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SPECIAL COVERAGE

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From housing crisis to housing rights

DOSSIER

A greater role for rural areas

*Peter Bofinger
Isabel Carvalhais
Evelina Heinäluoma
Dejan Jović
Enrico Letta
Esther Lynch*

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The Progressive Post

The Progressive Post is the political magazine of the Foundation for European Progressive Studies (FEPS). It gathers renowned thinkers, experts and activists from the world of politics, academia and civil society, provides critical analysis of policies, and clarifies options and opportunities for decision-makers.

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

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

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by Hedwig Giusto

The Russian invasion of Ukraine has triggered decisions, accelerated processes, and derailed developments on which Brussels and the European capitals had long been lingering. The unity that the EU and its member states have shown since the start of this war is probably not exactly what Vladimir Putin had expected. But while his motives, goals and strategies might fascinate historians, political analysts and psychologists for decades to come, the consequences of his war are questions for the present that will indisputably shape our future.

Soaring energy prices, rising inflation, NATO accession of Finland and Sweden, enlargement prospects for the EU, reception of refugees, digital warfare, rampant disinformation, and the many policy adjustments that these phenomena urgently require, call for quick answers and courageous steps. And what is more, this is all happening against a backdrop of profound changes in the international order.

This could clearly mark a historic turning point for the European Union – a time of 'European momentum' in which the EU sticks together, acknowledges its global role once and for all, and acts accordingly. Alternatively, the EU could simply allow indecisiveness and divisions to gain the upper hand once more.

Almost five months into the war into the war, with energy prices skyrocketing, inflation rising, and the threat of food insecurity looming, the resilience of European citizens is being hard-shaken, and their support risks fading away. Already, the pro-Ukraine mobilisation of European citizens, shown by their solidarity towards Ukrainian refugees, is starting to fall apart.

In this issue of the *Progressive Post*, our **Special Coverage** section looks at **Europe's energy challenge**. Russia's attack on Ukraine has disrupted the energy market in Europe (and beyond) just at the time when the EU was

committed to implementing its energy transition. How will these shifting scenarios and the EU's attempts to reduce its dependency on Russian fossil fuels affect the Union's goal to build a stable, resilient and climate-friendly energy system? Will Europe remain true to this goal, and take the opportunity to accelerate the process, or will it give in to the temptation of resorting to alternative sources of oil and gas?

At the end of June, the European Council decided to grant EU candidate status to Ukraine and Moldova. While this is, to a certain extent, a symbolic move that will not significantly alter the EU's external borders in the short term, it has left the Western Balkan countries – which are currently at different stages of their EU accession process – with a bitter taste in their mouth. The decision that Ukraine's future is with the European Union has not been immediately accompanied by decisive steps to meet the European aspirations of the Western Balkans. In our **Focus** section **Western Balkans: a rough route to EU integration**, the *Progressive Post* sets out the current state of reform in this region and the impact of the war in Ukraine on the international stance of the Western Balkan states.

In our two **Dossiers**, the *Progressive Post* honours its vocation to promote social cohesion. The first one, **From housing crisis to housing rights**, provides some examples of best practices for addressing the question of decent housing, which affects most urban centres, and for reversing the current trend of gentrification in order to be able to secure affordable housing. In our second **Dossier, A greater role for rural areas**, we address both the sense of disenfranchisement that many people who are living in the most remote areas of the EU feel, and the right of all European citizens to have access to essential services as well as the conditions to achieve their professional, social and personal goals, no matter where they live.

Editorial



Hedwig Giusto,
Editor-in-chief



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Enlarging, deepening, repositioning – the European equation ahead

by Maria João Rodrigues

By granting candidate country status to Ukraine and Moldova and by recommitting to EU membership for the Western Balkans, the European Union has opened up a new phase of its enlargement which will redesign the European political map again. It was undoubtedly the right decision to assert European sovereignty and to welcome an embattled country which is showing with bravery that it belongs to a European future and not to a war of the past – a war of the past because today's war in Ukraine combines the clash of empires of the first world war with the clash of political regimes of the second world war.

The future in Europe, however, is being created by the values of freedom, equality, solidarity, democracy, and sustainability, and by a process of European integration that involves enlargement of the EU but also deepening it. Indeed, deepening is a precondition for successful EU enlargement. But as enlargement has now become a political and moral imperative, the issue today is not about choosing between one or the other. It is rather about how to achieve both with a new approach.

Enlargement with a new approach requires putting political and geopolitical unity at the top of the agenda, with strong coordination of external policy and defence, swifter integration in the European energy, transport, digital, research and education networks, promotion of joint investment for a new development model – all in addition to the classical approach of market access and adjustment to the *acquis*

communautaire. This new approach also means greater and stronger convergence in governance, including the rule of law, and greater and stronger coordination of economic, social and tax policies. The idea of a European Political Community should only be considered if it is used in this direction, and not as a process to delay EU membership.

Meanwhile, **a larger European Union cannot afford to run the risk of being paralysed in its internal decisions precisely when the world order is being redrawn and humankind confronted with planetary and existential challenges.** The EU's capacity to act should be strengthened with a precise plan to deepen EU integration involving all member states that are willing to participate.

The world is now at a point of bifurcation: either the multilateral system can reinvent

itself to respond to global challenges with more cooperation in this multipolar world, or global governance will be fragmented according to different fault lines – the US vs China, the G2 vs the others, a shrinking West vs the others, and Global South vs Global North. The European Union urgently needs to position itself as a global actor striving for a multipolar world that is framed by an effective, fair and inclusive multilateral system. The war in Ukraine is the EU's first serious test so far.

► *A larger European Union cannot afford to run the risk of being paralysed in its internal decisions precisely when the world order is being redrawn and humankind confronted with planetary and existential challenges.*

Among several worrying military conflicts, the one in Ukraine is particularly worrying because it has the potential to trigger these major fragmentations in the world order. **Supporting Ukraine with decisive action against Putin's tyranny and granting it EU candidate country status are important precisely to allow an acceptable peace settlement** and to prevent these risks of fragmentation. Preventing a global food security crisis and disactivating this new Russian weapon will be another important test.

This conflict also reveals how multifaceted war and warfare can become today, from military confrontation, financial and economic sanctions and counter-sanctions, to the weaponisation of energy, food and migration. In addition, a decisive dimension of 21st century wars seems to be the digital one, not only because of cybersecurity but also because of the battle of narratives and visions of reality in the media space – which, among others, will decide how long the Russian people will support Vladimir Putin's leadership.

Is Europe equipped to ensure security in these fields and to protect its sovereign democratic choices? As the answer is clearly no, we need to develop the EU's capacity to act – first, to act externally by promoting multilateral solutions to secure peace, to address climate and health challenges, to support fundamental rights, and to reduce social inequalities across the world. **These priorities should also be clear in all EU bilateral relationships. Beyond being an active and committed member of NATO and the G7, the EU must assert itself as a global actor with its own global vision**, a larger concept of external action as well as more robust diplomatic and defence capacities – including in cybersecurity.

We also need to strengthen our capacity to step up the transition towards a new development model that is low-carbon and that has fewer energy dependencies and with a European-driven digital transformation that tackles social and regional inequalities.



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Nevertheless, these two high ambitions can only be met if the EU deploys the necessary means. **New financial means will require a large-scale and long-term investment capacity, mobilising all possible private and public tools.** They should also involve a more robust permanent European budgetary capacity based on common issuance of debt that is backed by new own resources, as well as national budgets with room to invest while keeping sustainable debt. A significant overhaul of the European tax system will be crucial not only to address tax avoidance, but also to include new own sources of taxation.

Finally, new political means will be decisive for all this to happen. Firstly by enforcing the rule of law, strengthening democracy, and fighting corruption. Secondly, by empowering the European political system to overcome veto obstacles with updated rules on qualified majority voting, and by giving a greater role to the European Parliament. Finally, by engaging civil society and citizens at large through renewed channels of participatory democracy, building on the recent experience of the Conference on the Future of Europe. That is why the follow-up of this conference will require bold and courageous decisions.

► *These priorities should also be clear in all EU bilateral relationships. Beyond being an active and committed member of NATO and the G7, the EU must assert itself as a global actor with its own global vision.*



Maria João Rodrigues,
FEPS President



A European Confederation: a common political platform for peace

by Enrico Letta

Ukraine has been granted candidate status for EU membership, after Brussels and the other European capitals officially expressed their will in favour of this decision – one that Italy had strongly advocated for. The picture of Italian Prime Minister Mario Draghi, French President Emmanuel Macron and German Chancellor Olaf Scholz travelling together to Ukraine stands as a symbol of the EU's commitment to supporting Kyiv at this turning point in history.

Our primary goal is peace, with real negotiations leading to the end of the hostilities. Leaving the EU's door open for Ukraine and other eastern European countries with the same ambition for freedom and democracy is the right thing to do. But downplaying the complexity of this process is wrong.

EU accession is far from easy. There are many lengthy delays involved in meeting the required standards. Furthermore, a new enlargement could have an impact on the EU and its institutions that is difficult to assess at the time of writing.

After 1989, things proceeded without a clear direction. Initially, there was a time of great promises and expectations, then there were years and years of let-downs, and finally a phase of full-throttle acceleration. The result? Resentment in some countries – the newcomers – and mistrust in others – the old member states. Subsequent events in Hungary, Poland, and the other countries of the Visegrád group have shown this clearly.

My appeal to all of us is therefore to avoid making the same mistakes. Instead, we should immediately create a European Confederation, consisting of the 27 EU member states, plus Ukraine, Moldova, Georgia, Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia.

This would have a twofold result. First, Ukraine and the other countries lining up to join the EU could participate in European public life and have their say as part of a common political platform, all sharing the same strategic space. Second, and at the same time, the path to EU membership would continue unchanged alongside this Confederation, and the EU membership process would advance with the timing required.

The most tangible display of this model would be the meetings of the European Councils, which would immediately be followed by a summit of the Confederation's leaders – in the same place, and embodying great symbolic force.

In the past, the choices that were made over-complicated things. Back then, the central and eastern European countries vocally expressed their willingness to be part of the European Community, which later became the European Union. The EU's response was prompt and affirmative, as has also been the case for Ukraine today. It was the force of history, leading towards openness.

► *We should immediately create a European Confederation, consisting of the 27 EU member states, plus Ukraine, Moldova, Georgia, Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia.*



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However, the idealistic charge made us lose sight of the practical implications. The process advanced amidst great rhetorical commitments and a plan of individual paths and bilateral relations – but without a proper assessment of the possible implications.

The enlargement operation did not go as smoothly as expected. The complexity of an operation that doubled the number of EU member states and transformed the Union's features emerged almost immediately. Along this tortuous path, it was not possible, for example, to reform the decision-making process, or to abolish the veto power that today exists in too many areas.

It took decades to complete that enlargement. Public opinion became hostile to it – but it was thanks to the resolve of Romano Prodi's Commission that the process was completed.

The choice to enlarge the EU at that time was appropriate. The events of recent months – as well as the history of nations that have always been exposed to the attempts of others to subjugate or dominate them – confirm how important it was to have succeeded in that EU enlargement. Nevertheless, **we should have avoided focusing only on the quickest entry to the EU. Instead, our focus should also have been on building a more ambitious architecture from the outset.** All these actions

were supposed to bring two complementary needs together: instant political sharing and progressive adaptation to EU policies.

The European Confederation would be the place for political dialogue between the 36 participants. Common choices would be agreed upon together. The ability to define shared global strategies would be refined, starting with the defence of peace, security, the promotion of a fair and sustainable development model, and the fight against climate change. The Confederation would give strength, including symbolic strength, to the unity of the European continent.

► *We should have avoided focusing only on the quickest entry to the EU. Instead, our focus should also have been on building a more ambitious architecture from the outset.*

The Confederation would also be an immediate response to millions of people looking at the EU with the hope we all are in the same 'European family'. At the same time, this idea of a European Confederation should go hand in hand with deeper integration within the EU,

abolishing the veto power when voting on those strategic areas that still function in an intergovernmental way. **The Confederation would therefore be a new way to address widening the Union, while still pushing for its deepening towards a federal architecture.**

I call it a "European Confederation", President Emmanuel Macron calls it a "European Political Community", and the President of the European Council, Charles Michel, calls it a "European geopolitical community" – but it is mostly a matter of semantics. For Europe, this is now a time of 'when in trouble go big'. The dramatic convulsions of recent weeks should not blind us to the big picture, nor make us lose clarity in predicting the future consequences of the choices we make today. The date of 24 February 2022 – the day when Putin's invasion attempted to take us all back to the worst period of the 20th century – is a watershed marking an epoch-making transition.

Tomorrow's Europe will be different, no matter what. That is why it is vital to lead the change today, and not to be driven by events. Our lead should start with the determination to turn the European Union into a pacific area that builds peace.

Europe is our home. It is so attractive that millions and millions of foreign citizens want to join it. It is something so precious that its reformation and consolidation is our historic duty – perhaps the most challenging ever faced by our generations.



Enrico Letta,
Secretary of the Italian
Democratic Party (PD)



Towards a European labour model

by László Andor

It is now proverbial that, from the macroeconomic point of view, the EU has better managed the coronavirus recession than the previous major crisis in Europe – that of the eurozone. Austerity has by and large been avoided, and social cohesion has been better preserved through solidarity at all levels. Where the distinction particularly has to be highlighted is in the field of employment. Temporary job-saving schemes, inspired by Germany's *Kurzarbeit* (short-time work), have become a kind of European trademark, but various national governments, especially the more progressive ones, are now going further and endeavouring to enact better conditions for labour.

The government of Belgium has recently moved to introduce greater flexibility in the working week, but without changing the total number of working hours. Employees will thus have an option to work longer days to earn a three-day weekend. Companies can turn down an employee's request for a condensed working week, but employers will need to justify their response in writing. Hoping to introduce a more dynamic and productive economy, the Belgians have also introduced new rules on night working. The Belgian employment reform now also includes an extension of the right to disconnect from work technologically and an expansion of social protection for platform workers – all framed in a medium-term strategy that aims to increase employment from 71 per cent to 80 per cent by 2030.

The shorter working week has formed the focus of reform-thinking also elsewhere,

given that increasing numbers of practical experiments show positive effects, like less stress, a lower risk of burnout, and a better overall work-life balance. Furthermore, measures have also been taken in various countries to bring the self-employed under the umbrella of social security. In Finland for example, entrepreneurs have been temporarily entitled to labour market support if their full-time work ended due to the pandemic, or if their income decreased because of it – and this temporary support now seems hard to phase out.

In Germany, the labour and social affairs minister Hubertus Heil came out in favour of allowing employees to work from home for a minimum of 24 days per year, with employers only being able to block such requests on the basis of operational disruption. The employment agenda of the new coalition government also aims at setting a reasonable limit to revolving fixed-term contracts, enhancing

pay transparency, and bringing the church labour law in line with the state labour law. All this is in addition to the flagship policy of raising the minimum wage to €12 per hour by October 2022.

Meanwhile, **in Spain, where the 2012 reform represented an archetype of neoliberalism, the country now appears to be in the vanguard of progressive protection for young workers and the workforce engaged in the platform economy.** Spain's new labour law only narrowly passed through parliament, but it grants more power to trade unions in bargaining contracts and also lowers the number of workers on temporary contracts. Contrary to the reforms ten years ago, when the right-wing Spanish government insisted on reducing unemployment through internal devaluation, the road chosen by the current labour and social economy minister Yolanda Diaz is to boost employment by better protection. The



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politics of this reform nevertheless also show that it takes a miracle to approve a labour reform that breaks an old dogma.

While all the reforms mentioned above have been devised, framed, and negotiated in a national context, they also reflect the evolution of labour market policies at EU level. When the EU Employment Strategy originated in the late 1990s, recommendations to member states often relied on the concept of 'flexicurity', a kind of combination of flexibility and security of employment, with the latter component being supported by public investment in active labour market policies. Although the strategy was considered a success in its country of origin, Denmark, it was eventually found not to be easily transferable. This was partly because of the costs involved, but also because of sequencing: measures towards flexibility (in other words, reduced protection) were implemented faster

and more decisively than those enhancing the security of employment.

When the European Commission brought out its Employment Package exactly ten years ago, the 'flexicurity paradigm' was therefore replaced with a paradigm of dynamic and inclusive labour markets, in order to reach the employment targets set by the Europe 2020 strategy (75 per cent employment in the 20-64 age group). The package was adopted in the midst of the deepest existential crisis of the Economic and Monetary Union and it was aimed at showing the way to a job-rich recovery. **Given that the Employment Package hinges on the importance of demand-side labour market interventions, internal (as opposed to external) flexibility, and the potential for job creation in the context of green, digital, and demographic transitions, much of the package can be a useful guide in the post-Covid economic environment as well.**

This Employment Package was the first EU document to propose that all EU countries should have a mechanism to set adequate minimum wages, and it prepared the ground for more ambitious initiatives in this field.

