological, and industrial challenge.

By creating the European High Performance Computing Joint Undertaking (Euro HPC-JU), the EU joins efforts and pools resources with the ambition of becoming a world leader in high-performance computing and of advancing significantly towards the achievement of its technological sovereignty.

One step forward is the announcement of a proposal in 2022 for a 'European Chips Act', to secure Europe's supply of microchips and encourage innovation in response to the EU's high dependency on a very limited number of non-EU suppliers. With initiatives like these, and in a world scenario of two technological powers – the United States and China – in strong confrontation, the EU is clearly laying the foundations of its sovereignty so that it can reap results in the shortest possible time, but not be isolated, which would be contrary to EU interests, values and culture. Instead, the EU wants to reconcile technological sovereignty with a commitment to strategic openness and international cooperation. More than ever, international cooperation is now a priority.

The EU needs to cooperate across borders to develop innovative solutions that can deliver green and digital transformations in line with the United Nations sustainable development goals. Tackling global problems such as climate change, an adequate supply of renewable energy, or pandemics requires the best talent and the most advanced knowledge in the world.

International cooperation in science and innovation also opens new business opportunities and new markets. Perhaps most importantly, it promotes innovative thinking, provides better problem-solving skills, and facilitates personal relationships between scientists and innovators from different countries, with different cultural backgrounds, and with different backgrounds and political points of view.

The language of science is universal, as are the values of science such as rationality, transparency and universality. Using the common language of science and sharing the same values can help enormously to build trust between countries. Science and innovation then become an essential tool for building and improving relations between countries, either to address common problems, or to mitigate geopolitical or social tensions (science diplomacy). An excellent example is that of the nuclear agreement with Iran, which was made possible because the talks involved two physicists who had previously worked together at the Massachusetts Institute of Technology (MIT).

Today, the EU regards science diplomacy as a highly relevant instrument for its foreign and security policy. Scientists who are connected and committed to the most relevant problems in the world can contribute significantly to promoting peace, development, multilateralism, openness, and establishing links between countries. They have done so in the past, led by Bertrand Russel and Albert Einstein, concerning nuclear energy, and they can do so today when there are so many significant challenges to be addressed. The cooperation and commitment of scientists on our present-day challenges can nevertheless pair perfectly with

the development of European alternative technologies that can free the EU from its technological dependencies and lead it to greater sovereignty.

Both science diplomacy and strategic technological sovereignty are concepts that emerge in the area of international cooperation, and they will of course be a matter for future discussions. But what is important now is to highlight that they can live alongside each other perfectly.

TOM KIBASI

The next chapter of EU-UK relations

The Covid-19 pandemic has caused the greatest economic disruption in peacetime that the world has known. The IMF estimates that the blow to world output will amount to $28 trillion (€25 trillion) between 2020 and 2025. This has, of course, occluded the economic impact of Brexit. It has proven nearly impossible to disentangle the impacts of Brexit from those of the pandemic. But the fundamental truth is that while the pandemic will pass, the effects of Brexit will be felt for many years to come. The reality is that Boris Johnson's government negotiated a very hard Brexit. The deal is thin and replete with deficiencies.

New frictions at borders are costly for both sides, but the greatest impact by far is on the UK economy. Global supply chain issues have affected many countries, but Brexit has diminished Britain's resilience and so the problems have been far more acute.

The British economy has been reliant on foreign investment – memorably described as 'the kindness of strangers' – for many years. Investment is the engine of growth and vital to the success of any economy. Britain has lost the top spot in the investment league tables to France – and investment in manufacturing has been particularly hard hit.

This creates a political problem, too: the UK government has prioritised tackling regional inequality where manufacturing must play a central role. Brexit has made it harder to accelerate growth in precisely the former industrial communities that voted for it.

At the heart of Brexit is the idea that the UK will enjoy greater agility outside the EU than within it, enabling it to seize new opportunities more quickly. The early success of the UK vaccine programme – and the bungling approach taken in Brussels – seemed to suggest that there was some truth to this notion. But this early success was nothing but a mirage. As the months have passed, EU countries have achieved higher uptake of vaccines and have been more successful at keeping infection rates down. Cooperation pays dividends.

The political strategy of Boris Johnson and his government is obvious: bolster popularity at home by picking a fight across the channel at every given opportunity. British ministers may attempt to reassure their counterparts in Paris with kind words in private, but their public statements matter because they limit room for manoeuvre for both sides.

We can expect the same pattern of behaviour to continue for as long as Johnson occupies 10 Downing Street. Both his party and his voter base reward – even rejoice in – taking

a tough line with European capitals and Brussels. There is little appetite to work constructively to solve difficult issues. There is every political incentive to pick fights.

The provocative political strategy has some distance to run. Brexit invited voters to imagine any future was possible and its cheerleaders have proven adept at promising that global success is always just around the corner. Just keep the faith in Brexit, they say. They now promise that Britain will see the dividends over a generation, not a few years or even a decade.