► *The shorter working week has formed the focus of reform-thinking also elsewhere, given that increasing numbers of practical experiments show positive effects, like less stress, a lower risk of burnout, and a better overall work-life balance.*



This intertwined evolution of employment policies at the national and EU levels points towards the rise of a European labour model that gives preference to the adjustment needed by changing the working time (as opposed to the retirement age or the level of employment) during economic crises, and that gives preference to managing transitions through investment (as opposed to flexibility and taking advantage of the vulnerability of the peripheral workforce). There is no room in this model for a trade-off between employment levels and salaries. **Decent salaries are not seen as threats to competitiveness or the level of employment. Instead, they are seen as essential for attracting talent, incentivising training, leading the way in strategic sectors, and helping maintain a crucial domestic demand.**

For the success of such of model, social dialogue in all countries must be strengthened, which is a particular challenge in eastern Europe. In the southern European countries, commitments to reduce youth unemployment and inactivity need to be taken seriously, with adequate support from the EU. Policymakers also have to factor in that, while ten years ago Europe was entering a deflationary environment, today, the challenge is rising inflation, which makes collective bargaining difficult and which possibly calls for new tools to be deployed by national governments. **In a context of rising prices, the progressive ambition to protect the purchasing power of work incomes as well as social benefits and to increase the stagnating wage share becomes even more pertinent.**

In addition to all this, the war in Ukraine is most certainly a dramatic development for our continent which also changes the backdrop for employment and social policies. There is now a moral obligation on EU nations to provide military aid to the government of Ukraine and to support the millions of Ukrainian refugees, as well as those who have been displaced in

their own country. The risk, however, is that issues not directly linked to the war effort suffer delays or become side-lined. Even without reshuffling the policy agenda, the war causes a shift of incomes towards the military sector. Profits in the armament industry will increase, while domestic welfare budgets will come under pressure. **It would be a great mistake to allow the inevitable trend of securitisation to cause a setback in the progressive development of labour markets and welfare states, at the national as well as at the European level.**

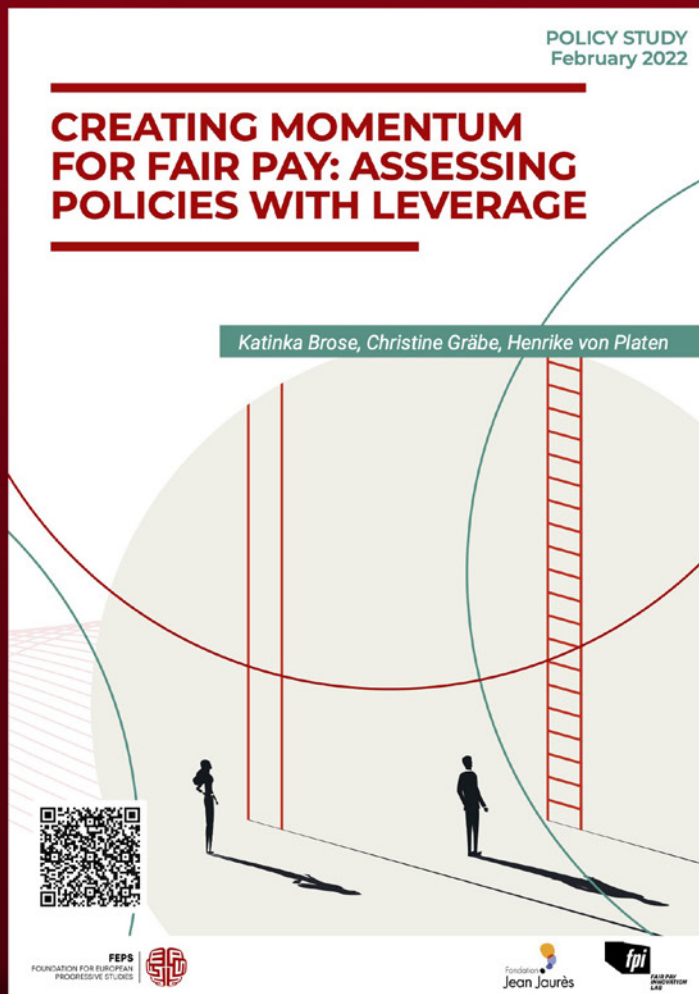
► *In a context of rising prices, the progressive ambition to protect the purchasing power of work incomes as well as social benefits and to increase the stagnating wage share becomes even more pertinent.*



László Andor,
FEPS Secretary General

Creating Momentum for Fair Pay

Assessing Policies with Leverage



This Policy Study assesses the different policy instruments to ensure fair pay across Europe and the world. It demonstrates that mandated analysis of remuneration systems is key to achieving fairness. Pay gaps can be monitored and decreased, and neutral job evaluation systems implemented. Those policies targeting remuneration systems on corporate levels are most effective, as putting fair pay into practice is a systemic issue and not an individual burden.





A major step forward for fair wages

by Esther Lynch

Wages should never leave workers and their families living in poverty. However, that has been the reality for one in ten workers in Europe. The draft EU minimum wage directive is a step in the right direction for fairer wages across Europe. Nonetheless, this directive is not an end in itself. More work needs to be done to maximise its potential benefit and ensure that wages are collectively bargained. Collective bargaining is a collective benefit: it means better outcomes for workers, the economy, and society as a whole.

Europe has an inequality crisis. Seven out of ten minimum wage workers struggle to make ends meet. Rather than seeing a decrease in poverty, Eurostat data show **that the percentage of workers at risk of poverty increased by 12 per cent between 2010 and 2019**. Women are worst affected: they make up the majority of minimum wage workers in Europe (58 per cent) and low minimum wages are part of Europe's gender pay gap problem. Worse still, the current cost of living crisis impacts lowest-wage earners hardest, forcing more and more workers into poverty.

The long shadow of austerity policies adopted over the last decade has contributed to this downward spiral. However, **the draft directive on adequate minimum wages and collective bargaining, on which the presidency of the Council and European Parliament negotiators have recently reached a provisional political agreement, has turned a corner from such austerity policies and made way**

for a more social Europe. A social Europe where statutory minimum wages ensure a decent standard of living for workers. A social Europe where more and more workers are covered by a collective agreement. A social Europe which builds a path to deliver on the promise of upward wage convergence to close the East-West wage gap.

The European trade union movement worked very hard to get the EU to address low wages and the decline in collective bargaining, and to achieve a strong directive. We are finally seeing the fruit of our labour. It is through this directive that there will be fairer statutory minimum wages that put money on the table for hard-pressed working families. The draft directive includes the European Trade Union Confederation (ETUC) 'threshold of decency' for statutory minimum wages. This is set out as both 60 per cent of the gross median wage and 50 per cent of the gross average wage at national level as an indication, but sadly it is not set as a requirement,

as the ETUC would have liked. Member states with a statutory minimum wage will have to assess its adequacy, taking into consideration the purchasing power and the cost of living – particularly important in times of high inflation – and long-term national productivity levels and developments. For example, workers in Europe would have collectively received 116 billion euro more since 2019 if productivity increases had been translated into higher wages rather than into shareholders' profits.

Crucially, this directive will also give a boost to collective bargaining, which has been undermined during the last decade. Collective bargaining is central to the European social model. It is a public good, that benefits workers, employers, the economy, and the whole of society. **The draft directive places a duty on member states to promote collective bargaining as the best solution for achieving genuinely fair wages for all and for combatting union-busting**. It is through



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collective bargaining that we will be able to increase the level of wages overall. It is for this reason that the obligation for countries with collective bargaining coverage below 80 per cent to produce an action plan to increase the number of workers covered by a collective agreement is so important.

We are happy with what we have achieved so far. But our efforts do not stop here as we have now arrived at the next stage of our advocacy work. **The European trade union movement will now ready itself to make sure the draft directive gets through the final stages of adoption.** Also, we need a labour movement-wide approach to making full use of the opportunities opened up by the directive. **We need to ensure that member states implement this directive properly.** This is where our work will continue in strong collaboration with our affiliates in their respective countries.

► *All member states must ensure that workers can join a union without fear and have their right to collective bargaining recognised.*

The ETUC will ensure that this directive is properly transposed into national law, but also that collective bargaining is truly used as the tool to achieve genuinely fair wages for all. Particular focus will be put on the countries where the collective bargaining coverage rate is less than 80 per cent. The directive must have a real impact in those countries where an effective enabling framework for collective bargaining will have to be developed – in cooperation with social partners. In addition, **all member states must ensure that workers can join a union without fear and have their right to collective bargaining recognised.** Member states must also take steps to prevent the union-busting techniques that we associate with the United States, but that are on the rise in Europe as well. These practices are totally contrary to the European social dialogue model.

The draft directive also confirms the obligation for economic operators that receive public procurement or concession contracts to respect the right to organise and to bargain collectively. It highlights the obligation for economic operators to apply to their workers the conditions set by applicable collective agreements, including collective agreements for the relevant sector and geographical area. The transposition of the directive at national level provides an opportunity to change or

clarify national public procurement provisions to make sure that trade unions can object to public contracts going to companies that engage in union-busting practices or do not respect the applicable collective agreements. The ETUC will seek to have the European Commission's guidelines on public procurement amended, including the Commission auditors' practices.

This directive on adequate minimum wages and collective bargaining in the EU was the first major test for the European Pillar of Social Rights. It is essential that the benefits of it become real for working people. Member states should not wait for the directive's final adoption, but should already start to take action. Poverty wages must become history and the benefits of collective bargaining must be properly recognised and promoted by member states.

*Esther Lynch,
Deputy General Secretary,
European Trade
Union Confederation*





The crisis is a huge opportunity to accelerate European integration

by Peter Bofinger

Even before the Covid pandemic has subsided, Europe is now facing another major shock in the form of the Ukraine war. This is threatening economic growth and jobs, and the accompanying soaring inflation is hitting low-income households especially hard. In all this, it is unclear how long the war will last and how drastic the restrictions on energy supply will be.



In this uncertain situation, it might first be helpful to take a look back: when the pandemic broke out in early 2020, hardly anyone would have imagined how long it would last or how severe the restrictions on private and public life would be. Nevertheless, despite all the problems that many people have faced, economically, Europe has been relatively successful in overcoming the challenge posed by this pandemic. The best evidence of this is that regardless of all the challenges, the unemployment rate in the EU reached a historic low of 6.2 per cent in April 2022.

This positive development is due to the well-coordinated cooperation of monetary and fiscal policy. By suspending the Stability and Growth Pact, national fiscal policies were able to do all that was needed to stabilise

the economy during the Covid lockdowns. Through extensive purchases of government bonds, the European Central Bank (ECB) was able to ensure that there were no financial bottlenecks in the process. This is a clear contrast with what happened in the euro crisis, when the ECB acted with complete passiveness. In addition, NextGenerationEU has been a paradigm shift that enables member states particularly affected by the crisis to provide additional stimuli for the reconstruction and resilience of their economies.

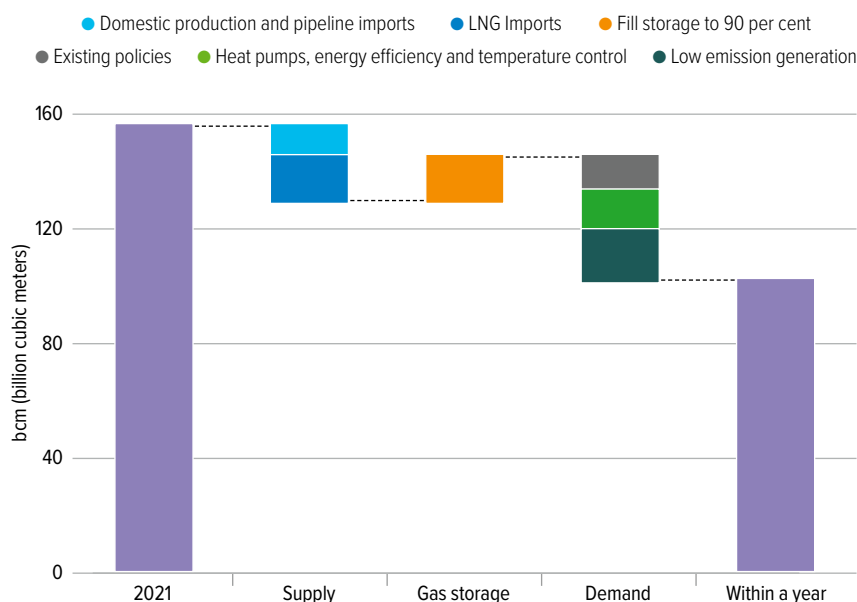
We should build on this experience when it comes to overcoming the shock of the Ukraine war. **Economic policy faces the difficult balancing act of importing as little energy as possible from Russia in order not to support its war, but of making sure,**

at the same time, that the economic consequences of an embargo remain bearable for the people in Europe. Estimates by the International Energy Agency show that an ambitious 10-point package could cut gas imports from Russia by a third within a year. If the EU was willing to slow down the path of its CO2 reductions by switching from gas back to coal, gas imports from Russia could be cut by half. These estimates clearly highlight that an abrupt halt to gas imports would have very significant consequences.

Furthermore, the EU is heavily dependent on Russia not only for gas and oil, but also for a variety of other raw materials, especially metals. An embargo would therefore have to go beyond oil and gas, with yet further negative implications for the EU economy.

► *Economic policy faces the difficult balancing act of importing as little energy as possible from Russia in order not to support its war, but of making sure, at the same time, that the economic consequences of an embargo remain bearable for the people in Europe.*

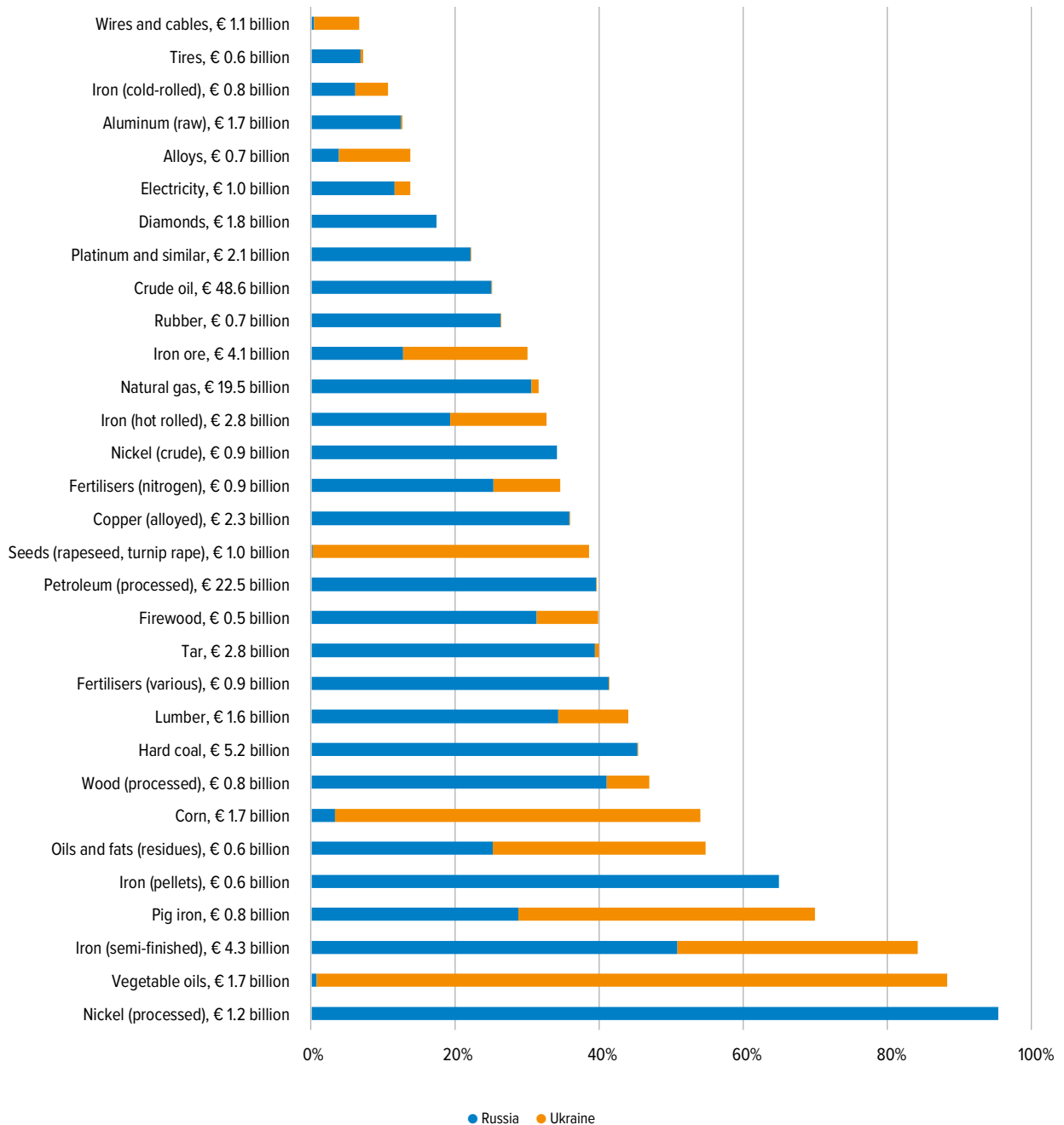
- EU GAS IMPORT FROM RUSSIA -



Source: International Energy Agency



- EU IMPORT SHARE OF RUSSIAN AND UKRAINIAN COMMODITIES (EXTRA TRADE) -



Source: Gemeinschaftsdiagnose, April 2022

The consequences of the war are now directly reflected in the acceleration of inflation. In the euro area, the inflation rate reached a record high of 8.1 per cent in May 2022. The strong contribution of energy prices to this development can be seen from the fact that the core inflation rate (the inflation rate adjusted for energy prices and unprocessed food) is 4.4 per cent. The energy price explosion is thus increasingly feeding through to the general price trend – indeed, in October 2021, the core inflation rate was still 2.1 per cent.

The ECB is therefore facing a difficult balancing act. While higher interest rates are needed to curb inflation, a restrictive monetary policy would weaken the recovery of the European economy. Indeed, the euro area economy is not in particularly good shape anyway due to the consequences of Covid and the war in Ukraine, which have resulted in general uncertainty, a lack of inputs, an increase in energy prices, and a loss of sales opportunities in Russia.

A pragmatic approach by the ECB would be to end the negative interest rate policy immediately. This was introduced by the then ECB President, Mario Draghi, in the summer of 2014 to avert the danger of deflation.

For the effects of monetary policy, it is not the nominal interest rates that matter, but the real interest rates (nominal interest rates minus inflation expectations). With rising inflation expectations, an immediate increase in the nominal interest rate by half a percentage point would thus mean that a decline in real interest rates could be avoided and the orientation of monetary policy would remain more or less constant. It is not clear why the ECB is so hesitant given the dramatic change in the macroeconomic environment.

The ECB's hesitant stance on interest rate policy has led to counterproductive effects on the capital markets. The average interest

rate for 10-year euro area government bonds has risen by around 2 percentage points since the beginning of the year, which is clearly reflected in banks' lending rates. Dangerously, the spread between Italian bonds and German bonds has risen from around 1.5 percentage points to as much as 2.5 percentage points at times. The ECB has announced that it will take action against such 'fragmentation'. **The most effective measure would be not to leave the average rise in long-term interest rates to market forces alone, but rather to ensure that the rise in interest rates takes place in an orderly way with targeted bond purchases.**

► *If energy policy autonomy vis-à-vis Russia is to be achieved as quickly as possible, extensive investment will be needed in the field of renewable energies, energy grids, and building renovation.*

ECB director Isabel Schnabel recently announced in an interview that she is prepared to do this: "we will decisively counter any sudden jumps in yields that have no fundamental justification".