The nationalist forces at the heart of the Brexit project have been intoxicating for many. But some voters are growing tired of the promises and lack of real change. The question is whether this will translate into shifting votes at the next general election, which is not scheduled until 2024.

For EU-UK relations to improve, there will need to be a change of government in London. With Johnson enjoying a large majority and the Conservatives consistently ahead in opinion polls, that change is unlikely to come soon. It will take a new government to work constructively with the EU for the relationship to be put on a better footing.

One of the core reasons that Brexit was always such a poor idea is that Britain and the EU have so many shared interests. The politicians of the day can spin a different story, but the realities of geography, history, relationships, and patterns of trade mean that it is in our interests to cooperate with one another.

As we have seen with Brexit, reckless and selfish politicians can ignore the national interest in the pursuit of power for themselves. But eventually they will be found out. British politics has been detached from reality for some time. Eventually it will crash down back to earth. It is not a question of whether that will happen, but when.

One day, Britain will re-join the EU, either as full members or in such close alignment that the difference is indistinguishable; demographic changes and self-interest can assure us of that. After all, Brexit is a political project like the emperor's new clothes. Instead of striding across the world stage in a remake of empire, Britain is naked, shivering in the cold. Re-joining is only a matter of time.

DAŠA ŠAŠIĆ ŠILOVIĆ

The Western Balkans in 2022

The political reverberations and the conflicts of the 1990s will continue to haunt regional politics in the Western Balkans (WB) in 2022, especially at the interstate level. The feud over culpabilities, unresolved border disputes, political manipulation, the instrumentalisation of ethnicity, and the nationalist rhetoric will persist as the 'national' project of the right-wing ruling elites in most WB countries. Indeed, these elites use all this as a sort of tool to stoke popular support and to stay in power. The best example is Bosnia and Herzegovina (BiH) which will continue to be in a push and pull stalemate between the Republika Srpska, Croatian and Bosnian entities and their external supporters, including Serbia, Croatia and Turkey. The electoral and constitutional process under discussion in the BiH in the coming year will be a good indicator of the country's future. Meanwhile, the recent developments with external meddling in Montenegro do not bode well for that country's stability, while the situation in Kosovo remains painful with unfinished business for both the Kosovan and Serbian sides, each with different objectives.

On the democratic front, corruption and authoritarian (covert or overt) actions, as well as the lack of rule of law, will continue in an environment where "elected autocrats maintain a veneer of democracy while eviscerating its substance", as Steven Levitsky and Daniel Ziblatt have put it in *How Democracies Die*.[1] Indeed "this is how most democracies die today: slowly, in barely visible steps", they state.

The perversion of democratic values (resulting in nationalism, anti-immigration and anti-abortion stances, corruption, and an aversion to feminism and gender equality which are seen as an assault on family and traditional religious values whatever the denomination) will furthermore continue in 2022 through a seemingly politically correct right-wing 'democratic' rhetoric and the covert institutional subversion of democracy.

Most progressive and Social Democratic parties have been weakened from the outside and/or from within. They have limited space for political manoeuvring, and it remains unclear whether they will manage to survive in these conditions, let alone become stronger. The unfortunate, uneasy, and mistrusting relationship between civil society organisations

1 Levitsky, S. and Ziblatt, D. (2018) *How democracies die*, New York: Crown Publishing.

and progressive and Social Democratic parties will continue in 2022, while unholy, opportunistic opposition coalitions will remain problematic as they sacrifice principles and ideology for the sole goal of toppling the existing governments.

In Serbia, the opposition is a hodgepodge of ideologically diverse and opportunistic political parties. This does not bode well for a change in the political status quo in the country in the near future. Even if the government under President Alexandar Vučić recoiled on itself or if an unforeseen event caused destabilisation, such a coalition of diverse opposition forces would be difficult and might turn dubious. Meanwhile young, uncompromised, bold and charismatic new leaders and leaderships may be on the horizon and need support.

Despite the Social Democrat-led coalition in North Macedonia remaining in government, it is to be expected that it will continue under an increasing threat from the resurgence of the nationalist VMRO-DPMNE party.[2]

Some trends, however, offer a glimpse of hope for 2022. Recent local elections in Croatia, Bosnia and Herzegovina, and North Macedonia have brought progressive coalitions of Greens, independents, and Social Democrats to power in many municipalities. Civil society activists, who are either from left progressive parties or who have decided to run as independents, are gaining popularity among an electorate that is disenchanted with traditional political parties. Unfortunately, these new democratic coalitions currently have limited space to produce more meaningful and sustainable change. They are confronted with an ossified conservative political and institutional environment, as well as a cynical, rather passive electorate. In addition, they lack the political and financial capacity to break the stalemate.