In terms of fiscal policy, it is a positive signal that the European Commission has pragmatically decided to suspend the Stability and Growth Pact in 2023 as well. This will give also sufficient time to create a new fiscal policy framework for the euro area that would develop tailor-made solutions for the individual member states that enable both fiscal stability and growth through investment.

If energy policy autonomy vis-à-vis Russia is to be achieved as quickly as possible, extensive investment will be needed in the field of renewable energies, energy grids, and building renovation. Europe, and especially Germany, has relied on Russian energy for far too long, failing to design a European energy strategy – for example, there is a lack of connection between the Spanish gas grid and the rest of Europe. Analysis should be carried out as to which are the best locations for renewable energies. Given the current obstacles to solar and wind energy in Germany, their expansion could be accelerated significantly with a European approach. All this would create many new jobs but would also require considerable public funding. Since such energy-infrastructure networks have significant positive externalities, it makes sense to finance them jointly – that is, via a NextGenerationEU 2.0.

While the war in Ukraine has created much suffering and many problems, it is at the same time a wake-up call for Europe finally to take its future into its own hands decisively and consistently. An accelerated shift away from Russian energy imports also opens up the potential for more jobs and an even more ambitious climate policy. The crisis therefore also offers a huge opportunity to accelerate European integration.

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Game of votes

A historic EP legislative resolution on direct universal suffrage?

by Ania Skrzypek

May is typically a month marked by important exams for students. This year, the European stakeholders have been feeling that they too should pass a key test with flying colours – a test in the form of the Conference on the Future of Europe. Before its end on 9 May, the European Parliament took some groundbreaking decisions. These included a vote on the legislative resolution on direct universal suffrage.

For passionate federalists and fervent supporters of transnational parties, who are often unjustifiably painted as technocrats, this vote was an emotional moment because of the somewhat silent struggle to establish a European public sphere and to equip it with a modern European electoral law that has now continued for almost five decades. Indeed, although the European Community has kept evolving over this time, the provisions to empower and involve its citizens have kept on lagging behind. Despite knowing that the electoral turnout had long been in decline, and despite seeing the disfranchisement of voters in countries like the UK from close quarters, the European heads of state and government have continued to push the discussion on these issues to the side, even in 2018, labelling it 'for the future'. Against this backdrop and that of all the other painful experiences of 2019 when the Council ignored the whole process of 'lead candidates' (known in EU jargon as 'Spitzenkandidaten'),

the recent vote by the European Parliament on direct universal suffrage represents a breakthrough. In total, 331 MEPs supported the resolution, with 323 voting in favour of the draft legislative act – both of which were prepared by the S&D Group rapporteur Domènec Ruiz Devesa and outline the prospects for the "election of the Members of the European Parliament by direct universal suffrage".

Besides the fact that this draft legislative act is possibly the first ever attempt to offer so many complete answers to a list of very complex and persisting challenges, there are several key elements that make the text exceptional. Firstly, **there is a recommendation to establish a European public sphere in which deliberative, representative, and participatory democracies are clearly defined along the lines of rights and responsibilities.** Secondly, the text provides a set of very precise definitions, clarifying terms such as 'European political party', 'European association of voters', 'European

electoral coalitions', 'European electoral entity', 'Union-wide lists', and 'European campaign'. Strange as it may sound, academics have been struggling with this terminology for years, which has frequently led to heated disputes – such as on whether transnational parties are indeed parties. Thirdly, and possibly most importantly, the text also sets out entirely new guidelines for European elections, ensuring that their outcomes cannot be easily overlooked, including when it comes to who should be designated as the president of the European Commission.

In addition, **the text proposes establishing a single European election, at which citizens would have two votes.** One would be to elect MEPs within the constituency of the respective member state, while the other would be to support candidates presented on the so-called 'Union-wide lists' (previously called 'transnational lists'). Each of the parties and voters' associations on the national level would make their membership within the transnational party or their affinity to the voters' association known during the campaign. This affiliation would also be clearly marked on the voting ballots.

When it comes to the Union-wide lists, they would have to be headed by the lead candidates. These candidates should be registered no later than 12 weeks before election day – which is also an innovation and which emphasises the time the candidates need to introduce themselves to voters. The lists would be filled further by candidates from different member states. The rules on this are also strict, to ensure gender equality and the equal representation of all states regardless of their size.



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The member states are therefore divided into three groups in Annex 1 of the draft legislative act, according to the size of their population. On the electoral list they must alternate successively in the order of large, medium-sized, and small.

► *There is a recommendation to establish a European public sphere in which deliberative, representative, and participatory democracies are clearly defined along the lines of rights and responsibilities.*

The text includes several other important provisions which deal with voting age (the recommended age to be eligible to vote is 16), threshold, campaign financing from EU resources, timetables, postal voting, provisions to enable the participation of disabled citizens, ways to avoid citizens voting in two member states, and the role of media. It also goes beyond the strict scope of the election, explaining what needs to happen if an MEP resigns, passes away, or needs to take parental or extended sick leave (the latter remains a loophole in the current regulations). Very importantly, the text also calls for the establishment of a European Electoral Authority (comprising representatives of the member states), which would

oversee the European elections. To this end, the text proposes establishing one particular day (always 9 May) for the whole of Europe to vote. The text suggests that member states consider making it a national holiday.

The recent vote on this text in the European Parliament was a turning point – especially as the committee negotiations before the plenary had been tough and as nearly all the political groups had entered the vote divided. However, when listening to the opposing arguments of those on the far right of the political spectrum, it was clear what they fear the EU would become as a result of this legislative act. This made the attempt that the text represents in terms of making progress on direct universal suffrage feel much more real this time than before – even if it seems naïve to expect that in the current political climate and composition of the Council the proposals in the text will achieve the unanimity they need, and that the necessary treaty amendments can be agreed upon, with member states being ready to ratify them. It is therefore very unlikely that on 9 May 2024 Europeans will for the first time be voting for Union-wide lists.

Nevertheless, **the text is strong proof that lessons have been learned and that citizens – their votes, their protests, their voices in the CoFoE and other forums – have been lent an attentive ear.** The draft legislation provides a

detailed set of solutions and it is now high time for progressives to take a moment to reflect on what they need to do to remain the protagonists of pan-European democratic processes.

It would be highly advisable for the Party of European Socialists (PES) to set up a committee with a mandate to conduct a reflection on the new provisions, and to see what openings the party could offer even before the ratification process is complete. This committee should reflect on the party's internal divisions (which persist especially on the matter of transnational lists), and then deliberate both on the adjustments and the new mechanisms that would enable the PES to actually propose a Union-wide list in the future. It might be advisable to consider strengthening the institution of a lead candidate, perhaps adding to her/him a team of 'running mates' (one of each in every member state). Yet even then, there would be many things to ponder: could such lists already be put together for the next European elections, and could the candidates on these lists then compete to be European commissioners – despite the EU-wide constituency not yet existing? Who would propose the candidates? Would this be open within the europarties or would it only be for national parties to nominate them (as for the PES presidency)? Would there be PES hearings of the candidates? How could it be ensured that the list is gender- and generationally balanced? How could the PES improve its campaign outreach and be the most inclusive party in 2024? Would it consider the new options of the electoral campaign, and how much of a challenge would it expect from 'voter associations'?

The upcoming PES Congress clearly provides a very opportune moment to discuss these pivotal questions.



Ania Skrzypek,
FEPS Director for
Research and Training



The clash of narratives and digital powers on Ukraine's war front

by Carme Colomina

Ukraine may become the first war where social platforms and the two great global digitisation trends measure their strength: techno-authoritarianism vs Silicon Valley. With an unprecedented number of online actors taking part in the confrontation, the strategy of sowing (dis)information chaos in the war in Ukraine is better equipped than ever.

The war in Ukraine is the first viralised war: broadcast in real time, explained through fragments of images which, in a few seconds, try to reflect the threats, fears, heroism and devastation. Military moves have been posted online. Digital cameras and social networks have become the ubiquitous tools of the information battleground. **During the first weeks of the invasion, The Washington Post was able to track the movement of Russian troops in Ukraine, using only videos uploaded to TikTok by users who were sharing images of tanks and soldiers in an increasingly viral way. This reached the point where The New Yorker considered it "the first Tik Tok war".** With more than a billion users, the Chinese-owned app, which sent family dance-moves viral during the pandemic, has now become a source of information for hundreds of thousands of young people – who follow the images of the war in Ukraine to the rhythm of their finger sliding across their phone screens.

Moving indiscriminately between emotionality, war scenes and memes, reality and fiction are mixed. A clear example of this is a Tik Tok video about Ukraine that has circulated massively, with more than 7 million views. Weary soldiers are seen in the video saying goodbye to their families, but in fact the video turned out to be a scene from a 2017 Ukrainian film.

Tik Tok has become an information battleground but also a source for galvanising support for Ukrainians. Indeed it is a powerful tool for the proliferation of scam accounts distributing fake content to make a quick profit through videos that ask for donations to the Ukrainian cause.

If, as the French philosopher Edgar Morin affirms, this is "the first cyberwar in the history of humanity", it is about to become the first one where the two great global tendencies of digitisation measure their forces: the

techno-authoritarianism of both China and Russia on the one side, and the US model of Silicon Valley on the other, where private corporations deploy what Shoshana Zuboff calls "surveillance capitalism". **Long before Russia's invasion of Ukraine, the digital world had already begun to split into a technological confrontation marked by rivalry between China and the US.** The Russian 'sovereignty' of the internet had already been built on the censorship of information and the persecution of the political opposition, with the Kremlin's allies controlling VKontakte, the Russian Facebook. A 2019 Russian law on 'internet sovereignty' had already forced all online service providers to pass through the filters of the Roscomnadzor digital censor. However, Russia's invasion of Ukraine has accelerated and deepened the scope of this digital iron curtain that seeks to isolate Russians from any narrative that differs from the official arguments of the Kremlin to build Putin's case for war.

The Russian encrypted messaging app Telegram has become a perfect instrument for measuring the clash of narratives about the war, as it has become a strong communication tool for both Russians and Ukrainians during the conflict. The app has recently positioned itself as a useful information tool for journalists in Ukraine, especially for the creation of news channels aimed at a younger audience. Moreover, even Ukraine's President Volodymyr

- *The Russian strategy remains focused on censorship and narrative control: an amalgam of content creation and orchestrated dissemination and reactions, from the so-called Russian troll farms to Russian state media, grey propaganda outlets and unattributed pro-Kremlin Telegram channels.*

Zelensky relies strongly on his official Telegram channel to address Ukrainians and political leaders all over the world, and to boost fundraising for his country. Unlike WhatsApp, Telegram does not limit the number of users on the same channel, and there is almost no content moderation. It therefore also functions as a space to mobilise support for Russian troops, as evidenced by the popularity of the 'Intel Slava Z' channel.

Even if, as experts state, the military stalemate on the ground may accelerate the cyberwar, in the short term **the Russian strategy remains focused on censorship and narrative control: an amalgam of content creation and orchestrated dissemination and reactions where every different tool has a role to play, from the so-called Russian troll farm (the Internet Research Agency based in Saint Petersburg), to Russian state media, grey propaganda outlets and unattributed pro-Kremlin Telegram channels.** At the height of the military confusion deployed in Ukraine, an investigation by Pro Publica has shown the apparent paradox that false fact-checkers were being used to deny non-existent fakes. Researchers identified at least a dozen videos exposing alleged Ukrainian propaganda campaigns that never took place. According to the experts, the aim behind this is to create doubt in the face of any future image denouncing the impact of alleged Russian attacks.



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US tech giants have also become part of the information battle that is fought at the expense of the war in Ukraine. At the request of the European Union, Google, Meta and Twitter decided to take action against accounts linked to the Kremlin in order to prevent the dissemination of disinformation, and especially in order to limit access to content from official Russian channels such as RT and Sputnik. Apple removed the RT News app from its store and YouTube blocked the Russian news channel. **Announcing a ban on RT and Sputnik broadcasts in the European Union is not only politically risky but also difficult to enforce legally. However, it shows how polarised the information warfare scene has become, where censorship and emotionality are now an essential part of the battlefield narrative.** Against this backdrop, Meta announced on 11 March that Facebook and Instagram users in Ukraine would be temporarily allowed to call for violence against Russian armed forces in the context of the invasion. As Human Rights Watch pointed out, this type of tech policy was never

contemplated in Syria, for example, where alleged war crimes, involving Russian forces, were also committed.

The big tech platforms have clearly now become instruments of Russia's war in Ukraine: collecting and sharing data with governments, hacking websites, controlling information, inviting signatures for international boycotts, deleting accounts from social networks, and acting as instruments of mobilisation, influence, and emotional bias.

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Stop feeding the bear – the European Green Deal can be Putin's kryptonite

by Thomas Pellerin-Carlin

When Vladimir Putin invaded Ukraine in 2014, Europeans had a simple choice: increase or decrease their energy dependence on Russian fossil fuels. They chose to increase it. National governments like Spain and France could have freed themselves from Russian gas just by implementing their own national building renovation plans. But they chose not to.

Countries like Germany and Austria even invested in constructing new Russian gas infrastructure, with the controversial Nord Stream 2 pipeline. Only a handful of countries, including Estonia, Latvia, Lithuania, and Poland, chose to prepare for a Russian energy disruption.

And here we are: more than 100 days into Putin's open war on Ukraine, with €60 billion of European money shipped to Russia to buy its fossil fuels (€35 billion for oil, €25 billion for gas, €1.5 billion for coal). That's the size of the annual Russian military budget. This means that Putin's war on Ukraine is a hydrocarbon war: a war financed by hydrocarbon money.

The European Union can make Putin's war on Ukraine materially impossible if it stops paying for Russian fossil fuels. So far, it has delivered too little too late: a complete embargo on coal next August, a partial embargo on oil which will only make

its most significant effect next year, and nothing concrete on Russian gas at this stage. But good foreign policy begins at home. **With the REPowerEU strategy, the European Commission opens avenues for sound energy policy decisions to free Europe from Russian fossil fuels.**

► *Since 2014, with the wars in Donbas and Yemen, we have been living in a world where aggressive dictators use their fossil fuel revenues to bully their neighbours. A European general mobilisation around energy sufficiency, energy efficiency and renewables, is critical to reducing their capacities to act as they wish.*

In 2019, 25 per cent of EU energy came from Russia. Ambitious domestic policy can get us a long way to zero per cent. To do this, we would need nothing less than a general mobilisation to save energy and deploy renewables – a mobilisation that combines immediate changes in behaviour (energy sufficiency) and a historic deployment of energy efficiency and renewables.

Energy sufficiency. We can reduce energy demand through changes in individual and collective behaviour. **Vast energy sufficiency campaigns have the potential to cut demand by around 15 per cent**, as Japan did with its 2011 Setsuden campaign. This includes generalising the practice of putting on a sweater at home in winter and to cut heating, stopping to waste energy to heat outdoor terraces, reducing the maximum allowed speed on motorways, limiting air travel, etc. Here, the challenge is strictly political. To build political consensus in European societies, national

- *The time has come to show concretely how the European Green Deal is an existential component of a European integration project for peace and freedom.*



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governments must first tell the truth: that we already risk severe energy supply cuts next winter. And they must ensure the wealthiest and most powerful shoulder the greatest part of the effort.

Energy efficiency and renewables are vital to Europe's future. The EU has already managed to reduce its energy demand by 10 per cent between 2006 and 2019, and we should do more. Indeed, the deep renovation of a building cuts its energy consumption by 60 to 90 per cent. The same goes for renewables. This is especially the case for renewable heat: solar heating systems and heat pumps can be quickly deployed to scale down EU gas consumption. In other words: "send Putin away, buy a heat pump today!"

Yet, if energy efficiency and renewables are quickly deployable at the individual level, it takes months and years for energy efficiency and renewables to be deployed at scale; to reach, for example, the new target proposed by the European Commission that 45 per cent of the EU energy comes from renewables by 2030. Hence, **the European Union's top priority today should be to renovate as many oil and gas-heated buildings as possible and install as many renewables as possible before the arrival of the next winter.**

This would help relieve the pressure of high oil, gas, and electricity prices; and protect Europeans from catastrophic climate change by reducing greenhouse gas emissions. It would compel building renovation and renewable energy to be declared national security priorities and it would compel special legal treatment to benefit these priorities whenever necessary: a faster issuance process for renewable energy installations permits; with trade union approval, an increase in the maximum legal working time for workers who have the skills to perform this work; and training for new workers.

Since 2014, with the wars in Donbas and Yemen, we have been living in a world where aggressive dictators use their fossil fuel revenues to bully their neighbours. A European general mobilisation around energy sufficiency, energy efficiency and renewables, is critical to reducing these dictators' capacities to act as they wish. While limiting Putin's capacity to realise a military victory in Ukraine must remain the top priority for EU policy-making in the coming years, a general mobilisation for energy savings and renewables is also a way to combat inflation, energy poverty and climate change. All this while speeding up the necessary energy transition and rightfully glorifying those millions

of European workers who, from solar heating systems manufacturers to building renovation workers, make the green transition a reality.

The time has come to show concretely how the European Green Deal is an existential component of a European integration project for peace and freedom.



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The Iberian energy exception

by Marc Isaac Pons Pons

Last March, Spain and Portugal reached a historic agreement. For the first time ever, two European countries can now set a price cap on gas for power generation, for 12 months. The European Commission gave the final approval to this mechanism on 9 June after a period given to both countries to seek agreement. It clearly proves that today's European Union is very different from the European Union we were living in during the financial crisis of the last decade.

Europe has been through difficult times in recent years. The outbreak of the Covid-19 pandemic in 2020 posed a significant challenge to global governance and the international cooperation mechanisms in place. Indeed, the pandemic served as a litmus test in which EU member states had to look after their own interests, while also having to safeguard cooperation, since this was key to the success of overcoming the pandemic. Thanks to cooperation, we managed to obtain a vaccine in less than a year and administer it to 90 per cent of the EU population in less than two years.