Given that the economic consequences of the Covid-19 pandemic, the energy crisis and ensuing inflation will be difficult to resolve in the short term, it can be expected that poverty levels, currently affecting roughly a quarter of the population in the WB region, will worsen. The good news is that the private sector has managed to remain quite resilient and regionally interconnected. Regional mobility of goods and people is indeed on the rise. However, as social measures and the care economy remain financially strapped and without the reforms they so urgently need, trends such as the shortage of labour and the chronic brain drain from the region, along with the downward demographic direction, will continue.

The slow pace of the EU accession process is alienating otherwise pro-European citizens in the WB region, who are caught between mixed messages from their own governments and the European Union, with its support to 'stabilocracy' – a legitimisation of corrupt leaders. The perception of citizens is that there is inadequate and irresolute political will on both sides – that of the regimes, and that of the EU. The EU's credibility is therefore at stake. The ensuing stalemate and lack of progress in EU integration increasingly opens up the space for China to engage economically in the region, and for Russian strategic political positioning

More deliberate inclusion of the WB in the implementation of the European Green Deal could help the countries of the region leap faster into the future. Regional engagement in

2 Internal Macedonian Revolutionary Organisation – Democratic Party for Macedonian National Unity.

the discussions around the Conference on the Future of Europe could furthermore stimulate a substantive dialogue in WB countries on their own democratic perspectives.

Overall, in an unfavourable international environment, the political trends in the Western Balkans are likely to remain unstable in 2022. Indeed, the situation there is reminiscent of the 1990s pre-conflict environment. For both Europe and the region, complacency and inaction is therefore not an option.

CONNY REUTER

Dynamics of progressive policies

Right back at the beginning of the pandemic, I suspected that this global crisis would be politically momentous for Social Democracy – and the last two years have fully confirmed this. The global health crisis has drawn attention to the fact that investment in social and health policies cannot be seen in the light of market rules only. The neoliberal economisation of health from only the perspective of profits and losses has weakened the healthy systems even in the richest countries of the globe. How do we explain the fact that now in the fourth wave, our health systems are yet again driven to their limits? Decisions on who should live and who should die are a horror for doctors and medical staff who are committed to saving lives, but not to selecting who should survive. How much should be invested in the sector remains a systemic question – but the health sector needs to be run as a social economy service rather than a health business.

In Europe, it was the Progressives in the European Parliament and the European Council who succeeded in pushing for the European recovery programme and a new vision of financing – and even if this is not yet a breakthrough and is still questioned by some, it is a very significant milestone of which our political family should be proud. But it is not only in Europe that progressive governments have managed to steer the crisis better than conservative or authoritarian regimes. Looking further West, we have been surprised to see how in the once most neoliberal economy in the world the Biden/Harris administration is determined to set new – ultimately Social Democratic – priorities.

However, the North-South divide is still to be overcome – particularly when it comes to access to vaccines. At the start of 2021, the Progressive Alliance launched a campaign for vaccine solidarity. This is now supported by 55 member parties worldwide, many NGOs, think tanks like FEPS, and the European and International Trade Union Confederation.

And we did not stand alone with our call. UN Secretary General António Guterres and UN Human Rights Commissioner Michelle Bachelet shared our arguments and made similar calls. The key point of dispute remains the liberation of the licences to produce the vaccines (patent waivers), which is not very popular in the Northern Hemisphere, where the laboratories are based that developed the groundbreaking mRNA vaccines in record time. However, some appear to have forgotten that without the public investment in the research

for these vaccines they would not have seen the light of day. Nevertheless, it seems that the fear of losing profits is stronger than the – often repeated – global political and medical understanding that 'no one is safe until everybody is safe'. This simple truth needs to have consequences, at least in the temporary liberation of licences. Have the lessons from HIV/AIDS not been learnt?

At a time when the rich North is launching its Covid-19 booster campaigns, the vaccination rate in the poorest countries of the world is around 5 per cent of the population. One does not need to be an epidemiologist to understand that if the virus is not contained in the Global South, and if variants are left to spread – like the most recent Omicron variant, discovered in South Africa – the existing vaccines will need to be adapted, which will have another cost. Will we be forced to confront the reality yet again that solidarity ends when it comes to making safe profits? Thinking global is fine, acting local is not sufficient.

In terms of the global trends for 2022, the pandemic has accelerated the threats to democracy, as many regimes have used the fight against the virus to shrink democratic and civic rights even further. We are now witnessing a multitude of threats that endanger resilient democracies. Inequalities pave the way to right-wing and even fascist populists. The paradox is that those who do not care about more social justice far too often gain the votes of those who struggle for survival in their daily lives. Yet there is not a single right-wing, authoritarian, or fascist regime that has managed to draw 30 million people out of poverty like Brazil's former president Lula did. Indeed, under the country's current far-right president, Jair Bolsonaro, 45 million Brazilians have been pushed back into poverty.

Is it democracy-fatigue or should we finally acknowledge that too narrow a focus on only economic questions does not help those who suffer? At the time of the gilets jaunes (yellow jacket) protests in France, the tension was between those who were afraid of the end of the month and those who were afraid of the end of the world. It is therefore of the utmost relevance that our political family fully engages to ensure that the upcoming green and digital transitions are fair and do not leave anyone behind. This is easier said than done when we look, for example, at the length of time taken and at the social cost demanded for the transition of the Ruhr, once Germany's most economically relevant region of steel and coal.

There are certainly economic solutions – and new businesses, industrial and technological revolutions will help. We will definitely need to strengthen social dialogue, but we should also focus more on new economic actors because decent work, and new and sustainable jobs are needed more than ever in these times of transition. And the transition cannot be for the Global North alone!

What is more, we need to prove that economic prosperity without democracy is not the alternative. There is competition with Russia and China. While we continue to question trade agreements between the EU and other countries and regions in the world, the Chinese are investing heavily in Africa and Latin America. They even support activities of parties linked to our political family. But there are no mass protests against these forms of dependency.

In the end, my plea for a progressive New Year is for a return to the fundamental call of Social Democracy: dare more internationalism! We offer the Progressive Alliance as the cooperation platform of progressive parties worldwide – because we need to exchange experiences, concepts and visions. We need to develop sustainable perspectives and solutions. And in the Progressive Alliance we can build on good progressive governmental experience from the Dominican Republic to New Zealand. Who else can?

HEIKKI PATOMÄKI

Contradictory developments in the 2020s: progressive learning vs the increasingly likely possibility of a global military catastrophe

A calendar year is short and arbitrary from the viewpoint of historical processes. Moreover, point predictions are not usually possible in open social systems. Instead of anticipating specific events in 2022, I will therefore focus on contradictory developments in the world political economy – developments that may result in new nodal points in world history as soon as in 2022, or perhaps in 2023-24. The world economy is entering a new era because of processes of learning and unlearning. The Keynesian spell as a response to the global financial crisis of 2008-09 might have been short-lived, but unconventional monetary policies have become an essential part of the system. The Covid-19 crisis in 2020-21 has deepened the gap between the foregoing macroeconomic orthodoxy and the current and emerging policy realities. There is a widespread expectation that the economic role of the state will be strengthened permanently. Strengthening of the state, however, is consistent with nationalism and with the one-sidedness of vision, and with various fallacies of composition.

In 2006-07, I wrote a book called *The Political Economy of Global Security*,[1] outlining three main scenarios for a possible and likely future into the 2030s and 2040s. Scenario A focuses on possible paths involving the escalation of interstate conflicts that will gradually assemble the conditions for a global military catastrophe. Scenario B is based on the alternative idea that peaceful and possibly democratic reforms of the governance of the world economy are possible without a major global catastrophe and that these reforms

1 Patomäki, H. (2008) *The political economy of global security. War, future crises and changes in global governance*, London and New York: Routledge.

will mitigate tendencies from scenario A, and may even help to overcome them. Leaving aside scenario C (of other tendencies toward a global catastrophe), what seems to have been happening so far is that aspects and components of both scenarios are materialising simultaneously.

The main mechanisms pushing the world toward scenario A include (i) uneven growth, economic imbalances, and contradictory responses to them; (ii) competition over increasingly scarce resources and sinks, with this competition also taking forms that partly resemble those of earlier imperial practices; (iii) crisis-prone global finance and the precarious role of the US dollar in the global monetary system; (iv) de-democratisation and the increasing role of vested interests, and (v) securitisation, enemy-construction, and an armaments race.

In the main version of this scenario, the long downturn and uneven growth will persist in the world economy. In scenario A, uneven growth will generate diplomatic tensions between the established centres of the world economy and the new centres of growth. This competition is shaped by, but also shapes, internal developments – for instance in India, Russia, and the EU. In a sub-scenario, the US will crumble economically and react aggressively, causing a rapid process of securitisation and antagonisation, but in a tightly interconnected world economy no major crisis is isolated and it could also begin in Europe, China, or elsewhere. Competition among large states and blocs will lead to further securitisation, enemy-construction, new alliances, and an armaments race.

The post-cold war dynamics stem in part from various critical responses to the one-sidedness of the neoliberal world order. For example, in the early 2000s, Russia turned against universal liberal claims and related double standards and forms of self-righteousness (Kosovo, Iraq, colour-revolutions, etc). For years it has now advocated pluralism via multipolarity and power-balancing. However, this is only one aspect of complex processes that involve political economy mechanisms, conflicts over principles, and state-reasoning.

A series of episodes and developments such as the global financial crisis, the euro crisis, the rise of nationalist populism, authoritarian developments across the world including in China and Russia, and escalating arms races (including an offence–defence race in space) accord with scenario A. The increasingly acute conflicts in Eastern Europe and the South China Sea have the potential to escalate into full-scale war, even to nuclear war. Moreover, the Covid-19 crisis has further exacerbated some of the underlying tendencies – for instance through increasing inequalities and triggering nationalist responses, including by the EU.