Unfortunately, in 2022, we have had to face the unknown once again. Or at least an unknown for this century: war in Europe. Russia's invasion of a sovereign country has redistributed the checkers on the international playing board, and has shaken the foundations of the European Union. We have once again been forced to make difficult, unpleasant and, above all, novel decisions. The international sanctions against Russia, the shortage of products, the rise in fuel prices and the uncertainty of Ukraine's future have all led to a new landscape of global governance where major decisions have been taken in common.

While in 2010 the EU was criticised for its austerity prescriptions to address the economic crisis, this time – initially with the pandemic and now with the Ukraine crisis – we have witnessed a totally different European Union. This is evidenced by the NextGenerationEU fund, a direct injection of funding to member states for projects aimed at transforming and modernising the country. In the case of Spain, this amounts to 140 billion euros, out of which more than 60 billion will be non-refundable transfers.

But without a doubt the most difficult challenge that Spain, and other European and non-European countries, have to face is the surge in the prices of fossil energy, and, therefore, of electricity. This situation has made itself felt very quickly in our everyday lives.

The restriction on the consumption of gas from Russia – on which Europe, and particularly the Northern European countries, are highly dependent – due to the sanctions and the geopolitical reconfiguration, has forced us to search for alternatives which are more expensive, such as importing the gas from other more distant places that are more challenging to reach. And not only that: given the functioning of the auction-based

system in the electricity market and the fact that gas is the most expensive energy source and therefore the last to 'enter' the auction and the one setting the price for the whole lot, price regulation has caused electricity prices to soar in Europe. **At times, they have doubled or even tripled in a matter of days, even though the real need for gas was minimal.**

This situation is very complex to handle due to the little room for manoeuvre to bring down electricity prices. Indeed, it has caused Europe to take into account, for the first time, the inequalities between member states in their cost-sharing. For example, **Spain's reliance on Russian natural gas, at barely 10 per cent, is far lower than that of countries such as Germany or Poland, whose energy mix from Russia often represents over 50 per cent.** Nevertheless, Spain too has had to work hard on reducing the costs of its electricity bill since energy prices began to rise.

An additional and critical point in this electricity bill calculation is that both Spain and Portugal have made a firm commitment to renewable energy sources in recent years. For Spain this means that its share of renewables has increased from less than the 40 per cent of



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the total electricity production – already a high starting point in comparison to other partners – to almost 46 per cent today. A particularly clear example of this commitment, made by Prime Minister Pedro Sánchez when he came to power in 2018, is that solar photovoltaic energy production, a plentiful natural resource in Spain, which was just over 4,700 MW at that time, has more than tripled to above 15,000 MW today. This commitment to renewables is a radical change, of course, compared to the previous policy of former PM Mariano Rajoy's right-wing People's Party, which introduced an excise duty on photovoltaic production for self-consumption that was later eliminated when the Spanish Socialist Workers' Party came to power.

Since 2018, Spain has become one of the European countries where the energy transition in favour of renewable energy sources is most strongly promoted. This also puts the country in a position to close down all its nuclear power stations by 2035.

When it comes to the EU formula for calculating the electricity price, an exception for the treatment of Spain and Portugal – the Iberian exception – has been possible because, besides the shift in perspective of EU decisions in the face of the pandemic and Russia's

invasion of Ukraine, Spain and Portugal have a very low connectivity with the rest of Europe, of about 2.8 per cent. This situation creates an 'island effect'. It is important to note, however, that enjoying an exception in the electricity price calculation formula does not distort the entire European market as Iberia's connectivity with the other EU member states is so low that it does not favour exports.

This Iberian exception sets a historic precedent in Europe. Furthermore, it acknowledges the importance of Iberian energy policies for the growth of renewable sources – policies that have come about thanks to the excellent work of the Spanish and Portuguese governments. Furthermore, the Iberian exception is also innovative in the social sphere, since, **for the first time, Spain and Portugal will have an energy price regulating mechanism that does not burden consumers because it is based on a reduction in electricity companies' undeserved incomes.**

This Iberian energy exception opens the door to a much deeper and more complex discussion within the EU on the need to consider other calculation formulae to promote energy prices which are better aligned with market reality – for example, the need to decouple gas from the electricity pricing criteria. This might be the next step.

► *Spain's reliance on Russian natural gas, at barely 10 per cent, is far lower than that of countries such as Germany or Poland, whose energy mix from Russia often represents over 50 per cent. Since 2018, Spain has done its homework and has become one of the European countries where the energy transition in favour of renewable energy sources is most strongly promoted.*

The Iberian energy island, which materialises the agreement reached by Pedro Sánchez and Antonio Costa in the European Council, sets a key precedent in the European Union, because it opens a new and encouraging path. Since coming to power, the Spanish and Portuguese governments have always worked to protect the most vulnerable among citizens, industry, and small and medium-sized enterprises.

Citizens must be put first, and the Spanish and Portuguese governments, along with the necessary collaboration of our European partners, will keep working in this direction.

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Europe's gas crisis requires a European solution

by Michael Bradshaw

The UK is no longer part of the European Union, but it is a critical player in the European gas market. As the EU seeks to reduce its dependence on Russian gas, it relies on proximate non-EU states for access to an alternative gas supply, transport, and transit source. This requires cooperation, not competition or exclusion.

The reality is that Europe must prepare for the coming winter with the gas infrastructure that it currently has. Furthermore, the global gas market is extremely tight, with little prospect of additional supply in the short term. In such a 'zero-sum' world, paying the highest price is the only way to guarantee supply security. Thus, **the first line of action should be encouraging increased energy efficiency, managing demand reduction, and preparing for the possibility of physical supply shortages.** Such measures figure in national and EU plans, though less so in the UK. More generally, the International Energy Agency (IEA) has been critical of the relative lack of attention paid to energy efficiency over seeking new sources of supply.

Europe's gas market evolved with the UK as a significant and integral element. The UK exports natural gas to continental Europe via two interconnectors linking to Belgium and the Netherlands. A further interconnector links to Ireland, supplying Northern Ireland and the Republic of Ireland. The UK provides Ireland with 75 per cent of its natural gas needs. Its weakness is a lack of storage capacity compared

to its European counterparts such as Italy and Germany. Historically, it relied on surging production from the North Sea, but this is no longer possible. Things were made a lot worse in 2017 when its only long-term storage facility, a depleted gas field in the North Sea, closed for technical and economic reasons. This decision is now being revisited.

In anticipation of a decline in UK production, the industry built three large liquefied natural gas (LNG) import terminals, two at Milford Haven in Wales and one at Grain in Kent. In addition, dedicated pipelines bring Norwegian gas ashore in the UK.

► *The UK obtains less than 4 per cent of its gas from Russia. However, it remains exposed to price competition on European gas markets, as well as the consequences of the EU's energy strategy and energy diplomacy.*

In 2021, domestic production accounted for about 40 per cent of the UK gas supply (it fell by 17 per cent that year and imports increased accordingly), pipeline imports from Norway accounted for 39 per cent of the total supply and 64 per cent of imports, LNG imports accounted for 17 per cent of supply and 28 per cent of gas imports, and imports via the interconnectors accounted for the remaining 4 per cent of supply and 8 per cent of imports. Historically, Qatar was the largest supplier of LNG imports. However, **in recent years, US and Russian LNG imports have also become significant. In 2021, Russian LNG accounted for 5.8 per cent of total gas imports and 3.6 per cent of the total supply.** While Russian gas imports to Northwestern Europe backfill some of the gas imported via the interconnectors, this is impossible to identify and quantify. Thus, the UK Government can state that **the UK obtains less than 4 per cent of its gas from Russia. However, it remains exposed to price competition on European gas markets, as well as the consequences of the EU's energy strategy and energy diplomacy.**



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Until recently, the UK's National Balancing Point (NBP), the virtual trading point that sets the gas price, was Europe's benchmark. However, for various reasons, that role is now played by the Dutch Title Transfer Facility (TTF). Thus, for the UK to attract gas from Europe, traders must offer a price that is

► *Europe's role in the global LNG market is changing dramatically because of the war in Ukraine.*

higher than the TTF, and vice-versa if gas is to flow from the UK to Europe. Equally, because it relies on LNG imports, the UK is exposed to price competition on the global LNG spot market – it has no long-term contracts to speak of. Historically, the UK, and Europe more generally, have served as a market of last resort

for global LNG, where cargoes are sent when demand is slack in Asia. But **Europe's role in the global LNG market is changing dramatically because of the war in Ukraine.** Now, if the UK and other European importers want to attract LNG, they must outbid other buyers for the limited amount of spot LNG that is available. In 2021, 36.6 per cent of global LNG imports were on a spot or short-term basis. So, what does all this mean for the role of the UK in managing the EU's gas security crisis?

The EU has created a liberalised European gas market, in which companies, not countries, orchestrate the flow of gas. For the most part, this has served consumers well. Now things are different, and there are good reasons why cooperation with the UK is critical. First, the UK plays a key role in ensuring the EU's gas security. Its LNG terminals, pipelines and interconnectors deliver significant volumes of gas imported as LNG, and some Norwegian production, to EU states.

For the last month or so, because the TTF price has been higher than the NBP price, the two interconnectors have been flowing gas from the UK to the EU at close to capacity, helping to fill storage in the EU. Also, in the UK, gas is being used to generate electricity that is being exported to France to compensate for problems with nuclear power generation. This makes it strange that when the European Commission announced the EU-US LNG agreement, it included a map of 'European LNG infrastructure' that omitted the UK's three LNG terminals. Furthermore, both sides would benefit from a public clarification of what might happen if Russia were to cut off exports to major consumers and/or shut down Nord Stream 1 this winter. How might the EU's solidarity mechanism be applied to the UK? Equally, how might the UK Government respond to a situation whereby high prices on European markets led to gas being exported to the EU, while UK customers went without supply. This also has implications for the Republic of Ireland.

Second, **given the tightness of the global LNG market, European states must defuse the current bidding war to secure LNG supplies. The talk of collective purchasing of LNG and state interventions in the market, however impractical these two measures might be**, that could push up prices to the benefit of LNG exporters, including Russia, at the price of consumers. The reality is that, so far at least, the market has functioned to bring more LNG to Europe, albeit at record high prices. This will only push up the price to the benefit of LNG exporters, including Russia, at the expense of consumers. As noted above, Qatar has been a long-term supplier to the UK and it owns one of the UK terminals – South Hook. Last autumn, the UK was in discussion with Qatar to become a 'supplier of last resort.' The German government has also been courting Qatar and is determined to build its own LNG import infrastructure. No doubt Qatar is flattered by this attention, but Qatar Energy's motivation is to maximise revenue for the Qatari state – and why not? **Germany should guard against investing millions in permanent LNG import infrastructure that may create a lock-in or become stranded in the 2030s.** A better strategy for Europe is to make the most of the existing import infrastructure.

Finally, Europe is also exporting its energy insecurity. Most Asian importers are largely protected by long-term LNG contracts, but importers such as Bangladesh and Pakistan are not. They cannot compete on price and now face their own energy security crises. **The simple fact is that there is not enough LNG on global markets to replace the 155 billion cubic metres (bcm) of Russian pipeline gas imported by the EU last year.** In 2021 total global LNG imports were 484 bcm and 73 per cent went to Asia and the Pacific, leaving 133.3 bcm for the rest of the world. The EU's LNG import capacity is 157 bcm, but much of that is in Spain and is poorly connected to the rest of Europe. In 2021, 13 EU countries imported a total of 80 bcm of LNG. In 2012, after the Fukushima disaster, the Japanese government created the LNG Producer-Consumer

Conference that continues to this day. Before their next meeting in September, to ensure that a difficult situation is not made worse, it would make sense for the EU and the UK to reach a common position on the role of LNG in meeting their current gas security challenges.

Looking to the longer term, EU-UK cooperation on gas security can provide a basis for collaboration on the integration and inter-connection of offshore wind in the North Sea. The EU's RePowerEU Plan contains a European infrastructure map of electricity that again excludes the UK. **Notwithstanding Brexit, the EU and the UK share the same energy and climate ambitions, and this should be the basis for cooperation, not competition and exclusion.**

► *Given the tightness of the global LNG market, European states must defuse the current bidding war to secure LNG supplies. The talk of collective purchasing of LNG and state interventions in the market, however impractical these two measures might be, could have unforeseen consequences.*

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Climate Investment Series

POLICY PAPER


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



WRITTEN BY
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STUART LEITCH,
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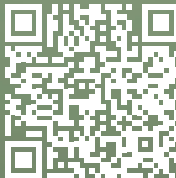
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The Western Balkans: divided over the war in Ukraine

by Dejan Jović

The war in Ukraine has exposed different views on sanctions against Russia of Serbia and the Republic of Srpska in Bosnia and Herzegovina on the one side, and of other Western Balkan states and entities on the other. The EU should handle this situation cautiously, to avoid further splits and to prevent the securitisation of the issue.

On 15 June, the prime ministers of Albania, North Macedonia and Montenegro – Edi Rama, Dimitar Kovačevski, and Dritan Abazović – visited Kyiv to meet Ukraine's President Volodymyr Zelensky. They expressed solidarity with Ukraine and supported its application for accession to the European Union. Two days later, Milorad Dodik, the Serb member of the Presidency of Bosnia and Herzegovina met Russian President Vladimir Putin in Saint Petersburg – to say that the Republic of Srpska does not support Western sanctions against Russia. He condemned the West collectively for trying to weaken Russia and called for the strict neutrality of Bosnia and Herzegovina in the matters of this war.

Such diverse positions illustrate the lack of unity in the Western Balkans (WB) on the war in Ukraine. While all WB states have condemned Russia's invasion and support the territorial integrity of Ukraine, Serbia and the Republic of Srpska oppose sanctions against Russia. **Bosnian-Herzegovinian Croats, who are now increasingly close to Milorad Dodik with whom they share views on the internal**

structure of the country, refrain from openly criticising Russia. This is also the position taken in political statements by Croatia's President Zoran Milanović, who asked his government to veto NATO membership for Sweden and Finland should NATO fail to support Croat requests for changes to the electoral law in Bosnia and Herzegovina. This view – although not shared by the current Croatian government – is not unpopular among Croats in Bosnia and Herzegovina either.

The war in Ukraine has thus become the object of a domestic power struggle in the Western Balkan region, and in particular in Bosnia and Herzegovina. It has the potential to widen the gap between Serbia/Srpska and others in the Western Balkans, and it may harm the prospects of Open Balkan, the initiative for wider and deeper regional economic (and in the future perhaps political) cooperation in the region. Two of the three states that have so far joined the initiative – Albania and North Macedonia – are following the Western policies on Russia, whereas the main initiator, Serbia, is neutral.

The policy of 'military neutrality' was declared in response to Western (not unanimous, though) support for the independence of Kosovo in 2008, and it preceded the coming to power of Serbia's President Aleksandar Vučić four years later. It is thus unlikely to be criticised by the opposition, especially by the pro-Western opposition that introduced it while in power. **In the past ten years, Vučić has actively worked on reshaping Serb national identity by focusing it on the notion of historical victimhood.** He sees Serbs as victims of previous wars – both of the world wars and the war in Croatia and Bosnia and Herzegovina in 1991-95.

► *In the past ten years, Vučić has actively worked on reshaping Serb national identity by focusing it on the notion of historical victimhood.*

Reminding people of the 1999 NATO bombing over Kosovo serves this purpose. The more Serbs see themselves as victims, the less they think of themselves as being perpetrators of crimes during this war. Serbia believes it has been unfairly stigmatised by the West for its role in the 1990s. Putin's rhetoric on NATO – in particular, his frequent mentioning of the case of Kosovo – fits well into this new narrative and is useful to Serbian political leadership. It is also popular among the general population. Many in Serbia – opposition parties included – agreed with Vučić when he said to German

Chancellor Olaf Scholz: "Don't be angry that our approach to Kosovo is different. Just as you love the territorial integrity of Ukraine, Serbs love the territorial integrity of their country".

The message was: de-recognise the independence of Kosovo and we will fully support the West on Ukraine. This is, however, very unlikely to happen. The Serbian leadership remains sceptical of the West and does not feel it has an obligation to follow the West's foreign policy – especially its policy against Russia, a country that never recognised Kosovo. But the Serbian leadership also stands verbally with Ukraine and its territorial integrity – partly because Ukraine did not recognise Kosovo's independence either.

Serbia has condemned Russian actions in Ukraine but failed to join sanctions against Russia. In an online meeting with President Putin earlier in June, Vučić secured the extension of an agreement which guaranteed low gas prices for his country for another three years. To many in the West, this looks like profiteering at a moment when other countries – who agreed on sanctions – are losing out.

The riskiness of the situation in which Serbia has placed itself became obvious when the announced visit to Belgrade by Russian Foreign Minister Sergei Lavrov had to be cancelled on 5 June. Serbia is physically surrounded by NATO member states – who refused to allow Russia to use their airspace for the purpose of Lavrov's visit. This was a reminder of the importance of geography to Serbia – and that geography can sometimes play a bigger role than history.



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German Chancellor Scholz asked Serbia to move away from Russia and closer to the West – in a step-by-step journey that is clear and unequivocal. The West obviously understands that radical change is unlikely and might be too risky. Everyone still remembers the tragic consequences of the radical about-turn towards the West by Serbia's prime minister Zoran Djindjic (2001-03), who was assassinated by rebel members of the 'deep state' he did not have under his control.

► *There are also risks to regional cooperation – and perhaps even security – if Serbia is further stigmatised for its refusal to introduce sanctions against Russia.*

At the same time, **there are also risks to regional cooperation – and perhaps even security – if Serbia is further stigmatised for its refusal to introduce sanctions against Russia.** In Bosnia and Herzegovina and Montenegro (a member of NATO since 2017) the population is split over the war in Ukraine, largely along ethnic lines. The last thing that the Western Balkans need is to turn a political crisis into a security crisis.

The West should thus be cautious in its approach to these issues. Its main priority should be to preserve peace and stability in the region. The war in Ukraine is affecting the whole of Europe. However, in the Western Balkans, the memories of the previous war in Europe (1991-99) are still fresh and painful.