Developments in real historical time are immensely complex, however. Complexity is manifest for instance in the way the Trump administration was defeated in elections. Complexity is also shown by the way the US has finally withdrawn from Afghanistan, after years of hesitation, indicating the ineffectiveness and expensiveness of military force in the contemporary interconnected world. Interestingly, Russia has fared no better. During the Putin era, Russia has been involved in a handful of limited wars and half of them continue as low-intensity conflicts. These conflicts have become a hefty economic and political burden to Russia, especially the Ukrainian conflict, while the overall economic growth between 2014 and 2020 has been negligible, affecting Putin's popularity. And yet we also know that regimes can respond to political opposition, economic difficulties, and rising

or high inequalities by intensifying nationalistic sentiment and generating 'rally-around-the-flag' effects, as has happened in many places recently, from Brazil and India to China and Turkey. Similarly, while the EU faces the internal opposition of nationalists and also – albeit in a rather different sense – 'frugal' member states, it is also searching for 'strategic autonomy', which involves the securitisation of potential dangers, thus contributing to the global geopolitical developments.

While the global security dynamics implicate regressive unlearning and a partial return to the interstate practices of the late 19th and early 20th centuries (there is also a continuation from the cold war era), recent political economy developments embrace progressive learning from negative experiences.

The macroeconomic 'consensus' of the 1990s did not work. Unconventional monetary policies are central bank responses to the threat of deflation and the consequences of economic crises. When the securities bought by the central banks include public debt, these policies can facilitate stimulus and fiscal deficits as per Keynesian theory.

The Covid-19 crisis of 2020-21 has caused further shifts, at a time when unconventional monetary policies had already become more or less permanent. And now there has been further experimentation with economic policy (eg, 'helicopter money'). What is more, it has finally been realised that national taxation is subject to contradictions in the interwoven world economy. Civil society actors and international organisations such as the OECD have kept tax evasion on the agenda since the 1990s. The OECD/G20 agreement in 2021 on corporate taxation exemplifies the process of moving from contradictions to social and political change. The publicly stated aim is to "end the global race to the bottom on corporate taxation". Although the agreement only defines the bottom and the rules of the game, without abolishing tax evasion, the agreement is nonetheless an example of learning leading to collective action.

Scenario B is about peaceful – and possibly democratic – reforms of global governance occurring in the absence of any major global catastrophe. It is possible that learning about global problems, contradictions, and threats will suffice to generate a movement that can transform and rebuild global governance systems. In the 2020s, the clearest example of this is the global climate movement. Any large-scale movement may eventually convince many governments to change the existing laws and create new international and global laws that can also affect the global security dynamics. A series of limited future economic crises and wars may further push the rise of movements, as may the gradual unfolding of the climate crisis, at least under politically favourable circumstances. Learning can of course also occur at the 'top', as the OECD/G20 agreement shows. What is important from the point of view of anticipating world-historical nodal points in the 2020s is that learning has already contributed to changes in the prevailing framework of macroeconomic policy and to global cooperation to tackle tax evasion, inequalities, and corporate power.

Meanwhile, the world has returned to a stage where it is once again of urgent importance to engage with confidence-building and arms control measures to restrain the increasingly dangerous global security dynamics. Yet what we see is not a cold war world but a world of complex interdependence. This interdependence also redefines worldwide relations

of power (eg, value chains, the overlap between different national jurisdictions, global networks of informational and financial exchange, a global formation of aggregate efficient demand, etc). The steps taken so far to govern this interdependence are grossly inadequate to counter the main mechanisms that are pushing the world towards scenario A.

To paraphrase H. G. Wells, by changing just one word, 'civilisation is in a race between learning and catastrophe'. The point is not to wait passively for the next nodal point in world history or to predict exactly what, where, and when, but to contribute to our collective learning in order to ensure that we can avoid catastrophes and enable human progress.

BRUNO GONÇALVES

Youth and Covidkratia

The Covid-19 pandemic is testing the resilience of our society and democratic systems. This silent virus has decided to hold everyone accountable and not to distinguish between rich and poor when it comes to infection targets. But it has had the biggest impact on those who were likely to suffer the most from it: the poor, refugees, women and youth.

The new form of organisation that has arrived with this reality – where a virus decides on the civil liberties of citizens as well as on the common faith of countries and regions – has not only been used by the most autocratic governments to justify perpetrations of human rights abuses, but also continues to add new challenges to our progressive agenda. Despite all the optimism of the will, 2022 is not going to be any different when it comes to these abuses, and it is our duty to be attentive, reactive and vigilant.

The next decades will be shaped by the way we adapt to the circumstances of today and the path we choose. Unfortunately, when it comes to progressive values, the human rights agenda or democracy, the biggest pandemics are misinformation and intolerance. When both combine, the reality turns into a permanent threat to freedom, equality and global order – as happened, for example, under the eyes of the international community during President Trump's mandate. As such, we need to actively promote inclusivity and comprehensive social policies on the grassroots level. Particularly when it comes to youth, we need more than ever to foster a modernised progressive agenda that combines social equilibrium, climate action and economic development.

While attention is focused on fighting Covid-19 and the disruption of global supply chains, democratic setbacks are taking place worldwide. In Nicaragua, where the opposition is arrested by Ortega's regime; in Swaziland, where the last remaining absolute monarchy of Africa assaults and murders the militants of democracy; in the Philippines where freedom of the press or respect towards NGOs is only a mirage; or right next to Europe where silence has been complicit with the difficult realities for young people in Western Sahara, Palestine or Armenia.

If we add to that equation the Abraham accords between Israel, the United Arab Emirates, and the United States, the constant tension between Washington and Beijing, the

eruption of regional conflicts in Africa or the political uncertainty in Europe, one could say that hope is not enough to shape a successful 2022.

I would only dare to make two predictions: the first is that we will have a more chaotic world in 2022 than in 2021 for multiple reasons. One of the most determining events will be the mid-term election in the United States, where the fact that the only topic that both parties will agree on is the approach towards China is a reflection of the increasing polarisation. On China, particularly, it is our role to remain especially attentive, and not to forget the historical struggles for freedom in other parts of the world while the spotlight turns to Taiwan.

The second prediction is that we can change the course of recent history and renew the vows for freedom, equality and solidarity only through the engagement of youth in civil and political movements. In order for this to take place, we need political parties and traditional organisations to become open to new contributions, inclusivity, reform and disruptive ground-breaking approaches.

It might be that we are reaching the end of a cycle when change is the only constant. Let's take the opportunity to build a new generation of progress.

BIOGRAPHIES

Biographies



László ANDOR is the secretary general of the Foundation for European Progressive Studies (FEPS). A Hungarian economist and former EU Commissioner for Employment, Social Affairs and Inclusion (2010-14), since stepping down from the EC, Andor has been Head of the Department of Economic Policy at Corvinus University (Budapest), Senior Fellow at Hertie School of Governance (Berlin) and a Visiting Professor at ULB (Brussels) and Sciences Po (Paris). He taught political science and economic policy in Budapest, was editor of the journal *Eszmélet*, and a regular columnist for the weekly business magazine *Figyelő* and the daily *Népszava*. He has authored, edited or co-edited a dozen books in Hungary. Andor has also taught at Rutgers (State University of New Jersey) as Visiting Fulbright Professor (1997-98), worked as an advisor for the World Bank on SAPRI, for the Budget Committee of the Hungarian Parliament (1998-9) and the Prime Minister's Office (2002-5). From 2005 to 2010, he was a Member of the Board of Directors of the EBRD (London). Andor holds a degree in Economic Sciences from Karl Marx (now Corvinus) University, an MA in Development Economics from the University of Manchester, and a PhD from the Hungarian Academy of Sciences (1995). He was awarded Doctor Honoris Causa at Sofia University of National and World Economy, and in 2014 was awarded the Legion of Honour by the President of France.



François BALATE is the Head of Office to FEPS President Maria João Rodrigues. He advises and supports her in all strategic, political and statutory work at FEPS. François joined FEPS in September 2020. Previously, he worked for several years at the European Youth Forum, mainly as Policy & Advocacy Director, where he led various projects and campaigns aimed at building a more sustainable, democratic and socially just Europe, engaging with key institutions at the European Union, the Council of Europe and the United Nations levels. He holds a political science degree from the Université Libre de Bruxelles and a degree in European studies from the College of Europe in Bruges.



Mathieu BLONDEEL is a postdoctoral Research Fellow in the Strategy and International Business Group at the Warwick Business School (UK). His research and teaching is situated at the intersection of global climate and energy politics, with a particular focus on the political economy of energy system transformation. He obtained his PhD in International Relations from the Ghent Institute for International Studies (Belgium).



Udo BULLMANN is a political scientist who worked as Jean-Monnet-Professor (Studies on European Integration) before he was elected as member of the European Parliament in 1999. In the current legislature, he is S&D Coordinator in the EP Development Committee. In his former mandates he served as Coordinator in the Economic and Monetary Affairs Committee, Leader of the SPD delegation, Vice-President and President of the S&D Group. Grown up in the state of Hesse he started his political career as an active member and later on as chairperson of the party's youth organisation JUSOS.



Bea CANTILLON is Professor of Social Policy and member of the Herman Deleeck Centre for Social Policy at the University of Antwerp. She has acted as a consultant to, among others, the OECD, the European Commission, and the Belgian government. Currently, she is member of the Belgian High Council for Employment. Bea Cantillon is fellow of the Royal Belgian Academy of Sciences and corresponding fellow of the British Academy. She was awarded a Doctorate honoris causa by UCLouvain Saint-Louis Brussels and the Van Doorn Chair at the Erasmus School of Social and Behavioural Sciences in Rotterdam. Recent book publications include *Reconciling Work and Poverty Reduction* (with F. Vandenbroucke) and *Decent Incomes for all* (with Tim Goedemé and John Hills) both with Oxford University Press. She co-authored the book *Social Indicators, The EU and Social Inclusion* with Tony Atkinson, Erik Marlier and Brian Nolan also with Oxford University Press.