So far, the Western Balkans have avoided being drawn into this most recent war in Ukraine. It is the first time for more than a century that they are not directly part of a European war. To help them keep it that way, the approach should thus be one of further inclusion of the entire Balkan region in the EU, not one of exclusion.

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Economies in the Western Balkans: fragile growth, need for reforms and regional cooperation

by Caterina Ghobert

Characterised by unending transition and constant workforce migration, the economies of the Western Balkans could find stability and become sustainably competitive if they made more green reforms and paid better attention to welfare and labour rights. Regional cooperation with a strong focus on EU integration could be the right drive for change.

CRISES CHALLENGE THE COMPETITIVENESS OF ECONOMIES IN THE WESTERN BALKANS

After the Yugoslav conflict in the late 1990s and early 2000s, observers expected the Western Balkans (WB) to transition rapidly to a free-market economy. The 2003 Thessaloniki Agenda seemed to pave the way for a relatively smooth EU integration process. However, despite progressive market liberalisation and GDP growth, the WB economies have been confronted with several challenges over the last two years.

In 2019, growth expectations were mildly positive, and most of the WB slowly increased their direct and indirect investment in infrastructure, supported by EU projects and loans from other international actors such as the Western Balkans Investment Framework (WBIF), the European Investment Bank (EIB), and the European Bank for Reconstruction and Development (EBRD). Some countries, such as Serbia, worked to develop favourable conditions for foreign investment, particularly

in the IT and manufacturing sectors. Conditions in all the WB were conducive for the structural reforms that were needed, particularly in the labour market, which was and continues to be structurally affected by high unemployment rates and a lack of tax compliance.

► *A decisive factor for the creation of virtuous cycles is a favourable political environment and forward-looking public investment in labour and welfare. However, it seems that WB governments have prioritised short-term gains.*

The resilience of the WB economies was stress-tested by the Covid-19 pandemic, which hit the region severely in 2020, causing an average GDP contraction of 3.2 per cent, and an increase in youth unemployment from

24 per cent in 2019 to 36 per cent in 2020. However, **in 2021 these economies bounced back to overtake pre-pandemic levels, with an unexpected high GDP growth of 7.4 per cent and the highest employment rate ever recorded. This swift recovery resulted from increased consumption and was possible thanks to massive public investment, which nevertheless also resulted in higher public debt.** New economic challenges, such as inflationary trends in raw materials, food, fuels, and energy prices, started emerging in the region in the second half of 2021 and intensified in 2022 after the beginning of the war in Ukraine and subsequent sanctions against Russia. Therefore, the region's recovery is at risk today.

WHY SO EXPOSED?

Economic growth and stability in the WB, which are needed to establish the conditions for long-lasting competitiveness, depend on structural reforms to build resilience.



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A decisive factor for the creation of virtuous cycles is a favourable political environment and forward-looking public investment in labour and welfare. However, it seems that WB governments have prioritised short-term gains.

► *The Western Balkans need to support (quality) job creation and to focus on green transition, digitalisation, business regulation, and prudent fiscal management.*

Over the past decade, the WB have focused on infrastructure and privatisation, with the aim of progressing towards EU integration. The development of infrastructure, especially transport corridors under the auspices of the Berlin Process (an intergovernmental cooperation initiative to revitalise the ties

between the WB and several EU member states, launched at the Conference of Western Balkan States in Berlin in 2014) and its connectivity agenda, is not homogeneous and is subject to the (geo)political conditions at national and regional level. Privatisation has often led to the bankruptcy and closure of existing companies, with severe effects on workers. Schemes to attract foreign investment with favourable fiscal conditions and a cheap labour force are now affected by global post-Covid trends.

Uncertain working conditions, with chronic low rates of labour force participation (youth unemployment at 37.7 per cent in 2021) and a high level of informality (between 20 per cent and 30 per cent of the economy), affect the functioning and competitiveness of all economic sectors, but they are also a strong push factor for migration. The WB are thus countries of high temporary and permanent emigration. A striking example comes from the 2021 census in North Macedonia, which recorded a decrease of 185,834 residents (9.2 per cent) between 2001

and 2021, with 207 villages completely empty in 2021. People who migrate are mostly – although not exclusively – highly skilled.

BUILDING RESILIENCE: QUALITY LABOUR MARKET, GREEN TRANSITION, AND REGIONAL COOPERATION

According to World Bank experts, the Western Balkans need to support (quality) job creation and to focus on green transition, digitalisation, business regulation, and prudent fiscal management in order to achieve a resilient recovery and sustainable growth. To mitigate future shocks, especially in the energy sector, all Western Balkan countries should work on energy security by diversifying sources, fostering regional cooperation, and reducing demand.

Economic growth in the past did not translate into more and better jobs. Today, the current price crisis has eroded household savings and welfare. The limited dynamism of the labour

market is a push factor for migration from the WB, resulting in long-lasting effects on their economies (where public and private sectors find it difficult to find skilled workers) but also on their already weak social protection systems. **The WB therefore need to invest in building a better-skilled workforce and in improving the quality of available jobs. This would create better-paid and more sustainable jobs and would help the retention of personnel.** The current concentration of employment in low-skilled and low-productivity industries exposes workers to technical changes and crises.

► *The Open Balkan initiative, initiated by Albania, North Macedonia, and Serbia in July 2021, aims at increasing trade and cooperation. From January 2023, the borders of these three countries will be open to each other's citizens and products.*

It is clear that a green transition is fundamental in the WB as these countries currently rely heavily on coal and on emission-intensive infrastructure. This affects their citizens' quality of life and – in times of soaring energy costs – it also affects productivity. At the Sofia summit in 2020, leaders of the WB welcomed the 'Green Agenda for the Western Balkans', and committed to undertake several actions, including their alignment with green EU standards such as the 2050 carbon neutrality target. This positive attitude was undoubtedly aided by the generous investment package offered by the EU.

Phasing out coal requires a long process of preparation, not only to diversify energy sources, but also to plan a realistic alternative for all satellite economic activities, and related

social costs. Although it initially seemed as if the current energy crisis may contribute to an interest in clean energy and efficiency, there are now signs that the energy crisis might slow down the green transition. Additionally, WB citizens are vulnerable to higher energy prices, and their governments should therefore work to mitigate energy poverty.

Over the past few years, several regional initiatives have attempted to encourage the EU integration of the WB and to improve economic cooperation between these countries. Indeed, apart from Albania, they have all inherited the Yugoslav legacy of highly interdependent markets and infrastructure.

The Berlin Process and the Regional Cooperation Council (RCC) are part of the same effort by the EU to foster the integration of the WB and to support their economies with initiatives such as the common regional market, which was endorsed by WB leaders during the Sofia summit. All Western Balkan countries (except Kosovo) are also members of EUSAIR, an EU macroregional strategy in which EU and non-EU countries work together to promote economic and social prosperity as well as growth by improving their attractiveness, competitiveness and connectivity. They also work together to contribute to the further integration of the WB. The Open Balkan initiative, initiated by Albania, North Macedonia, and Serbia in July 2021, aims at increasing trade and cooperation. From January 2023, the borders of these three countries will be open to each other's citizens and products.

Regional cooperation is a fundamental element for supporting growth and competitiveness among the WB economies. It is also fundamental for accelerating reforms, particularly those as part of the green transition. However, (geo) political interests currently stand in the way of fully achieving these initiatives, and instead challenge their actual contribution and sustainability.

Caterina Ghobert has been working on socio-economic and minority rights with NGOs, international organisations, and think tanks in the Balkan region. She has collaborated with OBCT-Transeuropa, and is currently based in Pristina





Securing democracy by strengthening the rule of law

by Aleksandar Lj. Spasov

Since 2020 the European Union has defined the rule of law as one of the fundamentals in its new methodology for the EU accession process, thus underlining its importance as a core European value. Despite their reform efforts, all countries of the Western Balkans are still struggling with organised crime and corruption, clientelism in their institutions, a weak judiciary, and low levels of trust from citizens in their government system. This poor condition of the rule of law undermines the public's trust in the effectiveness of democracy. In the long run, this could have disastrous effects on the democratic consolidation in the Western Balkans.

Although all six countries comprising the Western Balkans (WB) keep repeating their commitment to the European integration process, which includes the rule of law among its 'fundamentals', their results in building functioning rule-of-law states are far from satisfactory. The six countries are at different stages of the EU accession process – Serbia and Montenegro are negotiating, North Macedonia and Albania are candidate countries waiting to start accession negotiations, while Bosnia and Herzegovina and Kosovo are waiting to be given the official status of candidates – but all of them have already implemented many reforms, and have others that are still ongoing. **The six countries also face common challenges, such as a persistent negative perception of the state of corruption, a lack of significant results in the struggle against high levels of corruption and organised crime, highly politicised institutions, political clientelism, and weak prosecutors and judiciary.** Recent surveys

show that in addition to socio-economic factors, the poor state of the rule of law is becoming an important factor for emigration, especially among the younger population.

► *Recent surveys show that in addition to socio-economic factors, the poor state of the rule of law is becoming an important factor for emigration, especially among the younger population.*

After the terrible experience in North Macedonia with the authoritarian government of the former prime minister (and now fugitive from justice) Nikola Gruevski, the country took decisive steps in the fight

against organised crime and corruption by establishing a Special Prosecutor's Office. This had the task of prosecuting cases of systemic corruption among high-ranking state officials. But after very positive results in the beginning, the head of the office, Special Public Prosecutor Katica Janeva, was herself involved in a corruption scandal that linked her with one of the main suspects in several corruption cases. Instead of prosecuting the criminals, she ended up being prosecuted herself. The Special Prosecutor's Office was dissolved, and the regular public prosecutor took over its work in accordance with the new law on public prosecution adopted by the parliament. **This scandal seriously undermined the public's enthusiasm for, and trust in, the possibility of significant change.** The only good news, however, is that the regular public prosecutor continues to prosecute cases of corruption and organised crime, and several verdicts on important cases have been issued. Nevertheless, recent investigations



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into possible cases of corruption involving high-ranking officials from the new government have further eroded the public's trust in the functioning of the rule of law in North Macedonia, even if the investigations are a very positive sign of the independence of the prosecution and judiciary.

Serbia has meanwhile faced democratic backsliding in several significant areas – such as civil and political rights, independence of the media, political opposition and civil society organisations – in recent years. In addition, there is a prevailing lack of transparency in the work of Serbia's institutions, political pressure on its prosecutors and judiciary, and attempts to control the existing independent media that investigate and report cases of systemic corruption and organised crime. Serbia has recently adopted constitutional reforms aimed at strengthening the independence of its prosecutors and judiciary by reforming the system of selection for prosecutors and judges, and also by reforming the evaluation process of their work and responsibility. While these legislative changes

are generally positively assessed, the real challenge will be the implementation of this new legislation. The reactions of the prosecutors to several cases in which investigative media have reported on the alleged involvement of high-ranking officials in illegal arms trading or drug production do not offer much hope that the legislative changes will achieve the desired effect.

Montenegro for its part has experienced a deep political crisis. In 2020 this led to the change of the government of President Milo Djukanovic – who had dominated national politics for decades and who was previously also prime minister for 15 years. The new government that was formed at the end of 2020 made the promise to make the investigation of systemic corruption, suspected smuggling and money-laundering cases a core feature of its political programme. Unfortunately, however, nothing concrete was undertaken and the coalition government was dissolved. A new government was elected in April 2022, led by Prime Minister Dritan Abazovic, who was previously one of the most prominent opposition

leaders promising to end systemic corruption. The coming months will show whether Abazovic and his government can achieve the promised change in this area.

Albania, led by a Socialist majority under Prime Minister Edi Rama, has opted for reforms of its judiciary. These include a vetting process for all magistrates and judges in the country – but the process began in 2016 and is still not finished. The vetting commission's mandate, initially scheduled to finish in 2022, was therefore extended for another two years. Although the country's reforms were initially backed by the EU, Germany, Sweden, the UK, and the US, the reform process resulted in the collapse of Albania's High Court and Constitutional Court for almost two years and harshly divided its political parties because the opposition's request for politicians to be vetted (a type of clean-up operation) was not included in this process. In addition, Albania still has problems with the illegal production of marijuana and with drug smuggling, as the country forms part of the route of drug dealers.

- *All six countries have undertaken significant steps in strengthening their rule of law by making constitutional and/or legislative changes. However, the proper implementation and the sustainability of their reforms depends to a large extent on the political will of their governments.*

For Bosnia and Herzegovina, the main problem derives from its constitutional order – namely the complex system of institutions on the levels of state, entity, and canton, with their overlapping competencies and vetoing possibilities which paralyse the country. **Bosnia's institutions are frequently blocked because of inter-ethnic tensions and disagreements among its political parties, which are predominantly based on ethnicity.** Republika Srpska, one of the federal entities of the country, has started a process of transferring competencies from the state level to the level of the entity, claiming that the decisions of the Constitutional Court (composed of local and foreign judges) are biased against its entity and that the existence of the State Prosecution Office and the

State High Court is not in accordance with the Dayton Peace Agreement. Such moves undermine all efforts to establish a functioning system of institutions in the country, and this also impacts the fight against corruption and crime.

Finally, Kosovo is still in the process of having its statehood recognised, as the country is not a member of the UN or of many other important international and regional organisations. **Although Kosovo has been backed by the US and the EU for many years, the recognition of its statehood is not merely an issue of the country's integration into the international community, but also an issue that affects the consolidation of the state institutions.** Kosovo has a tradition of clan-based politics that links most of the major political parties to organised crime. A core promise of the government of Prime Minister Albin Kurti, elected in March 2021, is to end clan-based politics and to start the fight against gangs and corrupt networks. However, the stalemate in Kosovo's dialogue with Serbia, and the strong opposition to this dialogue from Kosovo's established clan networks, make this promise very difficult to fulfill. Tangible results on the rule of law are essential for the future of this youngest country of the Western Balkan because the emigration rate of its young population is the highest in the region.

All six countries have undertaken significant steps in strengthening their rule of law by making constitutional and/or legislative changes. However, the proper implementation and the sustainability of their reforms depends to a large extent on the political will of their governments. **Political polarisation (in Albania and North Macedonia), democratic backsliding (in Serbia), fragile political stability (in North Macedonia and Montenegro) and an unfinished process of building statehood (in Kosovo) have, and will continue to have, a strong negative impact on their implementation of the adopted reforms.** Bosnia and Herzegovina seems to be even more complicated as the dysfunctionality of its constitutional system structurally paralyse its institutions and prevents them even from defining a common strategy for reforms and making the necessary legislative changes.

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First meeting of the 'Friends of the Western Balkans' network



On 17-18 June, Sarajevo hosted the first meeting of the 'Friends of the Western Balkans', a newly established network of social-democratic Members of Parliaments and Members of the European Parliament from across Europe, aiming to revitalise the EU Enlargement to the Western Balkans.

In this two-day meeting, MPs and MEPs exchanged a multitude of opinions, attitudes, and approaches to what the future of the enlargement process should be like – with the hope of establishing a common perspective on how to advocate for it.



The EU must deliver on housing now

by Michaela Kauer

For the first time in almost ten years, the EU housing ministers met informally in early March 2022. They had much to discuss – the housing crisis in Europe is evident. There is no country, no region, and no city where people are not suffering from the rising cost of housing.

The ministers' response was ambivalent. On the one hand, they continued to insist on the principle of subsidiarity while asking for more EU funding for the sector. But at the same time, they also avoided a commitment to more state intervention in housing markets – which are today characterised by market failures, distortion and short-term profiteering.

The causes of the housing crisis are multiple and global: financialisation, gentrification and touristification, an immense gap in investment over the past decade, the climate crisis and rising numbers of homeless people. Yet, these issues are met by national governments with a lack of courage to intervene in housing markets boldly and protectively. The consequences are catastrophic: competition among the weakest groups for the often only scarcely available social housing, homelessness, young adults in their thirties still living with their parents, and entire blocks of flats standing empty for speculative reasons, while land prices skyrocket. People who have often lived there for generations are expelled from their neighbourhoods. Citizens in need of social housing are ashamed and stigmatised. Mayors now ask who owns their city.

The European Commission has long denied the problem, even though EU policies have a massive impact on the scope of municipalities, regions, and member states to shape their local housing markets. EU competition law restricts subsidies for housing to socially disadvantaged target groups, even though the OECD has noted long ago that even middle-income earners can no longer afford housing. **The regulatory framework of European economic governance and the Stability and Growth Pact prevents sustainable long-term public investment in social and affordable housing infrastructure.** The fiscal rules still do not account for enough long-term stability for housing investment – on the contrary, they allow for short-term gains and escalate the dubious role of hedge funds. The EU funding and financing landscape is often inaccessible for many cities and regions eager to enable people to have healthy and affordable homes. Moreover, opportunities to ensure more transparency in real estate transactions and thus prevent large-scale money laundering have not been taken at the EU level – for example, concerning fiscal rules and holding investors accountable for meeting social and environmental standards.

At the same time, **the European Commission is creating even more pressure with a Green Deal that is weak on social and equality issues – for instance, because the cost of renovations can be passed directly to tenants in most EU member states.** Given the rising energy costs, even more people – especially women and single parents, migrants and other socially and economically disadvantaged groups – are being pushed into energy poverty. We indeed have a 'New European Bauhaus' project now, but despite the talk about liveable neighbourhoods and about promoting future green and smart cities, it fails to advance state-of-the-art approaches for a gender-sensitive urban development concept. We have an Affordable Housing Initiative, but we still do not know where this will lead us because, apparently, money is scarce.

► *Part of the response to the housing crisis is a commitment to state intervention and a broad-based system that allows for many housing options.*



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The extension of the Emissions Trading System to the building sector has been tabled. However, it has already broadly failed to deliver on its current targets – and it remains doubtful how social and affordable housing providers will be able to benefit from this, as the system will not redirect gains to cities and regions.

Whenever cities and regions, or stakeholders such as the International Union of Tenants or Housing Europe, have pointed out the need to adjust the EU's regulatory framework, the answer has always been: 'work it out with your national governments'. For example in 2013, when mayors from many European cities pointed out the need for regulatory adjustment, and called for a change to the state aid rules for housing and **an exemption of long-term housing investment from the debt logic of the European Semester**. The European Parliament heard the call and has repeatedly highlighted the need to change this framework – for example, in its 2021 own-initiative report on decent and affordable housing for all.

Part of the response to the housing crisis is a commitment to state intervention and a broad-based system that allows for many housing options ('housing continuum'). Under

the Urban Agenda of the EU, the Housing Partnership has developed a concise list of proposals concerning EU regulation, funding and financing, knowledge and governance. All major EU institutions (including the European Committee of the Regions, the Economic and Social Committee, and the European Parliament) have now taken up its recommendations. **Recent history has taught us that stable housing markets – where tenants are protected and empowered with rental contracts that are not limited in time, with rent control and a limitation of the possible reasons for eviction, and where there is a substantial proportion of social, community and cooperative housing – are better protected from crises.**

Therefore, it is not surprising that in a 2020 report on housing provision in Latvia, the OECD explicitly points to the Austrian system of non-profit housing as a best-practice model. A recent FEPS study also put forward the good practice of Austria and other member states. In Vienna – a city which, this year, has again topped the *Economist's* list of cities with the highest quality of life – two-thirds of the inhabitants live in municipal, cooperative, and publicly subsidised housing. And while

▶ *The European Commission is creating even more pressure with a Green Deal that is weak on social and equality issues: the costs of renovations can be passed directly to tenants in most EU member states.*

there are problems in Vienna, too, it is evident that a clear commitment to strong public intervention helps counter the effects of unleashed markets. **This is the kind of courage that we need in the EU right now, so that we see a return of the state to housing markets. And we expect European housing ministers to contribute to this.**



Michaela Kauer, Head of Brussels Office of the City of Vienna

What if we made land ownership collective?

by Geert De Pauw

With house prices rising worldwide, international investors and speculators are turning their eyes to housing as an object of investment. What if we tackled this problem at its root, through a fairer ownership system? Globally, in many places, such a system is already being implemented by Community Land Trusts.

Jean-Jacques Rousseau wrote that the first man who fenced off a piece of land and said "this is mine", and found people naive enough to believe this, was responsible for a great deal of suffering and injustice. Whether you agree with Rousseau or not, his statement shows that land ownership as we know it today is not a law of nature, but a system invented by humans. It is therefore perfectly possible for us to modify it.

The financialisation of housing – the phenomenon of large financial organisations buying up housing as investment objects – is causing prices to rise in cities worldwide, thereby jeopardising the right to housing. In many places, the housing market is no longer accessible to the poor and large sections of the middle class, and they have to leave their cities or cut back on other expenses to pay their rent. Homelessness is increasing everywhere.

Of course, it is not primarily the bricks that are increasing in value. It is the land under the houses that is becoming more expensive. The world has become one giant monopoly board,

where those who already possess can get more, and those who own little lose even more.

In the early 1970s, **people from the black civil rights movement in the US began to think about a new model to ensure that poor black communities in the South had control over land on which they could live and farm.** They were looking for a system that could guarantee lasting affordability for the lowest-income people. From this aspiration, the first Community Land Trust (CLT) grew – New Communities Inc., in Atlanta, Georgia. Around ten years later, Bernie Sanders, then mayor of Burlington in Vermont, was the first to apply the CLT model as part of an urban housing policy and to invest public funds in it. Since then, that CLT in Burlington, the Champlain Housing Trust, has become one of the most successful CLTs in the world. Today, hundreds of CLTs are active in the US, and the model has also been successfully used in the United Kingdom. Additionally, it has been increasingly developed in continental Europe over, approximately, the last ten years.

Community Land Trusts are non-profit organisations whose primary mission is to take land out of the market and manage it for the benefit of the community. They engage in community-led development on community-owned land. Although there are differences between CLTs, most will have some essential characteristics in common. They are community-controlled organisations, run by residents together with other community and government representatives. This provides the basis for balanced governance that respects the interests of the residents and the wider community. CLTs buy land or buildings (often with the help of government subsidies) and commit to never selling them. They develop housing and other facilities on that land that the community needs. The ownership of these homes and other buildings is separated from the ownership of the land through long-term lease contracts. The buildings become the property of the individual residents or of other non-profit organisations or cooperatives. **Because the land does not have to be paid for, the building becomes affordable for the buyers.** In exchange, they undertake not to sell the building for profit. In this way, the homes remain affordable, also for the subsequent buyers, without the need for a new government intervention. This CLT system guarantees the permanent affordability of houses. At the same time, it offers owners a chance to build equity because they get back everything they have invested when they sell.

The system has been proven to work. The CLT in Burlington, for example, was able to demonstrate that the homes on its land became more and more affordable over the years,



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sale after sale, while the families who sold their homes still had the opportunity to build up capital. **Other CLTs, such as the Dudley Street Neighbourhood Initiative in Boston, demonstrate convincingly how community ownership of land can strengthen the local community and provide a buffer against gentrification.** In Belgium, we are showing with the Community Land Trust Brussels (CLTB) that this CLT approach can produce affordable housing for low-income families, and strengthen the social fabric in 'difficult' neighbourhoods.

► *The financialisation of housing, the phenomenon of large financial organisations buying up housing as investment objects, is causing prices to rise in cities worldwide, thereby jeopardising the right to housing.*

Despite the growth of CLTs in recent years and the increasing interest in them from academia and policymakers, Community Land Trusts remain, currently, a small player. However, they have the potential to occupy ever larger parts of the housing market and to ensure that different laws apply there – laws that focus on the right to housing rather than on the profit of investors. **Local authorities can play a significant role in making this happen: they can make land and funding available.** They can give communities a pre-emptive right when certain land or premises come up for sale, as is the case in Scotland. Community Land Trusts are also the ideal model for developing new, sustainable, and circular neighbourhoods.

Furthermore, they can be used as an ownership model to renovate or transform existing buildings. Tax incentives, currently used in an unfocused way to facilitate homeownership, can be geared towards models that ensure permanent affordability. Legal barriers can be removed by officially recognising the

model, as the Brussels Region has just done. **On a European level, there is also much that can be done.** Facilitating access to European investment funds is only one of the measures proposed by the EU-funded CLT collaboration Sustainable Housing for Inclusive and Cohesive Cities (SHICC).

The housing crisis is becoming ever more severe. To fight it, the rules of the game need to be changed – and Community Land Trusts have the potential to make a significant contribution to this.

Geert De Pauw,
coordinator of the Community
Land Trust Brussels



Fighting homelessness through Finland's 'Housing First' model

by Eveliina Heinäluoma

Finland has a long tradition of keeping the reduction of homelessness high on the political agenda. In its 1982 Housing Policy Programme, the Social Democratic Party of Finland stated, "Access to housing for the homeless is humanly necessary, but it is also profitable to the national economy". The party also claimed that homelessness is more expensive than securing affordable living.

The current Housing First model was based on the results of the 2007 report 'Name on the door', authored by Ilkka Taipale, who has played a considerable role in homelessness policies in Finland. The report found that instead of focusing on temporary housing services, efforts should focus on providing permanent housing for the homeless.

The idea behind the Housing First model is therefore that providing a home for people who are homeless contributes to solving other social and health problems. In other words, individuals in Finland are not expected to solve their problems without having a home.

The Housing First model has played a crucial role in reducing homelessness in Finland. Data show that from the model's inception in 2008 until 2015, homelessness dropped by 35 per cent.

THE PRINCIPLES OF HOUSING FIRST

Reverting the logic. Having a home is considered a necessary requirement for aiding vulnerable people who have a history of physical or mental health problems or addiction, and who end up living on the streets. Access to a dwelling is provided without any special conditions or requirements besides a very affordable rent. A support team then remains in contact with the new tenants to ensure that other aspects of their life improve and that they are able to maintain their accommodation.

Enabling independent housing. The main principle of the model is that everyone can live in their own home as long as they are provided with the right kind of support and assistance. Rather than having their ability to live independently assessed, people practise independent living in their own apartments.

The success of living independently and the recovery process are evaluated by different criteria. For example, if a resident has a drug problem, the goal is that the resident receives the necessary care and is able to return home.

Freedom of choice and rehabilitation. The model gives residents the right to choose services for themselves. In this way, they can engage in services and stay motivated to improve their situation.

One of the treatment-related goals of the model is to reduce harm – for example, to reduce the harm caused by drug use or by psychiatric symptoms. However, if a resident refuses drug or mental health services, this does not affect the continuity of their housing.

► *A 2007 report found that instead of focusing on temporary housing services, efforts should focus on providing permanent housing for the homeless.*

As part of the Housing First services, staff and residents actively discuss the goals and interests of the residents. Residents are meant to find new perspectives for rehabilitation, letting go of unnecessary power structures at the individual and organisational levels.

Integration into communities and society.

Strengthening the connection between residents and their surrounding communities is very important. The residents are supported to stay in contact with their networks, such as friends and family. Housing units also work systematically with residents to help them connect with their neighbourhood, and to increase their tolerance and prevent prejudice.

WHAT NEEDS TO BE CONSIDERED IN ADDITION TO THE HOUSING FIRST POLICY?

While the model of Housing First plays a key role in Finnish homelessness policies, there are other measures that complement the fight against homelessness. These include effective counselling, affordable housing and tackling the growing differences between residential areas in cities.

Housing must be affordable. The key reasons for homelessness in the capital Helsinki, the largest and fastest-growing urban centre, are a shortage of affordable apartments and, consequently, high rents. More publicly subsidised and reasonably priced apartments

on the housing market help counter this effect. Given that it is also important to maintain housing production at a sufficient level, Helsinki is building more affordable, rent-regulated ARA apartments.

Prevention of homelessness is necessary.

Providing timely support to high-risk individuals plays a significant role in preventing and reducing homelessness in Helsinki. Solution-oriented counselling, cross-sectoral assistance and good cooperation with the lease giver are key factors for the housing support team to be able to work effectively in Helsinki. The city's housing counsellors provide help and advice on various housing problems, including on rent, allowances, applications for benefits, and threats of eviction.

Housing advice services will be strengthened by law in Finland.

The Finnish government has decided to expand housing advice and to ensure equal opportunities for access to these services regardless of the type of housing or location. An Act will therefore enter into force at the beginning of 2023. While homelessness is increasingly associated with financial problems, studies show that housing support is a very effective way to prevent homelessness.

Developing suburbs. When compared internationally, differences between residential areas in Finland are relatively moderate, although clear signs of growing differences between certain residential areas are observable. Providing vulnerable suburbs – where there is low income and high unemployment – with access to housing counselling is a way of developing them. Furthermore, it is vital to increase the number of services, workplaces, and recreational areas in residential neighbourhoods.

▶ *The Housing First model has played a crucial role in reducing homelessness in Finland. Data show that from its inception in 2008 until 2015, homelessness dropped by 35 per cent.*

The Housing First approach is no ultimate panacea for solving homelessness once and for all, and even less so for all the complex problems around housing, like affordability and gentrification. Nonetheless, it represents an innovative method to truly deliver on social inclusion for some of the most vulnerable people. And it is a method that has proven successful.



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*Eveliina Heinälum,
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(Re)building rural civic empowerment

by Isabel Carvalhais

Rural citizens must benefit, like any others, from equitable conditions to achieve their professional, social, and personal goals. The provision of these conditions is a moral obligation for us as a society. It is also an ethical and political imperative if we are genuinely committed to accomplishing the European Pillar of Social Rights. A strong social Europe that is just, inclusive, and with plenty of opportunities provided by its green and digital transitions, cannot leave anyone behind.

By providing ecosystem services that are essential for mitigating climate change and environmental deterioration, and by ensuring sustainable food production, while also preserving the immaterial patrimony that is embedded in the multiple cultural legacies of the rural world, rural areas will be central to harnessing the significant global opportunities that currently exist and to addressing the big societal challenges with which we are already confronted.

However, rural areas in the EU – particularly those that are remote and less developed – face significant challenges, which are still to find adequate responses from public policies. Because of a permanent lack of political attention, many rural communities across Europe feel that their needs are poorly considered, if not completely forgotten, in political decision-making. This creates fertile ground for civic and political disengagement.

Population decline and an ageing population, fewer quality job and education opportunities, a higher percentage of people at risk of

poverty and social exclusion, a lack of access to high-quality services of general interest, climate and environmental pressures, lower connectivity and less access to innovation – these are dangerous ingredients that fuel a growing discontent among rural populations. **Rural areas, and remote areas in particular, are experiencing considerable population decline, which in many cases results in further public cuts to infrastructure, thus causing rural areas to become locked into a perpetual cycle of decline that further exacerbates the economic weakening they are already facing**, and thereby widens the gap between rural and urban areas.

► *The lack of territorial contextualisation of EU policies is one of the main challenges the European Union has to face in its support to rural areas.*

Rural areas struggle to make their voices heard in a way that is easily appropriated by political decision-makers. Their sparse population and their distance from decision-makers centres have translated in practical terms into a lack of political visibility and a lack of representation that is able to reflect their territorial, economic and social relevance. The diversity and heterogeneity of rural areas and the cross-cutting nature of their challenges further contribute to the persisting lack of appropriate response to the needs of rural communities. Depending on whether rural areas are closer to, or farther from, urban centres, and depending on whether they are in remote or mountainous or outermost regions, their challenges and strengths are different and thus require specific development strategies and solutions.

The lack of territorial contextualisation in EU policies is one of the main challenges the European Union needs to face in its support to rural areas. This heterogeneity within EU policies calls for a more community-based policy design and tailor-made solutions, involving local actors, authorities and civil society



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organisations. These three groups of stakeholders must participate actively in all phases of policy development – from consultation to decision-making, policy implementation and policy evaluation. Their participation brings added value, with their unique experience of the diverse challenges they face, and their knowledge of meaningful solutions to address them.

Giving rural stakeholders a voice in decision-making also plays an important role in enforcing the political legitimacy and ownership of the actions that are taken. This in turn promotes greater social cohesion and a sense of belonging.

Any rural development strategy should be designed within a holistic approach to all relevant dimensions of the rural world and should be accomplished through the articulation of several levels of governance, including that of the EU. However, it is the community-led undertaking that will be crucial, as this is the locus where the transformation of rural life will actually take place. It is therefore at the local community level that initiatives connecting the different levels of governance will be decisive in bringing a sense of direction to public policies that are truly capable of delivering to the rural world. And although EU legislation provides for multilevel governance

approaches and partnerships, and although public discourse is full of references to the relevance of local actors, there is nevertheless significant resistance to the application of these approaches in a meaningful way. More decisive action by the member states in fostering and supporting them and a robust coordination of policies and investments across all levels of governance is therefore urgently needed.

► *Remote areas in particular are experiencing a considerable population decline, which in many cases has resulted in further public cuts to infrastructures, forcing rural areas to get locked in a perpetual cycle of decline that may further exacerbate the economic weakening they are already facing.*

Given the crucial importance of a strong participation of rural stakeholders in defining the strategies for the development of their areas, it is also paramount

to acknowledge that this will often require substantial investment in (re)building rural civic empowerment. The existing constraints to the possibilities of rural communities to participate fully in the decisions on the strategy and priorities for their local area, along with the erosion of social infrastructures and public services in these areas, lead to a lack of places for communication, social interaction and participation in the public space. Capacity-building in digital, technical, and soft skills is therefore key for empowering rural communities to have a stronger voice in shaping decision-making processes – particularly in the more remote and less populated areas.

The complex reality of the rural world highlights the importance of conceiving the governance of rural development strategies as a multilevel framework, where EU institutions should act as catalysers for action at the member state, regional and local levels – with particular attention to the empowerment of local stakeholders and rural citizens.

While this analysis is no panacea for the challenges of the political and civic disengagement of rural communities, it may still offer a successful way out of the struggle to regain the political trust of rural citizens, and to counter their dissatisfaction with the EU project.

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Do more than belong: participate!

Community-led innovation for the development of marginalised and remote EU rural areas

by Liza Deléon

From the local to the supranational level, the Covid-19 crisis forced the world to face the question: who should oversee the solutions? Which authority, and on what grounds? This question, and the change of paradigm it brought, provides an opportunity to debate and reflect on the place of citizens in the decision-making process, especially in rural areas and other places far from power centres. Examples of citizens' participation in these areas – including both successful and less successful strategies, as well as the place of the public sector at the local and European levels in community-led development – can show the way.

Rural challenges are characterised by their heterogeneity. In France (and Western Europe more largely), 'rural' does not necessarily mean 'remote' or 'marginalised'. Yet when analysing the narrative of the territorial divide there is a growing discourse of rural areas being 'left-behind'. Such a discourse weighs heavily on Western representative democracy and its political legitimacy, as the 'yellow jacket' movement in France or the mapping of pro-Brexit votes in the UK attest. However, the economist Laurent Davezies argues that the state has not 'abandoned' rural territories, and that **proportionally to the number of inhabitants, state intervention in rural areas is actually more significant than in urban areas**. The education sector is certainly one example. Facing rural diversity, commentators such as the geographer Xavier Desjardins have therefore wondered whether the territorial divide narrative is more a matter

of imagination than of substance – thus raising the question: how do you treat a feeling?

By their very nature, rural and urban territories do not offer the same living conditions. Although states have increased their engagement in rural areas, life in rural areas is not the same as in cities. Yet, while these two types of space impose different living standards, public authorities should not be content to leave it that way. **In June 2021, the European Commission published a long-term vision for the EU's Rural Areas, comprising the so-called 'Rural Pact' – a potential lever to change the perception of rural areas being abandoned**. The Pact aims to create "a common framework to engage and cooperate between stakeholders at EU, national, regional and local level" – an entry point for revitalising rural areas. Involving citizens in local development is one of the answers to the growing distrust in

representative democracy and to the slower development of some rural areas. When well implemented, participatory processes have the potential to counteract the 'us versus them' narrative and the feeling of local dispossession.

PARTICIPATIVE PROCESSES: A SOLUTION FOR FAILING DEMOCRACIES?

For citizens to be involved in local development (and in public life more broadly), a 'return on investment' is needed: as an inhabitant, what is my personal interest in making this place more developed? The materialistic dimension of citizen involvement should not be overlooked. Having access to services that were previously absent undoubtedly plays an important part in community-led



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development. Rather than being just a civic gesture, participation must provide a tangible gain such as new services – a municipal football club, a public aid office, or community-supported agriculture, for example. Rural territories can therefore become favoured areas, with their sizeable centres that can gather services such as food shops and a town hall. Low human density also creates familiarity, which can be a good starting point for developing citizens' participation.