Sara CERDAS is a Portuguese medical doctor and, since July of 2019, a member of European Parliament. She is a member of the Committee on the Environment, Public Health and Food Safety, the Committee on Transport and Tourism and is also the Vice-Chair of the Special Committee on Beating Cancer. Cerdas is the co-chair of the European Parliament's Working Group on Health, which brings to discussion European health issues with different stakeholders

and experts. She holds a master's degree in Medicine from the University of Lisbon and a master's degree in Public Health from the University of Umeå.



Luisa CHIODI has been the director of Osservatorio Balcani Caucaso Transeuropa since 2006. She holds a PhD in Social and Political Science from the European University Institute of Fiesole (Florence) and a degree in Political Science from the University of Milan. From 2003 to 2008 she was lecturer for the chair of Eastern European Studies at the Faculty of Political Science at the University of Bologna. She coordinated several research projects and is author of publications on civil society and transnational social dynamics. Her twitter account is @luisa_chiodi.



Serena EPIS is a master's graduate in European and International Studies from the University of Trento. Since June 2021 she has been working as a research assistant for OBC Transeuropa on projects related to enlargement and civil society engagement. She is particularly interested in civic participation and environmental issues. She was selected as a student of the Honours Programme Talete, an advanced training programme on the themes of global interdependence and international cooperation. Her twitter account is @epis_serena.



Hedwig GIUSTO joined the Foundation for European Progressive Studies (FEPS) in May 2016 as Senior Policy Advisor working predominantly on migration and the Balkans. Since September 2020 she is editor-in-chief of the Progressive Post, the magazine run by FEPS. She holds a PhD in History of International Relations from the University of Florence and an MSc in History of International Relations from the London School of Economics. From 2006 to 2015 she worked at the Fondazione Italianieuropei, where she was in charge of the foundation's international relations and activities.



Bruno GONÇALVES holds a Master's degree in Mechanical Engineering from the University of Minho, where he served as the institution's general adviser and students' representative, and has further developed a professional career in technological consultancy. From 2016 he has been member of the national board of the Portuguese Socialist Youth, and has been board member of the Youth National Council (2016-17). He has participated in different international conferences, such as the ILO Conference for the Eradication of Child Labour, and was in charge of the Young European Socialists Education Network from 2018 to 2020. He is currently the Secretary General of IUSY, the Inter-

national Union of Socialist Youth, representing 163 member organisations from more than 110 countries.



Anikó GREGOR is a sociologist and works as an assistant professor at Eötvös Loránd University, Faculty of Social Sciences, where she teaches various courses in social research methodology and Gender Studies. She has an MA in Gender Studies (CEU, 2011) and a PhD in Sociology (ELTE, 2015). Between 2013 and 2016, she was a member of the FEPS Young Academics Network. Between 2015 and 2021, she served as a vice programme director and programme coordinator at the Gender Studies MA program, ELTE. In 2019-20, she was a visiting fellow in the Academy in Exile programme at Freie University, Berlin. In 2021, she was awarded the Academic Honoris Causa by the Carta Academica for her works for academic freedom. In her research, she focuses on the recent effects of neoliberalisation on gender relations in Hungary and Eastern Europe.



Roberto GUALTIERI is the mayor of Rome since October 2021. He received a PhD in Economic history from the University of Rome Sapienza and is Associated Professor of Contemporary History in the same university. He is the author of several books, articles and essays on political, economic and international history and European integration. In 2009 Gualtieri was elected for the first time to the European Parliament, where he has been member of the negotiating team on Brexit and president of the Committee on Economic and Monetary Affairs. In September 2019 he was appointed Minister for Economy and Finances, and in this position he has participated, together with the Italian government, to the negotiations that led to the adoption of NextGenerationEU.



Ulrike GUEROT is Professor at the Institute of Political Science and Sociology and holds the Chair for European Politics at the CERC (Centre Ernst Robert Curtius) of the University of Bonn. She is the founder of the European Democracy Lab, Berlin, and was previously head of the Department for European Policy and the Study of Democracy at Danube University Krems, Austria. She worked in various European think-tanks as well as at universities in Paris, Brussels, London, Washington, and Berlin. In 2019, she was awarded the Paul Watzlawick Ring of Honor as well as the Salzburg Award for Research on the Future. In 2020, she published her most recent book *Nichts wird so bleiben wie es war?* (Molden).