► *Counteracting populist discourse about the state's abandonment of rural territories, involvement must come from both sides in order to breathe new life into the development of rural areas and representative practices.*

In 2015, the French National Assembly signed the NOTRe law, making it mandatory for each municipality to be attached to an inter-municipal community. This law led to a nationwide consultation process for each municipal community to validate its political legitimacy. The procedure was introduced essentially as a

top-down process, however, with the final decision remaining in the hands of elected politicians. It did not therefore counter the perceived lack of legitimacy of representative democracy. Instead, participatory processes need to be genuinely open to bottom-up inputs – otherwise they can be counterproductive. In addition, this process highlighted a significant symptom of community-led development: the lack of diversity among participants. As researchers Alice Mazeaud and Julien Talpin write, "We know that the real public of these [participative] processes is never the dream audience of deliberative theories: it is neither representative, nor egalitarian, nor completely profane and disinterested". **As anybody who has attended a consultative meeting is aware, it is only a convinced or hostile audience that is usually present – virtually no new audience ever reaches out to obtain information.**

This leads to the question of how to involve a broader range of people in local development, and how to make them have a tangible impact. Jo Spiegel, the mayor of Kingersheim (13,263 inhabitants) in the French Alsace region until 2020, decided to work on this challenge. He started a process of participative councils, composed of members chosen by lot from the electoral list – randomly designated inhabitants who were to influence major local issues.

His initiative received positive feedback as a valuable tool for involving citizens in community-led development, especially in remote and rural areas. By galvanising local citizens into a process (instead of waiting for them to become involved by goodwill), randomised draws have the power to combine representative and participatory democracies. Moreover, they can be used in any type of goal-oriented body (youth councils, teacher-student meetings, mixed-interests groups, etc) if – and only if – the decisions taken by such a randomised group indeed have a chance to be implemented. The strength of randomised draws is thus to put people in a position where they can refuse to participate but not wonder about the absence of opportunity.

SMILE FOR THE PICTURE: COMMUNITY-LED DEVELOPMENT AND THE PUBLIC SECTOR

We now have three main ideas for participative processes: randomised draws or other methods of reaching out; a 'return on investment' dimension ('real impact'); and enthusiastic (and open) leaders. Of course, none of these ideas is new, as grassroots participation is already well-anchored in our territories. Furthermore, grassroots activists,

like the local development network BRUDED, have structured these three ideas into four building blocks to help develop community-led projects:

- new and enhanced tasks for local politicians developing a 'listening culture', better coordination between politicians and technicians, and more collaborative relations than hierarchy;
- a clear and simplified consultation process with a strictly defined perimeter, structure, organisers, goals, schedule and role of participants;
- quality organisation to ease the emergence of shared projects, starting by associating a wide range of citizens (through randomised draws and other similar tools), then associating participants at the appropriate time with the help of debate management tools like round table discussions);
- tools and methods tailored to suit the consultative goals: going towards inhabitants rather than asking for them to come forward on their own, innovative methods bringing a sense of conviviality (eg walks, hikes, stalls, website, workshops and festive events) and visible output (organisers taking results back to the community).

Yet, when discussing the revitalisation of marginalised areas, a sense of conviviality is not the only important element. **To counteract populist discourse about the state's abandonment of rural territories, involvement must come from both sides in order to breathe new life into the development both of rural areas and representative practices.**

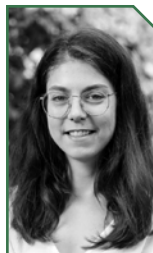
In such a shared process, the European Union and its Rural Pact certainly have a role to play on the narration ground (responding to feelings of abandonment with feelings of conviviality). Beyond the local level, the public sector should play the role of an educator more than anything else. Through a reliance on local authorities and activists, supralocal bodies have the material capacity to garner good practice and share it with local leaders. They also have the means

to start broader communication campaigns that are able to reach a long way out to regions and people. Rather than a leading role, a coordinating and 'mind-opening' role for the Rural Pact could help prevent the EU from appearing as a gigantic, obscure, and meddling entity while developing community-led experiments.

Philosopher Gabrielle Halpern's hybridisation theory prompts an interesting image of what we could aim for, which she calls a 'centaur-like democracy'. Rather than being a simple fusion, juxtaposition, assimilation or annihilation, **Halpern's 'centaur' embodies the hybridisation process as a contradictory and motley mix. In practice, it would mean blending traditional representation and renewed participatory processes.**

As Jo Spiegel's democratic laboratory shows, this democratic chimaera needs new tools, enthusiastic leaders and structural support to become a reality. Especially in centralised countries like France, rural areas will benefit from exploring new ideas, determination, and patience to find practical answers. Instead of waiting for zealous citizens and leaders to emerge, the EU would be well inspired to spread the word.

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Just Transition & Revitalisation

A New EU Strategy for Rural Areas

POLICY BRIEF
JUNE 2022

FEPS
FOUNDATION FOR EUROPEAN
PROGRESSIVE STUDIES



JUST TRANSITION & REVITALISATION

A NEW EU STRATEGY FOR RURAL AREAS



ABSTRACT

How can EU actions support the revitalisation of rural areas? How can EU institutions put rural and remote areas at the centre stage of the just transition?

This policy brief contributes to the reflection launched by the Commission's work towards a 'Long-term Vision for the EU's Rural Areas' and aims at supporting and enriching the EU agenda by promoting the revitalisation of rural and remote areas.

After reviewing some of the potential risks facing the EU's strategy for rural areas as it stands, the authors put forward concrete policy and governance recommendations to make rural development in the EU both environmentally and socially sustainable.

The recommendations build on exchanges with experts and identify 'best practices' that can be scaled up and replicated in order to:

- bolster sustainable agriculture and champion the energy transition;
- attract investment;
- nurture innovation systems;
- promote community ownership; and
- boost social vitality.

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How can the EU support the revitalisation of rural and remote areas and put them at the centre stage of the just transition? After reviewing some of the potential risks facing the EU's strategy for rural areas as it stands, the authors put forward concrete policy and governance recommendations to make rural development in the EU both environmentally and socially sustainable. It also identifies best practices that can be scaled up and replicated across Europe.



Rural remoteness in Nordic countries – many contradictions to solve

by Anna Karlsdottir

Being 'remote' in the Nordic region can mean many things. But besides the dominating narrative of depopulation and ageing, there are also some counter-narratives. These involve people's shift in lifestyle priorities, as well as the effects of the green transition that may set the scene for a decade of making the periphery less remote. Yet decisions on services provision challenge the revitalisation of communities. The welfare society in the Nordic region faces a large number of complex issues – one of them is the need for a radical change of both perspective and policy for rural and remote communities.

When examining the meaning of 'being remote', the first consideration is: remote from what? There are many sides to this question. Peripherality and distance are conditions that can be measured, at least to some extent. But more importantly, they are conditions that can be felt.

While the dominant narrative on demographic development has it that many sparsely populated and rural areas are experiencing population decline and ageing populations, there are also counter-narratives setting out the increased attraction of many of these areas. Since the onset of the Covid-19 pandemic, we have seen evidence of this attraction in a wave of families moving to smaller communities or even 'going rural', and thus prioritising more space, and better access to nature, while alternating between working from home and commuting to work.

These families seek an escape from the pervasive urgency of city lifestyles. For some, the dense urban areas have ceased to fulfil their yearning for a better work-life balance. Higher living costs and extremely high housing prices may also play a role in these decisions to move away from urban areas.

► *The revitalisation of thriving communities rests on sound access to services that can give sense to the life of families and households.*

In addition, **a re-industrialisation of the North is taking place, which may be shifting the perception of what is considered 'periphery' or 'remote' in the contemporary Nordic region.**

Industries in this region are currently suffering from labour shortages, as are large-scale industrial projects (investment opportunities in the northern regions are estimated at over €170 billion until 2030). This shortage of labour will require the recruitment of thousands of workers – now and in the coming decade. At the same time, there is an increase in the need for labour in mining, because the Arctic is rich in rare minerals that are essential for the green transition. This sector is indeed already attracting labour from large rural areas and across borders. Solutions to the pressing need for people with appropriate competencies to fill these and other tech jobs are often sought in temporary migrant labour. The new battery factory in the town of Mo i Rana in Norway, for example, will depend on importing competent labour from Asia because it seems employers cannot find the right workers in Europe or the Nordic region.



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Given that people move from one place to another not only for jobs but also for the quality of life, we need to prioritise policies and actions that build attractive and liveable communities – also in remote regions. Otherwise, the rise of these upswing communities will only generate 'fly-in-fly-out' conditions for the majority of workers involved.

► *Knowing that people do not only move from one place to another for jobs, we need to prioritise policies and actions that build attractive and liveable communities, also in remote regions.*

With the public sector lacking adequate funds to cover all service needs, some of the responses – like regional reforms, municipal amalgamation or new forms of regional governance – involve the centralisation or effectivisation of services provision. Education (primary, secondary, and vocational) and access to healthcare are just two examples. **The revitalisation of thriving communities rests on assured access to services that can add quality to the life of families and households.** However, currently, this access is not always provided. The closure of schools in

smaller communities for the benefit of a more centralised school in a larger town – sometimes requiring children to travel up to 80 km per day between their home and place of education – is not a sustainable way of life for them. Parts of healthcare provision have been privatised and are now profit-driven, leading to a jungle of healthcare offers in cities and densely populated areas, while these services are becoming less accessible in less populated and more remote areas. This is not sustainable for those who need services.

While regional development strategies often mention the importance of increasing the population aged 25-45 (people who are typically of reproductive age and who thus enable regions to be revitalised), the decision-making in many cases does not reflect this idea. In many 'remote' and sparsely populated areas (I would even dare to say: all across the Northern hemisphere), decision makers close down maternity wards, resulting in less social security for young families. **If you are pregnant in Kiruna, Sweden's northernmost town, you will have to travel 122 kilometers down south to give birth in a hospital in Gällivare.** Similar examples are found across other sparsely populated parts of Greenland, Iceland, Norway, and Finland. Many mothers do not make it to the hospital in time. Stories of these mothers have generated protests, and even art exhibitions, highlighting that the road is not a maternity ward. Across the sparsely populated and

remote regions in Nordic societies, there are numerous mothers who share traumatic experiences of the most beautiful, but also the most vulnerable, situation of their life.

A strong image prevails of the Nordic countries as pioneers in citizen-democracy, the rule of law and functioning administration. Today, however, the Nordic welfare model still faces major challenges: the climate crisis, migration, the effects of the Covid-19 pandemic, and growing income gaps. Realising fundamental rights in the future and organising welfare will remain essential, even when there are more complex issues to be solved. **The Nordic and Arctic regions are determined to sustain and build ties to deliver resilient and thriving communities. For that to happen we need a radical change of both perspective and policy for rural and remote communities.**

*Anna Karlsdóttir,
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Programme for refugees
and immigrants*





"This is not an ideal scenario for China"

Interview with Arne Westad,
by Aline Burni

Arne Westad is a professor of history at Yale University and the director of its International Security Studies (ISS). He discusses the relations between Russia and China in the context of the war in Ukraine.

Aline Burni: I would like to start with the broader picture of Sino-Russian relations over recent years. China and Russia seem to be cooperating closely now, but historically this has not always been the case. How have relations between them developed since the end of the cold war?

Arne Westad: It is a bit ironic because China and the then Soviet Union – now Russia – spent a lot of the final part of the cold war fighting each other. They saw each other as the main enemy in terms of international affairs. **China especially was very harsh in its criticism of the Soviet Union, particularly for what it saw as the USSR's expansionist side.** Two things have brought them closer together. The first was the way the cold war ended, with a complete collapse of the Soviet system. What that produced was a unipolar world with the United States as the hegemonic power which both Russia – as the Soviet successor state – and China saw as a threat to their own interests. The second thing is that they are, not necessarily in the same way and by the same means, two authoritarian and repressive forms of government. This by itself

does not bring them together, as they could be oppressive governments with different political colourings that oppose each other. But I think that the situation now is that **the leadership in both countries feels that the US is after them and wants to undertake some kind of domestic change inside China and Russia.** And this moves them closer.

AB: How do you assess the implications of the current war in Ukraine on Sino-Russian relations?

AW: Firstly, this war is not easy from a Chinese perspective. In the West, and especially in Europe, there is this opinion that China is somehow positioned to get a lot of advantages out of this war. I do not think so. There may be some advantages for China, but **first and foremost the war is a problem because China is dependent on some degree of stability in international relations to further its own development.** This is especially true with regard to the international economy, where China needs not only stability but also some

degree of economic progress. The war has created a lot of difficulties for that agenda. So, even though China is in no position – or in no mood – to give up on its alliance with Russia, it is pretty clear that from a Chinese perspective this war is not something they would have wished for.

► *Two things have brought China and Russia closer together. The first was the way the cold war ended, with a complete collapse of the Soviet system, producing a unipolar world with the United States as the hegemonic power. The second is that they are both authoritarian and repressive forms of government.*



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AB: *What could China win or lose with a weakened or isolated Russia?*

AW: There are some advantages from a Chinese perspective in tying Russia ever more closely to China. The first of these is the access to Russian raw materials and particularly to its energy resources. But the price that China would have to pay for this is seen as too high for it to be an ideal scenario. Yet, **in the bigger picture Russia is so weak, particularly in economic terms, that it is a problem for the Chinese to have a Russia that is too dependent just on China.** A certain tension with the West might have strengthened China's position even further in Russia, but an ongoing war – a hot war – is a very different story. I do not believe that a long war will be in China's interest. Beijing is too cautious to think that the price of having close ties with Russia is worth the current developments.

AB: *China has maintained a neutral position in this war and has not explicitly condemned Russia for the aggression – which has made*

China's relations with the European Union deteriorate further. What are the possible future options for the EU in its relations both with Russia and China?

AW: I do not think it is correct to say that China is neutral in this conflict. China might be neutral in principle, but it is 'neutral on the Russian side'. **The ties between China and Russia are very close, but the Chinese authorities are careful about not going as far as to be seen as a direct ally of Russia in its attack on Ukraine.** That is not the same thing as saying that it is neutral.

On the European side, this has been a wake-up call with regard to China and obviously to Russia, but also with regard to the kind of links that exist between the two of them. I think this is one of China's biggest strategic problems in this war, because China wanted to have a stable and, if possible, good relationship with Europe and with the countries of the EU. However, this has become much more difficult now because of the Russian war of aggression against Ukraine. Much of the Russian rhetoric regarding Ukraine – which China has to some extent adopted – is of course

seen in Europe as being in direct conflict with Europe's own interests and its perceptions of what is happening in Ukraine. At the moment, the EU and its member countries should look into their long-term relationship with China in order not to be too dependent on Chinese imports and markets. The EU and its member countries should therefore try to differentiate more carefully. Moreover, in terms of security, the EU should try to build on the institutions that are already there, including a very strong cooperation with North America.

► *China is dependent on some degree of stability in international relations to further its own development. This is especially true regarding the international economy, where China needs not only stability but also some degree of economic progress.*



AB: *Both the EU and the US have been surprised by the fact that significant countries in Africa, Latin America and Asia – for instance South Africa, Brazil and India – have not taken the side of the so-called West in this war or at least have been ambiguous towards Russia.*

AW: I think it is important to differentiate between countries when it comes to this reaction, but **it is true that we have seen for some time a much more multipolar international order, where it is not a given that regional great powers in the Global South will necessarily align in one direction or the other with regard to international conflicts** and particularly this international conflict taking place in Europe. In a way, this is not surprising. But I am surprised by the Indian reaction. India's cooperation both with the United States and Europe has developed to the point where India could at least condemn in principle the kind of open aggression that Russia has launched against Ukraine – a Ukraine by the way with whom India had very good relations before the Russian attack. I cannot imagine how India could gain in any way from so-called neutrality – which is, of course, not really neutrality. I think that in terms of sympathies, by the elite as well as by the wider public, India is clearly on the side of Ukraine and Europe. But as regards the position of the Indian government, differentiating on issues of security between India's own national interests connecting up to Russia on the one hand and general principles on the other, the country simply has not found the right balance.

AB: *Going back to the relations between China and Russia, we saw Xi and Putin declaring their "friendship without limits" at the Beijing Winter Olympics. But what does this actually mean for the relationship between Russia and China, and what does it mean for the West?*

AW: It is hard to say for the moment. This happened just before the war started. I think that from Xi's perspective the idea was that this would be an ever-closer relationship. I think

China thought that presumably there would be some kind of Russian victory in Ukraine, probably through a successful brief border war. It seems to me that this is what the Chinese had been presented with by the Russians at that point. But that did not happen. So, I think the Russian-Chinese relationship will last, at least in the short and medium term. But it will be problematic for both sides. It will not be easy for the Russian leadership to be completely dependent on China the way it is now – economically, politically, and strategically.

AB: *What would a progressive EU position towards Russia and China look like?*

AW: I think regarding Russia, the most important issue for current progressive politics in Europe is solidarity with Ukraine, and ensuring Ukraine's survival as a territorially integrated sovereign state. **There are so many echoes from European history, so it is really important that European Progressives get this one right. And if Ukraine does not survive as a territorially integrated sovereign state, then I think the kind of trouble that all of Europe will be in from that point on will increase dramatically.**

Regarding China, I think that Progressives in Europe should use this opportunity to think about the elements that have made Europe so dependent on its trade with China and those that have made China so successful in terms of its trade with Europe. That has to do, for instance, with Chinese labour practices. China has reached the point where it is now rampantly exploiting its own working class, which, I am sure in the longer run will lead to problems inside China itself if this exploitation is not reduced. European Progressives should also be aware of the need to have equitable trade relations. By equitable I mean relations that work reasonably well for working people in both directions. I think this is a point that progressives did not take seriously enough during the period of globalisation, and that it is something we need to think more about.



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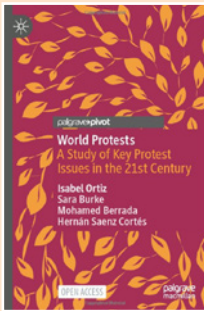
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Do you hear the people sing?