R. Daniel KELEMEN is Professor of Political Science and Law at Rutgers University. An internationally renowned expert on European Union politics and law, he is author



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Tom KIBASI is the former Executive Director of the Institute for Public Policy Research (IPPR), Britain leading progressive think tank. He is a regular writer and commentator on politics and economics, and has written for the *Guardian*, *Independent*, *Washington Post* and many other publications. Tom was the founder and chairman of the IPPR Commission on Economic Justice whose final report was published to much acclaim. He also established major research programmes in health policy and on Brexit. Prior to joining IPPR, Tom was a partner in the healthcare practice of McKinsey and Company in both London and New York City. Today, he works in the biotechnology industry on a major new effort to create life sciences companies that can liberate humankind from disease. Tom was educated at Trinity College, Cambridge, and is an honorary lecturer at Imperial College London.



Alessandro MARRONE is Head of the Defence Programme at Istituto Affari Internazionali (IAI). He is also professor at the Istituto Superiore di Stato Maggiore Interforze (ISSMI) of the Italian Ministry of Defence and has been teaching for four years at the University of Perugia. He holds a PhD in History of Europe from the University of Rome Sapienza and a Master of Science (MSc) in International Relations from the London School of Economics and Political Science (LSE). Previously he got a Bachelor degree in Political Science and MSc in International Relations from the LUISS Guido Carli.



Francesco MARTINO is a journalist. Based in Sofia, Bulgaria, he has been covering South-East Europe for the think tank Osservatorio Balcani Caucaso Transeuropa since 2006. He has received a Master's Degree in Media Studies from the University of Trieste and is fluent in Italian, English, Bulgarian and Serbo-Croatian. Martino has a special interest in social issues, politics, economy, culture, and EU integration, and is the author of several articles, reports, inter-

views, in-depth analysis, photo-reports, video, and audio news reports. As a reporter and area expert, he has also been contributing to several Italian and international media outlets and think tanks. His twitter account is @fmartino_obc.



Heikki PATOMÄKI is a Professor of World Politics in Helsinki. Originally trained as an economist, he has published extensively in various scholarly fields. Previously Patomäki has worked as a full professor at the University of Nottingham Trent (1998-2003) and RMIT University (2007-10) in Melbourne, Australia. He has also been a Visiting Professor at the Ritsumeikan University in Kyoto, Japan (2012). Patomäki is a member of the Finnish Academy of Science and Letters and lifelong member of Clare Hall, University of Cambridge. His new book *The Three Fields of Global Political Economy* (Routledge) is coming out in March 2022. Patomäki is a founding member of the new Helsinki Centre for Global Political Economy that was established in April 2020 and Vice-Chair of the EuroMemo network for 2021-22. In 2020-21, he received the Outstanding Activist Scholar award from the International Political Economy section of the ISA.



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Maria João RODRIGUES, former Portuguese Minister of Employment in Portugal of Prime Minister Antonio Guterres, is President of FEPS. She is a European politician with a long track record in different European institutions: EU Presidencies, Council, European Council, European Commission and, more recently, the European Parliament where she was Vice-President of S&D Group, the second largest EP Group, in charge of the general coordination and interface with the other EU institutions. She played a relevant role

in several important European initiatives including the Lisbon Treaty, the Lisbon and the Europe 2020 strategy (the EU's agenda for growth and jobs), the Eurozone reform, the interface with EU strategic partners, the roadmap for EU's future and, more recently, the European Pillar of Social Rights. She is now involved in developing plans to respond to the COVID-19 crisis. In her academic life, Rodrigues was professor of European economic policies in the European Studies Institute – Université Libre de Bruxelles and in the Lisbon University Institute. She was also the chair of the European Commission Advisory Board for socio-economic sciences. She is the author of more than one hundred publications.



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PROGRESSIVE YEARBOOK 2022

FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES
FONDATION EUROPÉENNE D'ÉTUDES PROGRESSISTES

Where is the European Union going after two years of the pandemic? How is the EU responding to the multifaceted crisis that has arisen from it? How are democracies and the rule of law faring in Europe? Has anything been done to revert the trend of increasing inequalities on our continent? What are we doing to address the many global challenges we face, from climate change to digital transformation? Is the tide finally turning in favour of European Social Democratic parties? Is the recent shift of power in Bulgaria a sign of deeper and long-lasting changes? And is there any hope for the Hungarian united opposition wanting to challenge Orbán's power? How are events beyond Europe's borders affecting the EU? Is the European Union finally able and willing to take on its global responsibilities? And what can we expect from 2022?

Taking stock of the year that has just closed, this third edition of the FEPS Progressive Yearbook strives to fulfil the ambitious promise that FEPS made on the occasion of the book's first edition and sets out to offer its readers some interpretation of the political developments that occurred in 2021, as well as a glimpse of what may happen in the year ahead. We certainly have no crystal ball. But through the analyses of our many authoritative contributors, we aim to give our readers some answers to the multiple questions of current concern, or at least to give them a fresh, different, and progressive perspective on the challenges, developments, and transformations that are taking place in Europe and beyond. FEPS hopes that this book will help the reader look back in order to move forwards.

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