In search of a political soundtrack for our times

by Ania Skrzypek



**Isabel Ortiz, Sara Burke, Mohamed Berrada
and Hernán Saenz Cortés**

*World Protests
A Study of Key Protest Issues in the 21st Century*

Palgrave Macmillan, 2022

A couple of years ago a senior strategist from the Swedish Social Democratic Party (SAP) was asked how the party had managed to stay in power – almost uninterruptedly – for so many years. He took a moment and then answered: "It is simple: it is because we are always in opposition. When we are in government, we oppose everything that is socially unjust. When we are on the other side of the fence, we oppose the right wing that conducts wrong policies. Either way, we are always on the social justice side of the argument and hence on the side of the people".

This instructive observation prompts the question as to where the lines of political demarcation are today. Recent years have been marked by profound transformations, which have brought about tectonic shifts in political landscapes across the world. As a result, several political movements have been elevated to the position of leading parties and others, even some with long traditions, have been pushed off the historical cliff into irrelevance. Some of the underpinning phenomena such as the

growing volatility of voters, polarisation, and fragmentation are already subjects of extensive studies. But **what frequently escapes the attention is the dynamic on the fringe of the political system. And this is where Isabel Ortiz, Sara Burke, Mohamed Berrada and Hernán Saenz Cortés shed some much-needed light with their new book *World Protests. A Study of Key Protest Issues in the 21st Century*.**

Their publication is the result of so-called policy dialogues that were aimed at evaluating the political and social protests of the last 14 years (2006-20). Having collected the dialogues, the four authors went about organising them into findings. As each author has a different professional profile (an academic, a think-tanker, an entrepreneur, and a consultant for a development organisation), the insights that the book provides are formulated to be of great inspiration to their respective disciplines – which makes the book outstanding in its interdisciplinarity. *World Protests. A Study of Key Protest Issues in the 21st Century* is divided into five

sections: an introduction (which explains the methodology), two chapters (which respectively classify the protests, and analyse the issues around which the protesters rallied), conclusions, and annexes. The authors' diligent compilation of an almost encyclopaedic record of protests across the globe makes the book highly recommendable. In all, the book looks at 101 countries, which equates to 93 per cent of the world's population. In addition, the authors provide a glossary that categorises the various methods of protest (as many as 250 methods are covered).

The main argument of the book is that over the past one and a half decades (2006-20) the number of protests around the world has increased unprecedentedly, which the authors consider as proof that representative democracy is failing the citizens (pp. 93-94). Looking at the intense frequency of these protests, one could even conclude that this makes the book the first attempt to describe what may be a wave comparable to the Springtime of the Peoples of 1848 (p. 13).

As back then, not all regions and countries are today affected in the same way. Indeed, the statistics provided in the book indicate that the biggest number of protests in the period under review took place in Europe and Central Asia, and that there is a positive correlation between income and the number of protests – the wealthier the country, the more empowered its people feel to act.

► *The main argument of the book is that over the past one and a half decades (2006-20) the number of protests around the world has increased unprecedentedly, which the authors consider as proof that representative democracy is failing the citizens.*

In overall terms, the authors show that the main motivation for people to protest is the failure of political representation (and of 'real' democracy). This motivation is followed by that of economic justice and anti-austerity, and then by that of rights. Interestingly, the statistics show that issues connected with global justice or the opposition to international organisations (the EU included) fall far behind these three main motivations. This may come as a surprise to those who follow protests about the climate, women's rights, or the Transatlantic Trade and Investment Partnership (TTIP) – as these protests receive wide media coverage. Yet **statistics show that there have been relatively fewer of these latter protests than one might have been led to believe. There is therefore clearly a gap between perception and reality.** That said, the authors add the disclaimer that, although they tried to categorise each protest by the main issue around which it revolved, here was hardly ever a protest that was devoted to one specific question alone (p. 18).

Connected to this is the fact that it is not only the number of protests that matters, but rather the change that the protest brings about. **The authors suggest looking at this change from two perspectives – first, how far the concrete demands of the protests were met; and second, to what extent the protests brought about a structural change in power.** This is a very important point, which – if the book was to have a sequel – would deserve further reflection. It would be fascinating indeed to see concrete examples of where protests brought about a change of government and to what extent the protest was generally a factor in the rise or fall of Social Democrats – especially as the authors point out that most of the issues around which protesters rallied were synonymous with what was at the core of the respective agendas of progressives at that particular time (p. 53). **And while in the past the centre-left seemed able to use the context of protests and ride on their wave (for example in 1848 and the 1960s), a valid question today is why, in recent years, it has been so difficult for progressive movements to benefit directly and politically from the various protest movements.**

Coming back to the question of the failure of representative democracy as a motivation for citizens to rally, the book shows that unlike in the past, the last 14 years have seen protests right across all demographic strata. Yet **it is interesting that there is only a small increase in the number of protests instigated by political parties and movements. While this more than doubles between 2006-10 and 2016-20, it is not comparable with the growth in grassroots activism, which indeed triples.** There is also a decline in the figures for NGOs. Greater grassroots participation goes hand in hand with the activation of the middle of society, which is becoming increasingly anti-elites, anti-1 per cent, and determined to exhibit its lack of trust towards institutionalised politics (p. 51). Although these figures can of course be used to explain voter volatility or the rise of right-wing (economic) populism,

more interestingly they offer a new explanation of what has been happening inside Social Democratic parties. The *Zeitgeist* that these numbers capture helps explain the rise in popularity of and excitement around the political style of Jeremy Corbyn, Bernie Sanders, and Jacinda Ardern respectively.

All in all, *World Protests. A Study of Key Protest Issues in the 21st Century* is a very relevant reading for all those interested in relations between societies and politics. The meticulous account of the protests recorded in the last 14 years, the respective methods of these protests, their participants and their impact, equip readers with a knowledge that will also allow them to better understand the mechanisms of protests that are ongoing today – such as those in solidarity with Ukraine, against the Covid-19 measures, or against inflation. Ultimately, **the book's final message is most instructive: the complexity of the phenomena means that the protests very rarely rally around just one issue.** There is always more in the background and therefore, if progressives want to *hear the people*, to build on the context of the protests, and to lead on, they must prepare for a fight that is extremely unlikely to be one-dimensional. Yet the compass that progressives must use to navigate and connect with the disenchanted is one focused on progressives' own values and the translation of these into principles and rights. This will ensure that progressives are consistently on the social justice side of the argument, wherever and whenever that takes place.



Ania Skrzypek,
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Social Europe – back from death?

by Dominic Afsharian



Amandine Crespy

*The European Social Question
Tackling Key Controversies*

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Agenda Publishing, 2022

In their book *Social Policy and the Eurocrisis: Quo Vadis Social Europe*, Amandine Crespy and Georg Menz proclaimed in 2015 that "Social Europe is dead". Seven years later, Crespy's book *The European Social Question. Tackling Key Controversies* dives deep into the past, present, and future of the EU's social dimension – and finds some signs of life.

In the grand scheme of things, the story of European integration sounds quite impressive. After centuries of war and division, the European peoples 'united in diversity' to overcome borders and foster prosperity. Six decades later they were even awarded the Nobel Peace Prize for it. However, **one allegation has continued to loom over the EU consistently to this day: the lack of a 'human face' in the form of a palpable social acquis.** At least, this is how a common critique of the EU as a 'neoliberal' market-making project goes. From the eurozone crisis to Brexit, to the Covid-19 pandemic, the calls for a more 'social Europe' have become a staple in debates over the 'ever closer union'. But is the EU really so weak on welfare?

| A EUROPEAN HAMSTER WHEEL

Indeed, anyone turning to debates over 'social Europe' might quickly feel stuck in a hamster wheel of pledges of improvement, followed by technocratic reform procedures, and ultimately the persisting impression of stalemate. Getting a comprehensive grasp of the controversies that define and shape the EU's social dimension can seem somewhat overwhelming – but it is precisely what Amandine Crespy sets out to do in her 2022 monograph *The European Social Question. Tackling Key Controversies*.

Crespy is an associate professor at the Université Libre de Bruxelles and no stranger to the intersection of European integration and social policy: her research on the matter has influenced the field considerably over recent years through numerous must-read publications. They cover topics as diverse as EU action against inequalities, European federalism, and democratising the Economic and Monetary Union. In a nutshell, Crespy's work is already a rich repository of knowledge on many things that matter for the EU's social dimension.

| THE VALUE OF NUANCE

Crespy's new book builds on this knowledge and makes the reader realise quite quickly that there is not simply 'the one' European social question. Rather, the book engages with various facets of a 'social Europe', spanning from the hurdles in its way, to past attempts to overcome them, to potential future solutions.

The result is a thorough overview of all the details of European social policy. Importantly, Crespy avoids the overgeneralisation to which some debates on the EU's social dimension fall victim. **A proper European social acquis is neither deemed impossible, nor already in place.** The EU is neither celebrated as a saviour in shining armour, nor as a 'neoliberal' enemy of the welfare state. Rather, Crespy embraces nuances in a refreshingly different approach.

She provides detailed discussions of the relationship between liberalisation and social cohesion, between economic and social policy, and between the EU and its member

states. The book thus sensitises the reader to the fact that 'social Europe' is not a single, clearly defined end goal, but a much more complex concept. In line with this, **Crespy clarifies from the outset that the European social question is not just an empirical one. Instead, the author embraces the normative dimension that is so easily overlooked in academic work – let alone in technical EU policy debates:** "the complexity and diversity of European governance on social matters must not hide the fundamentally political, or even ideological, dimension of the project of a Social Europe and its evolutions" (p. 37).

This is not to say that *The European Social Question* is immune from the occasional excursion into sober EU jargon. Due to its attention to detail, the book can sometimes become rather technical, especially for newcomers to the topic. However, this is hardly avoidable for a scholarly piece on EU policy and integration. After all, the matter is highly complex, and any simplification would come at the cost of accuracy. In this field of tension, Crespy manages to strike a rare balance between detail and breadth. She provides just the right amount of details on each topic to convey the key information without becoming excessive.

| AN EU UNFIT FOR PURPOSE?

Through its differentiated approach, the book also challenges common assumptions such as the romanticisation of the 'golden age of social Europe' and the unconditional dedication of Social Democrats to its materialisation in the 1990s. This is not to diminish the contributions of the likes of Jacques Delors. **Instead, it underlines that even during these good times, 'social Europe' faced great challenges, but that progress was achieved nevertheless. An optimistic proponent of a more substantial social dimension of the EU could read this as a reminder that today, too, change is possible.**

Learning from past successes and failures of 'social Europe' alike, Crespy's book offers various explanations for the current 'social deficit' of the EU (p. 20). It discusses institutional asymmetries between economic and social integration, highlights the impact of ideas like the supremacy of economic imperatives and competitiveness, and outlines political factors such as blockages in the Council and a lack of EU legitimacy. Combined with material and social factors like strengthening capital interests over time, these insights help the reader understand the EU's social reality – one that Crespy summarises as "indirect", but far from "irrelevant" (p. 44).

► *The book's historical perspective demonstrates impressively that the EU's social dimension has already seen considerable development and that an unsatisfactory status quo needs not imply insurmountable roadblocks.*

While this nuanced description is more generous to the EU than some other assessments of 'social Europe', it does not mean that Europe has reached a golden equilibrium of social policy integration. **Many EU actions are .considered "rhetorical gestures" (p. 188) accompanied by largely incremental change when it comes to more substantial resources. Accordingly, Crespy arrives at the crushing diagnosis that "the EU seems dramatically ill-equipped to deal with the challenges facing societies and states in an era of digitalisation, eroding social rights and ecological debate" (p. 20).** She therefore argues that "in the face of the sheer scale of the social issues at stake, it would be too optimistic to conclude that the EU is fit for purpose" (p. 188).

| BRIDGING GAPS

So, is all lost for 'social Europe'? Not totally. **The book's historical perspective demonstrates impressively that the EU's social dimension has already seen considerable development and that an unsatisfactory status quo needs not imply insurmountable roadblocks.** By delivering such clear insights based on detailed descriptions of the EU's social acquis, *The European Social Question* speaks to diverse audiences.

For scholars of 'social Europe', especially from the field of political science, this book joins the ranks of Crespy's must-read publications. However, the book's appeal goes much further. Related research often focuses on insular approaches that only examine politics, policies, or legal questions. By contrast, Crespy masterfully takes the different facets of 'social Europe' apart and brings them together in sophisticated ways that make this book relevant for economists, legal scholars, historians, and anyone interested in understanding European social integration. In short, *The European Social Question* is an impressive compendium of the past, present, and future of 'social Europe'.

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A left-winger who truly loves people

by Anna Pacześniak



Gérard Fuchs

*Récits d'un homme de gauche
Créer un nouvel espoir*

.....
L'Harmattan, 2021

Gérard Fuchs begins his book with a pessimistic observation: in France, just as in many other countries all over the world, the living conditions of each subsequent generation deteriorate. Where, therefore, should we seek the hope to which the author refers in the second part of his book's title? Who can bring this hope about, and how?

As a committed socialist, Fuchs sets his sights firmly on the left of the political spectrum. As a politician, he realises that the prospect of a better life cannot be reserved for future generations only – people need it here and now. He asserts that there are politicians who, unable to genuinely improve the standard of living for their citizens, resort to instrumentally using religion, spreading a vision of paradise, but only for the afterlife. From the socialist standpoint, this is a crude move: not only absurd, but also dangerous for the world order. **Replacing economic conflicts with conflicts centred on religion is an extremely polarising tactic, both for domestic politics and international relations.** Objective economic difficulties

provide ample fuel for extreme right-wing actors who blame all such difficulties on foreigners or on people who have recently been granted citizenship. While finding scapegoats may be an effective way of garnering votes, or even winning elections, it does nothing to improve the living conditions of disadvantaged and marginalised groups or of families who are struggling to make ends meet.

► *Fuchs takes the reader on his journey to numerous places all around the world with a mix of anecdotes and memories of the kind older generations might pass on to their children, along with political and geopolitical analyses.*

In the first and most touching part of the book, Fuchs invites us to the offices he occupied while serving as a city councillor, Member of Parliament or Member of the European Parliament. He recalls the stories and problems his constituents recounted to him.

With considerable journalistic flair and a touch of literary elegance, Fuchs describes talking to an unemployed man who is unable to find a job upon completing a prison sentence, a pregnant woman looking for a bigger apartment for herself and her children, or an Ivorian man trying to bring his second wife to France. In doing so, **Fuchs makes an argument for how a person of left-wing views should understand 'fraternity' – one of the three elements of France's republican motto.** This section of his book amounts to a few dozen pages showing how a politician from the French Socialist Party helped change the lives of desperate people who knocked on the door of his office'. Fuchs hints at his effectiveness, but his tendency to present himself as an omnipotent miracle-maker who only needs to make one phone call to solve

life-defining issues with which people have struggled for months or years is occasionally grating and may come across as paternalism. Fuchs admits, however, that at times he judged his constituents by appearance, and fell into the trap of stereotyping. This makes him and his stories more relatable. It also helps strip him of the aura of a person of near superhuman agency.

The second part of his book is very different. From the French province with its towns and villages, Gérard Fuchs sails into the open waters of international politics. As the Socialist Party's long-standing secretary responsible for international affairs, he personally witnessed many of the events he describes: decolonisation, wars, the fall of the Soviet Union and the Eastern Bloc, and globalisation. **Fuchs takes the reader on his journey to numerous places all around the world with a mix of anecdotes and memories of the kind older generations might pass on to their children, along with political and geopolitical analyses.** It is evident that he is particularly interested in, or even sentimental about, certain parts of the world that are close to his heart, or his own experience, like Algeria, where he did his 24-month military service. Whenever he talks about these, his erudition is genuinely impressive.

In the third part of his book, Fuchs tackles current issues that had already been mentioned earlier on. He takes a swipe at Emmanuel Macron's policies, although, surprisingly, he only charges the president directly on three counts: the rise in retirement age, the introduction of flat-rate taxation on financial incomes, and the scrapping of subsidised jobs for young people entering the labour market. Indirectly, however, Macron is criticised for turning a blind eye to many social issues and for being insensitive to the problems of disadvantaged citizens.

Several times, Fuchs refers to the 2018 introduction of taxation on fossil fuels that was meant to fund investment in alternative energy sources. After Macron's decision on this, the price of diesel in France rose by over 20 per cent in just a

year, quickly matching that of petrol. This was particularly painful for a country where over 60 per cent of cars are diesel-powered. Previously, since the 1950s, the French government had supported the production of diesel engines by, among other measures, lowering VAT for transport companies. **Most important for Fuchs is that the government failed to do its 'due diligence' before introducing the new tax, and did not identify the socio-economic profile of citizens who would be impacted by it.** He wonders how the ruling majority could have implemented such an important instrument in a form that would most affect hundreds of thousands of low-income blue-collar workers, who cannot commute to work by any other means than their cars, most of which are old. Fuchs's answer: the only plausible explanation is that the people who created that law never met with their constituents.

► *With the experience of the pandemic and the imminent prospect of the climate crisis, we must shift away from the paradigm of perennial growth, market expansion, and the accumulation of wealth in few private hands.*

Fuchs offers a considerable understanding of the 'yellow jackets' movement and great sensitivity to the climate crisis. He points to the need to implement domestic and international solutions that will stop the impending catastrophe, in line with the notion that politics means anticipating, planning, and drawing conclusions. The time has gone, he asserts, to move back to the second half of the 20th century, when all spheres of life could still be subordinated to economic growth. **Now, being wiser (?), through the experience of the pandemic and the imminent prospect of**

the climate crisis, we must shift away from the paradigm of perennial growth, market expansion, and the accumulation of wealth in few private hands – trends that all contribute to mounting inequalities and the draining of the public sector.

Fuchs's book provides an excellent picture of all the fascinating and diverse experiences that are part and parcel of an experienced politician's life. On one day, he meets other state leaders and conducts negotiations at the highest level. The next day, he tries to find common ground with a local political adversary in his constituency, or listens to, empathises with, and assists a tailor who was made redundant because her factory was moved to a country in the global South. What becomes clear is that, to properly represent the citizenry, a politician must be a person of many talents and, most of all, that he or she must be interested in the lives of others. Or, to put it simply: they must like people.

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